

The State of
the Public Sector
in Victoria 2006–07



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About the State Services Authority

The Victorian Government has vested the State Services Authority with functions designed to foster the development of an efficient, integrated and responsive public sector which is highly ethical, accountable and professional in the ways it delivers services to the Victorian community.

The key functions of the Authority are to:

- identify opportunities to improve the delivery and integration of government services and report on service delivery outcomes and standards;
- promote high standards of integrity and conduct in the public sector;
- strengthen the professionalism and adaptability of the public sector; and
- promote high standards of governance, accountability and performance for public entities.

The Authority seeks to achieve its charter by working closely and collaboratively with public sector departments and agencies.

The Honourable John Brumby, MP
Premier of Victoria

Dear Premier

Section 74 of the *Public Administration Act 2004* requires the State Services Authority to report to you annually on:

- its operations during the year;
- the adherence by public officials to public sector values during the year and their compliance with any applicable code of conduct;
- the application during the year of the public sector values, public sector employment principles, codes of conduct and standards;
- the profile of the public service and the public sector; and
- any other matter which the Authority considers it appropriate to include in its report.

For the 2006-07 year, and for the first time, this responsibility is being met through two separate reports. The first is the Authority's Annual Report which describes its operations during the year and was tabled in Parliament in October 2007. The second is this report, *The State of the Public Sector in Victoria*, which meets the balance of the reporting obligations. It is first and foremost a report to you and your government. It will also be of value to those with an interest in the public sector including those who work in the sector, and interested observers from the community at large.

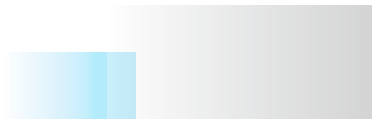
Section 74(4) of the *Public Administration Act 2004* requires that you lay a copy of this report before each House of Parliament within seven sitting days after receiving it.

Yours sincerely

BRUCE C HARTNETT

Chair

State Services Authority



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Introduction: The State of the Public Sector in Victoria report

The State of the Public Sector in Victoria is a whole of government report to the Premier and the Parliament on key aspects of the public sector which contribute to its performance. This report complements other whole of government reporting (such as the Budget papers and the Victorian Auditor-General's reports to Parliament) and the annual reporting by public service organisations on their operations. The unique value of this report is that it looks across the whole public sector and examines the people, the governance arrangements, and the public sector ethos which supports the Victorian Government in representing and serving the people of Victoria.

The report illustrates the activities and achievements of the public sector through case studies and good practice examples, and provides insights into how the challenges of the future are being planned for and met.

The picture that emerges is of a highly capable and effective public sector that works diligently on behalf of government to serve the Victorian people and their interests. From the delivery of world-class infrastructure like the Australian Synchrotron, to the coordination of drought relief assistance, and the provision of a new elective surgery centre for all Victorians, the public sector is working in innovative ways to deliver services and facilities that meet the complex and changing needs of the community.

Many of the services provided by the public sector are universal and relied on by all Victorians as they go about their daily lives, and include roads, public transport, water supply, and public parks. Other services are specialised and are accessed as they are needed, and include those for children at risk, people with disabilities, and the elderly.

Public sector organisations and their staff advise on and implement the Victorian Government's policies, build and maintain physical and social infrastructure, manage resources, administer state finances, and enforce regulations and legislation.

This report demonstrates that the public sector operates in a dynamic environment, applying a set of core values, and responding to an enormous number and variety of demands from those it serves. Leaders of public sector organisations are also constantly looking forward in order to predict future demands and adapt and position the sector to meet those needs. This is the complex and challenging environment within which the women and men of Victoria's public sector perform their duties and face the future.

Purpose and structure of the report

The State of the Public Sector in Victoria has been prepared for the first time in 2006-07. The purpose is twofold. Firstly, the State Services Authority is required by section 74 of the *Public Administration Act 2004* to report annually to the Premier on the public sector values and employment principles and on the profile of the public service and sector. Secondly, the report's purpose is to give an insight into the operations and achievements of the public sector that are often invisible to the broader community.

The report comprises five chapters, and the content of each is summarised below. Each chapter focuses on a particular aspect of the sector, and together they tell a story about the people and the organisations in the public sector, the achievements of the sector for Victorians (located on orange-shaded pages throughout the report), and the way in which the sector is responding to the challenges of the future.

Chapter One: About the Victorian public sector

This chapter describes how the Victorian public sector delivers services, ensures that regulations are understood and applied as intended, and undertakes other functions on behalf of the Victorian Government in cooperation with the Commonwealth Government and Victorian local government. Clarity about how these different levels of government work together, and with the Not-for-Profit and private sectors, is important for informed public debate about how each level of government can improve its responsiveness and performance.

The chapter also describes the composition of the public sector, detailing how the various organisations and entities relate to each other and the scope and scale of their responsibilities.

Chapter Two: People in the public sector

People are the public sector's most important asset. This chapter highlights the fact that their skills, experience, and knowledge are central to the contribution the public sector makes through the provision of services and other functions such as regulation. The chapter also contains an overview of public sector employment arrangements, and profiles the public sector workforce. Further detail on the profiles of the workforces in the health sector, in government schools, in Technical and Further Education institutions (TAFEs) and other education entities, in police and emergency services, and in the water and land management sectors is provided in Appendix One. Appendix Two provides information on public sector executive remuneration.

Chapter Three: Delivering responsible and accountable government

Good governance is key to the performance and accountability of public sector organisations. Victoria has played a leading role in recent years in establishing a framework for good governance through the *Public Administration Act 2004*. This chapter describes a range of governance arrangements in the Victorian public sector, and the constituent elements of governance which apply to public sector organisations. It also includes good practice examples which illustrate departmental initiatives designed to strengthen good governance practices within their related entities.

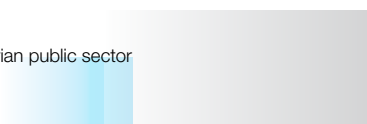
This chapter also reports summarised results of two major surveys conducted by the State Services Authority – the *People Matter* and *Public Sector Agency* surveys. These measure respectively employee perceptions of the application of the public sector values and employment principles in their organisations, and employer activities to apply these values and employment principles. Further detail on these survey results is provided in Appendix Three.

Chapter Four: Challenges for the future

This chapter explores some of the drivers behind the complex and multidimensional changes which confront Victorians. It highlights a range of existing Victorian Government strategies which are making, and will continue to make, a tangible difference to Victorians' well being. A range of new approaches to the work of the public sector is explored, and two examples are highlighted and discussed in more detail – operating across portfolio structures, and preparing to meet workforce challenges. The chapter concludes by emphasising the central role of leadership in the public sector, and highlights actions being taken by public sector organisations to broaden leadership capability in the public sector.

Conclusion: Meeting the future challenges

The Victorian public sector will be required to meet new and shifting challenges in response to the changing expectations and requirements of both the community and the Government it serves. This *State of the Public Sector in Victoria* report concludes that the sector is well positioned to meet the challenges ahead and continue making vital and positive contributions to Victoria's economic, social and environmental well being.



Chapter One: About the Victorian public sector

Every day, on behalf of the Government of Victoria, public sector organisations and their staff make a significant contribution to the economic, social and environmental well-being of all Victorians.

What is the role of the Victorian public sector?

The public sector supports the government of the day in serving the Victorian community. The sector does this by providing public services, supporting Ministers in developing and implementing policies and legislation, building and maintaining physical and social infrastructure, managing resources, and administering state finances. It operates across several key domains including:

- health and community services;
- education;
- law and order and emergency services;
- transport and infrastructure;
- environment;
- industry development; and
- arts, cultural sector and sports.

Delivering high quality services, helping Victorians every day

Each day Victorians use public services that are financed by, or are the responsibility of, the Victorian Government. The public sector funds, delivers and regulates a range of public services on behalf of the Government. Critical services such as: public hospitals; government schools and TAFE institutions; the police, courts and corrections system; arts and cultural events; major roads; energy and public transport represent the most visible areas of public sector activity.

There are many other areas of public sector operation. In addition to revenue management, such as taxation, subsidies and levies, the public sector provides a range of services for Victorians. For example, on behalf of the Victorian Government the public sector is responsible for: managing and protecting environmental assets such as national parks, marine parks, alpine resorts, state forests, coastal foreshores and other public land; for managing and developing town planning frameworks; for water catchments and irrigation services; as well as major cemeteries and crematoriums.

The public sector also provides: ambulance, fire and emergency relief services; welfare services for children, families and people with disabilities; consumer protection and mediation services for dispute resolution in the community; technical and scientific support for the agricultural industry, including food safety regulation; and programs to support business development.

The public sector has responsibility for managing major public buildings and facilities such as: Federation Square, Olympic Park and the National Tennis Centre; major cultural institutions, such as the National Gallery of Victoria, the Melbourne Museum, Scienceworks, the Botanical Gardens and Wilson's Promontory; and promoting tourism and major events such as the Motorcycle Grand Prix at Phillip Island and the Castlemaine State Festival.

Composition of the Victorian public sector

The public sector includes 28 Victorian Public Service bodies and 1844 public entities which are established by legislation for specified purposes and which employ staff. These entities include statutory authorities, state owned corporations, school councils, boards, trusts, and advisory committees. As shown in Figure 1.1 there are in total 1872 organisations in the public sector which employ nearly 240,000 staff and amongst them are some of the largest employers in Victoria.

There are more than 8000 other public entities that have no employees. These entities typically have legislatively specified functions and a board of management, generally comprised of volunteers. They include most cemetery trusts and 7400 Crown land reserve committees of management.

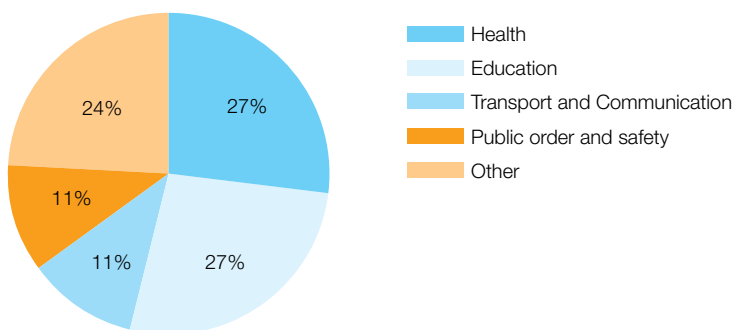
In most cases, public sector staff are responsible for direct service provision (for example hospitals, government schools, emergency services and water authorities), regulatory enforcement (for example the Environmental Protection Authority, the Essential Services Commission), and for the activities of organisations such as those supporting the Victorian Auditor-General and the Victorian Ombudsman, who report directly to Parliament. In other cases public sector organisations manage contracts for the delivery of services by non-government agencies, monitoring service delivery performance to ensure that contracted services are of high quality.

Funding the services provided by the Victorian Government

The services provided by the Victorian Government through the Victorian public sector include education, health, and public safety; and the social and economic infrastructure which supports those services including hospitals, school buildings, and road and rail infrastructure.

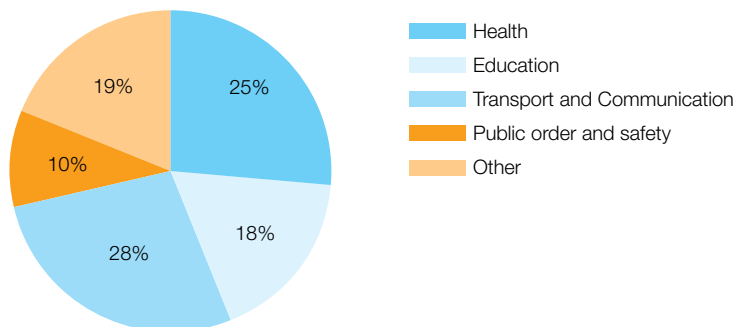
General government operating and capital expenditure on these services for the 2006-07 year is \$36.3 billion and the allocation across the main service areas is shown in Figure 1.2 (for operating expenditure) and Figure 1.3 (for capital expenditure). Health and education activities comprise about half of total general government expenditure.

Figure 1.2 General government operating expenditure on main service groupings 2006-07



Source: Department of Treasury and Finance, *Financial Report for the State of Victoria 2006-07*: Table 5.13

Figure 1.3 General government capital expenditure on main service groupings 2006-07



Source: Department of Treasury and Finance, *Financial Report for the State of Victoria 2006-07*: Table 5.14

Figure 1.1 Composition of the employing organisations in the Victorian public sector, and the distribution of public sector employees (at June 2007).

<p>Victorian Public Sector 1872 Employer Public Sector Bodies Employees: 237,815 FTE: 194,575</p>	<p>Victorian Public Service 28 Public Service Bodies Employees: 35,295 FTE: 32,598</p>	<p>Departments (10) Employees: 31,113 FTE: 28,617</p>	<p>Education Human Services Infrastructure Innovation Industry and Regional Development Justice Premier and Cabinet Primary Industries Sustainability and Environment Treasury and Finance Victorian Communities</p>
		<p>Authorities and Offices (18) Employees: 4,182 FTE: 3,981</p>	<p>Emergency Services Superannuation Board Environment Protection Authority Essential Services Commission Office of the Chief Commissioner of Police Office of Chief Parliamentary Counsel Office of the Child Safety Commissioner Office of the Governor Office of the Legal Services Commissioner Office of the Ombudsman Office of Police Integrity Office of the Privacy Commissioner Office of Public Prosecutions Office of the Shared Services Centre Office of Victorian Electoral Commission Public Records Office Victoria State Services Authority Victorian Auditor-General's Office Victorian Government Solicitor's Office</p>
<p>Victorian Public Entities Employer Bodies 1,844 Employees: 202,520 FTE: 161,977</p>		<p>Public health sector 97 Entities Employees: 84,552 FTE: 62,047</p>	<p>Government Hospitals and Health Services (85) Professional Registration Boards (7) Health research and other bodies (5)</p>

		Schools (1594) Teaching Service (includes school services staff)
Government schools 1595 Entities Employees: 62,290 FTE: 52,430		
TAFEs and other education entities 33 Entities Employees: 16,844 FTE: 11,247		Technical & Further Education institutions (18) Regional Councils of Adult, Community and Further Education (9) Miscellaneous (6)
Police & emergency services 8 Entities Employees: 18,390 FTE: 17,665		Alexandra and District Ambulance Service Country Fire Authority Emergency Services Telecommunications Authority Metropolitan Ambulance Service Metropolitan Fire and Emergency Services Board Rural Ambulance Victoria Victoria Police (Sworn officers) Victoria State Emergency Service
Water & land management 42 Entities Employees: 7,074 FTE: 6,744		Alpine Resorts Management Boards (5) Catchment Management Authorities (10) Water bodies (19) Miscellaneous (8)
Other 69 Entities Employees: 13,370 FTE: 11,844		Arts Agencies (7) Cemetery trusts (10) Facilities management (6) Finance and Insurance (9) Regulators (8) Sport and recreation (14) Transport (9) Miscellaneous (6)

Source: State Services Authority 2007 *Workforce Data Collection*

Notes

1. Machinery of Government changes effective 14 August 2007 have resulted in changes to the organisation of Victorian Public Service departments. These changes include the replacement of the Department of Education with the Department of Education and Early Childhood Development, and the Department of Victorian Communities with the Department of Planning and Community Development. These changes will be reflected in the report *The of the Public Sector in Victoria 2007-08*.
2. Revised reporting definitions have been implemented for TAFE institutions. The reported workforce numbers are more comprehensive than in previous years.
3. Police and Emergency Services employment numbers were overstated in the 2005-06 Annual Report of the State Services Authority. The correct figures for June 2006 were 18,348 employees and 17,485 FTE respectively.

In order to fund the provision of services, the Victorian Government raises revenue itself, and receives revenue from other sources. Approximately 34 per cent of state revenue is raised from Victorian Government taxes such as land and payroll tax, 8 per cent from sales of goods and services and 13 per cent from 'other' revenue including investment income, fees and fines, interest and other miscellaneous sources (Department of Treasury and Finance, 2007).

The remaining 45 per cent of revenue comes from the Commonwealth Government, consisting of 'tied' and 'untied' grants. Tied grants, or Specific Purpose Payments (SPPs), are provided under certain agreed conditions including that they are spent on nominated services as agreed with the Commonwealth, and in some cases 'matched' by state government funds. There are now around 60 individual SPPs covering all of the State's major service delivery areas. Untied grants are mostly funded from the Goods and Services Tax (the GST), which is collected by the Commonwealth and passed on for spending at the Victorian Government's discretion.

The Victorian public sector – working with others

Working in collaboration with others is a key theme and strength of public sector operations. This involves working with other levels of government, the Not-for-Profit sector, the private sector and importantly with individual citizens and communities across the State. The following section outlines how these collaborations work and the outcomes achieved.

Working with other levels of government

The environment in which the Victorian public sector provides services to the community is influenced by Australia's federal system of government, and the constitutional division of powers and responsibilities between the Commonwealth and the states. Generally the Commonwealth is responsible for matters that are externally focused (such as trade with other countries, quarantine, immigration and defence) or where a high degree of national consistency is warranted (such as social security payments, currencies and telecommunications).

State powers and responsibilities are related primarily to the design and delivery of major community services such as health, education, law and order, and the provision of social and economic infrastructure. The Government is also responsible for the legislation that establishes the roles and responsibilities of the local government sector.

The local government sector has responsibility for delivering a wide range of economic, environmental and infrastructure services at the local level and often provides services that improve the 'social capital' for their communities, such as services in health, welfare and cultural areas, which are coordinated with or complementary to Victorian Government services.

While there is ongoing evolution in the division of roles and responsibilities between these three levels of government, Victorians expect that services from all levels of government will be complementary and delivered in a coordinated way. Consistent with this expectation, the Victorian Government and the Victorian public sector work on a daily basis with other levels of Australian government and the non-government sector to deliver services.

Where service delivery responsibilities are shared, the Victorian and Commonwealth Governments work jointly in determining strategic goals, program planning and monitoring program performance and client outcomes. The Victorian Government, along with local government has primary responsibility for implementation and day-to-day management of programs.

The detailed arrangements of Commonwealth and Victorian public sector roles and responsibilities are increasingly set out in various inter-governmental agreements and in commitments by jurisdictions to implement joint decisions. These arrangements have the capacity to achieve consistency, reduce duplication and overlap, and support cooperative work to determine agreed priorities.

The Council of Australian Governments (COAG) and Ministerial Councils are the most important of mechanisms that have been developed to ensure cooperation between the Commonwealth, Victorian and other Australian Governments.

- COAG was formally established in 1992, and is comprised of the Prime Minister, State Premiers, Territory Chief Ministers and the President of the Australian Local Government Association. COAG initiates and develops policy reforms that have national significance and which require cooperative action by Australian governments. Its achievements to date include agreements on road transport, competition policy, environmental policy, and food standards (COAG, 2007).
- Ministerial Councils cover over 40 different portfolio areas and are comprised of the relevant ministers of the Australian and state and territory governments (and New Zealand ministers when matters affecting New Zealand are being considered). Ministerial Councils initiate, develop and monitor policy reforms specific to their functional areas, including those agreed to by COAG.

A recent example of such cooperation is the *National Reform Agenda*, instigated by the Victorian Government, and agreed by COAG in February 2006 (COAG, 2006). One stream of the National Reform Agenda (described in Box 1.1) is to develop Australia's human capital. This, in particular, is likely to impact on planning, funding and delivery of health and education services across Victoria and the rest of the country.

