

Review into Queensland Public Sector Workforce  
**Stage 1 – Reporting**

**ISSUES PAPER**

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The terms of reference for this Review are provided in Attachment 1, and the consultations which have taken place are provided in Attachment 2.

# Recommendations

## **Recommendation 1**

For transparency, budget and forward planning purposes, the Queensland Government should move to adopt a single, authoritative and immediately retrievable workforce database spanning both the public service in particular, and the broader public sector in general. The appropriate measure of workforce is fortnightly payroll full time equivalent (FTE), and this database would be updated each pay period and therefore would reflect seasonal variations or other undulations.

## **Recommendation 2**

The transition to a single payroll-based system is recommended to take place in two phases over the next eight months:

- (a) by the Mid-Year Fiscal and Economic Review in November of this year, all headline data will be available. This covers FTE numbers, occupational details and location; and
- (b) by March 2019, when the data underpinning Budget Paper No. 2 for 2019-20 will be required, the more detailed characteristics of the workforce (age, gender, employment status (full time, part time, casual), level of appointment and earnings) will be incorporated into the new payroll-based database.

It follows that, for 2019-20 onwards, Budget Paper No. 2 will rely on the new payroll FTE database. The materiality of this change in terms of workforce numbers is negligible.

## **Recommendation 3**

It is recommended that the current system of quarterly workforce profile reports prepared by the Public Service Commission be replaced by half-yearly Public Service Commission reports covering sector-wide analysis of particular trends, and matters as required by government from time to time (e.g. SES and s.122 numbers, regional patterns). These would inform the mid-year and annual budget reporting cycles.

Numbers and outcomes contained in departmental and agency annual reports, including outcomes against targets for Equality of Employment Opportunity (EEO), also will be based on payroll data. The achievement of this recommendation relies on a close and effective working relationship between the central agencies (Treasury, DPC/PSC) and the Directors-General and Chief Executives of departments and agencies.

Accountability for reporting will be exercised through annual performance agreements.

**Recommendation 4**

It is recommended that the government adopt a consistent approach to the reporting and monitoring of the indirect workforce which supports the Queensland public sector. Backgrounding this recommendation is a recognition that government has, does, and will always rely—in addition to its own employees—on the work of consultants, contractors, professional and non-professional services providers, and labour hire firms. Much of this work is obviously necessary and unexceptional, and indeed, it is reported on in departmental and agency annual reports. There is, however, some contestability about the definitions of such activity. Importantly, too, it is the financial scale of the indirect workforce that is important, not the number of people or transactions involved.

**Recommendation 5**

It is recommended that future workforce reporting is based on occupation and earnings, not classifications. Current workforce reporting conflates the earnings profile of the workforce by mapping all employees' salaries to an equivalent Administrative Officer classification. The changing nature of the workforce renders the classification approach simplistic and unrepresentative. Analysis of earnings in terms of occupations is more informative to users, especially given the need to attract and retain professional skills in frontline service delivery. It would also give a clear picture of the true nature of the senior executive workforce.

Further work will be conducted on the 'frontline' definitional conundrum in the next stage of this Review. The purpose of that work will be to provide advice to agencies so that, in their reporting, and the periodic auditing thereof, a more consistent approach will be adopted.

**Recommendation 6**

The recent introduction of Fiscal Principle No. 6 (FP 6), linking public sector employment growth to Queensland's population movement, was based on an appropriate concern to maintain overall budget sustainability. However, most increases in public sector FTEs have occurred in the health and education arenas which are governed by Commonwealth-State funding arrangements. These arrangements are based on activity and demand principles, not population growth. This competing driver has a distorting effect on the capacity of government to meet its overall sector-wide growth targets. It is recommended that the principle be nuanced.

# 1. Overview

Measuring the public sector workforce in any jurisdiction can be a hazardous activity. This is because all governments in Australia over the years have, for reasons of history and convention, defined their ‘public services’ and ‘public sectors’ slightly differently. The character of these differences also has reflected the respective responsibilities of the three levels of government, with national policy and coordination driven from Canberra and service delivery on the ground being the province of the states and local government. Meanwhile, all governments group their activities between central coordinating agencies and line departments, while at both federal and state levels we have seen major ‘hiving off’ from the public service of functions requiring either statutory independence or repositioning entirely outside of government, often as commercial activities. The Postmaster General’s Department (now Telstra) and the Commonwealth Serum Laboratory (now CSL) are good examples at the federal level, as are government-owned corporations and anti-crime bodies in state jurisdictions.

All governments have a responsibility to spend public dollars wisely, and with a significant proportion of total government expenses everywhere outlaid on salary-related expenses (the figure in Queensland is around 40 per cent in 2017-18), there will always be a close watch paid to the size and cost of government.

Measuring that size and cost is thus an important matter and, in Queensland—like other jurisdictions—multiple methodologies have developed to measure size, characteristics, and cost, alongside increasing interest in monitoring efficiency and performance. Each of those methodologies may serve a different purpose, and have its own convenience, but public confidence will not be assisted by there being several answers to an apparently straightforward question about size and cost.

