

CHAPTER 6: DEPARTMENTAL WORKFORCE – COMPARATIVE ANALYSIS

Key findings of the Committee:

- 6.1 Projections by departments of staff numbers and those of their major budget funded agencies up to 30 June 2008 indicate a likely increase of at least 2,564.2 EFT numbers (2.6 per cent) from the actual position at June 2006. Two of the ten departments expect a decrease in staff numbers by 30 June 2008 and one department expects staff numbers in 2007-08 to be unchanged. The other seven departments expect staffing increases.**
- 6.2 The Committee was provided with incomplete staffing information with the Department of Human Services and the Department of Innovation, Industry and Regional Development failing to provide detailed figures. This failure inhibited the Committee from making a full analysis of staffing costs.**
- 6.3 For the eight departments that furnished complete data to the Committee, the number of EFT executive officers is expected to fall by 5.7 per cent between 2006 and 2008, and the number of Victorian public service officers is projected to increase by 2.1 per cent over the same period.**
- 6.4 Targeted efficiencies in departments over the next four years announced in the 2007-08 budget will impact on future staffing levels and particularly head office staff.**
- 6.5 Departments should maintain a clear management trail identifying, for both internal and external reporting purposes, the impact of achieved savings on EFT staff numbers and costs, and the efficiency and quality of services to the community.**

6.1 Introduction

As part of its 2007-08 Budget Estimates inquiry, the Committee sought information from departments on their actual equivalent full-time (EFT) staff numbers at 30 June 2006 compared with the expected actual for 30 June 2007 and 30 June 2008. The Committee's request covered both departments and their major budget funded agencies.

The purpose of seeking such information was to identify any trends on staffing numbers within departments and budget funded agencies, and to consider any additional information provided by departments on matters impacting on staffing numbers such as machinery of government changes and targeted efficiency savings.

Departmental staffing costs are key components of output or recurrent expenditure. All departments and budget funded agencies are expected to continuously review their staffing profiles under their various programs to ensure delivery of program objectives in an efficient and economical manner.

The Committee considers that the number of staff is a key raw indicator of efficiency and effectiveness for government and its agencies. It accepts that any analysis also needs to take into account the level of staff and their skills as applied in a particular program, while acknowledging that, in a macro sense, there will be productivity gains to be made in virtually all programs in terms of staff by virtue of the application of new technology and continuous improvement in work practices.

On the basis of the expectation of productivity gains over time, the Committee judges that there should be incremental savings in staffing costs in the absence of any program changes or increases. In that context, any increase in staffing numbers by departments and agencies needs to be fully explained and justified.

6.2 Analysis of departmental staff numbers

The detailed information provided by each department was presented in the *Report on the 2007-08 Budget Estimates – Part One* and the *Report on the 2007-08 Budget Estimates – Part Two* which were tabled in Parliament on 24 May 2007 and 7 June 2007 respectively.

Table 6.1 brings together the aggregate EFT staff numbers furnished by departments and the expected percentage movement in those numbers between June 2006 and June 2008.

Table 6.1: Staff numbers of departments and major budget funded agencies (equivalent full-time, rounded) June 2006 to June 2008

Department	30 June 2006 (Actual) (EFT)	30 June 2007 (Estimate) (EFT)	30 June 2008 (Estimate) (EFT)	Variation between 2006 and 2008 (%)	Variation between 2007 and 2008 (%)
Education	52,291.4	52,791.0	53,311.0	1.9	1.0
Human Services	11,343.0	11,529.0	11,641.0	2.6	1.0
Infrastructure	3,764.1	3,825.0	3,888.9	3.3	1.7
Innovation, Industry, and Regional Development (a)	705.8	774.6	958.4	35.8	23.7
Justice	19,510.1	19,884.9	20,066.5	2.9	0.9
Premier and Cabinet	547.2	558.9	558.9	2.1	-
Primary Industries	2,671.3	2,649.9	2,624.9	-1.7	-0.9
Sustainability and Environment	4,287.9	4,600.5	4,624.5	7.8	0.5
Treasury and Finance (b)	1,086.2	1,176.6	1,203.6	10.8	2.3
Victorian Communities (c)	758.6	668.1	660.4	-12.9	-1.2
Parliamentary departments	437.0	428.7	428.8	-1.9	-
Total	97,402.6	98,887.2	99,966.8	2.6	1.1

- Notes:
- (a) includes Office of Tertiary and Training Education and Multi Media Victoria staff, transferred to the department as a result of machinery of government changes following the 2006 election
 - (b) staff numbers within the Shared Services Centre show an increase of 23 EFT from 51.6 at June 2006 to an estimated 74.6 at June 2008
 - (c) the department's estimate of 668.1 for 30 June 2007 reflects machinery of government changes

Source: Responses from departments to the Committee's 2007-08 Budget Estimates questionnaire

As shown in table 6.1, staff projections in departments and major budget funded agencies up to 30 June 2008 indicate a likely increase of at least 2,564.2 EFT staff numbers or 2.6 per cent from the actual position in June 2006 and of at least 1,079.6 EFT staff numbers or 1.1 per cent from the estimated actual position in June 2007.