BOX 1.1 National Reform Agenda: Human Capital

The National Reform Agenda aims to increase Australia's future prosperity in the face of challenging demographic trends (such as the ageing population) and increasing global competition.

An important component of the National Reform Agenda is the focus on building and enhancing Australia's 'human capital'. The objective of this component is to increase the participation in, and the productivity of, Australia's workforce by targeting policies that improve health and education outcomes, and encourage and support work.

All governments have committed to reforming these policies areas, with some reforms being nationally consistent and others testing a range of approaches between jurisdictions.

“The different circumstances in a country as large and varied as Australia require diverse kinds of actions rather than a ‘one size fits all’ approach. The best approach is to focus on long term outcomes, measures and, where appropriate, milestones, coupled with transparent assessment and reporting, to encourage continuous improvement by all jurisdictions.”

COAG has agreed to adopt ‘a leadership role to facilitate policy integration and the adoption of a longer-term policy perspective across governments and portfolios’.

Source: Council of Australian Governments’ Meeting 10 February 2006

Local governments develop strategies to deliver on their own policy outcomes, and help to implement Commonwealth and state government programs. In order to achieve a more cooperative partnership between the three levels of government, the Victorian Government is committed to implementing the *Inter-governmental agreement establishing principles guiding inter-governmental relations on local government matters* (Australian Government, 2006) under *A Fairer Victoria: Progress and Next Steps* (Department of Premier and Cabinet, 2006).

Working with the Not-for-Profit sector

The Not-for-Profit sector is comprised of a wide range of organisations – from clubs and social or community associations through to philanthropic trusts, foundations, and charities – that play an important role in the social, cultural, and recreational life of the community.

This sector is also playing an increasingly important role as a service provider for the Victorian Government, particularly in areas of social care, through contracts for services established through open tendering processes. Currently some 2,000 non-profit organisations deliver services on behalf of government including assistance to homeless people, help for children with disabilities and their families, and welfare and counselling services to individuals and families in crisis.

The nature of the challenges facing individuals and families is becoming more complex and the expectations of the community about how government should respond are rising. The Victorian Government sees stronger partnering with the Not-for-Profit sector as part of the solution to creating ‘public value’ for the community.

Working with the private sector

The private sector makes an important contribution to the delivery of essential services to Victorians. This role has changed significantly over the last twenty years with an increase in the contracting out of services to private providers by different parts of government.

Compared to other Australian states, in Victoria the private sector is more likely to own and operate electricity and gas utilities and to operate public transport in metropolitan and regional areas.

In addition the role of the private sector in delivering Victorian Government infrastructure and ancillary services has increased through the use of public-private partnerships (PPPs). A PPP occurs when a government enters a contract with a private consortium to finance,

design, construct, operate and/or maintain public infrastructure. In return the private consortium receives service payments over the long term, or the right to charge users in accordance with the contract. Some examples are the proposed Victorian Desalination Plant, Eastlink, and the Royal Children's Hospital Redevelopment. In entering into a PPP, the Government does not relinquish its responsibilities to the private sector.

The *Partnerships Victoria* policy (Department of Treasury and Finance, 2000) focuses on whole-of-life costing, full consideration of project risks, and optimal risk allocation between the public and private sectors. There is a clear approach to value for money assessment, and the public interest is protected by a formal public interest test and the retention of core public services.

Working with individual citizens and communities

Public sector staff act as brokers and advisers for certain services, assisting Victorians to access services from all levels of government, the Not-for-Profit sector, and from private providers. Whether working with communities to assist them in meeting local priorities, helping a family to access a specific service, or assisting an individual to resolve a specific problem, public sector agencies and their staff are committed to working collaboratively to strengthen the capacity of individuals and communities across Victoria.

Conclusion

The Victorian public sector serves the Victorian Government and the community in diverse and important ways on a daily basis. This is achieved through the provision of public services, assisting in the development and implementation of government policies and legislation, building and maintaining physical and social infrastructure, managing resources, and administering state finances.

The public sector employs nearly 240,000 staff in 28 public service bodies and 1844 other public entities, making it a major employer in both metropolitan and regional Victoria.

A key feature of public service activity is working in partnership with individual citizens and other organisations, including other levels of government, to deliver coordinated and strategic services. Partnerships with the Not-for-Profit and private sectors have been a positive development in recent years, enabling the Victorian Government to bring services closer to the community and to deliver services and facilities earlier and with greater efficiencies than it could alone.

Agency achievement

Responding to the 2006-07 Great Divide Fire

As the 2006-07 summer approached, Victoria was experiencing the most severe fire danger conditions in years. Drought following several years of below average annual rainfall had left the State's forests particularly vulnerable to bushfire.

Public sector agencies had anticipated a severe fire season. As required under the Code of Practice for Fire Management on Public Land, each fire district had protection and operations plans to ensure that bushfire and suppression activities were carried out in operationally safe, environmentally sensitive and cost-efficient ways.

The fire season began early, with 35 fires recorded by the beginning of September 2006. On 1 December lightning ignited more than 50 fires, which merged to form the Great Divide Fire, stretching from Mansfield and Bright in the northeast to Heyfield and Bairnsdale in East Gippsland. This fire became the longest running in Victoria's history, burning more than 1.2 million hectares over 69 days, mostly on public land.

The fight against the Great Divide Fire was led by the Department of Sustainability and Environment and the Country Fire Authority, with support from the emergency services, state and local governments, community organisations and private companies.

More than 20,000 people worked on the fire effort, including 14,000 volunteers. A total of 1,239 interstate, 52 Canadian, 115 New Zealand and 114 American firefighting personnel took part in the operation, including aviation and fire behaviour specialists.

Throughout the firefighting efforts, communities were kept well informed. The Department of Sustainability and Environment and the Country Fire Authority held 320 community meetings that attracted about 31,000 people. ABC Radio, in its official capacity as the emergency broadcaster, was supplied with media releases at least three times a day and broadcast urgent fire threat messages to affected communities. Community newsletters and maps were distributed to fire-threatened communities. Ministers, their offices, and government departments were kept informed through the Office of the Emergency Services Commissioner in the Department of Justice. Information and advice to fire-affected communities continued after the fire was brought under control, to help people with recovery and find ways of dealing with stress and trauma.

In March 2007, the Ministerial Taskforce on Bushfire Recovery released a \$138 million response and recovery package. Operating at regional level, the Department of Human Services applied integrated approaches to support individual, community and business recovery. The package included support such as pest animal and weed control, dam cleaning, fencing and revegetation for affected landholders, as well as local recovery through community development initiatives and funding for tourism operators in affected areas. For example, a contribution was made towards rebuilding the iconic Craig's Hut in Central Victoria. Recovery efforts further extended to long term environmental recovery strategies such as restoring and protecting fragile ecosystems, water catchments and river health.

Based on material from the Department of Sustainability and Environment, Department of Premier and Cabinet, Department of Human Services, Department of Primary Industries and the Department of Justice

Agency achievement

Providing a new elective surgery centre for all Victorians

The Alfred Centre is one of the most significant new developments to occur in the Victorian health care system in the past three years. At a cost of \$92 million, including \$60 million of state government capital funding, the purpose-built Alfred Centre has been constructed on the corner of Punt and Commercial Roads in Prahran, providing more Victorians with access to a more tailored and timely elective surgery process.

This flagship project for Bayside Health is a state-of-the-art facility staffed by public and private sector employees that provides additional capacity for short-stay elective surgical and diagnostic services. As well as transferring current Alfred Hospital short-stay elective procedural work, The Alfred Centre will provide elective surgery for an extra 3,750 people from across Victoria in its first year.

The centre was progressively commissioned from November 2006 and has been fully operational since February 2007. With three floors above ground and two floors of underground visitor car parking, The Alfred Centre houses operating theatres, endoscopy rooms, a full radiology suite, a patient services centre, pre-admission consulting rooms and a café.

To ensure Victorians have access to the best possible care, the development of The Alfred Centre improves the delivery of health care to the community by focusing on the patient's experience and minimising unnecessary waiting times and movement around the centre. Short stay elective services are separated from emergency services, thereby ensuring more timely care. The delivery of services is supported by modern equipment and underpinned by cutting edge information and communications technology.

By redistributing elective services to The Alfred Centre, there is an opportunity for the Alfred Hospital to further improve the way it provides treatment and care for trauma, emergency and complex elective surgical patients.

Based on material from the Department of Human Services

Agency achievement

Providing infrastructure excellence to support student learning

High quality and innovative government school infrastructure is creating supportive learning environments for Victorian students. In 2006-07, many award-winning developments received recognition for excellence, including Castlemaine Primary School, Hawthorn Secondary College and Strathmore Secondary College.

The \$2.2 million Castlemaine Primary School redevelopment connected an existing old building to new facilities, creating a focal point for the school by providing an amphitheatre for outdoor school assemblies and performances and a place for students to meet. The development won the 2006 School Design Award for the Best Primary School category, and the Royal Australian Institute of Architects Victorian Architects award for the Regional prize.

At Hawthorn Secondary College, the \$845,000 Teaching and Learning Centre of Excellence in Applied Technology, Design and Multimedia was established for students across the inner-Melbourne area. The centre provides opportunities for students to develop project-based work which is interdisciplinary, focuses on kinaesthetic and visual learning styles and uses up-to-date application of information and communication technology tools. Links are being developed with tertiary providers such as RMIT's Lab 3000 and Swinburne TAFE.

Strathmore Secondary College's school science program has developed a particular focus on space education, with over \$6.4 million committed to the creation of the Victorian Space Science Education Centre. The college has entered into partnership with leading tertiary institutions such as the La Trobe, RMIT and Victoria Universities to facilitate the project. Students are involved in excursions to science institutions and laboratories and also have the opportunity to visit the Advanced Space Academy in the USA. The Centre won both the Interior and Public Architecture categories of the Royal Australian Institute of Architects Victorian Architects awards in 2007.

Based on material from the Department of Education

Chapter Two: People in the public sector

The Victorian public sector has nearly 240,000 employees who bring a diverse range of backgrounds, skills and occupations to their various roles and employing bodies. Every day these people provide services to individuals, families and communities across Victoria. The people who work for the Victorian public sector are its most important asset.

This chapter provides key information about the people who work within the public sector: who they are, their occupations, and where they are employed. It highlights some of the key issues faced by public sector organisations in ensuring that the right people are recruited, trained and developed to meet the future needs of the sector. Further detail about the workforces of the major sectors within the public sector is provided in Appendix One.

Victorian public sector employees have their employment managed under a number of employment models. Unlike some other public sector jurisdictions in Australia, Victoria does not have a single central employer or a single set of employment conditions for public sector employees. In contrast, employees who work for a public sector organisation in Victoria are employed directly by that organisation.

Senior leadership and management are provided by Departmental Secretaries, chief executives (or their equivalent), and their senior management teams. Their employment arrangements and those of public sector employees generally are outlined in this chapter. Appendix Two provides additional information in relation to executive employment and remuneration.

Each year the State Services Authority gathers a large amount of information about public sector employees:

- the *Workforce Data Collection* collects demographic and other information from all public sector employing organisations in relation to all public sector employees; and
- the *People Matter Survey* seeks views from a sample of public sector employees on their perceptions of the application of the public sector values and employment principles, and on a range of other people management issues. Demographic information is gathered from respondents to the Survey.

This chapter, and those which follow, report information gathered from both the *Workforce Data Collection* and the *People Matter Survey*.

A major employer

The Victorian public sector is a major employer in the State. As at June 2007, nine per cent of the total Victorian labour force or 237,815 people worked in the sector (ABS, June 2007). These people work at over 700 locations across the State and in over 200 different occupations.

Table 2.1 provides a statistical snapshot of the demographic and other characteristics of the workforce.

Table 2.1 Statistical snapshot of the Victorian public sector workforce

Total employees (headcount)	237,815	Occupational category***	
Employees by sector		Managers and administrators	5%
Victorian public service	35,295	Professionals	52%
Health	84,552	Associate Professionals	14%
Government schools	62,290	Trades and Related workers	1%
TAFEs and other education entities	16,844	Clerical Sales and Service Workers	24%
Police and emergency services	18,390	Intermediate Production and Transport	1%
Water and land management	7,074	Labourers and Related Workers	3%
Other	13,370		
Ongoing/non-ongoing		Education	
Ongoing	75%	Doctoral / masters degree	9%
Fixed term, temporary or casual*	25%	Graduate diploma / certificate	20%
		Bachelor degree / honours	29%
Full time/part time (all employees)		Advanced diploma / diploma	11%
Full time	61%	Certificate level / trade	12%
Part time	39%	Year 12 or equivalent or less	19%
Base salary**		Country of birth	
<\$40,000	23%	Australia	83%
\$40,000-\$59,999	37%	Overseas	17%
\$60,000-\$79,999	30%	Language spoken at home	
\$80,000+	10%	English only	86%
		Language other than English	14%
Gender		Indigenous status	
Male	34%	Indigenous Australian	0.5%
Female	66%	Non-Indigenous	99.5%
Age		Disability status	
<30 years	16%	Disability	3%
30-49 years	52%	No disability	97%
50+ years	32%		

Source: 2007 Workforce Data Collection, 2007 People Matter Survey

* Casuals are employees who are typically employed on an hourly or sessional basis. Such employees may be rostered to work regularly or engaged to work on an 'as and when required' basis.

** Base salary information is provided here for all active ongoing and fixed term staff

*** These occupational categories are those used in the Australian Standard Classification of Occupations

Occupation and education

Employees in the public sector perform a wide variety of work - reflecting the diversity in the nature and kind of functions carried out by organisations in the sector. Two thirds of the employees in the public sector work in professional and associate professional roles (as classified by the Australian Standard Classification of Occupations). Significant professional groups in the sector include:

- teachers
- doctors
- social workers
- accountants
- engineers
- foresters
- scientists – e.g. environmental, medical and agriculture
- nurses
- police
- computing professionals
- economists
- lawyers
- veterinarians.

Consistent with this professional profile, a majority of the public sector workforce is tertiary educated – 58 per cent of public sector employees hold a bachelor degree qualification or higher and 68 per cent of employees new to the sector in the last 12 months hold at least a degree qualification (*2007 People Matter Survey*). In these respects the public sector workforce has quite a different profile to that of Victorian workers generally, where 27 per cent of workers hold a degree qualification or higher; and 33 per cent work in professional and associate professional roles (Australian Bureau of Statistics, 2005).

Employment type

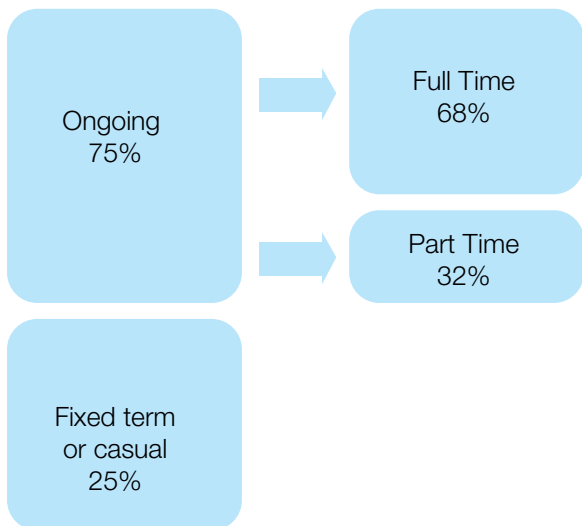
Most of the services provided by the public sector are used by Victorians on an ongoing basis. Consistent with this, most public sector employees are employed on an ongoing basis. While the mix of ongoing and temporary employees has been stable for the last five years, the proportion of the ongoing workforce that works part time has increased from 30 per cent to 32 per cent.

Part time work is a major feature of employment in the health sector, particularly in regional Victoria, with 58 per cent of ongoing health sector employees working part time. This reflects the high proportion of women working in that sector who have traditionally sought to balance work and family commitments through part time employment.

By contrast less than one tenth of employees in both the police and emergency services, and the water and land management sectors (5 per cent and 9 per cent respectively) work part time reflecting the high proportion of men working in those sectors.

Figure 2.1 provides a summary of the types of employment of public sector employees.

Figure 2.1 Type of employment contract; full time and part time status for public sector employees



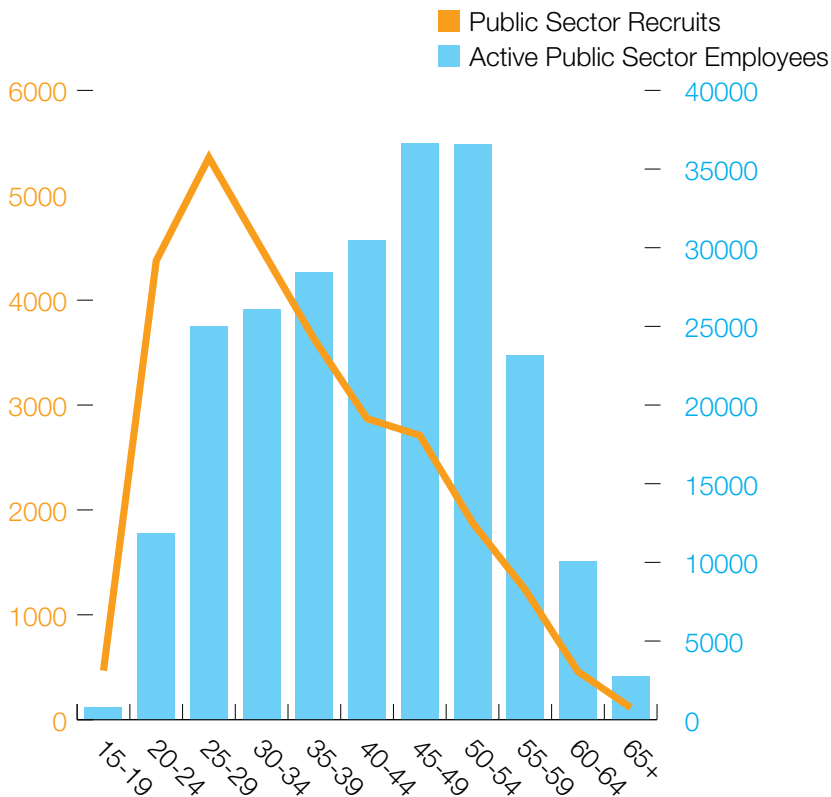
Source: 2007 Workforce Data Collection

This mix of full time, part time, and temporary employees means that the headcount of 237,815 people in the workforce converts to a full time equivalent (FTE) count of 194,575. Further detail on headcount and FTE staffing levels for all of the major sectors within the overall public sector can be found in Figure 1.1 in Chapter 1 of this report.

Recruitment

Each year the public sector recruits significant numbers of new staff of all ages. Some will be new graduates, some will have moved from other public sector organisations, and others will have been appointed from the private or Not-for-Profit sectors. Figure 2.2 profiles the wide range of ages at which employees joined public sector organisations during the 2006-07 year.

Figure 2.2 Age distribution of public sector recruits compared to the age distribution of all public sector employees, 2006-07.



Source: 2007 Workforce Data Collection

Graduate recruits

The identification and development of talented graduates is an important element of the public sector’s recruitment and capability building strategies. Graduates of all ages bring vital new skills and experience to the workforce across all parts of the public sector.

It is anticipated that the Victorian public sector will continue to attract a large number of graduates. Of the 1866 people who joined the Victorian Public Service in 2007 as generalists at the graduate entry levels, it is estimated that 970 held tertiary qualifications.