In a simpler time, governments—through their old Public Service Boards—reported on ‘filled’ and ‘establishment’ positions for their administrative and clerical staff, and a head count of blue collar employees. But that characterisation is far removed from the reality of the contemporary workforce, and equally removed from the requirements of governments or the expectations of the community for accountability and transparency.

There are a number of ways in which the Queensland public sector workforce is currently tallied. The information in Budget Paper No. 2 each year provides the historical foundation of those various tallies though, depending on the purpose being served, the counts vary. While Budget Paper No. 2 includes departments and certain statutory bodies (e.g., 16 Hospital and Health Services and TAFE Queensland), the

‘General Government Sector’ also includes certain other statutory bodies (e.g., Queensland Art Gallery Board of Trustees, South Bank Corporation, Legal Aid Queensland, Queensland Performing Arts Trust) or other entities whose independence of the government of the day require complete separation (e.g., Office of the Governor, Legislative Assembly employees, Crime and Corruption Commission). The reporting of these bodies is provided for in Budget Paper No. 5, the Government’s Service Delivery Statement.

Also, there are some very small Queensland taxpayer-funded bodies which historically have been excluded from tallies of the public sector workforce. They are not considered material for financial reporting purposes, and their continuing immateriality is monitored by the Queensland Auditor-General. These include bodies such as the Darling Downs-Moreton Rabbit Board, with 15 FTE (income of \$1.7 million and total assets of \$8.7 million).

The latest available FTE data for Queensland’s total public sector employment across the various methodologies are contained in Table 1 below:

**Table 1:** Latest available FTE data for total Queensland public sector employment

Source	Scope of inclusion	Date	Counting basis	Number
2016-17 Annual Report on State Finances (Treasury)	Budget Paper 2	30 June 2017	MOHRI-aligned	215,789
	General Government Sector	30 June 2017	MOHRI-aligned	221,937
	Total State Sector	30 June 2017	MOHRI-aligned	241,470
March 2018 PSC Workforce Report	Budget Paper 2	31 March 2018	MOHRI	221,559
	Budget Paper 2 + Other entities	31 March 2018	MOHRI	223,258
	Budget Paper 2 + Other entities	31 March 2018	Headcount	265,577
Payroll	Budget Paper 2	8 June 2018	Payroll	223,201
2018-19 Service Delivery Statements (Budget Paper No. 5)	General Government Sector	30 June 2018	Budget FTE	230,011
2018-19 Budget Paper 2	Budget Paper 2	30 June 2018	Budget FTE	224,169

The data in Table 1, capturing the variations in employment numbers according to the differing reporting methodologies, should be read in conjunction with Attachment 3, which lists entities according to their reporting coverage by Budget Paper No. 2, current Public Service Commission (PSC) workforce reporting, or by Budget Paper No. 5.

Turning now to the specifics, the Queensland public sector workforce grew by some 21,848 FTE (or 11 per cent) between March 2015 and March 2018. That growth, detailed in Figure 1 below, was concentrated

amongst: teachers, teacher aides, and TAFE teachers (an additional 4,771 FTE); doctors, nurses and health practitioners (7,920 FTE); and ambulance, fire and police (685 FTE). Collectively, those three areas contributed 61.2 per cent of total sector FTE growth over that period.

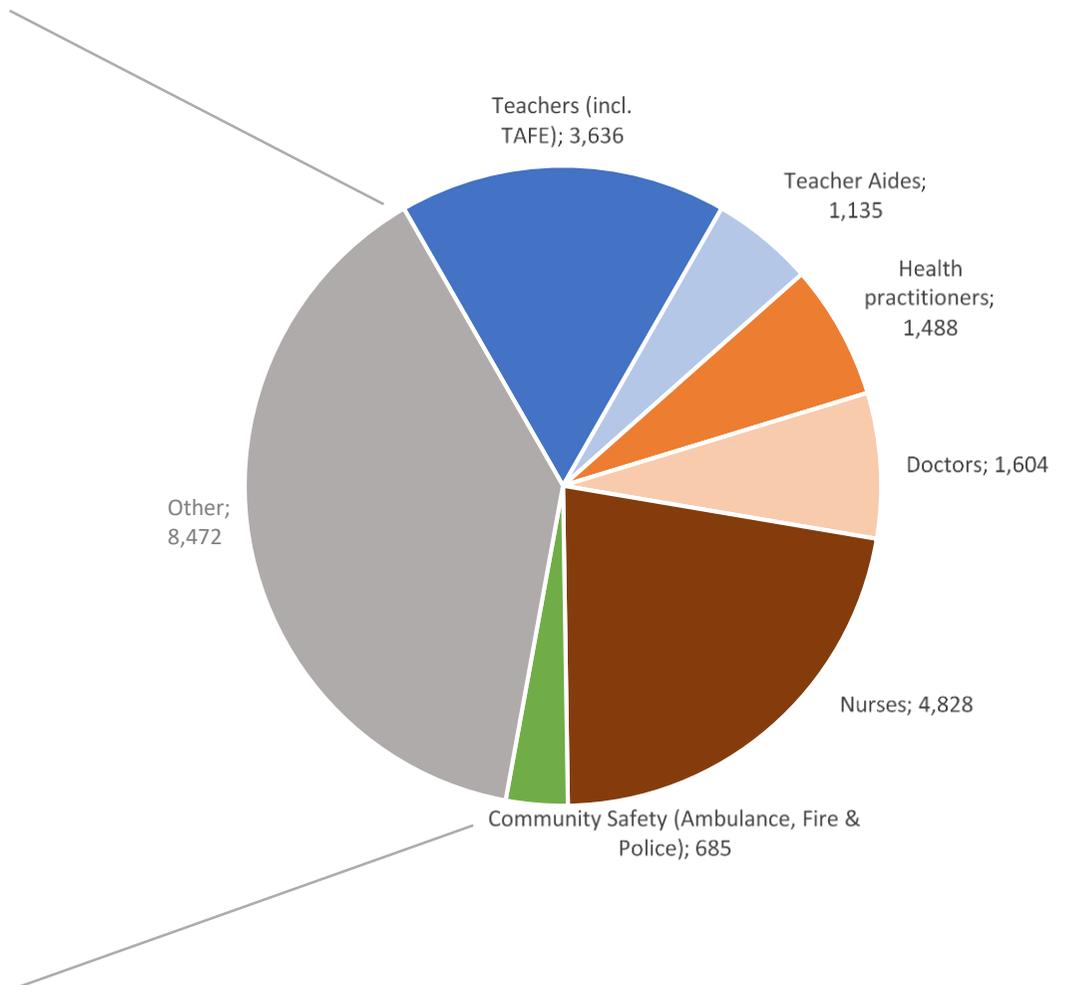
Most of the remaining growth (8,472 FTE, or 38.8 per cent) also occurred in other jobs or occupations of a frontline or frontline support character. That included 848 additional prison officers, 365 cleaners, 273 probation and parole officers, 526 social/youth/family or residential care workers, 154 call centre operators, and 542 labourers. There was also a growth of 1,993 in administrative roles (office managers and clerks) located in schools, hospitals and customer service centres.