Of the ten government departments, just two, Primary Industries and Victorian Communities, as well as the parliamentary departments, expect a decrease in staff numbers over the two year period. The Department of Premier and Cabinet and the parliamentary departments expect an unchanged staffing position in 2007-08.

The Department of Human Services and the Department of Innovation, Industry and Regional Development submitted late staffing estimates for 2008 and did not provide a breakdown for that year according to key categories such as executive officers and Victorian public service officers. For the eight departments that furnished complete data, the number of EFT executive officers is expected to fall by 5.7 per cent between 2006 and 2008, and the number of Victorian public service officers is projected to increase by 2.1 per cent over the same period.

Not all departments differentiated between departmental staff numbers and those in their major budget funded agencies.

The Department of Human Services advised it had established a Health Services Payroll and Workforce Minimum Dataset, which will enable the collection of a wider range of staffing profiles in respect of the 92 hospitals that will comprise the dataset.¹²⁰ The department informed the Committee that complete data for all hospitals is not yet available from this dataset to support detailed estimation of future staffing levels in major funded hospitals. Accordingly, the Committee looks forward to receiving more comprehensive material on budget funded agencies from this department in future years.

The Committee was disappointed at the difficulty it experienced in obtaining good staffing figures from some departments. It will be looking for consistency and inclusiveness in staffing and workforce data furnished by departments and agencies. It stresses the importance of more comprehensive reporting by entities in future encompassing both staffing and consultancy expenditure as well as better benchmarks.

The Committee recommends that:

Recommendation 19: **All departments and their budget funded agencies ensure that complete and accurate information on staffing costs and related productivity benchmarks is available to the Committee in future years.**

6.3 Implications of Efficient Government policy and other efficiency measures for departmental productivity

As mentioned in Chapter 2, the government plans to achieve major efficiencies totalling \$632 million across departments over the next four years under its *Efficient Government* policy and other efficiency measures. The 2007-08 Budget Papers identify eight efficiency measures, with six falling under the umbrella of the *Efficient Government* policy. All eight measures may have implications for future departmental staffing numbers and one measure, described in the budget papers as involving 'general efficiencies across government including limiting the future growth of head office staff', is likely to have a direct staffing impact.¹²¹

¹²⁰ Department of Human Services, response to the Committee's 2007-08 Budget Estimates questionnaire, received 4 May 2007, p.14

¹²¹ Budget Paper No.3, 2007-08 *Service Delivery*, p.35

Some departments cited the government’s policy on planned efficiencies as likely to impact on future staffing numbers but did not specify the expected initial consequence of the policy on staffing estimates at 30 June 2008. However, the Department of Human Services provided information, see table 6.2 below, which indicates that its head office staffing level during 2007-08 is expected to equate with the anticipated 2006-07 position, that is, a no growth scenario for head office staff over the next twelve months.

**Table 6.2: Department of Human Services
Directly employed staffing levels – June 2006 to June 2008**

	June 2006	June 2007 (estimated)	June 2008 (estimated)
	(EFT)	(EFT)	(EFT)
Head office	2,621.0	2,669.0	2,669.0
Regions	8,723.0	8,860.0	8,972.0
Total	11,344.0	11,529.0	11,641.0

Source: Department of Human Services, email, received 23 May 2007

As also mentioned in Chapter 4, the Committee considers it will be important for the government to ensure that progressive information on the achievement of targeted savings by each department is adequately disclosed in the budget papers over the period of the savings initiative, in addition to detailed accountability coverage in departmental annual reports.

The Committee is interested in monitoring the extent to which targeted savings relating to staffing numbers and costs, both within and outside head office, are achieved within departments over the next four years. It intends to seek from departments in future years relevant information on these savings in terms of movements in EFT numbers and costs, and of the resultant consequences for service delivery. The Committee envisages that these consequences should mainly be favourable in that they would be expected to lead to benefits to the community from the provision of either more efficient or additional services.

There may also be other consequences experienced in departments from reduced resources such as a drop in efficiency as a result of an increased demand for services or pressures flowing from an accelerated roll-out of new programs.

The emergence of the government’s savings regime means that departments will need to carefully manage staffing costs associated with the direct delivery of services and those consumed in other more indirect functions such as policy review and administrative support. The Committee would expect a clear containment over the next four years of indirect staffing costs, with the burden falling on departments to also demonstrate that costs directly consumed in program delivery have been managed with maximum efficiency.

The Committee expects that these matters, which are integral to productivity improvement, will automatically be addressed in departments through implementation of the government’s savings policy. It does not anticipate any difficulties likely to be encountered by departments in furnishing relevant material to it in future years.

More detailed commentary on productivity in departments is presented in Chapter 4.

The Committee recommends that:

Recommendation 20: For internal management needs and external reporting purposes, all departments maintain core information identifying the impact of achieved savings to 2010-11 on EFT staffing numbers and costs, and the efficiency and quality of services.

Recommendation 21: All departments ensure that their annual reports to Parliament are transparent in their coverage of the achievement of savings targets and the impact on delivery of services to the community.