A small number of these enter through formal graduate recruitment and development schemes. Some 214 staff entered the Victorian public sector through such schemes in 2007.

Several graduate programs operate across the Victorian public sector. The schemes are characterised by selective competitive entry, structured learning and development activities and, in many cases, rotations through a number of placements in different organisations or divisions. As indicated in the Table 2.2, some 980 graduates have been recruited to the sector and developed through these programs in the period 2003 - 2007.

Table 2.2 Victorian public sector and agency graduate programs, discipline areas and intake numbers 2003 – 2007

Program	Discipline	2003	2004	2005	2006	2007
Victorian Public Service GR&DS*	Generalist & Economist	76	78	116	93	109
Victorian Public Service GR&DS	Accounting & Finance	19	16	18	21	12
Department of Infrastructure (commenced 2007)	Rail Engineering	N/A	N/A	N/A	N/A	5
Auditor-General	Accounting & Finance	10	14	14	12	11
Department of Primary Industry and Department of Sustainability & Environment	Science (2 year)	14	14	14	14	13
VicRoads	Engineers	44	37	54	47	49
VicRoads	Other (18 month)	9	6	6	13	8
Melbourne Water	Engineers & Science (3 year)	-	-	-	7	7
Totals		172	165	222	207	214

* GR&DS - Graduate Recruitment and Development Scheme

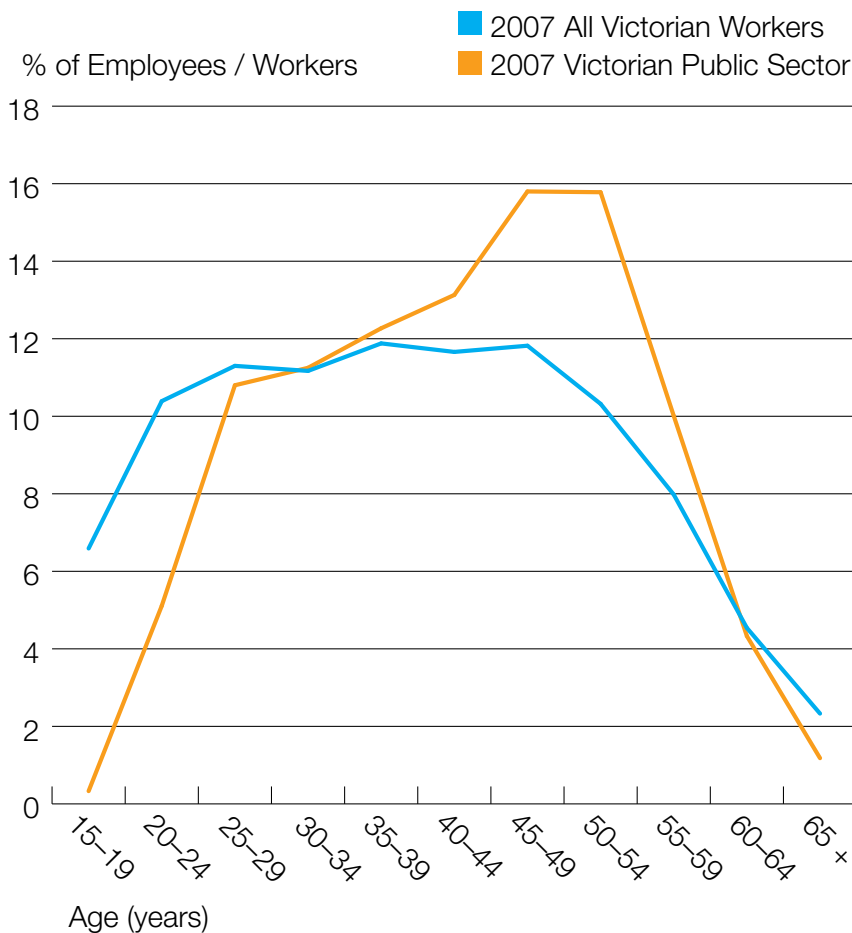
Source: Link Recruitment (for GR&DS data); other information sourced from the organisations listed.

Age distribution

The Victorian public sector workforce has an older age profile than that of the total Victorian workforce. The small proportion of public sector employees in the under-20 age group is consistent with the professional orientation of many areas of public sector employment. Comparatively few public sector employees commence employment prior to completing a course of post secondary education. The high proportion of employees in the 45 to 54 year old age groups is consistent with the older and longer serving employment profile of the teaching workforce in both Technical and Further Education institutions and in government schools. The average age of public sector employees overall is 42, and this is unchanged from the average age five years ago.

Figure 2.3 provides an age profile of the sector and contrasts it with the total Victorian workforce.

Figure 2.3 Age profile of Victorian public sector employees compared to the age profile of the total Victorian workforce



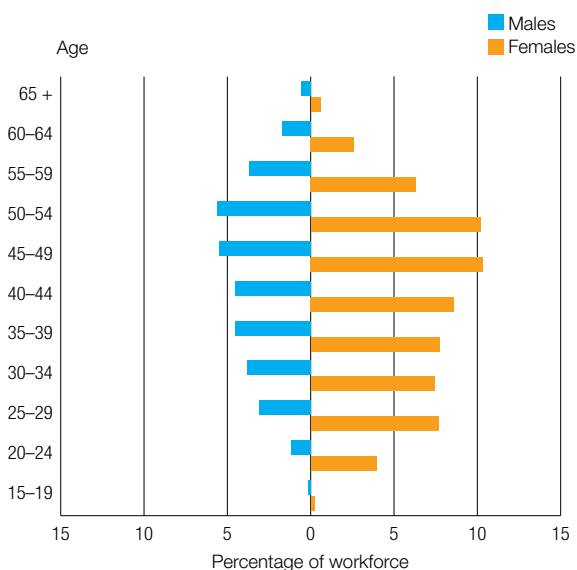
Sources: 2007 Workforce Data Collection; Australian Bureau of Statistics – June 2007 Labour Force Survey, Cat No. 6291.0.55.001

Men and women

In contrast to the general Victorian workforce, women comprise the majority of public sector staff: 66 per cent of employees are women compared to 45 per cent of all Victorian workers (2007 Workforce Data Collection, Australian Bureau of Statistics, 2007). Women are a majority in every age group, and this gender/age profile has not varied over the last five years. This is consistent with highly feminised occupational groups such as teachers, nurses and other carers, which form a high proportion of public sector jobs.

The age distribution of men and women is similar, except for ages 20 to 29 where the relative proportion of men is lower. Figure 2.4 summarises the information on the age and gender profile of men and women in the Victorian public sector.

Figure 2.4 Age and gender profile of Victorian public sector employees



Source: 2007 Workforce Data Collection

Women are much more likely than men to work part time, often because of their significantly greater family and unpaid caring responsibilities. Currently 45 per cent of women (excluding women who are in casual employment) work part time compared to only 14 per cent of men.

Within the major sectors that comprise the public sector, part time employment rates are higher where women are a majority of employees. For example in the health sector, 58 per cent of the ongoing workforce works part time.

This compares with the water and land management sector where women are in the minority and only nine per cent of the ongoing workforce works part time.

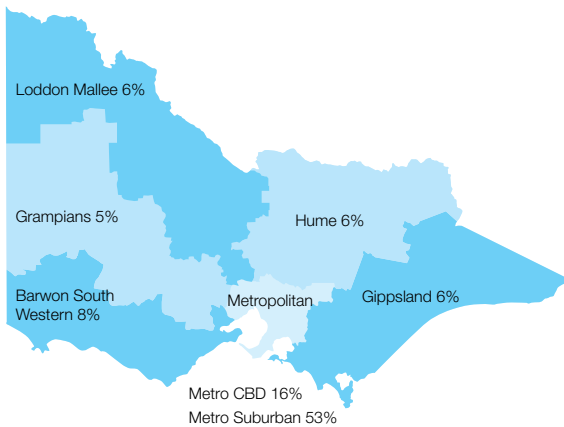
These differences are driven by a variety of factors, including the nature of the work environment, variable demand for work to be performed, and employees’ preferences arising from family and other commitments.

Public sector organisations have led the development of flexible and family friendly workplace provisions to allow employees, both men and women, to better balance their family and work commitments. For example, it is common for public sector industrial agreements to provide for a woman or man returning to work after a period of parental leave to request part time work, and that such requests will not be unreasonably refused. Other provisions allow employees in some organisations to sacrifice salary in exchange for additional leave.

The public sector workforce in metropolitan and regional Victoria

The Victorian public sector is a major employer in regional and rural Victoria, accounting for 11 per cent of all workers outside the metropolitan area. In line with the distribution of the Victorian population, 31 per cent of all public sector employees work outside metropolitan Melbourne, where 27 per cent of Victorians live (Australian Bureau of Statistics, 2007). Figure 2.5 shows the work locations of public sector employees in Victoria.

Figure 2.5 Work locations of Victorian public sector employees



Source: 2007 Workforce Data Collection

A significant difference between the regional public sector workforce and its metropolitan counterpart is the type of work they undertake. Approximately 80 per cent of regional public sector employees work in service delivery or regulatory roles, compared to 65 per cent in metropolitan areas. In the latter case a higher proportion of public sector staff provide policy advice or are responsible for the research, planning and corporate functions normally located in the head offices of large public sector organisations, many of which are based in Melbourne (2007 People Matter Survey).

The occupational break down of the workforce in regional Victoria mirrors that for the sector overall.

Employment arrangements

Approximately 15 per cent of the Victorian public sector is employed in the Victorian public service. The terms, conditions and remuneration of the senior staff in the public service – the executives – are established in a standard contract with their employer. Collective agreements established under federal workplace legislation set out the terms, conditions and salaries of non-executive staff in the Victorian Public Service.

The employment environment for the balance of the public sector is comparatively complex. Generally, public sector entities are established by enabling legislation which vests employment powers with the Board or the Chair for the chief executive position, and with the chief executive for other employees.

The Government Sector Executive Remuneration Panel, which is supported by the State Services Authority, is responsible for the implementation of government executive employment policy in the public sector and endorses the remuneration arrangements of all public sector chief executives. Almost all public sector employers have an enterprise agreement in place covering non-executive employee terms, conditions and salary. Further information on executive employment and remuneration is provided in Appendix Two.

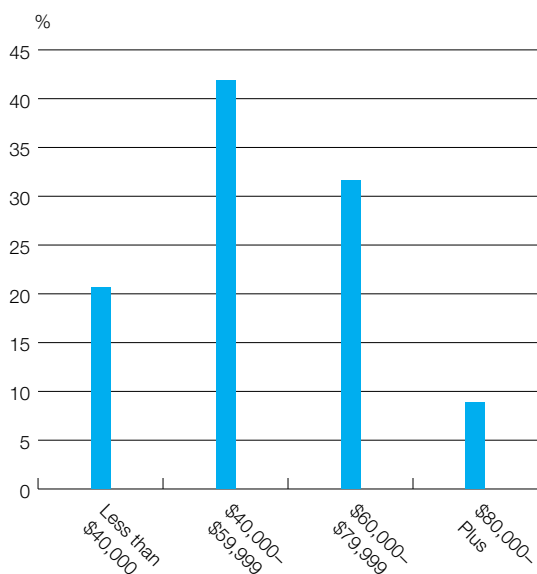
Salary distribution

The public sector employs staff across the age range and at all salary levels. Older workers tend to have slightly higher salaries: those earning \$80,000 or more have an average age of 46, while those on less than \$40,000 have an average age of 42. This is to be expected – as people become more experienced, their value to their employer is likely to increase and they will be attracted to leadership positions. However other factors play their part too, including the employees’ occupations or professions, and the demand for their particular skills.

The salary profile of the public sector reflects the professional occupations of employees. The majority of public sector workforce is employed on a salary rate between \$40,000 and \$80,000 per year, and the average salary rate for non-casual public sector employees is just under \$58,000 per year. Four per cent of the workforce is employed on a salary rate over \$110,000 per year, and these people are employed as executives or senior managers in the sector, or as senior professionals such as medical specialists.

Figure 2.6 summarises the total salary distribution in the public sector, and Table 2.3 provides salary information on some of the major professional groupings in the sector. The salary ranges for the major professional groupings typically begin with an entry level salary, with higher salaries reserved for specialist positions and/or levels of knowledge and expertise.

Figure 2.6 Salary distribution of Victorian public sector



Source: 2007 Workforce Data Collection: based on all active ongoing and fixed term staff

Table 2.3 Salary ranges for select non-executive public sector occupations at June 2007

	Minimum	Maximum
Teachers		
Principal	\$82,051	\$140,876
Leading teacher	\$68,362	\$78,675
Expert	\$61,539	\$66,467
Accomplished	\$53,085	\$59,401
Graduate	\$46,127	\$50,184
Victorian Public Service		
VPS Grade 6	\$82,864	\$110,889
VPS Grade 5	\$67,557	\$81,738
VPS Grade 4	\$58,550	\$66,431
VPS Grade 3	\$47,295	\$57,425
VPS Grade 2	\$36,040	\$46,282
VPS Grade 1	\$30,413	\$34,914
Nurses		
Registered Nurse Grade 7	\$69,287	\$109,604
Registered Nurse Grade 6	\$69,287	\$89,227
Registered Nurse Grade 5	\$67,911	\$77,505
Registered Nurse Grade 4	\$62,884	\$71,373
Registered Nurse Grade 3	\$57,493	\$61,153
Clinical Nurse Specialist	\$56,815	
Registered Nurse Grade 2	\$40,849	\$55,876
Registered Nurse Grade 1	\$39,644	
Registered Nurse Division 5	\$37,804	\$42,627
Registered Nurse Division 2	\$37,027	\$42,428
Police		
Chief Superintendent	\$107,113	
Superintendent	\$104,796	
Chief Inspector	\$93,660	\$102,550
Inspector	\$85,943	\$91,203
Senior Sergeant	\$74,000	\$78,000
Sergeant	\$66,040	\$71,968
Senior Constable	\$55,884	\$69,019
Constable	\$44,875	\$54,800
Firefighters		
Commander	\$90,549	\$101,056
Station Officer	\$73,256	\$78,667
Leading Firefighter	\$67,858	
Senior Firefighter	\$65,129	
Qualified Firefighter	\$59,731	\$62,436
Firefighter	\$53,334	\$54,320
Recruit	\$38,253	

Sources: Victorian Government Schools Agreement 2004 (AG835968); Victorian Public Service Agreement 2006 (AG847284); Nurses (Victorian Public Sector) Multiple Business Agreement 2004-07 (AG822685); Victoria Police Force Certified Agreement 2001 (AG812735); Metropolitan Fire And Emergency Services Board, United Firefighters Union Of Australia, Operational Staff Agreement 2005 (AG848710)

Notes

1. This table contains base salaries only, and does not include allowances and loadings for overtime or shift work (where applicable), nor the employer contribution to superannuation.
2. The salaries for nurses and firefighters in the table are the annualised equivalent of the weekly wage rates specified in the relevant collective agreements

Superannuation

Superannuation arrangements in the public sector generally reflect those in the wider Victorian workforce. Most employees are members of accumulation schemes where the employer contribution is nine per cent of salary, as required under Commonwealth legislation. These schemes provide a benefit on retirement which is based on the amount contributed to by the employer and the employee.

Less than one fifth of employees are members of defined benefit schemes. These schemes provide a benefit on retirement which is related to the employee's salary at the time of retirement and their length of time in the scheme. With one exception, defined benefit schemes are now closed to new entrants (with the public service pension scheme closing in 1988), and the number of employee members is decreasing as people reach retirement age. The exception is the Emergency Services Superannuation Scheme which is a defined benefit scheme and remains open to new entrants in police, fire services, ambulance services and state emergency services.

Employees who are members of defined benefit schemes are required to contribute to the scheme at a rate determined by the scheme.

The devolved nature of the Victorian public sector means that a number of superannuation schemes operate within different sectors, industries and occupations as identified in Figure 2.7.



Figure 2.7 Superannuation arrangements for public sector employees

<p>The Victorian Public Service</p> <ul style="list-style-type: none"> • The majority of employees (74 per cent) are in accumulation schemes where the employer contribution is 9 per cent of salary as required by Commonwealth legislation. Employees may make additional contributions, although this is not compulsory. • Twenty six per cent of employees are in defined benefit schemes which are closed to new entrants (see Note). This has declined in the last year from 29 per cent. The employee is required to contribute to the scheme at a rate determined by the scheme. 	<p>Police and Emergency services</p> <ul style="list-style-type: none"> • Operational police, fire-fighters and ambulance staff are eligible to be members of the Emergency Services Superannuation Scheme, which is a defined benefit scheme which is open to new entrants. • The majority of these employees are in defined benefits schemes. • The employee is required to contribute to the scheme at a rate determined by the scheme.
<p>Government schools</p> <ul style="list-style-type: none"> • The majority of employees (59 per cent) are in accumulation schemes where the employer contribution is 9 per cent of salary as required by Commonwealth legislation. Employees may contribute to their retirement through their salary however this is not compulsory. • Forty one per cent of employees are in defined benefit schemes which are closed to new entrants (see Note). This has declined in the last year from 45 per cent. The employee is required to contribute to the scheme at a rate determined by the scheme. 	<p>The balance of the public sector</p> <ul style="list-style-type: none"> • A number of schemes operate within different sectors, industries and occupations. • Almost all employees in the balance of the public sector are members of accumulation schemes.

Source: *2007 Workforce Data Collection*; information supplied to the State Services Authority by ESSSuper.

Note

There are six closed defined benefit schemes. The main defined benefit pension scheme (the Revised Scheme) was closed to new members in 1988. It was replaced with a defined benefit lump sum scheme (the New Scheme) at that time. This scheme and the other four defined benefit schemes were closed to new members by the beginning of 1994 when the accumulation scheme was opened.

Current employees who are members of the defined benefit schemes cannot continue their membership if they move to an employer that is not recognised by the superannuation scheme. For these employees this can be a significant disincentive to mobility in employment.

Conclusion

The public sector workforce is varied and diverse across its constituent sectors, making up nine per cent of the total Victorian workforce and delivering services and support in over 700 locations.

People employed in the public sector include a majority of tertiary-educated professionals, reflecting the diverse and sophisticated nature of the services which are delivered. In some of the main sectors – for example health and education – women comprise the majority of the workforce reflecting the large groups of traditionally female professionals such as nurses and teachers. While the public sector workforce profile is slowly ageing, this reflects demographic trends across the Victorian workforce as a whole.

Effective plans for the workforce of the future will take this information, and its implications for public sector recruitment and management practises, into account. This theme is explored further in the section in Chapter Four on ‘Preparing to meet workforce planning challenges’.

Agency achievement

Revitalising regional public transport

Regional Victoria has recently experienced the most significant upgrade of rail services in 120 years. The \$750.6 million Regional Fast Rail program was completed in August 2006. In September 2006, a new V/Line timetable included over 400 extra services per week, followed in March 2007 by fare reductions of around 20 per cent. This has seen regional Victoria 'vote with its feet' and post a one third increase in patronage across the board.

The project delivered 500km of track upgrades and also carried a fibre optic backbone to regional Victoria. The construction of 38 new VLocity trains is giving V/Line rail passengers the fastest and most comfortable journey they've ever enjoyed. These new trains received the 2005 Engineers Australia award for excellence in engineering design and can travel up to 160km/h on the new track.