On the other hand, corporate roles (in areas such as ICT, human resources and procurement) increased by some 1483 FTE over the same three-year period.

**Figure 1:** Components of workforce growth, March 2015 to March 2018

The overall Queensland public sector workforce was 201,410 FTE (March 2015) and 223,258 FTE (March 2018).

<b>Other:</b>	
<b>ANZSCO Occupation</b>	<b>Variance (FTE)</b>
General Clerk & Office Manager positions attached to schools, hospitals and customer service centres	1,993
Corporate roles (including procurement, HR, finance, communications etc.)	1,483
Prison Officer	848
Labourers	542
Social, Youth, Family & Community Workers	526
Legal professionals	371
Cleaners	365
Project or Program Administrator	304
Policy	277
Parole or Probation Officer	273
Gardener	167
Care Assistant & Therapy Aide	162
Call Centre Operator	154
ICT Support Technician	127
Gallery/Museum Guide	118
Specialist Managers	97
Security Officer	83
Conservation Officer	68
Training Professional	68
Pharmacy Support	67
Building Associate	67
Disabilities Services Officer	57
Environmental Consultant	54
Sundry other	201
<b>Total Other</b>	<b>8,472</b>



## 2. Tackling the methodological issues

The differing tallies of the current Queensland public sector workforce are, in turn, based on the interplay of four different methodologies for measuring the size, characteristics and growth of the Queensland public sector (including its core public service). Those four methodologies, and their respective features, are set out in Table 2 below.

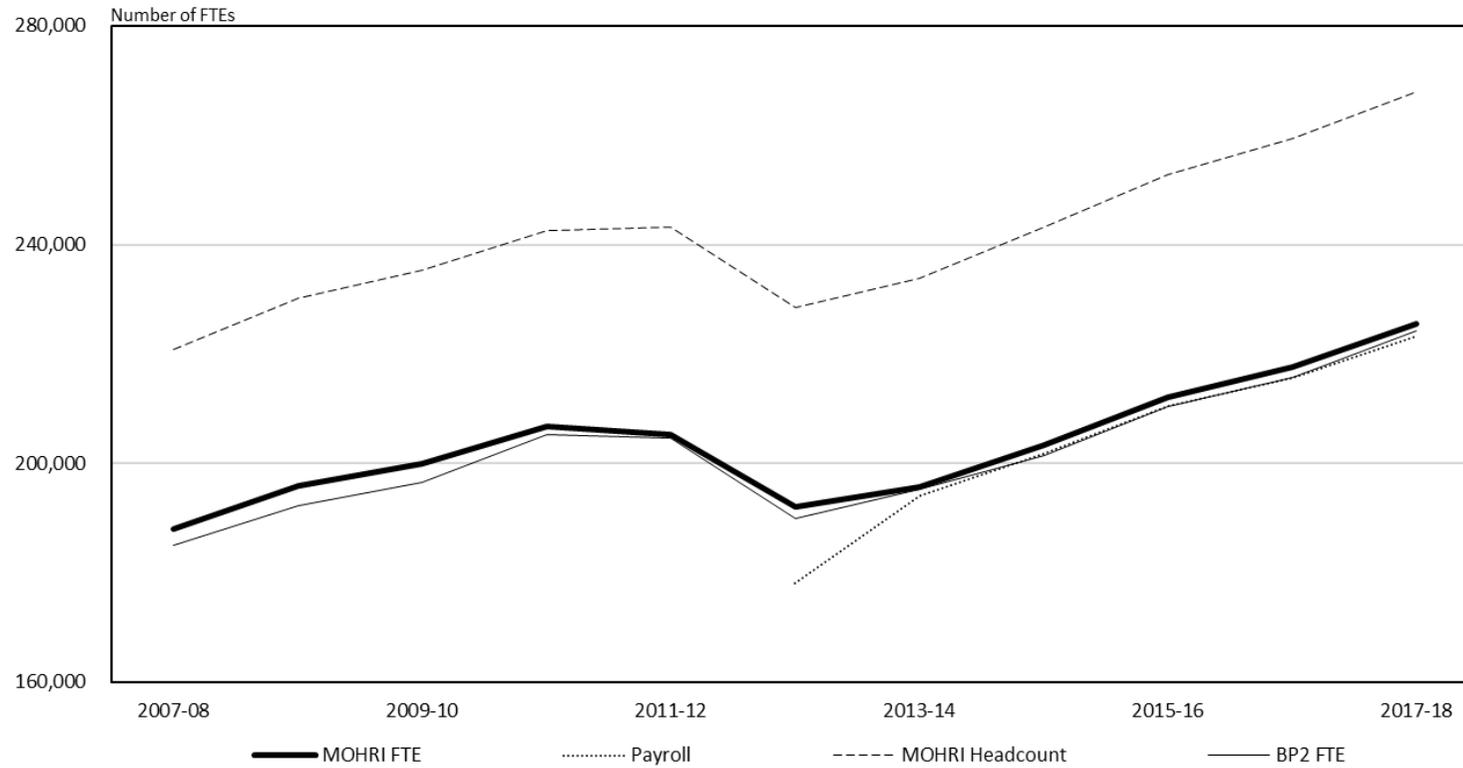
**Table 2:** Methodologies underpinning the tallies of the Queensland public sector workforce

Method	Description	Advantages	Disadvantages
MOHRI (Minimum Obligatory Human Resource Information)	Details substantive Full Time Equivalent (FTE) placements based on payroll data, including FTE on paid leave of any duration and unpaid leave of eight weeks or less.	Represents the overall liability of the total FTE workforce.	<ul style="list-style-type: none"> <li>• Risk of double-counting employees on unpaid leave.</li> <li>• Reflects appointed position only, not secondments or higher duties.</li> </ul>
BP2 (Budget Paper 2)	Details funded FTE placements drawn from MOHRI. FTE data for: <ul style="list-style-type: none"> <li>• Previous years (audited actual)</li> <li>• Current year (estimated actual)</li> <li>• Budget and forward estimates (projected).</li> </ul>	Allows for a visible FTE number that aligns with budget and planning	Projected figures may be adjusted during the year (and across the forward estimates) as government considers individual program and funding proposals.
Payroll	Reports active employees that have been paid in the fortnightly pay cycle.	Represents the actual FTE count of active employees.	Does not include employees on certain types of extended or unpaid leave.
Headcount	A count of all employees, regardless of hours worked.	Provides a total workforce figure.	Distorts the size of the workforce and does not give a true sense of scale.

Most of the latest tallies of the Queensland public sector workforce, then, are similar (in the range of 221,000 to 225,000 FTE). Three of the four methodologies used to underpin those tallies also are similar, though have distinct characteristics and serve slightly different purposes, as shown in Table 2. All four also exhibit an almost identical pattern of change and growth over the decade 2007-08 to 2017-18, as reflected in Figure 2. That Figure, it should be explained, is based on Budget Paper No. 2 for 2018-19, but also includes the additional methodology of calculating actual payroll-based FTE. The point of this comment will shortly become more clear.

While the difference in workplace tallies is not material given the overall scale of the Queensland public sector, and while the various methodologies to determine these tallies are broadly similar, the existence of rivalrous data sources – used for slightly different purposes in slightly varying contexts – generates ambiguity and invites unnecessary process.

**Figure 2: Workforce count by four methodologies (2007-08 to 2017-18)**



NB: BP2 FTE reflected audited actuals to 2016-17 and forecast estimated actual on 2017-18.

It is therefore recommended that the Queensland Government move to rely on a single calculation of workforce size and cost, based on actual fortnightly payroll numbers, expressed in full-time equivalent (FTE) terms. This calculation reflects not only actual costs and numbers of FTE, but also the realities of seasonal variations, higher duties positions and secondments.

A decision to move towards a single methodology for calculating the size of the Queensland public sector will have two implications. The first is the discontinuation of the MOHRI specification, which was first introduced back in 1995 to enhance employee data collection for human resource planning purposes. Nowadays, MOHRI is not regarded by agencies to be as useful as FTE-based payroll information. The latter captures actual employment numbers along with dollar expenses. Nor is there any impediment to payroll-based data being collected alongside other characteristics of the public sector workforce, and it is proposed that this be undertaken and completed in the 2018-19 year.