Safety also received a boost under the project. The upgrades or replacement of vast sections of track improved the overall condition of the network, while the installation of a modern signalling system and the upgrade of 128 level crossings deliver additional safety benefits. The new VLocity trains are protected from collisions, derailment or driver incapacitation by a new train safety system.

Regional Fast Rail is providing immense benefits to Victoria, with increased tourism and business opportunities moving into the regions. The combination of faster and more comfortable trains, better tracks, more regular service and cheaper fares is revitalising public transport in regional Victoria.

Based on material from the Department of Infrastructure

Agency achievement Protecting worker safety

The Victorian public sector is taking a lead in supporting businesses and workers to keep workplaces safe. At the inaugural Council for the Australian Federation in August 2006, all states and territories adopted a ten point plan on harmonisation of occupational health and safety regulation. This plan upholds existing safety standards and streamlines the different states' systems, reducing complexity for employers and employees.

The Victorian WorkCover Authority played a lead role in the plan's development. The plan represents a commitment to developing common approaches to administering premium, compensation, safety, and self insurance arrangements. The plan also supports compliance, improves service standards, and ensures that benefits and support for injured workers are protected. Initiatives to protect workers and reduce administrative compliance costs for employers include:

- the development of common worker claim forms and employer injury reports that can be used across New South Wales, Queensland and Victoria. In Victoria, this means a reduction in the worker claim forms from three pages to two, and incorporates clearer, simpler plain-English questions in both;
- the mutual recognition of construction induction cards across New South Wales, Queensland, and Victoria from January 2007;
- the implementation of 'One Stop Shops' by agents to provide service and support that recognises the additional needs of employers and workers operating in multiple states;
- the implementation of training and systems to enable the recognition of Return to Work Coordinators across New South Wales, Queensland, and Victoria;
- collaboration across a number of states to produce useful 'national' guidance material in both OHS and workers compensation; and
- introduction of the 'Homecomings' campaign, developed in Victoria, into New South Wales.

Based on material from the Department of Treasury and Finance

Agency achievement

Brokering better access to telecommunications

Victorian Government departments and agencies are benefiting from the best telecommunications deal brokered in Australia, gaining access to leading technology on broadband networks at a lower cost. The community is benefiting too, and to date 600 exchanges around the state have been upgraded, with 150 towns now receiving access to business grade broadband for the first time.

This is possible because of the Telecommunications Purchasing and Management Strategy (TPAMS), a whole of government procurement program that combines all of the Government's telecommunication needs. By pooling the nearly \$200 million spent per year by the Government on telecommunications - the largest customer in Victoria - almost \$200 million will be saved over five years.

TPAMS is improving service delivery, bandwidth and coverage for public sector agencies and it is leading to direct infrastructure investment across the state. In order to provide the Government with the landline, mobile and broadband service it needs, suppliers often have to upgrade local infrastructure, meaning this technology can be made available to the wider community.

Based on material from the Department of Innovation, Industry and Regional Development

Chapter Three: Delivering responsible and accountable government

The citizens of Victoria expect a high level of responsibility and accountability from the public sector. The values and employment principles adopted by the public sector focus on public officials at all levels having the highest standards of performance and behaviour. These attributes are fundamental to the sector's capacity to maintain and build trust in the community, help build a strong economy, and deliver a just and fair society in Victoria.

This chapter looks at how the public sector is organised to deliver on its responsibilities, the governance accountabilities of public sector organisations, and how these are being improved in line with the Government's expectations. It also highlights the values and employment principles adopted by agencies across the public sector and reports on how these are being applied and implemented.

The Victorian public sector governance framework

The Victorian Government has devoted considerable attention to the development of public sector governance frameworks with the key initiative being the *Public Administration Act 2004*. As articulated by the former Premier when it was introduced, the objective of the legislation is to ensure “*that public entities adhere to the highest standards of corporate governance*” within a framework that takes account of what the

Government saw as a primary driver, a strong Victorian community expectation that: “*the fundamental role of the public sector is to serve in the public interest*” (Bracks, 2004).

In the Victorian framework, governance provides a foundation for public sector bodies to achieve high performance, while remaining accountable, preserving public trust and responding effectively to the changing demands placed upon them. This governance framework will continue to evolve in the face of emerging public administration initiatives including public private partnerships, contracts and partnerships with Victorian non-profit organisations, and collaborative responses to complex issues.

The four basic elements of organisational governance include adherence to the rule of law, accountability (including the measurement of performance), risk management, and ethics and probity (Bartos, 2004). The following sections provide a brief overview of each of these in the context of the Victorian public sector.

The legal basis of public sector governance

Public sector governance is based on the rule of law and operates within a complex legal environment. The Victorian Constitution provides the authority for state legislation and the basis for the governance and operations of the public sector. This legal framework also helps to guide decision-making and accountability among the various types of public organisations and entities that are created for differing purposes by government.

With very few exceptions, each public sector entity is created and governed by its own enabling legislation. The *Water (Governance) Act 2006* is an example of recent enabling legislation which improves governance arrangements, responsibilities and accountabilities. Box 3.1 has more detail about the rationale for this development.

Box 3.1: Good practice example

The Water (Governance) Act 2006

In 2006, as part of the White Paper *Our Water Our Future*, the Department of Sustainability and Environment explored a new approach to governance in the water sector. This approach sought to improve clarity and allocation of roles and responsibilities, create greater integration and provide incentives for a stronger governance framework for water authorities.

This review culminated in the introduction of the *Water (Governance) Act 2006*. This legislation introduced new governance arrangements for water authorities and brought all water authorities (other than the metropolitan licensees) under the *Water Act 1989*. Previous legislative arrangements were complex as different governance, regulatory and operational arrangements applied to providers of water services. The legislation now provides for a single corporate form for water authorities with substantially uniform governance provisions.

The legislation consolidates Catchment Management Authorities (CMAs) under the *Catchment and Land Protection Act 1994*. Some responsibilities for regional waterway, floodplain, drainage and environmental water reserve functions remain with the CMAs under the *Water Act 1989*. The Act introduced new governance arrangements, improved resourcing and clearer accountabilities for CMAs. This was done to deal with authorities' increased responsibilities.

The Act provides a stronger governance framework for CMAs and water authorities. It does this by changing the structure of their boards, improving their performance monitoring and financial evaluation procedures, and providing for the development of statements of obligations for catchment management authorities to be issued by the Minister for Environment and Climate Change, and the Minister for Water. The Act brings CMAs and water authorities under Part 5 of the *Public Administration Act 2004*. All appointments to boards will be based on skills and experience rather than organisational representation, and required skills include strategic, business and financial management.

Source: Water (Governance) Bill, Second Reading Speech, Member Thwaites, 10 August 2006; and information provided by the Department of Sustainability and Environment

The *Public Administration Act 2004* (the Act) provides a governance and accountability framework for the public service, public entities and special bodies (the latter are those organisations which are defined and listed in section 6 of the Act). Under this Act, the State Services Authority, in conjunction with departments, is responsible for providing advice and promoting appropriate governance arrangements for public entities that support the application of the governance framework set out in the Act. With specific reference to governance, section 69 of the Act gives the Authority responsibility to 'promote high standards of governance, accountability and performance for public entities' (s.69).

Other important state legislation applying to public sector organisations includes:

- legislation emphasising financial stewardship, including the *Financial Management Act 1994*, the *Audit Act 1994*, and the *Taxation Administration Act 1997*
- legislation aiming to improve administration and privacy such as the *Public Records Act 1973* and *Information Privacy Act 2000*;
- legislation that has accountability and transparency as a focus, such as the *Freedom of Information Act 1982*, *Whistleblowers Protection Act 2001* and *Ombudsman Act 1973*; and
- legislation regulating employment including the *Accident Compensation Act 1985*, the *Equal Opportunity Act 1995*, the *Public Sector Employment (Award Entitlements) Act 2006*, and the *Working with Children Act 2005*.

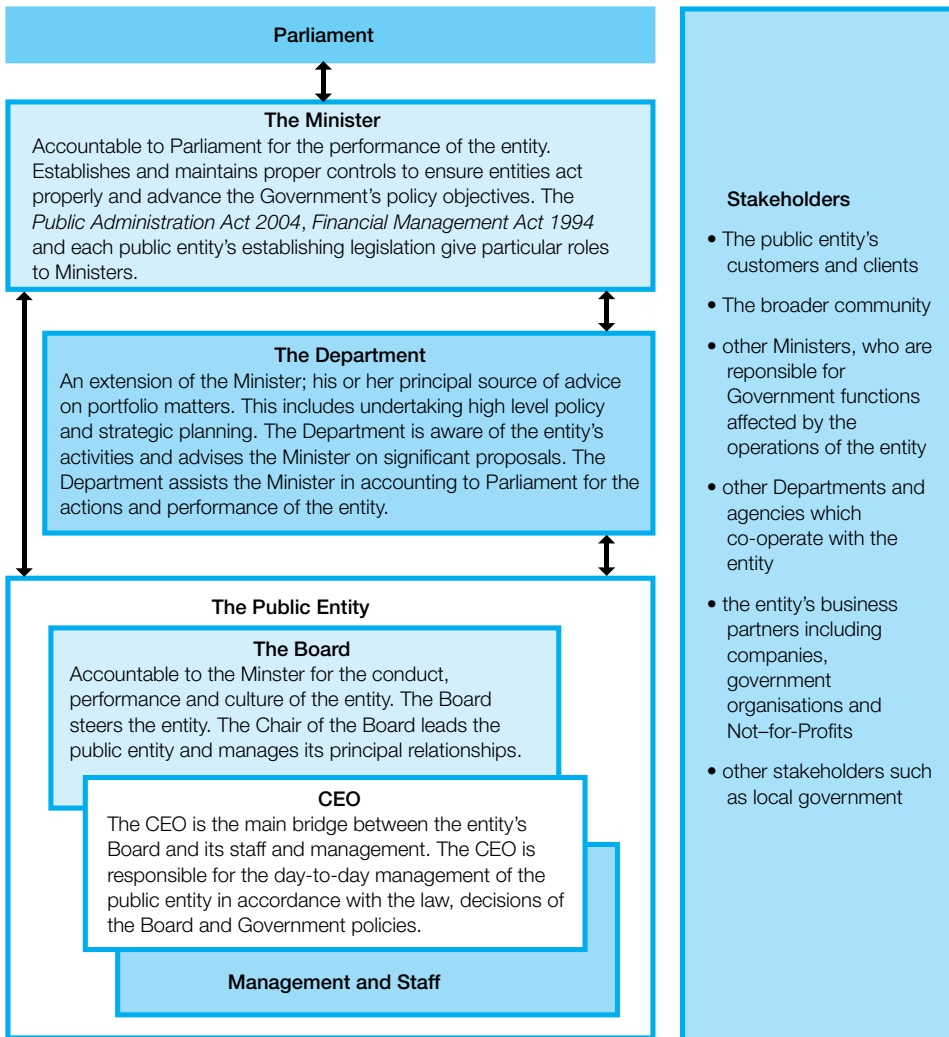
Commonwealth legislation which applies includes the *Corporations Act 2001*, the *Trade Practices Act 1974*, the various tax acts, and the *Workplace Relations Act 1996*.

There are also legal and administrative requirements arising from the relationship between the Victorian and Commonwealth Governments discussed in Chapter One. They include agreements governing funding of health and aged care service, (including the Medicare Agreement), public housing, universities and TAFEs, and agreements on road construction.

Accountability

Departments, administrative offices and public entities are all accountable to their responsible Minister and through the Minister to Parliament as outlined in Figure 3.1. Public scrutiny of the performance of an entity or department is primarily achieved through the tabling in Parliament of an annual report. Other mechanisms include financial and performance audits conducted by the Auditor-General; review by the Parliament's Public Accounts and Estimates Committee; as well as performance information periodically released by agencies. Agencies are also subject to monitoring by central agencies such as the Department of Treasury and Finance.

Figure 3.1 Accountability framework and key relationships



Source: State Services Authority, 2007, *Welcome to the Board*

Performance reporting by public sector organisations takes a variety of forms. This includes performance information in their annual reports, other reports on areas of their responsibility from time to time, and contributions to reporting at a whole of government level, such as the annual progress reports for *Growing Victoria Together* (Department of Premier and Cabinet, 2005). Victorian public sector entities have an extensive web presence, and their websites include clear and easily navigable links to accountability documentation and other performance information.

Risk management

In June 2007 the Auditor-General issued a report, *Managing Risk across the Public Sector: Toward Good Practice* (Victorian Auditor-General, 2007). The report found that almost all departments and entities provide regular risk reports to their executive management, board and audit committee. It identified that further improvements in risk management need to be made at the organisation (enterprise-wide) level, at the inter-agency level in relation to joined-up government activities and when dealing with statewide risks.

In 2007, the Department of Treasury and Finance finalised the development of a statewide risk management project to address identified gaps and to strengthen risk management processes across the public sector. More detail about the *Statewide Risk Management Framework* can be seen in Box 3.2.

Box 3.2 Good practice example

The Department of Treasury and Finance: Statewide Risk Management Framework

In 2007, the Department of Treasury and Finance finalised the development a statewide risk management project to address identified gaps and strengthen risk management processes across the public sector.

The Victorian Risk Management Framework brings together information on governance policies, accountabilities and roles and responsibilities for all those involved in risk management. The framework also provides for a minimum risk management standard and an attestation by accountable officers in annual reports.

The framework has been developed to support good practice in public sector risk management. The framework also provides links to a variety of risk management information resources. It adds clarity to roles and responsibilities, both for those administering risk management policies and those responsible for implementing risk management processes. It also promotes awareness of risk management not only for a specific agency, but at interagency and whole of government levels.

It is anticipated that development and implementation of the framework in collaboration with agency representatives will improve communication of risk information and lead to improved coordination of risk management processes across the public sector.

A key benefit of the framework is that it brings together information on governance policies, accountabilities and roles and responsibilities for all those involved in risk management. It also provides a central resource with links to a wide range of risk management information sources. The framework promotes the need to address interagency and statewide risks when developing and implementing risk management processes.

Increasingly the public sector is operating in an environment of shared accountabilities to achieve outcomes which cut across specific departmental responsibilities. In this context it is important that risks with the potential to impact across agencies or at a whole of government level are communicated or escalated through to potentially affected agencies to enable a coordinated, effective and timely approach to risk management.

Source: Department of Treasury and Finance, 2007, *Victorian Government Risk Management Framework*

Ethics and probity – the public sector values and employment principles

Good governance is about more than just compliance with the law. Victoria, together with the Commonwealth of Australia, is well advanced in recognition of the importance of an ethical framework to accompany other elements of public sector governance.

Victoria has a long history of articulating the values to which the public sector aspires. The public sector legislation of 1883 included two key expectations: that impartiality and integrity should be core values of the public sector, and that civil servants should be recruited using competitive processes and promoted on the basis of merit. Over the years these key themes have been extended and the *Public Administration Act 2004* now sets out the values and employment principles that underpin the relationships between public sector officials, government and the community. The Victorian Government views these values and principles as critical underpinnings to a high performing and trusted public sector. The public sector values and employment principles are listed in Figure 3.2.

Figure 3.2: Public sector values and employment principles

Public sector values	Public sector employment principles
<p>The <i>Public Administration Act 2004</i> requires public officials to demonstrate:</p> <ul style="list-style-type: none"> • responsiveness – providing best standards of service and advice • integrity – earning and sustaining public trust • impartiality – acting objectively • accountability – accepting responsibility for decisions and actions • respect – treating others fairly and objectively • leadership – actively implementing, promoting and supporting the values • human rights – respecting, promoting and supporting human rights 	<p>The <i>Public Administration Act 2004</i> requires public sector body heads to establish employment processes that will ensure:</p> <ul style="list-style-type: none"> • employment decisions are based on merit • public sector employees are treated fairly and reasonably • equal employment opportunity is provided • human rights as set out in the Charter of Human Rights and Responsibilities are upheld • public sector employees have a reasonable avenue of redress against unfair or unreasonable treatment • in the case of public service bodies, the development of a career public service is fostered

Source: The *Public Administration Act 2004*, Part 2.

The Victorian Government's approach emphasises the positive aspects of setting an ethical tone in an organisation and creating a culture that supports and reinforces relevant behaviours. This approach, outlined in the *Ethics Framework* (State Services Authority, 2005), recognises the importance of ethical leadership and how the tone set by the Board (or equivalent) of an organisation has profound effects on behaviours throughout the organisation. It suggests that normal board risk assessment processes should incorporate ethical risk factors, and that other governance activities should take account of related implications.

The public sector values apply to all public officials, which include directors of public entities and the chief executives and employees of public sector organisations. The values are reflected in the codes of conduct and standards issued by the Public Sector Standards Commissioner. Public sector employers are required to promote the values to their employees and ensure that any organisational values adopted are consistent with them.

The *Public Administration Act 2004* provides for the Public Sector Standards Commissioner to prepare and issue codes of conduct based on the public sector values. In 2006-07 the Public Service Standards Commissioner issued three new binding codes of conduct that describe how employees and directors should demonstrate each of the values through their behaviour at work. These are:

- the Directors' Code of Conduct;
- the Code of Conduct for Victorian Public Sector Employees; and
- the Code of Conduct for Victorian Public Employees of Special Bodies.

(State Services Authority, 2007b, 2007c, 2007d)

Apart from providing guidance to those bound by it, each code of conduct is a public statement about how a group or organisation expects to be perceived and, ultimately, judged. The codes set the standard, and public sector bodies provide the detail that reinforces the codes through their own policies and procedures.

The employment principles reinforce the public sector values and are integral to sustaining a highly effective public sector workforce. The *Public Administration Act 2004* provides for the Public Sector Standards Commissioner to issue standards concerning the application of the public sector employment principles. In addition to the Codes of Conduct referred to above, the Public Sector Standards Commissioner has issued four binding standards concerning the application of the public sector employment principles. These relate to equal employment opportunity, fair and reasonable treatment, merit in employment, and reasonable avenues of redress.

A focus on continuous improvement

Complementing this governance framework is a strong commitment within public sector organisations to undertake continuous improvement activities that support their governance responsibilities.

The development of training programs and resources by Victorian Public Service departments is a key activity, enabling them to support the public entities that they work with on a daily basis with practical and relevant tools. Some of these initiatives are highlighted in Box 3.3.

Box 3.3 Good practice example

Training and resources to support good governance

The **Department of Human Services** has developed a governance and leadership capability program, the Victorian Health Boards Governance Program, consisting of a series of Foundation and Advanced workshops and extension modules to support the development of boards of all Victorian public health care agencies (including public health services and hospitals, multipurpose services and community health centres).

The **Department of Sustainability and Environment (DSE)** has developed a two day public sector governance training program for all its public entity boards. DSE staff who serve on boards and all DSE staff who provide executive, policy and governance support to boards were invited to participate in the program.

The **Department of Education** has developed a training and support framework for school councillors. The framework includes a school council website which provides an overview of school council roles and processes and a series of training materials that can be accessed online by individual school councillors or provided as part of a formal group training session.

The **Department of Innovation, Industry and Regional Development** consulted with the Victorian TAFE Association and TAFE institute directors to develop a governance training strategy that informed the design of a series of governance workshops that were delivered in regional and metropolitan locations. The rural workshops were delivered to two TAFE institute boards at a time and were scheduled prior to board meetings to maximise the participation by board directors.

Source: Based on information provided by the Departments of Human Services, Sustainability and Environment, Education, and Innovation, Industry and Regional Development.