The second implication of the change is that Budget Paper No. 2 would transition from a general reliance on MOHRI, to actual payroll FTE. As Figure 2 illustrates, this will not have a material impact on either total staffing numbers or on expenditure. Meanwhile, forward projections of staffing numbers would be based not on the MOHRI forecast but on forecast actual payroll numbers and expenses. Such forecasts in both cases incorporate the staffing needs attached to election commitments or significant policy announcements. These range from broad commitments such as aligning public sector employee numbers to population, or more specific ones involving teacher or nurse numbers or changes arising from the realignment of the federal and state responsibilities (e.g., National Disability Insurance Scheme).

Another methodological challenge is an important definitional one. Different state jurisdictions define terms such as 'public service', 'public sector' and 'public entity' slightly differently. These variations tend to reflect different history and conventions. To highlight the point, in New South Wales and Victoria the areas of health, teaching, police, and transport services are all deemed part of the public sector but outside the core public service, while in New South Wales' prisons have been privatised. In Queensland, on the other hand, teachers, police and transport and main roads are all counted within the public service, as are employees of Queensland Health (although the 16 Health and Hospital Services are categorised as public sector entities). TAFE Queensland is covered by its own legislation as a public sector entity, while Government Owned Corporations (GOCs) and statutory authorities (e.g., Queensland Rail, Queensland Investment Corporation, and the various energy and port authorities) are all considered entirely outside the public sector, except that the State Government's Equality of Employment Opportunity (EEO) reporting provisions apply to them.

The Queensland public service comprises all departments and public service agencies listed in schedule 1 of the *Public Service Act 2008*. The public sector in Queensland, on the other hand, also includes other government entities established under their own legislation for a public or state purpose. In an even broader sense, the ‘total state sector’ includes GOCs and other statutory organisations which typically operate entirely outside the government sphere except for EEO reporting purposes.

Meanwhile, there are certain entities which are – and over the years have been – excluded from workforce reporting. Collectively these entities, which report under Budget Paper No. 5 (the Government’s Service Delivery Statement), engage some 6,800 FTE. In the main, the exclusion occurs because either the role and activities of these bodies require complete separation from the government of the day (employees of the Legislative Assembly, Office of the Governor) or in order to protect their statutory or operational independence (e.g., Crime and Corruption Commission, Information Commissioner, Ombudsman-type roles, Queensland Curriculum and Assessment Authority, Queensland Racing Integrity Commission, Prostitution Licensing Authority, Queensland Mental Health Commission). Two other ‘excluded’ bodies – the Cross River Rail Delivery Authority and the Gold Coast 2018 Commonwealth Games Corporation – were established as temporary specific-purpose initiatives (with some staff in both cases being public service secondees). The rationale for Tourism and Events Queensland also being excluded from public sector workforce reporting is less compelling, though presumably relates to its functioning in a quasi-business context as distinct from both the public service on the one hand and the trading role of GOCs on the other.

It is also relevant to point out that while different administrations have grouped, separated, or merged departmental responsibilities slightly differently in order to highlight particular policy priorities or approaches, there has been little movement of staff across the ‘public service – public sector’ dividing line over the last decade. This makes somewhat easier than it otherwise might be, the task of accurately measuring public sector growth over that period.

In a bygone era, the functions of government at all levels were mostly viewed as administrative, clerical and routine in character. That remains a fashionable view for some, but not an entirely helpful one in explaining the distinct but increasingly intertwined roles and workings of the three levels of government in the contemporary operating world of Australia’s federal system.

Governments at all levels are seeking to balance relentless pressures on their public finances with continually rising pressures from the community for both better services delivered more efficiently and for more consumer protection. At the state level in particular, successive governments—including here in Queensland—have responded to those community demands by pledging to maximise the number of

government workers whose jobs it is to directly deliver ‘frontline’ services. In practice, this translates into commitments for more police on the beat, more teachers in our state schools, and more doctors, health practitioners and nurses in our public hospitals and other facilities.

### 3. Other policy and practical challenges

#### 3.1 The focus on the ‘frontline’ workforce and growth trends

It is entirely appropriate, of course, for any government to focus its resources on frontline jobs and, in the process, to reassure the community that public dollars are being well spent. And indeed, the evidence in Queensland over a number of years is that most public sector workforce growth is occurring in frontline type roles in education, health and police.

But even in the more obvious sectors, defining ‘frontline’, and differentiating it from ‘corporate’ or other categories, is rather more challenging. A few examples demonstrate the point. While teachers and teacher aides are frontline, and clerks in head office are not, what of clerks or student affairs officers in the offices of school principals? They do, after all, directly provide a service to students and the school community. And is a cleaner in a school or hospital a frontline worker and, if so, why would a cleaner in corporate headquarters not be similarly described? On the other hand, it is more difficult to argue that policy analysis or policy and planning managers would comfortably be deemed to be ‘frontline’ or even ‘frontline support’.

The New South Wales Government has recently adopted a definition that frontline positions can be identified as those which spend 70 per cent of their time providing services to external customers where those customers are members of the public. On the other hand, those positions which provide services to other government agencies (e.g., positions in central agencies as service providers) are not considered frontline. This definition replaced a previous system which had sought to differentiate delivery of services to external or internal customers from roles which shaped the ‘approach’ to service, such as those engaged in policy, planning, research or strategy. At one level the new 70 per cent measure represents common sense, but it is still vulnerable to interpretation.

Queensland also has encountered problems in categorising and differentiating amongst ‘corporate’, ‘frontline’, and ‘frontline support’ roles. Back in 2012 the Public Service Commission, in response to an audit on the matter, decided to move instead to a new system based on the Australian and New Zealand Standard Classification of Occupations (ANZSCO), which is maintained by the Australian Bureau of Statistics (ABS). Being the nationally-recognised standard for occupational groups, it is regarded as helpful in policy development, human resource management and labour market research. Queensland also has supplemented the use of occupations with a separate locally-grown classification of ‘special occupational

group' (SOG), the principal purpose of which is to aggregate certain ANZSCO occupations (such as teachers, police and doctors) into frontline-friendly language.

At the margins there will always be a challenge in neatly defining the term 'frontline'. Nor should that definition be static; we live in a world, after all, in which the character of many jobs is changing in a wholesale way, and in which entire occupational groups are being transformed or disrupted.

Further work will be conducted on the 'frontline' definitional conundrum in the next stage of this Review. The purpose of that work will be to provide advice to agencies so that, in their reporting, and the periodic auditing thereof, a more consistent approach will be adopted.

### 3.2 Regional footprint

There are particular challenges around the application of the term 'frontline' in the context of Queensland's vast geography and dispersed population. While the task of providing government services in the State's south-east is broadly comparable to that of doing so in the Sydney-Illawarra-Hunter region of New South Wales, there are more significant challenges across the rest of the State. The costs of delivering services, and the challenges of providing an appropriately-trained public sector workforce, are evident enough in the major regional cities. But these challenges are multiplied again in the rural and more remote areas. In other words, the scale of the task of deploying people and assets to serve the needs of communities and businesses across the State should not be underestimated. The presence of government is not only important in regional areas, it is essential in helping to sustain far-flung communities. All of this suggests that, for a state like Queensland, the term 'frontline' should have both occupational and locational dimensions.

Queensland's population exceeds 5 million people, and includes ten of Australia's 30 largest cities. The combination of large geography and dispersed population make the costs of delivering government services more complex and more expensive. Data collection already takes place regarding where employees are located. However, there are nuances here. The location of an employee may not provide a complete picture of the nature or reach of their service delivery. For example, police officers may be coded at their station location, but police services are mobile. Also, many health professionals, as a matter of course, travel vast distances in order to provide medical and health services in regional and remote communities. More broadly, the government of the day requires a cross-agency 'surge' capacity in order to quickly and adequately respond to natural disasters or other emergencies.

### 3.3 Indirect workforce

It has been the case for many years that the full range of government-type business at any level or in any jurisdiction, cannot be realistically discharged fully by its own public service and public sector workforce. That is why all governments to a greater or lesser extent call upon consultants to provide specialist and often urgently-needed advice, contractors to deliver a range of professional or non-professional services, or labour hire firms to source labour rather than for government itself to directly engage workers (particularly in manual occupations).

In many cases, it is not a matter of 'either/or'. Rather, government may be experimenting with new delivery models in order to better respond or adapt to a rapidly changing environment. In other cases, government may have at its disposal a core group of workers whose numbers can be supplemented according to undulating demand or seasonal factors.

The point being made here is that while there will always be a legitimate focus on the numbers of public servants or public sector workers in a given jurisdiction, those are only partial metrics. To understand the full extent of government-related endeavour there should be an equivalent interest in the financial scale of assistance provided by consultants, contractors, professional and non-professional service providers, labour hire firms and other contingent workforce which, collectively, make-up the government's indirect labour force.

The importance of doing this is obvious. In addition to the \$21 billion outlay on employee expenses across the Queensland government sector in 2016-17, rising to a projected \$23.8 billion in 2018-19, at least \$1.5 billion is being expended on the government's indirect workforce, as defined in the previous paragraph. There are clear areas where the use of specialist consultancy advice is appropriate, while contractors may be necessary to backfill critical health or education roles, to undertake roads or school capital works or provide specialist capability in difficult areas such as IT or ones involving new and urgent challenges such as biosecurity.

Attachment 4 provides a reporting of the overall scale of indirect workforce expenditure by agency as well as category. However, different interpretations of those categories of activity would suggest that the contents of the two Tables in that Attachment are indicative only.

It is acknowledged that much of the current departmental and agency reporting of the indirect workforce is done well. For example, consultancy expenditure data is specifically included in annual reports, while the associated financial statements may include line items for contractors, consultancies or labour hire either

at the single or aggregate level depending on materiality. Agencies are also required to publish awarded contract values under certain parameters. As already noted, however, definitions of some categories of the indirect workforce are still contested, and interpretations of activity diverge. In other words, oversight of the dollar scale of indirect workforce activity provides accountability in its own right, and should encourage a focus on the preferred strategy given available resources and an agency's organisational needs.