Monitoring the application of the public sector values and employment principles

On behalf of the Government and the public sector, the State Services Authority monitors and reports on the application of the public sector values and employment principles in Victoria using the *People Matter Survey* and the *Public Sector Agency Survey*. A summary of results is provided below, with further details about these surveys and the 2007 findings in Appendix Three.

Public sector employees have very positive perceptions

The *People Matter Survey* is an annual survey that measures the perceptions of public sector employees about how well the values and employment principles are applied within their organisation. Findings from 2007 showed that Victorian public sector employees are very positive and a substantial majority agrees that the public sector values and employment principles are applied well within their organisation.

Responsiveness (providing the best standards of service and advice) and integrity (earning and sustaining public trust) were the values where employees' responses were highest (93 per cent and 88 per cent respectively). All of the values attracted positive responses of 80 per cent or more. Further, perceptions improved across all values over the last three years and across the main sectors: the Victorian Public Service (VPS), health, government schools and TAFE institutions, and water and land management.

Employees also have very positive perceptions about how well the employment principles are applied in their organisation. Employees are most positive about the application of the equal employment opportunity principle. Perceptions across all employment principles have improved significantly, mainly over the last year and particularly for the avenues of redress principle. These improvements were seen in all sub-sectors, with the strongest increases in the VPS and health sub-sectors.

These survey results also raise challenges to public sector organisations about where further improvements need to be made. Most importantly, a high bar has been set in terms of future monitoring and reporting. Allied to this is the challenge of understanding – both at sector-wide and local levels – the factors that influence employee perceptions and the implications of these for management practice.

Sector organisations are rising to the challenge

The *Public Sector Agency Survey* collects information about policies, processes and activities to apply the values and employment principles in Victorian public sector organisations. The survey includes a seven-point scale for organisations to provide a self-assessment of their performance in applying the public sector values and employment principles. The findings show agencies are at various stages in embedding the values and employment principles.

The findings from the 2007 *Public Sector Agency Survey* show that organisations are developing and implementing systems to promote the application of the values and employment principles, using both formal and informal approaches.

Thirty-eight per cent of organisations report having established the systems, processes and senior management focus that provides the basis for developing a mature values-based culture.

Regardless of their self-assessed performance, many of the organisations surveyed are involved in better practice activities and programs to apply the values and employment principles. Examples include:

- identifying client service improvements through training on the application of the public sector values;
- developing an Ethics and Standards Framework whose components include service standards and codes of conduct;
- implementing customer services training in all service related areas; and
- conducting briefings on the impact and implementation of the Charter of Human Rights and Responsibilities.

Conclusion

There is significant ongoing work in ensuring that the Victorian public is well served by the departments, authorities and public entities that make up the public sector. Agency heads are committed to continuous improvement in their practices and service delivery, supported by mechanisms such as the binding Codes and Standards that exist to support the expectations of the Victorian community that public sector organisations will serve the public interest in a changing environment.

Successive Victorian governments have worked to strengthen governance and accountability frameworks and this work will continue. Higher standards are always required and the challenges for public sector organisations are to meet these increasing standards while remaining in touch with their customers and communities, being transparent and having a continuous improvement focus.

The findings of the two surveys which monitor the public sector values and employment principles show that employee perceptions have improved over time and that organisations have a range of systems and processes in place to support their application. There are a number of factors which may be contributing to the continuing improvement in employee perceptions over time. These include the continued activities of public sector organisations in promoting the values and employment principles, and the work of the Public Sector Standards Commissioner in developing and promulgating the Codes and Standards and promoting the ethical framework for the Victorian public sector.

By developing a greater understanding of these issues, public sector organisations and leaders can be assisted to further embed these values and principles, and contribute to an even higher performing and more trusted public sector.

Agency achievement Supporting a stronger business environment

The public sector is strengthening Victoria's business environment by transforming the State's taxation system. Payroll tax cuts announced in the 2006-07 Budget and during the 2006 State Election will bring the Victorian payroll tax rate to 5 per cent by 1 July 2008, a 13 per cent reduction since 1999. These changes, totalling \$559 million over the forward estimates period, will benefit over 20,000 businesses.

The Victorian and New South Wales Governments have also reduced costs for businesses operating in both states, by harmonising payroll tax laws and regulations. Red tape for thousands of businesses in Victoria and New South Wales has been cut from 1 July 2007. From 1 July, Victoria and New South Wales will have the same definitions, standardised laws and common eligibility conditions.

Streamlined administrative systems, including common rulings, forms and a one-stop-shop for businesses paying payroll tax in both states, will be introduced over time. These reforms are expected to halve payroll tax paperwork for around 8,000 businesses with operations on both sides of the Murray River.

The 2007-08 Budget builds on previous initiatives to reduce business costs, support Victorian industry and create high quality jobs. It provides \$508 million in substantial land tax reform, supplementing cuts in previous years. WorkCover premiums have been reduced by 10 per cent for the fourth consecutive year, taking premiums to their lowest-ever level. The Budget further benefited businesses and families by providing for \$177 million cuts to stamp duty on new motor vehicles over five years.

Based on material from the Department of Treasury and Finance

Agency achievement

Improving access to justice services: the Justice Bus

Assisted by eight regional coordinators and eight regional network committees, the Department of Justice is changing the way it works in regional Victoria. It is increasing collaboration between business units, improving the delivery of corporate services and strengthening links between justice staff.

The Justice Bus began as an initiative of the Hume Regional Network Committee. It is a new service that gives people the opportunity to obtain information about anything – from how to participate in the State Government’s fine fee waiver, to how to seek a career in the Department of Justice. Some people find approaching government departments a daunting experience. For others, travelling long distances to a regional office can be a barrier to accessing justice services.

The Justice Bus has toured towns throughout regional Victoria, providing a convenient and welcoming source of legal and justice information and advice for Victorians. Visits are advertised in local papers two weeks in advance and the bus is parked in the middle of town to give people an opportunity to drop by.

Staffed by representatives from across the Department of Justice, including the Sheriff’s Office, Courts, Community Corrections, Dispute Settlement Centre and the Regional Aboriginal Justice Advisory Committee, the Justice Bus welcomes local residents for an informal chat or to obtain advice.

The Justice Bus is improving access to justice services, provides a more expansive service to the community, and gives justice staff the opportunity to work together.

Based on material from the Department of Justice

Agency achievement

Supporting families in Melbourne's growth corridors

The *Growing Communities Thriving Children* initiative is addressing the family service infrastructure and access issues in nine council areas in Melbourne's growth corridors and demonstrates positive working relationships between public sector agencies, local government and non-profit agencies. Benefiting from this initiative are families living in the City of Wyndham, the Shire of Melton, the City of Hume, the City of Whittlesea, the Shire of Nillumbik, the Shire of Yarra Ranges, the Shire of Cardinia, the City of Casey and the Shire of Mornington Peninsula.

The initiative is broadening the role of local government in planning, co-ordinating and integrating local health and community services that impact on child and family outcomes. Over four years, the Victorian Government has invested \$25 million to:

- develop and integrate local infrastructure;
- expand Best Start programs;
- expand and enhance maternal and child health support services to assist in addressing postnatal depression;
- extend child health teams in community health centres;
- provide extra planning grants for new care services outside school hours;
- pilot innovative and integrated service approaches to improve children's health, safety, learning, development and wellbeing as well as support parents to develop healthy lifestyles; and
- maximise local resources and expand knowledge of what delivers better outcomes for children and their families, especially in areas of disadvantage.

Based on material from the Department of Human Services

Agency achievement

Coordinating drought relief assistance

The Victorian public sector is supporting drought affected communities to recover from the immediate impacts of drought and cope with longer-term structural adjustment. Under the Victorian Government's \$170 million drought assistance package, rural families and communities are receiving financial relief, drought management tools and advice, and social support.

Under the leadership of the Premier's Drought Taskforce Committee, government departments and public sector agencies, established drought management initiatives in 2006-07 that included:

- providing drought support and information to more than 12,000 farmers delivered via 680 one-on-one visits, workshops attended by more than 11,760 people, training sessions, field days and telephone advice;
- helping local industry and communities to make 'exceptional circumstances' applications to the federal government for interest rate subsidies to which the Victorian Government also makes a contribution – by 30 June 2007, 3600 out of 4400 applications were approved with an average subsidy of \$32,000;
- constructing more than 2500 stock containment areas with 1081 landholders, to protect more than 836,482 hectares of farmland across Victoria;
- providing municipal rate subsidies of up to 50 per cent totalling \$8.5 million for drought-affected farmers in 11 'exceptional circumstances' areas;
- supporting major industries in exceptional circumstances-declared regions and assisting in diversifying regional economies to better prepare them for future droughts;
- providing \$10 million to Catchment Management Authorities to fund a range of environmental protection and restoration projects under the Drought Employment Program;
- providing \$46 million for Water Rates Rebates for drought-affected irrigators;
- paying \$1 million in support to employers in drought-affected regions to retain 1,345 trainees and apprentices;
- boosting mental health services in drought-affected towns;
- appointing additional rural financial counsellors across the State;
- distributing significant farming information and support, including one-on-one management advice, and advice on future farm planning and animal health and welfare;
- fast-tracking a \$24 million package of road upgrades in drought-affected communities; and
- building on the Drought Relief for Country Sports Program with an extra \$4 million to help community sporting facilities cope with current and future dry conditions.

Based on material from the Department of Primary Industries and the Department of Premier and Cabinet

Chapter Four: Challenges for the future

Many of the challenges that confront Victorians, and the public sector that serves them, are complex and constantly changing. This requires a sophisticated understanding of the drivers of change, and a public sector that is agile, with strong leadership skills and a competent workforce to successfully meet these shifting demands.

This chapter investigates some of the key challenges for the future, and the way in which the public sector is already responding, including some of the new work being undertaken through workforce planning measures and finding new ways of working to deliver joined up services.

The challenges

Many of the challenges confronting Victorians are complex and multi-dimensional. Public services are constantly evolving to meet changes in expectations. A significant driver of change over the last twenty years has been an increasing expectation for service choice and personalisation. There has been a move away from pursuing one size fits all solutions and towards recognising heterogeneity.

The report, *the future of the public service in 2025* (State Services Authority, 2006a) identified the top eight drivers for change in Victoria.

- Demographic changes – Victoria has a growing and ageing population, which bring significant implications for the provision and cost of health services, workforce participation and skills shortages, and adequacy of retirement savings. There has been exceptional population growth in regional Victoria alongside a general reduction in household sizes statewide, posing challenges in planning for and matching physical and social infrastructure to the population.
- Economic changes – Victoria’s economy continues to record steady economic growth, low unemployment and relatively subdued inflation. Any changes or volatility to the economy have flow on impacts to the State’s capacity to generate revenue for providing services and enhanced and new infrastructure.
- Changing nature of work – the significant increase in part time and casual work, and rates of female workforce participation over the past two decades, has changed the composition and nature of the workforce dramatically. This presents challenges for supporting the development and implement of work/life balance policies and providing affordable and high quality carer support.
- Energy and climate change – along with environmental sustainability, these have become central concerns of both governments and communities around the globe. Major challenges include reducing greenhouse intensive energy consumption and dealing with the consequences of climate change such as extreme weather.
- Health – in addition to the challenges posed by an ageing population, the health care system is being forced to deal with increasing lifestyle diseases (such as obesity, smoking, and lack of physical activity) and mental health problems. These will all continue to impact on the costs, the complexity of treatment and management of quality healthcare services.
- Education – currently levels of educational attainment are high in Victoria, as are rates of enrolment in private schools. Future challenges include addressing the disparity between educational outcomes, and ensuring that education and training continue to deliver a highly skilled workforce.
- Social identity – the emergence of the values debate has renewed interest in what constitutes Australian values given the increasing cultural diversity across Australia and in Victoria in particular.
- Technology – technological developments have the capacity to provide the community in general, and the public sector, with new tools. These include information and communication technology, biotechnology which offers opportunities in health, agriculture, industry and the natural environment, and nanoscience which has a range of applications from aerospace to biomedicine.

Building on the strength of current strategies

The Victorian Government is already committed to several major strategies that will address these challenges and make a tangible difference to the economic, social and environmental well-being of Victorians.

These strategies reflect contemporary thinking in public administration internationally in that they focus on outcomes. Outcomes relate to the changes in peoples' lives that occur as a result of a government intervention and include changes such as an increase in health status, literacy and numeracy, personal safety, or an improved environment. Outcomes reflect the impact that goods and services provided by, for example, health services, schools, and emergency services – and the impact of environmental regulations – make to the lives of those who receive them.

Some of the major Victorian Government strategies include:

- *Growing Victoria Together*, a vision for Victoria to 2010 and beyond. It articulates the issues that are important to Victorians, and the priorities the Government has set to make Victoria a better place in which to live, work and raise a family. It is focused on outcomes which include: a thriving economy, quality health and education, a healthy environment, caring communities, and vibrant democracy (Department of Premier and Cabinet, 2005a).
- *A Fairer Victoria*, launched in May 2005 as the Victorian Government's long term action plan to tackle disadvantage and create opportunity for all Victorians. It is the Government's overarching social strategy for meeting Victoria's future challenges and improving the lives of all Victorians. It complements the Government's economic and environmental strategies, and combines an emphasis on the provision of accessible and affordable universal services for all Victorians and a parallel focus on targeting support for those in greatest need (Department of Premier and Cabinet, 2005b).
- *Moving Forward* builds on the turnaround in Victoria's regions over the past six years and provides new support for regional communities – from the largest regional centres to the smallest country towns – to meet new challenges and capture opportunities for growth. Actions include the establishment of growth funds, investing in people, and improving infrastructure (Department of Innovation, Industry and Regional Development, 2005).
- *Meeting our Transport Challenges* is a strategy built around major investment in the transport system with a ten year focus. It is designed to improve the public transport network in metropolitan and regional Victoria, to enhance arterial roads, and to improve transport safety. The overall outcome sought is to ensure that "Victoria remains one of the most liveable places in the world" (Department of Premier and Cabinet and Department of Infrastructure, 2006).
- *Melbourne 2030* is a 30-year plan to manage growth and change across metropolitan Melbourne and the surrounding region. It emphasises the city's interdependence with regional Victoria, to provide maximum benefit to the whole State. The main thrust is to continue to protect the liveability of the established areas and to increasingly concentrate major change in strategic redevelopment sites such as activity centres and underdeveloped land (Department of Sustainability and Environment, 2002).

- *Our Water, Our Future* which is the Victorian Government's long term plan for water. The strategy focuses on managing the demand for water through water savings and recycling; and on increasing water supplies through major water infrastructure projects over the next twenty five years (Department of Sustainability and Environment, 2004).

These strategies address complex challenges in Victoria which often have multiple causes and therefore involve Victorian public sector organisations working across organisational boundaries to create a whole that is greater than the sum of its parts.

The way in which these opportunities and challenges are addressed will not only contribute to the future shape of the operating environment for the public sector, but will also affect its capacity to work effectively. From developmental work already undertaken (State Services Authority, 2006a), the following have been identified as critical future priorities for the Victorian public sector:

- engaging across jurisdictions and portfolio structures where effective responses to the increasingly complex needs of individuals, families and communities require the attention of multiple agencies;
- preparing to meet workforce planning challenges (including developing leadership skills and capabilities);
- building and strengthening citizens' trust in public institutions, so that those institutions have the operating legitimacy they require to make their activities credible and effective;
- developing more responsive public services in a way that balance the advantages of economies of scale with greater personalisation and choice to citizens;
- supporting the development of citizens' individual responsibility to achieve better outcomes, through providing a range of incentives;
- developing systems and skills to work effectively with the private and non-profit sectors; and
- fostering agility to support a high-performing public sector so that it can respond effectively in an environment characterised by change and uncertainty.

The public sector is currently working to develop new approaches that will help meet these challenges in a more responsive and effective manner. New thinking and ways of working are being explored to ensure that all parts of the public sector are able to continue delivering high quality services within these challenging new environments.

Two of the challenges outlined above (engaging across jurisdictions and portfolio structures, and preparing to meet workforce planning challenges) are highlighted and work being pursued by the Victorian public sector is outlined in more detail below.

Engaging across jurisdictions and portfolio structures

Collaboration across organisational boundaries at this macro level is complemented by new ways of working at a local level often through a focus on 'joined up approaches', in contrast to more traditional ways of working.

In Victoria, joined up efforts at the local level involve public sector agencies operating together under the umbrella of collective goals articulated in the major statements of government policy outlined above. In pursuing joined up government, the focus is to better integrate and coordinate government policy and service delivery to achieve common goals and respond to an identified high priority issue or need within the community.

For example, the case study on page 39 “*Protecting worker safety*” illustrates cross-jurisdictional efforts to join up business regulation policy on occupational safety and health. Through coordination between Victoria and New South Wales, the regulatory environment is simplified for employers, making it easier to improve the safety of employees. The case study on page 69 “*Delivering an integrated response to sexual assault*” illustrates how police, justice and community service agencies are working together to support victims and increase reporting of offences. The case study on page 53 “*Supporting families in Melbourne’s growth corridors*” involves linking state and local government service delivery efforts with those of government-funded non-profit organisations to improve the health, development and safety of young children.

Joined up approaches can also centre on particular groups of people. Services provided to Victorians with a disability, for example, have become increasingly personalised through individual packages of care that enable better tailoring of support to meet peoples’ needs. An individually tailored package of care might bring together assistance provided by several different organisations, such as essential goods and equipment, direct support and case management.

Place-based efforts to improve local outcomes through joined up approaches are demonstrated through initiatives such as neighbourhood renewal. Neighbourhood renewal is a community-building initiative aimed at reducing disadvantage particularly in public housing areas. Joining up efforts by agencies which provide housing, employment and training, health, and community services are making a real difference in nineteen project areas across Victoria. Neighbourhood renewal results include upgraded and improved accommodation for public housing tenants, community job creation, access to energy savings, and the emergence of new social enterprises.

Joined up approaches to public management can also involve collaboration with non-profit and private sector organisations. Since the 1980s non-profit and private sector providers have played increasingly significant roles in government-funded service delivery, including initiatives that deliver integrated services and major public-private partnerships.

Achieving tangible results for Victorians through joined up approaches entails significant challenges. Joining up can be difficult and time consuming. Ensuring accountability requires the establishment of governance structures, incentive systems and reporting arrangements that cross traditional boundaries. This is dependent on shared purpose, extensive levels of inter-agency trust and shared responsibilities and rewards.

Preparing to meet workforce planning challenges

Like all employers, the sector faces many challenges in planning and shaping the workforce it will require for the future. In meeting these challenges, the sector’s employees remain its most important resource.

Every day public sector employees provide the myriad of services used by Victorians, including the specialist services required by those with additional needs. As the demands and expectations of the sector change, so too does the planning and preparation necessary to address them. As a result, the Victorian public sector is constantly working to ensure it recruits, trains and develops the best people it can to fill the jobs of tomorrow.

In 2006, a risk assessment conducted by the State Services Authority found significant diversity in both the anticipated impact of the emerging workforce planning challenges and what influences them (State Services Authority, 2006c). The assessment suggested that, while there were excellent workforce planning strategies for some critical occupations, there were important aspects of workforce planning that require greater attention into the future. Significant work was undertaken with the wider public sector employers and detailed analysis and research was undertaken into a range of occupations and industries culminating in a series of detailed reports and recommendations to Government.