Again, the experience of Queensland is not unique, and recent changes in New South Wales may be informative. In that state, the clear guiding principle is value-for-money. Agencies are directed that contractors should not be used on a long-term basis (for more than six months) or continually re-engaged without re-evaluation of market conditions. Contractors also should not be employed, NSW agencies are advised, to avoid recruitment action, or to avoid the FTE count, or because of a lack of workforce planning or recruitment action.

Of course, it is also recognised that the practicalities of some of these ideas in the context of New South Wales may be far removed from the circumstances of delivering a qualified workforce and providing a good service in outback Queensland.

It is also noted that, here in Queensland, the Department of Housing and Public Works is in the early stages of developing a procurement system and improved panel arrangements that will enable the capture of data to allow for better reporting and decision-making. While at this early stage that body of work is likely to focus on labour hire-based contracts, it is an important potential foundation for improved government-wide reporting of the indirect workforce.

### 3.4 Intersecting policy initiatives: Career service and fiscal discipline

All governments are interested to attract and retain a high-quality public sector workforce, and to offer a measure of security while strengthening the professionalism of advice and to improve performance of individuals and agencies alike. Similarly, governments are expected to be responsive and have the adaptability and capability to meet new needs and changing circumstances. And, of course, governments also are expected to ensure that the growth of the public sector workforce is both responsive to, and aligned with community needs.

It is for all these reasons that a number of years ago the then government - like others in Australia - introduced disciplines to control the growth of numbers and wages, a position which remains in place today. It is also why the Palaszczuk Government encouraged a policy to convert temporary roles to permanent in circumstances where individual performance met requirements and there was an ongoing

need for the role. And it is also why the current government in 2017-2018 introduced a new 'Fiscal Principle No. 6' (FP 6), which directly links the growth of the public sector to Queensland's population growth.

Over the last ten years taken as a whole, the Queensland public sector has increased at a rate somewhat above that of Queensland's population growth: the public sector workforce, using the scope of entities listed in Budget Paper No. 2, moved over that period from 185,059 (2007-08) to 224,169 (2017-18) FTE, or 21.1 per cent over that decade. Queensland's population over the same period grew by some 19 per cent. There were, of course, different patterns of overall growth and contraction within that period and, in an overall sense, the FTE growth has been unevenly spread. Not surprisingly, much of the growth has occurred in health and education, both of which now receive activity-based or demand driven funding from the Commonwealth. It is that activity which drives growth in FTE, not population growth. Likewise, the election commitments over successive governments to provide additional police jobs has tended not to be limited to population growth, but rather to providing additional services in higher crime areas and to strengthen other services such as counter-terrorism, organised crime and domestic violence. The Police case is interesting for another reason; the addition of new police officers may not allay the need for the newer breed of civilian professionals (e.g. forensic accountants, cybercrime specialists and prosecutors).

The introduction of FP 6 was obviously based on an appropriate concern to maintain overall budget sustainability. At a macro level FP 6 is a useful discipline. The reality is, however, that because of the sheer size of the education and health arenas relative to the rest of the sector, other areas of priority (e.g. criminal justice, child safety) may be constrained. The management of FP 6 therefore, requires nuance.

### 3.5 Enterprise bargaining agreements and payroll systems

The complexity and variegated character of the Queensland public sector is demonstrated in its workforce being covered by 32 Enterprise Bargaining (EB) agreements (see Attachment 5). In addition, SES members are employed on individual contracts of employment. While the headline outcomes of EB processes tend to align in salary terms, it is the different allowance and wage conditions within individual agreements that might result effectively in different outcomes. Complexity is inherent to the public sector workforce, both in terms of the application of such allowances and in the reality that a single employee may also be subject to more than one agreement.

Overlaying the EB complexity is the existence of ten different payroll systems, across the Queensland sector, managed by seven separate payroll providers. There is no issue with multiple payrolls provided that reporting can be aligned.

### 3.6 Senior Executive Service, other Executive Services and similar positions

There will always be a natural interest in the number of highly-paid positions across government. In addition to the formal Senior Executive Service (SES) there is provision to allow chief executives to appoint other equivalently remunerated employees through contractual arrangements. These are commonly referred to as s.122 appointments (so-called because of the section of the Public Service Act which is applicable) but, in practice, also include similar appointees in health, police, and fire and emergency (who are technically appointed under the establishing legislation of those entities).

There is a further and separate point here. Current workforce reporting conflates the earnings profile of the workforce by reference to earnings equivalent to each Administrative Officer band. In practical terms, this means that current arrangements struggle to differentiate the salaries of those engaged in substantive SES work with those people who, because of their profession (e.g. doctors, principals of larger schools) are paid SES salaries or above.

Table 3 shows the number of occupied Senior Executive Service (SES) positions and s.122 contracted executive positions (i.e., those contracted at SES-equivalent remuneration levels) across the Queensland public sector. There are small numbers of s.122 contracted employees engaged below SES salary level.