In March 2007 the former Premier endorsed six Workforce Planning Goals for the public sector to meet these identified challenges,. The goals are to:

- improve attraction and recruitment;
- promote new sources of labour supply;
- target staff development to meet future gaps;
- improve the agility of public sector organisations to meet their workforce planning needs;
- improve participation and retention in high risk work categories; and to
- improve workforce planning governance and capability.

(State Services Authority, 2007a, 2007b)

These goals, and associated initiatives, support a systematic approach to workforce planning across the Victorian public sector, while allowing agencies to address their own specific challenges. They are guiding and assisting Victorian public sector organisations' plans for their future workforces as well as targeting training and development of their existing employees planning efforts. Workforce planning activity is already well underway, so that the challenges of tomorrow may be addressed today.

Building on existing advantages

The Victorian public sector has several important advantages in planning the workforce for the future. Pride in public sector work, a highly educated workforce, the opportunity for challenging careers and a strong commitment to flexible work arrangements all place the sector in a good position to meet future workforce planning needs.

Victorian public sector workers report they are proud to work in the public sector. According to the 2007 *People Matter Survey*, the vast majority of Victorian public sector staff say they value the chance to make a positive contribution to the community and enjoy the interesting and challenging work they undertake.

The public sector workforce has higher educational levels than the Victorian workforce overall which makes the task of fostering a culture of continual skill development easier as the workforce is generally pre-disposed to ongoing learning.

The breadth of careers available in the public sector is an attractive prospect for existing and future staff. With more than 200 different occupations, the Victorian public sector offers a wide variety of experiences, career choice and advancement.

A demonstrated record of providing flexible work arrangements differentiates the public sector from many non-government organisations. Changing labour market conditions require all organisations to increase the productivity of, and participation in, work. Greater flexibility in work arrangements is an important part of promoting these objectives.

Adapting to change

However, as with many large and complex organisations, the Victorian public sector will continue to face significant shifts in the demands placed on its workforce. Changing policy imperatives, demographics and community expectations will significantly influence the size, shape, type and skills of the workforce needed by the Victorian public sector. This will be particularly so given:

- the need to deliver traditional public services (such as education, healthcare and emergency services) in innovative ways and address new and complex social concerns such as environmental sustainability;
- the ageing of the population, and associated population shifts, which will increase demands for certain government services (such as health and adult learning) and influence the locations where those services are provided; and
- community expectations for greater consultation, increased accountability and transparency in service delivery, and more tailored around-the-clock services.

Anticipated labour market conditions will also challenge public sector organisations. Potential skill shortages, for instance, will mean increased competition for staff with the private and Not-for-Profit sectors. The public sector will need to have competitive attraction, recruitment and retention strategies. It will need to grow new labour supply, where possible.

While many public sector occupations are recognised nationally as experiencing shortages of skilled workers, there are six areas where the impact of such shortages is anticipated to be either extreme or high in the medium term in the absence of positive action to address these issues. These are summarised in Table 4.1.

Table 4.1 Areas with identified critical workforce shortages

Critical workforce sections	Example occupations	Anticipated impact
Health and aged care	Nursing services General practice Medical specialists	Extreme
Infrastructure project management	General engineering Technical engineering specialties Contract management Risk management Design/development	Extreme
TAFE	TAFE teaching workforce Administration and planning	High
Water services	Water planning Policy officers Engineering and construction professionals Maintenance grades	High
ICT skills	IT strategists and planners at CIO/IT director level Systems and enterprise architects IT project managers and analysts General systems administrators	High
Scientific skills	Environmental and geo-science Agricultural science Health science (e.g. epidemiology) Emerging science (e.g. nano-science)	High

Source: State Services Authority, 2006b

Several characteristics of the existing Victorian public sector workforce also represent challenges in the coming years. Two aspects of the workforce profile are particularly relevant:

- a widespread, significant and growing gap between the numbers of female and male public sector staff which is particularly pronounced in service delivery areas such as health and education; and
- the growth of generational diversity typified by an ageing workforce and a growing number of staff that identify with the “X” and “Y” generation.

Responses to these challenges for promoting workforce participation and productivity will include the need to:

- satisfy the demand for more flexible work options which will have to be reconciled with prevailing job-design, service delivery and management practices; and
- bridge and manage differing expectations of a multi-generational workforce. This will require greater flexibility in management and HR policies to meet different generational perspectives.

More targeted/tailored approaches to workforce management will be required than has previously been the case.

A sophisticated and comprehensive response

The diversity of public sector work means that the impact of the challenges outlined above is not uniform across the sector. As a result, and despite existing advantages, many Victorian public sector agencies are developing sophisticated and comprehensive workforce planning strategies and approaches to address these challenges.

Effort will be required to ensure that proposed solutions are sufficiently comprehensive, yet specifically targeted. A 'one-size-fits-all' approach to workforce planning will not work for the Victorian public sector. Importantly, while maintaining a focus on developing and accessing a supply of skilled staff, more emphasis must be placed on managing the demand for staff. Sector agencies will need to ensure that organisational goals are realistic in light of the workforce they have, or can realistically develop within time and financial constraints. Initiatives to reduce the call on labour resources through the development of new technology, increased productivity and realignment of expectations will be needed.

Many of these workforce planning challenges are already being addressed by Victorian public sector organisations. This is particularly the case where significant service delivery obligations exist, such as in the health, education and emergency services sectors. A number of organisations have integrated these activities into their core business planning processes. A sample of important developments in these areas is outlined below.

The health sector

The Department of Human Services has developed a strategy to address anticipated skill shortfalls in the sector's health workforce over the short (less than two years), medium (two to five years) and long terms. It will do this by:

- improving workforce supply;
- improving workforce distribution;
- aligning education and training to forecast service needs;
- promoting workforce flexibility;
- improving workforce planning;
- improving the attractiveness of workplaces in the health sector, and
- improving workforce quality and safety.

Two key strategies have been developed in support of these objectives.

- The Victorian Nurse Recruitment and Retention Campaign to meet the increased need for an internal supply of nursing skills (Department of Human Services, 2002).
- The Better Skills, Best Care Strategy, established to explore how to make best use of available skills and promote a sustainable workforce by strategically designing jobs to fit available talent and meet organisational need (Department of Human Services, 2006). The Alfred Hospital Good Practice Example in Box 4.1 illustrates this approach.

Box 4.1: Good practice example

The Alfred Hospital – using job redesign to address workforce shortages and to increase job satisfaction

The Alfred Hospital provides a comprehensive range of medical and surgical services in Victoria. In common with other health services, The Alfred faces shortages in workforce across a range of health professions and a concern for sustaining a workforce for the future.

A review of its anaesthetic care team highlighted the need to find new and more efficient and effective ways of working. The project is focussing on three roles associated with anaesthetic care across all phases of the patient journey within the operating suite, post operative care, and anaesthetic interventions performed outside the operating suite.

The project is mapping processes, identifying the range of activities involved in each, and identifying alternative and complementary ways to provide patient care.

As a result the project is proposing to pilot three roles within the anaesthetic team. These new roles offer extended career pathways for nurses and technicians and contribute to more efficient and sustainable services.

The next steps for the project are to work with the education sector to address training issues, post-graduate education, and piloting new roles.

Outcomes of the project are expected to include greater work satisfaction for staff, contributing to sustaining clinical services for patients and optimising the clinical expertise of staff when providing patient care.

Source: Based on material provided by The Alfred Hospital

The public education sector

Considerable work has been undertaken to understand the nature of primary and secondary teacher supply in Victoria. This is reflected in the work and reporting of the Teacher Supply and Demand Reference Group. The Group is chaired by the Department of Innovation, Industry and Regional Development and its membership includes staff of the Department of Education and representatives of key stakeholders from the public, private, and Not-for-Profit education sector.

In response to projected shortages of teachers in public schools, the Department of Education has developed a number of initiatives including:

- targeted teaching scholarships;
- a program to promote career change into disciplines in greatest need;
- financial incentives to encourage placements in regional areas of greatest need;
- rural retraining programs designed both as refresher training and to help teachers build skills in the minor subject specialisation taken in their teaching degree;
- promotion of teaching as a career to high school and university students;
- a graduate recruitment program to attract recent teacher graduates; and
- refresher courses for teachers returning to the profession to update their knowledge and skills.

The Office of Training and Tertiary Education is starting to look at issues for teaching staff in TAFE institutes. In the TAFE sector workforce issues are coordinated by the Victorian TAFE Association and TAFE CEOs. The findings of a recent review of the sector's workforce planning capabilities are now being addressed.

Victoria Police

Victoria Police has a sophisticated, well established and comprehensive framework for workforce planning. Information systems have been established which allow ongoing analysis of workforce trends.

Initiatives supporting Victoria Police's workforce planning capability include:

- development of an integrated competency framework;
- increased emphasis on learning and development;
- development and implementation of team leadership programs; and
- significant research on issues such as the effect of an ageing workforce and the potential for part time and "end of career" employment options.

Other initiatives

Beyond these major service delivery areas, a number of organisations have implemented specially targeted workforce planning initiatives.

- *Improving projection and analysis.* The Department of Infrastructure has undertaken work in the areas of project management and engineering skills; and the Department of Sustainability and Environment is undertaking this work in relation to its emergency response workforce.
- *Measuring and developing organisational and individual capability.* The Department of Innovation, Industry and Regional Development and the Department of Primary Industry (DPI) are notable in this area. The VicRoads Good Practice Example in Box 4.2 illustrates this approach.
- *Improving attraction and recruitment efforts.* This work includes new marketing campaigns, such as the campaign developed by Department of Justice to attract staff for three new prisons and the Department of Sustainability and Environment cadetship program. The Good Practice Example in Box 4.3 provides more information.

Box 4.2: Good practice example

VicRoads – implementing knowledge management and succession planning strategies to address an ageing workforce

VicRoads employs nearly 1100 professional engineers and technical support staff, spread across Victoria. The organisation identified it faced a number of issues with the potential to negatively impact its sustainability, including:

- the increasing size, complexity and diversity of annual work programs with budgets of over \$500m, coupled with a need to adapt skills, knowledge and ways of operating;
- national skills shortages in a limited and highly competitive external labour market for engineers;
- unexpected demands requiring efficient and effective responses;
- experienced engineers, with high levels of technical and organisational knowledge approaching retirement age; and
- the need for better decision-making and more targeted resources to sustain VicRoads competitive advantage in employment.

In 2006 VicRoads implemented a Capability Building Program (CBP) to help manage these risks. The CBP is focussed on technical skill areas including bridge design and network operations. It is designed to help managers undertake workforce planning through identifying, protecting and enhancing the skill base of VicRoads business units. The CBP does this in part by forecasting future skill needs and the extent to which current capabilities need to be developed. The system is also helping VicRoads plan for, and act to retain expert staff for knowledge transfer and mentoring roles. It has also allowed the organisation to manage a 15 per cent increase in programs with only a 4.3 per cent growth in human resources.

Source: Based on material provided by VicRoads

Box 4.3: Good practice example

Department of Sustainability and Environment – using cadetships to attract and retain young science graduates

The Department of Sustainability and Environment (DSE) delivers a significant range of programs in rural and regional areas, with over 1100 staff in over 80 locations. This number grows during summer and autumn with over 600 seasonal fire-fighters joining the Department.

The Department faces labour shortages in both scientific and blue collar areas across a range of disciplines and locations, coupled with an ageing workforce.

DSE has developed a program to promote the uptake of science in schools and universities through promoting a science cadetship program. The program targets students in a range of science disciplines. Students are recruited from VCE and first year university courses and work across a range of areas, including water, environmental policy, climate change and public land use.

Complementary initiatives have included mentoring programs for mature aged and experienced workers coupled with younger staff, promoting flexible employment practices including transitioning to retirement, accelerated development of staff with high potential to enhance leadership capability and flexible recruitment and deployment initiatives aimed at attracting and retaining staff in regional areas.

Source: Based on material provided by the Department of Sustainability and Environment

Developing leaders for the future

To meet the challenges of the future, the Victorian public sector must also have people with the necessary leadership skills. Developing existing and potential leaders is therefore an important focus within the sector, as is strengthening existing leadership capability. Identifying and developing a pool of potential leaders who, in the future, may take on leadership roles is an important component of building this capability. In addition, new approaches in identifying future leaders, developing career pathways for them, and promoting succession and talent planning, are all key challenges for public sector agencies in adding to this capability.

Ongoing work in this area involves developing a culture of leadership that fosters the skills, experiences, and relationships necessary to create strong leaders. Building on this foundation, the State Services Authority is working with public sector organisations to broaden leadership capability in the public sector by:

- developing high impact leadership programs in partnership with organisations like the Australian and New Zealand School of Government;
- promoting succession planning by clearly defining succession risk and tailored approaches to deal with those risks; and
- creating the environment where potential leaders may be identified and nurtured.

Over the past 20 years, Victoria has led the way in testing new approaches to public sector management. This trend will need to continue if the Victorian public sector is to have the leaders it requires into the future.

Conclusion

The public sector is actively engaged in meeting the rapidly emerging challenges of the future; challenges that require a sophisticated and comprehensive response. Much of the planning and preparatory work is being driven by the State Services Authority, which is working in collaboration with the broader public sector, to identify opportunities to improve the delivery and integration of government services and strengthen the professionalism and adaptability of the public sector.

The six workforce planning goals for future action which the Victorian Government has endorsed provide a sound basis to deal with workforce planning challenges systematically as they arise.

As government objectives increasingly centre on complex and cross-portfolio challenges, the public sector is building stronger capabilities to deliver joined up responses. This does not mean that every area of public sector activity will entail a joined up approach. Many programs and services that are well suited to traditional structures will continue to operate under vertical lines of accountability.

Despite significant challenges, the Victorian public sector is well placed to capitalise on the inherent strengths of its existing workforce arrangements and significant initiatives to plan for the public sector workforce of the future.

Agency achievement

Delivering an integrated response to sexual assault

In 2007, two new multidisciplinary sexual assault facilities opened in Mildura and Frankston to better support victims of sexual assault. The centres provide 24-hour, seven day a week integrated sexual assault services to those aged 16 years and over. They are bringing together under one roof police investigation, forensic services, and crisis counselling and support services provided by Centres Against Sexual Assault.

This multi-disciplinary and multi-agency approach to sexual assault aims to make seeking assistance less intimidating for victims and should help address current high rates of under-reporting of sexual assault offences.

The two centres form part of a broader reform response to sexual assault, for example:

- New Victoria Police Sexual Offences and Child Abuse Teams are providing specialised police investigation services. The new teams offer victims an integrated service, replacing the former process which required them to deal with police from a number of separate units.
- Legislative changes via the new *Crimes (Sexual Offences) Act 2006* grant sexual assault victims an unprecedented level of respect for their privacy and dignity while strengthening some offences, particularly in relation to protecting children, young people and those with a cognitive impairment.
- A newly established Specialist Sex Offences Unit with the Office of Public Prosecutions is bringing together an expert team of crown prosecutors, solicitors and advocates, ensuring the effective and sensitive prosecution of sexual offences.
- The magistrates' and County Courts have established specialist sexual offence lists to reduce delays to minimise the ordeal for victims.
- Centres Against Sexual Assault and other support services funded by the Department of Human Services in all regions of Victoria are continuing to offer counselling and support to survivors as well as provide information about options including reporting incidents to police.

The integrated response to sexual assault is providing easier access to criminal justice services in more supportive and non-threatening environments. These initiatives seek to reduce the distress that victims of sexual assault face in the criminal justice system and encourage them to report crimes.

Based on material from the Department of Justice, Victoria Police, and the Department of Human Services

Agency achievement

Investing in world-class infrastructure: the Australian Synchrotron

The Australian Synchrotron is the most significant new piece of scientific infrastructure developed in Australia for more than two decades involving a range of public sector agencies at state and federal level. The Synchrotron opened in the Melbourne suburb of Clayton in July 2007. It is expected to generate around \$110 million a year to the national economy and create around 2,500 direct and indirect jobs.

The Australian Synchrotron provides a new partnership paradigm for landmark infrastructure. The partnership brings together five state governments, the federal government, the New Zealand government, 25 Australian universities, Australia's medical research institutes, the Commonwealth Scientific and Industrial Research Organisation and the Australian Nuclear Science and Technology Organisation. This is the first major scientific infrastructure project to involve such a high degree of collaboration across state boundaries and across scientific disciplines.

The benefits of the Australian Synchrotron's world-class research capabilities are already becoming apparent. Drug researchers from Melbourne's Howard Florey and St Vincent's Institutes began work with the Synchrotron in June 2007, studying a protein involved in memory processing – research which could potentially lead to drugs that resist memory loss or dementia.

Other researchers from Australia and New Zealand began using the Synchrotron soon after. This work includes investigating potential drugs for blood clotting, HIV and cell death; environmental and industrial gases; conservation techniques for the National Archives; diamond sorting; and a broad range of further projects.

Victoria will reap significant advantages from having a world-class facility. Previously, top scientists from Victoria and Australia travelled overseas to access synchrotron capabilities. The new facility allows talented local researchers to stay in Australia, and also give the world's top minds more cause to experience Melbourne's dynamic science and research industry. Other synchrotrons exist in the Asia-Pacific region, in Japan, Singapore, Taiwan and China, and there are synchrotrons in the US and Canada. These all represent valuable chances for collaboration between researchers in different continents.

Local and national economies are increasingly reliant on innovation and research to drive industry forward, and through the Australian Synchrotron and other facilities, Victoria is well-placed to continue its excellent history in these areas. With exciting research already underway, and the prospect of more scientific developments coming in years to come, the Australian Synchrotron is a valuable asset for Melbourne.

Based on material from the Department of Innovation, Industry and Regional Development

Agency achievement

Investing in broadband innovation to benefit women's health

Broadband internet connections are becoming more essential and public sector investment is demonstrating that the benefits are not only confined to the home or the office.

A mobile digital mammography service, travelling to rural towns and beaming images back to specialists in assessment centres for diagnosis, is just one illustration of how ground-breaking e-health broadband applications are improving healthcare.

The Victorian Government, through Multimedia Victoria, has provided \$1.9 million towards the BreastScreen Victoria pilot project. This is a world-first integration of digital mammography technology in a breast cancer screening program. For some women in rural Victoria, broadband connectivity will mean they no longer need to make the long trip to Melbourne to visit a specialist.

This technology allows digital mammograms to be sent and stored electronically – just as digital photos can be sent by email. High quality images can be accessed and printed wherever required, cutting down the steps involved in the diagnosis process. This in turn allows better lead-times for diagnosis and response.

Sending digital images electronically ensures that they reach specialists in assessment centres quickly. Traditional film x-rays need to be developed and then transported, sometimes over very long distances. With the new technology, radiographers can view the mammograms instantly on their computer screens. If abnormalities are detected, they can send the images to specialists straight away and discuss which further tests are needed.

eHealth projects, such as these, are pioneering new ways to use broadband technologies that could be advanced to other areas of medicine or other sectors altogether. It is one example of how broadband connections can be used in many different industries to speed up processes and offer better services to all Victorians.

The Victorian Government's *Broadband Innovation Fund* finances exactly these types of initiatives. The funding involves a \$15 million pool for cutting-edge use of high-speed connectivity across a diverse range of government services.

Based on material from the Department of Innovation, Industry and Regional Development



Conclusion: Meeting the future challenges

This State of the Public Sector in Victoria report demonstrates that the sector is well positioned to meet future challenges. Through strong leadership and sustained innovation, the public sector will continue making vital and positive contributions to Victoria's economic, social and environmental well being under the leadership of the Victorian Government.

The people and organisations that constitute the Victorian public sector have a demonstrated capacity to continue making important contributions on a daily basis to the functioning and well-being of the Victorian community. Highlighted in this report is the following key information about the public sector and why it is well positioned to meet its future challenges:

- The sector comprises a complex mix of organisations of different sizes with a variety of governance arrangements according to their functions. Increasingly, public sector organisations deliver services in collaboration with non-government sectors through vehicles such as public-private partnerships and service agreements with non-profit organisations for delivery of social services. This trend is likely to continue into the future. Public sector organisations are developing new ways of working in response to complex challenges. These include joining up across portfolios, sectors and tiers of government to address issues that require cross-cutting approaches.

- People are the public sector's biggest asset. Public sector organisations are focused on the challenges of recruiting and retaining staff to ensure that 'the right people are in the right place at the right time'. Challenges arise from a variety of sources – the community's need for new services, the strong economy with its demand for skilled employees across government and non-government sectors, and the ageing workforce. In developing plans to meet these challenges, public sector employers have the advantage of knowing that most employees have high levels of education, are proud to work in the public sector, and that their job satisfaction is at high levels.
- Public officials' adherence to the public sector values and employment principles underpin modern devolved management practices. Ultimately, the public sector will be judged by the integrity of its people and how they make a difference to the lives of Victorians. It is through high standards of performance and integrity that the public sector will strengthen and retain public trust. This trust is critical to maintaining the future operating legitimacy of public sector organisations.

The examples of high performance featured as illustrative 'agency achievements' throughout this report are indicative of the diverse ways in which the sector has achieved results that matter – from improving access to justice services to supporting a stronger business environment. They also demonstrate that the public sector, working in partnership with others, is capable of adapting and innovating to address new and complex demands.

In the year ahead, departments and other public sector organisations will be further developing the ideas that underpin improvements to the adaptability and responsiveness of the Victorian public sector. This includes examining mechanisms to strengthen public trust, to continue to recruit and retain able staff, to offer greater personalisation and choice in service delivery, and to identify ways of enhancing the sector's ability to shape, recognise and respond to new opportunities and challenges.

The Victorian public sector is ready, willing and able to continue developing its skills and capabilities to ensure it can meet the challenges of the future and the expectations of the Government and the communities it serves.

Appendix One: Profiles of the major workforce sectors within the overall public sector

Chapter Two presented public sector workforce information relating to the entire public sector. This material, however, does not give a complete picture about the demographics of the public sector workforce. There are significant variations within the sector's workforce according to the kind of services which are provided and the nature of the work which is done.

This section profiles the workforces in each of the major sectors within the overall public sector and highlights changes over the last five years. The groups are: the Victorian Public Service, the public health sector, government schools, TAFEs and other education entities, the police and emergency services, and water and land management. The organisations in each of these workforce sectors are listed at Figure 1.1 in Chapter 1.

Employees in the major sectors include nurses and doctors, teachers, police, fire and other emergency services staff, scientists, engineers, disability support and child protection staff.

The Victorian Public Service

Headcount 35,295

Full time equivalent (FTE) 32,598

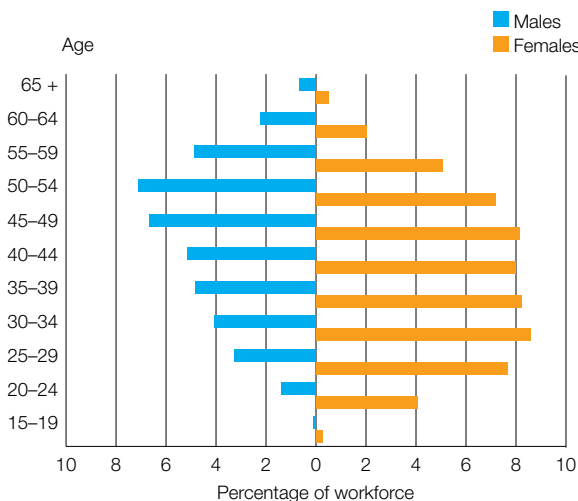
The Victorian Public Service (VPS) comprises ten government departments and eighteen authorities and offices. Employees are involved in a range of duties including direct service delivery, contract management for services delivered by non government organisations and the private sector, regulation and standards setting, infrastructure planning and development, Commonwealth/state relations, research and policy development and the support of Ministers and Parliament.

Public service employees are employed on behalf of the Crown under the *Public Administration Act 2004*. While in this respect public service employees form a single workforce and all service and employment entitlements are fully transferable within the service, the Act vests employer powers in the individual heads of each public service organisation.

Men and women in the Victorian Public Service

Women comprise 60 per cent of public service employees overall, and a slightly higher percentage of those under 35. The profile of employees within the VPS is ageing slowly in line with the wider Victorian population. Figure A1.1 provides the age and gender profile of VPS employees.

Figure A1.1 Age and gender profile of Victorian Public Service employees



Source: 2007 Workforce Data Collection

From 2003 to 2007, the average age of VPS employees increased slightly from 41 to 42 and the proportion of VPS employees aged 55-64 increased from 10 per cent to 14 per cent. Small declines were recorded across all other age cohorts. Table A1.1 summarises the changes in the average age of VPS employees in the last five years.

Table A1.1 Average age of Victorian Public Service employees, 2003 - 2007

	Average age at 2003 (years)	Average age at 2007 (years)
Men	43	44
Women	39	41
All employees	41	42

Source: 2003, 2007 Workforce Data Collections

Part time employment in the Victorian Public Service

Eighteen per cent of men and women employed in the VPS work part time (excluding those employed on a casual basis). This proportion has not changed over time. Women represent 84 per cent of part time employees.

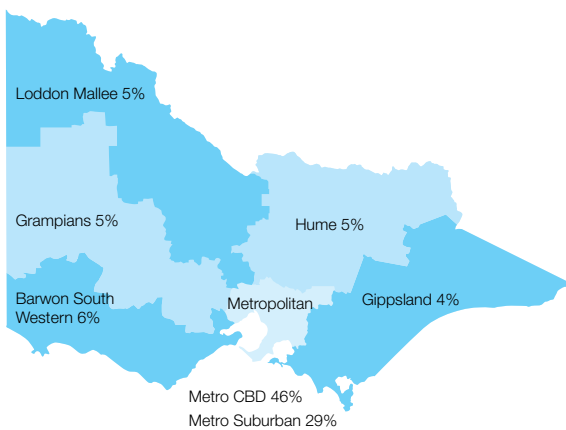
Overall, women are far more likely to work part time than men - 25 per cent of non-casual women work part time compared to seven per cent of men.

Amongst non-casual VPS employees, part time work is more common in regional Victoria than metropolitan areas. Twenty three per cent of non-casual employees working in regional Victoria work part time, and 34 per cent of non casual women work part time compared to 9 per cent of men.

The Victorian Public Service workforce in metropolitan and regional Victoria

Nearly half of the VPS workforce (46 per cent) works within Melbourne’s central business district (the CBD), reflecting among other things the location of the Parliament and departmental head offices. The balance of employees (54 per cent) is located outside the CBD in metropolitan regional offices and in country offices. Figure A1.2 shows the work locations of VPS employees.

Figure A1.2 Work locations of Victorian Public Service employees



Source: 2007 Workforce Data Collection

Staff in regional locations commonly work in service delivery to the public, particularly in:

- delivering welfare services;
- administering government schools and pre-schools;
- supporting the agriculture industry;
- servicing national parks;
- delivering correctional services; or
- staffing police stations and the courts.

Classification distribution

Sixty per cent of the public service workforce is employed in the generic Victorian Public Service grade classification structure. This structure is common to all departments and covers the more common occupational groups of public service employees. Women form a majority at each level other than executive and senior specialist level. Table A1.2 shows the distribution of the public service workforce across the generic grade classification structure.

Table A1.2 Proportion of all Victorian Public Service employees by generic VPS classification, June 2007

Classification	Total
VPS Grade 1	1%
VPS Grade 2	13%
VPS Grade 3	13%
VPS Grade 4	11%
VPS Grade 5	12%
VPS Grade 6	8%
VPS Executives + Senior Specialists	2%

Source: 2007 Workforce Data Collection

The remaining 40 per cent of public service employees work in specialised roles that are covered by occupation-specific classifications. These classifications are associated with service delivery work and in most cases are specific to a department. Table A1.3 shows the distribution of the public service workforce across the occupation-specific grade classification structure.

Table A1.3 Proportion of all Victorian Public Service employees by occupation-specific classifications, June 2007

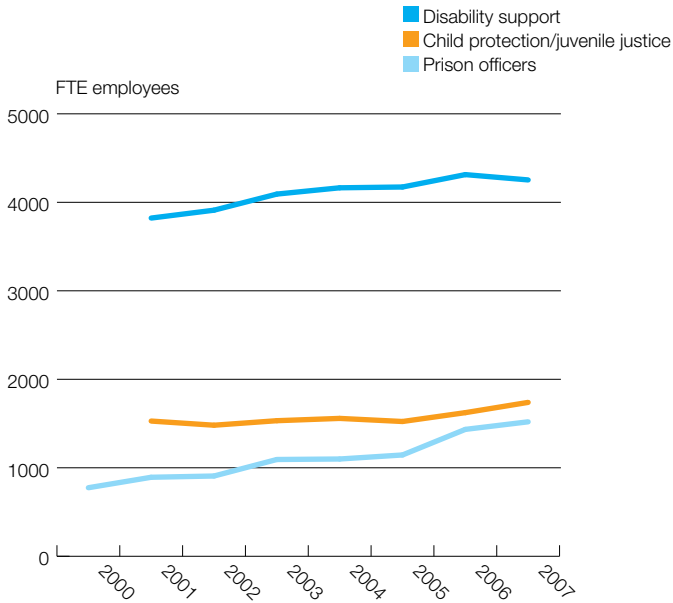
Classification	Total
Allied Health	3%
Child Protection Worker	4%
Clerk of Courts	1%
Community Corrections Officer	1%
Custodial Officer	4%
Disability Development and Support Officer	15%
Forestry Field Staff	1%
Forensic Officer	1%
Juvenile Justice Worker	1%
Legal Officer	1%
Nurse	1%
Science Officers	4%
Sheriffs Officer	<1%
Other	2%

Source: 2007 Workforce Data Collection

Change in numbers of staff working in key occupations in the Victorian Public Service

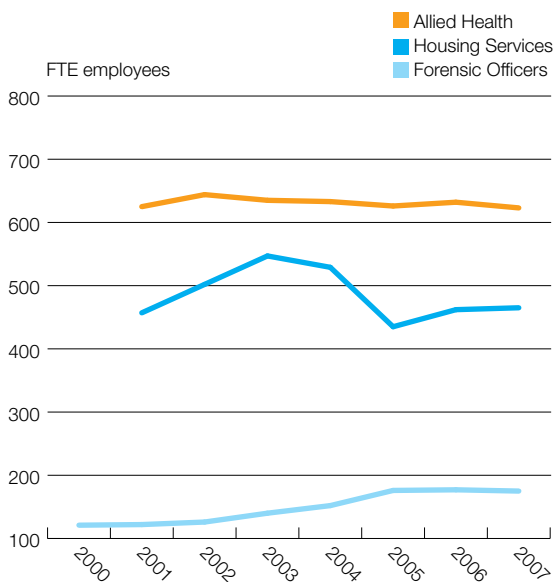
The Government has invested over time to improve staffing in key service delivery areas. Figures A1.3 and A1.4 show the change in numbers in the main Victorian Public Service occupation-specific classifications as a result of this investment.

Figure A1.3 Change in selected Victorian Public Service occupational groups with more than 1000 FTE employees, 2000/01 - 2007



Source: Based on information provided by the Department of Human Services and the Department of Justice

Figure A1.4 Change in selected Victorian Public Service occupational groups with less than 1000 FTE employees, 2000/01 - 2007



Source: Based on information provided by the Department of Human Services and the Department of Justice

Notes

- 1.Housing service officer figures are influenced by a review of the housing services function in 2004-05. This review resulted in some employees previously classified as housing service officers being translated to the VPS classified structure.
- 2.Classification structure changes have also had an impact on the allied health and child protection areas.

Over the period covered by Figures A1.3 and A1.4:

- prison officer numbers have increased by 745 FTE since 2000 reflecting the opening of additional prison beds, as well as the return of some prison services from outsourced private sector providers back to the public sector;
- disability service staff numbers have increased 431 FTE since 2001 to improve support to Victorians living with disabilities;
- child protection and juvenile justice staff numbers have increased 211 FTE since 2001 demonstrating the Government’s commitment to services to families and children;
- forensic officer numbers have increased by 54 FTE (from a base of 121 FTE in 2000) reflecting addition resources applied by the Government to emerging science-based crime investigation techniques; and
- allied health and housing service officer numbers have remained consistent over the period 2001–2007, with restructuring of functions and classifications which achieved enhanced productivity.

The public health sector

Headcount 84,552

FTE 62,047

The public health sector is comprised of government owned hospitals and health services, and a small number of related bodies including research institutions, professional registration bodies, and health promotion and ancillary service bodies. Each organisation is a separate and discrete employer with its own management structure.

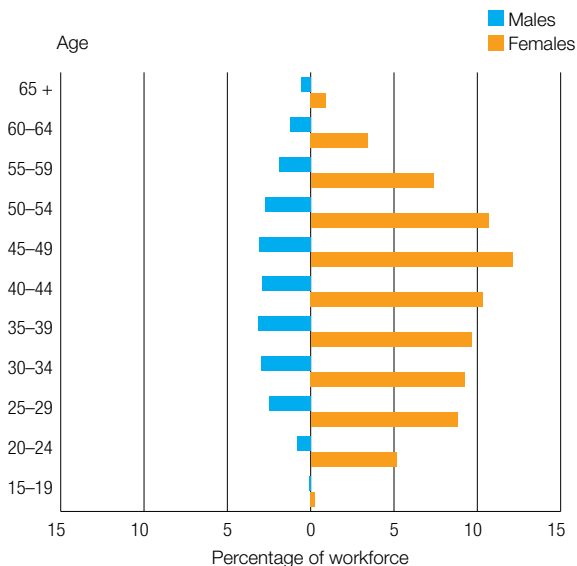
Employees in this sector work in a wide variety of occupations. These encompass professional staff (including doctors, nurses, scientists, therapists, radiographers, and social workers), administrative support, ancillary services (including cleaning, catering, patient services, and maintenance trades) and management roles. The vast majority of employees are employed in the hospitals and health services.

Men and women in the public health sector workforce

Consistent with the high level of feminisation of the major occupations in the public health sector, women comprise the vast majority of the workforce (78 per cent). In the regional health workforce the proportion of women is even higher at 83 per cent. The proportion of women compared to men in the workforce has not changed over the last five years.

The age distribution of men and women is similar, although at the 20-24 age group there is a slightly higher proportion of women than men (7 per cent compared to 4 per cent). This may relate to the sector offering significant numbers of jobs in administrative support roles that are commonly filled by young women. Figure A1.5 provides the age and gender profile of public health sector employees.

Figure A1.5 Age and gender profile of employees in the public health sector



Source: 2007 Workforce Data Collection

From 2003 to 2007, the average age in the public health sector increased slightly from 41 to 42 and there was a 3 per cent increase in the proportion of employees aged 55-64. Correspondingly, there has been a 3 per cent decline in the proportion of the workforce aged 35-44 as those employees moved into older age segments. Table A1.4 summarises the changes in the average age of health sector employees in the last five years.

Table A1.4 Average age of employees in the public health sector, 2003 - 2007

	Average age at 2003 (years)	Average age at 2007 (years)
Men	42	42
Women	41	42
All employees	41	42

Source: 2003, 2007 Workforce Data Collections

Part time employment in the public health sector

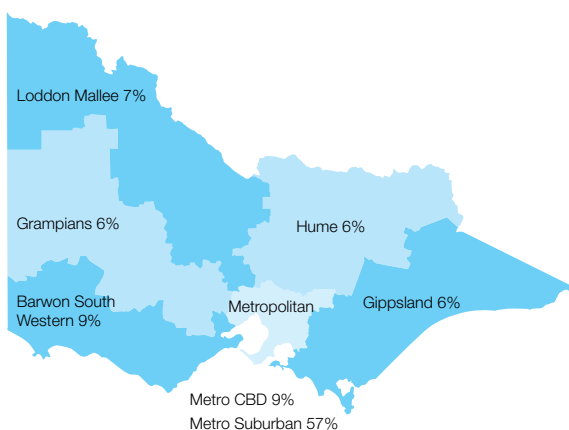
Fifty six per cent of non casual employees in the public health sector work part time, up from 54 per cent in 2003. The level of part time employment in regional Victoria is even higher with 67 per cent of non casual employees employed part time. By contrast, 49 per cent of employees in metropolitan Melbourne work part time. These proportions have remained consistent over the last 5 years.

Women represent 85 per cent of part time public health sector employees. Women are more likely to work part time than men - although the proportion of male part time workers has increased from 25 per cent in 2003 to 36 per cent.

The public health sector workforce in metropolitan and regional Victoria

Two thirds of the public health sector workforce are employed in the metropolitan CBD and in suburban areas. Of the workforce employed in regional Victoria, the largest proportions work in the Barwon South Western region (9 per cent) and the Loddon Mallee region (7 per cent). These areas respectively include the large Barwon and Bendigo Health Care groups. Figure A1.6 shows the work locations of employees in the public health sector.

Figure A1.6 Work locations of employees in the public health sector

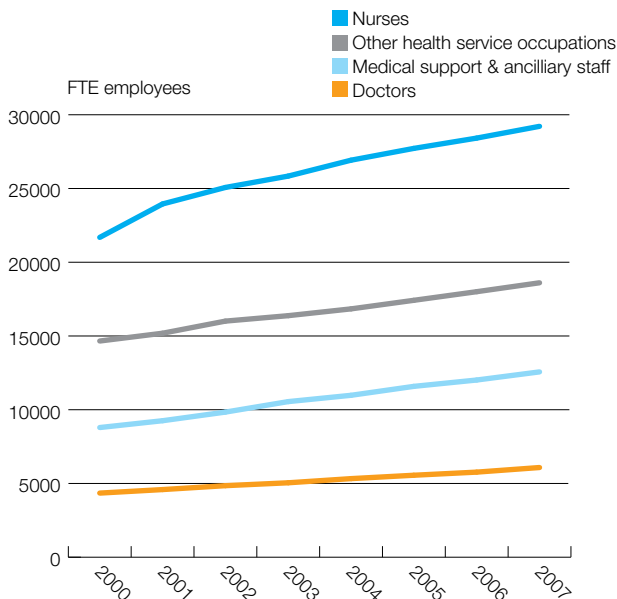


Source: 2007 Workforce Data Collection

Change in numbers of staff working in key occupations in the hospitals

In recent years there has been an expansion in the number of hospital beds, coupled with the implementation of improved nurse-patient ratios in hospital. Figure A1.7 illustrates the increases in the health service occupational groups to support these initiatives.

Figure A1.7 Change in hospital occupational group numbers, FTEs, 2000 - 2007



Source: Based on information provided by the Department of Human Services

Notes

1. The occupational group numbers comprise employees in government hospitals and health services, and in non-government hospitals that receive public funds to deliver public health services.
2. 'Medical support and ancillary staff' includes technicians and therapists. 'Other' includes nursing attendants, hospitals systems officers, administration and clerical staff, biomedical engineers, engineers, trades, and food and domestic staff.