**Table 3:** Occupied SES and s.122 contracted Executive positions (2012 to 2018)

	2012	2013	2014	2015	2016	2017	2018	
SES	344	328	299	308	324	323	319	
s.122	452	349	354	375	400	406	439	
Total	796	677	653	683	724	729	758	
SES-equivalent						92	116	
Total		Data not collected prior to 2016					821	874

Source: Public Service Commission

As Table 3 demonstrates, the growth in the upper salary levels has occurred mainly in the s.122 or SES equivalent appointments, and the core SES has been stable over the last two years. Drilling down one level, 28 of the 33 new s.122 positions in the past 12 months are in the Department of Education (13 Executive Principals and 15 Assistant Regional Directors). In summary, while there has been a small growth (11 positions) in the SES over the last three years, s.122 numbers have grown by 64.

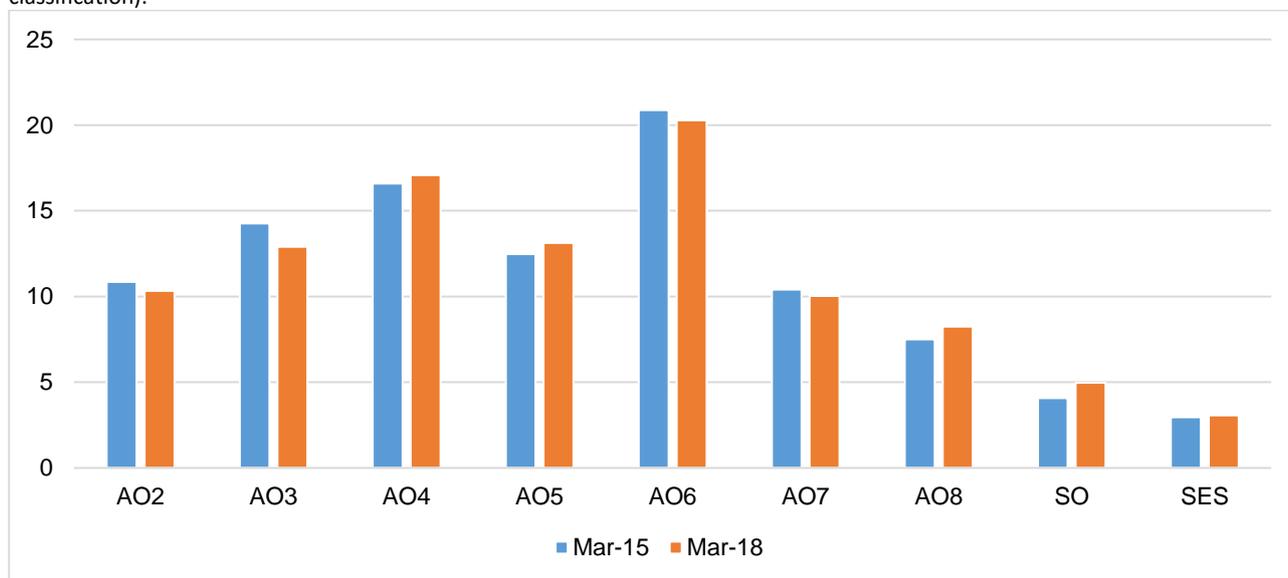
The growth of employees earning SES-equivalent salaries, but whose roles are not of a senior managerial character, is also a material matter. Nor is it surprising given the need to attract senior professionals—many to locations outside of the south-east corner—in medicine and health, teaching, and other areas. In a very practical sense, the reporting reality is that of the 1,435 Queensland public sector employees currently earning above \$200,000, some 1,167 are doctors, 31 are senior officers in the emergency and allied health fields, and 25 are chief executives of departments or statutory bodies. In other words, while recruiting and retaining people with high qualifications and professional skills represents a cost to budget, it more importantly represents a critical investment in the State’s skill base.

### 3.7 Relating classifications and salaries below the SES level

Figure 3 sets out the composition of the Queensland public sector by earnings equivalent to administrative classification. It does so in an overall sense only, and therefore will not reflect inter-agency variations. The Figure shows that, in salary terms, the composition of the public sector is relatively stable.

Given the changing nature of the workforce and the necessary investment being made in frontline service delivery, analysis of the workforce by classification levels is becoming less relevant. A more meaningful way to report is on earnings and occupation.

**Figure 3:** Composition of the Queensland public sector (as a percentage), 2015-2018 (NB: based on salary equivalents, not classification).



## 4. The public sector of tomorrow

This first stage of this Review of the Queensland Public Sector Workforce has encompassed current approaches to data collection, methodologies, definitions and reporting as well as obtaining a picture of the current FTE numbers being reported. This work also has focussed on the natural tension generated by the intersection of policy initiatives which collectively are seeking to provide a more responsive, mobile and cost effective workforce.

It is proposed that the next stage will have the essential task of exploring the capacity of the Queensland public sector to meet the challenges of tomorrow and, in particular, to consider the capabilities which will be needed for the future. This may include consideration of: different skill sets needed to deliver contemporary services into the future; striking the balance between building a career service and delivery of a flexible and mobile workforce; new and unfamiliar approaches to service delivery or to coordination of initiatives across government; the impact of new capabilities both on the direct public sector workforce as well as the indirect workforce; and the implications of all these and other matters for workforce planning, monitoring and reporting.

The second stage of the Review also will deal with the matters flagged elsewhere in this Issues Paper for further attention. Most notably, this includes the ‘frontline’ definitional conundrum.