The government schools sector

Headcount 62,290

FTE 52,430

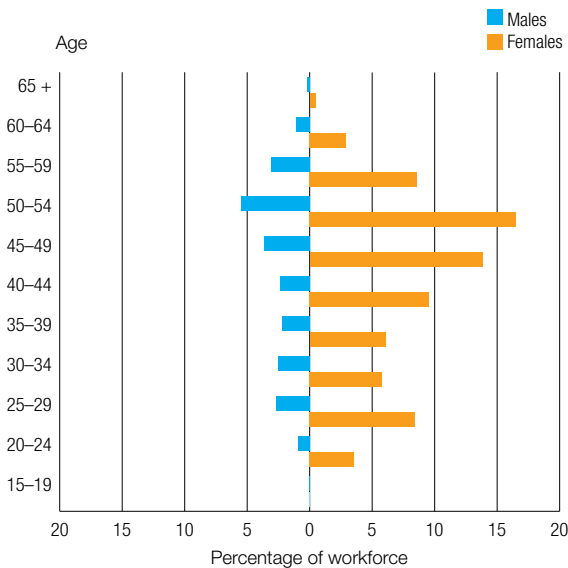
The government schools sector covers government primary and secondary schools. Staff employed in this sector include the school based teachers, teacher aides, and the administrative and support staff (school services staff) employed by the Department of Education as well as the ancillary staff employed directly by school councils. Approximately 4000 people are employed by school councils on a casual basis and include canteen managers, computer technicians, integration aides, teacher assistants, general maintenance staff, and emergency teachers.

Men and women in the government schools workforce

Like the health sector the government schools workforce is highly feminised. Women comprise 75 per cent of the workforce, and the proportions of men and women in the government schools workforce has not changed since 2003.

The workforce has an older age profile than the health sector with 51 per cent of employees in the 40 to 55 age group. In the last five years the proportion of employees in the 25 to 34 age group has increased from 16 per cent to 19 per cent. This represents a 32 per cent increase in the number of employees in this age group since 2003, and reflects activity to recruit new graduate teachers. Figure A1.8 provides the age and gender profile of employees in government schools.

Figure A1.8 Age and gender profile of employees in government schools



Source: 2007 Workforce Data Collection

Note

Figure A1.8 excludes school council employees.

Contrary to the common perception that the government schools' workforce is ageing, the average age of the schools' workforce has not increased over the period from 2003 to 2007. A significant influence has been an increase in the proportion of the schools' workforce aged 25-34. Table A1.5 summarises the changes in the average age of employees in government schools in the last five years.

Table A1.5 Average age of employees in government schools, 2003 - 2007

	Average age at 2003 (years)	Average age at 2007 (years)
Men	44	44
Women	43	44
All employees	44	44

Source: 2003, 2007 Workforce Data Collections

Note

Table A1.5 excludes school council employees.

Part time employment in government schools

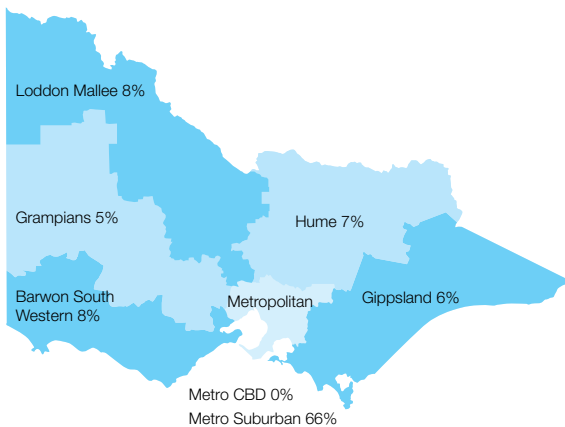
Thirty two per cent of non casual employees in government schools work part time, and this proportion has not changed significantly over time. Women represent 89 per cent of these part time employees. As with other sectors, women are more likely to work part time than men, with 37 per cent of non casual women working part time compared to 15 per cent of men.

Part time employment is more common in regional Victoria with 35 per cent of non casual employees working part time compared with 31 per cent in metropolitan Victoria.

The government schools workforce in metropolitan and regional Victoria

Two thirds of the school sector workforce are employed in metropolitan suburban areas. The remainder are spread across the regional areas. This is consistent with the distribution of the Victorian population. Figure A1.9 shows the work locations of government schools employees.

Figure A1.9 Work locations of employees in government schools

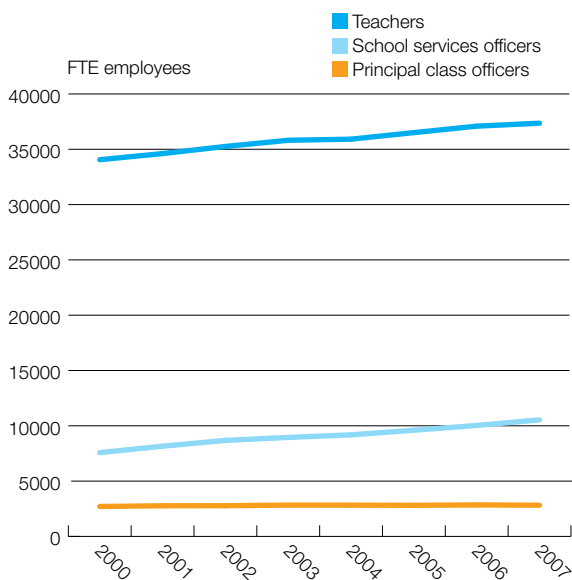


Source: 2007 Workforce Data Collection

Change in numbers of staff working in key occupations in government schools

The Government's policy commitment to smaller average class sizes, alongside the addition of teacher aides, integration aides and administrative staff in schools, has resulted in increases in the numbers of teachers and support staff in schools. Numbers in the principal category (principals, deputy principals and assistant principals) have increased by over 100, reflecting enhanced educational leadership within the government school system. Figure A1.10 illustrates the impact of these changes on government school staffing numbers.

Figure A1.10 Change in government schools' occupational group numbers, FTEs, 2000 - 2007



Source: Based on information provided by the Department of Education

TAFEs and other education entities

Headcount 16,844

FTE 11,247

The sector comprises TAFE Institutes, the TAFE Divisions within the four dual sector universities, the adult, community and further education bodies, and other non schools education bodies (the Adult Multicultural Education Service, the Driver Education Centre, the Victorian Institute of Teaching, the TAFE Development Centre and the International Fibre Centre). Each organisation is a discrete and separate employer with its own management structure.

The vast majority of employees in this sector work in the TAFE institutions. Teachers are the major employee group. Other categories include non-teaching professionals, administrative and clerical, computing, technical, and general maintenance staff.

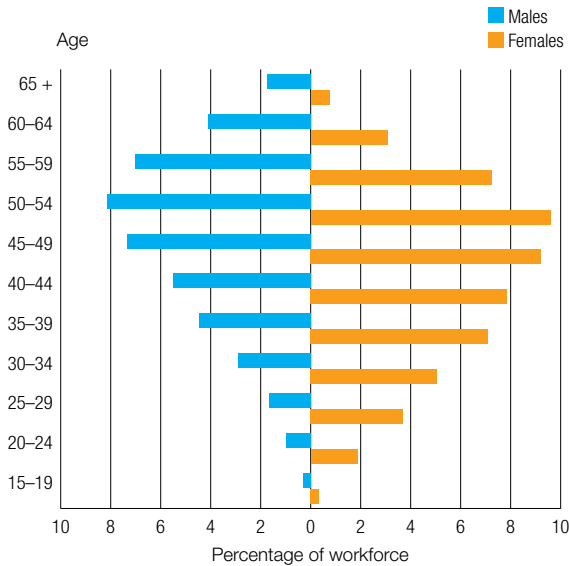
Men and women in the TAFEs and other education entities workforce

Women comprise 55 per cent of the workforce and men form a majority in the 60 and over age groups. In this respect the workforce in TAFEs and other education entities is different from that in the government schools.

Similar to the government schools sector, 48 per cent of employees are aged between 40 and 55. However, comparatively few employees are employed in the younger age groups and 72 per cent of all employees are aged over 40. This sector therefore has the oldest age profile and average age in the public sector.

The age and gender profile is consistent with the expectation that teachers will bring industry experience to their teaching. Figure A1.11 provides the age and gender profile of employees in TAFEs and other education entities.

Figure A1.11 Age and gender profile of employees in TAFEs and other education entities



Source: 2007 Workforce Data Collection

From 2003 to 2007, the average age has increased from 44 to 46, while the proportion of staff aged over 50 has increased from 35 per cent to 42 per cent. Table A1.6 summarises the changes in the average age of employees in TAFEs and other education entities in the last five years.

Table A1.6 Average age of employees in TAFEs and other education entities, 2003 - 2007

	Average age at 2003 (years)	Average age at 2007 (years)
Men	46	48
Women	43	45
All employees	44	46

Source: 2003, 2007 Workforce Data Collections

Part time employment in TAFEs and other education entities

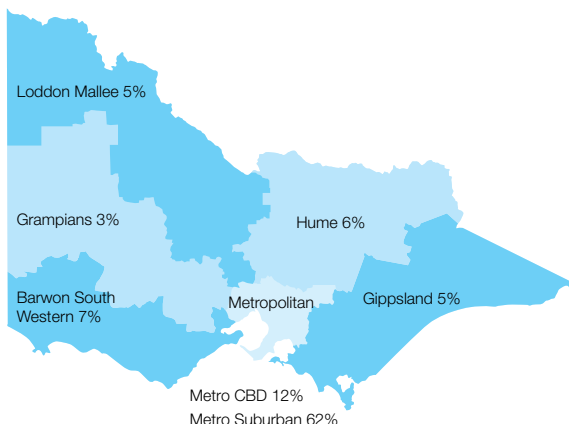
Twenty eight per cent of non casual employees of TAFEs and other education entities work part time. This proportion has not significantly changed over time. Women represent 75 per cent of these part time employees. Women are far more likely to work part time than men with 39 per cent of non casual women working part time compared to 15 per cent of men.

Part time employment is more common in regional Victoria with 31 per cent of non casual employees working part time compared with 27 per cent in metropolitan Victoria.

The TAFEs and other education workforce in metropolitan and regional Victoria

The majority of the workforce of the TAFEs and other education entities is concentrated in the CBD and metropolitan suburban areas (74 per cent). The proportion of this workforce in the Grampians region is low (3 per cent) as this area has only the University of Ballarat TAFE. Figure A1.12 shows the work locations of the employees of TAFEs and other education entities.

Figure A1.12 Work locations of employees in TAFEs and other education entities



Source: 2007 Workforce Data Collection

Police and emergency services

Headcount 18,390

FTE 17,665

The police and emergency services sector includes employees of the country and metropolitan fire services, the ambulance services, the State Emergency Service, sworn police, and the employees of the Emergency Services Telecommunications Authority.

Sworn police are those engaged under the *Police Regulation Act 1958* and include police officers, protective service officers, and recruits in training. Professional, technical, and support staff working in Victoria Police are public service employees. They are excluded from this analysis but included in the analysis of the Victorian public Service workforce.

Each of the emergency service organisations are discrete and separate employers with their own management structures.

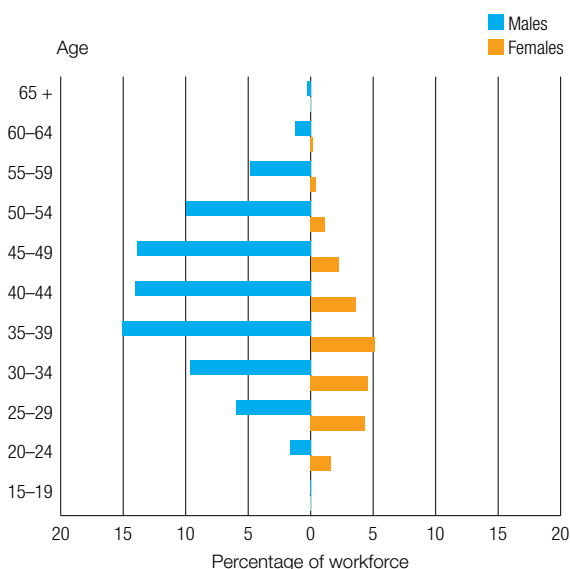
In addition to operational police, firefighters and ambulance staff, employees include administrative and clerical staff, call centre staff, maintenance tradespeople, and technicians. Sworn police are a majority of staff in this sector. Volunteers are not included in staffing figures.

Men and women in the police and emergency services

In contrast to the other sectoral workforces described previously in this Appendix, men form a majority (77 per cent) of employees in the police and emergency services. However, the proportion of women has increased from 18 per cent to 23 per cent since 2003. The change reflects initiatives to increase the number of women working as sworn police and as ambulance officers.

Police and emergency services have the youngest age profile within the public sector. Fifty four per cent of employees are aged between 35 and 50, and only 18 per cent of staff aged over 50. This reflects the requirement for operational staff in these services to be physically fit in order to undertake physically demanding and potentially dangerous work. Figure A1.13 provides the age and gender profile of employees in the police and emergency services.

Figure A1.13 Age and gender profile of employees in the police and emergency services



Source: 2007 Workforce Data Collection

The average age of employees in the police and emergency services is the lowest in the public sector. Since 2003 a small increase in the average age has occurred, which reflects a decrease in the number of the workforce aged between 30 and 34, and a corresponding increase in the number of employees aged between 35 and 39. Table A1.7 summarises the changes in the average age of employees in the police and emergency services in the last five years.

Table A1.7 Average age of employees in the police and emergency services, 2003 - 2007

	Average age at 2003 (years)	Average age at 2007 (years)
Men	40	42
Women	35	36
All employees	39	40

Source: 2003, 2007 Workforce Data Collections, information provided by Victoria Police

Part time employment in the police and emergency services

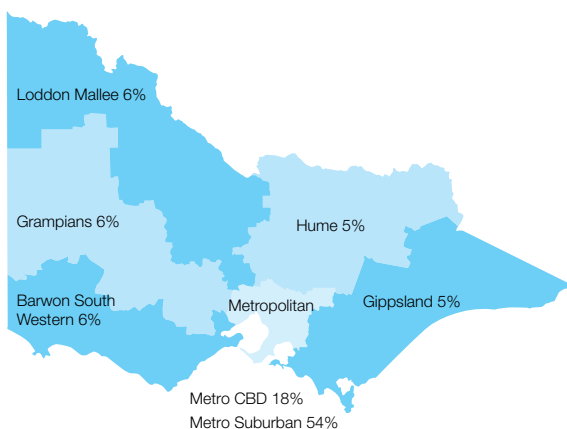
Five per cent of non casual employees work part time. Women represent 82 per cent of these part time employees. Women are more likely to work part time than men with 19 per cent of non casual women working part time compared to just 1 per cent of men. The level of part time employment is very similar in metropolitan and regional Victoria (5.3 per cent and 5.7 percent respectively).

The police and emergency services workforce in metropolitan and regional Victoria

The police and emergency services workforce is concentrated in the CBD and metropolitan suburban areas (72 per cent). The remainder of the workforce is evenly distributed across the regional areas.

Staff from the Country Fire Authority, Rural Ambulance Victoria, and Victoria Police are employed in all rural regions. Figure A1.14 shows the work locations of employees of the police and emergency services.

Figure A1.14 Work locations of employees in the police and emergency services

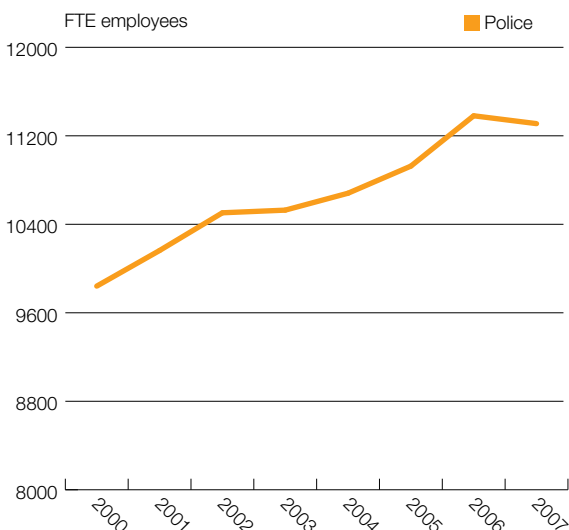


Source: 2007 Workforce Data Collection

Change in numbers of police staff

The Government committed to increase police numbers by 1400 by the end of 2006. Figure A1.15 shows the impact of this initiative on the numbers of police.

Figure A1.15 Change in police numbers, FTEs, 2000 - 2007



Source: Based on information provided by Victoria Police

Note

There is a slight fall of 80 FTEs in the number of sworn police and recruits between 2006 and 2007 resulting from 140 fewer recruits at June 2007 than in June 2006.

The water and land management sector

Headcount 7,074

FTE 6,744

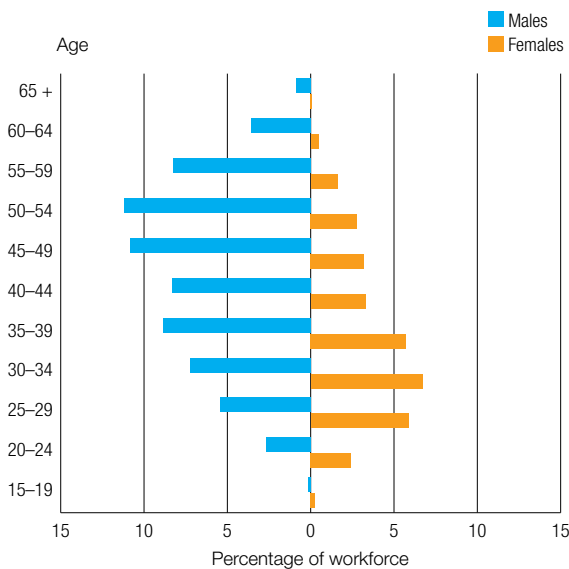
The sector is comprised of a range of organisations that have responsibility for water resources and administration of public land. The sector includes the metropolitan water retailers, the water authorities that manage the State's water storage and distribution systems (Melbourne Water and the regional water authorities), Catchment Management Authorities, the land management and planning bodies (such as the Alpine Resorts Management Boards, VicUrban, and Parks Victoria) and a small number of miscellaneous bodies operating in related areas.

Each organisation is a separate and discrete employer, with its own management structure. Organisations in the water and land management sector employ people in a wide variety of occupations including professionals such as engineers and scientists, tradespeople, customer services staff, and labourers.

Men and women in the water and land management sector

Men form a majority of the workforce in this sector (67 per cent). The gender split is asymmetric with women clustering in the 25 to 39 age groups (56 per cent of women employees), and men clustering in the 45 to 59 age groups (45 per cent of men employees). Figure A1.16 provides the age and gender profile of employees in the water and land management sector.

Figure A1.16 Age and gender profile of employees in the water and land management sector



Source: 2007 Workforce Data Collection

The average age of people employed in water and land management organisations is 42 years, and this has remained constant over the last 5 years. Table A1.8 summarises the changes in the average age of employees in the water and land management sector in the last five years.

Table A1.8 Average age of employees in water and land management sector, 2003 - 2007

	Average age at 2003	Average age at 2007
Men	44	44
Women	36	37
All employees	42	42

Source: 2003, 2007 Workforce Data Collections

Part time employment in the water and land management sector

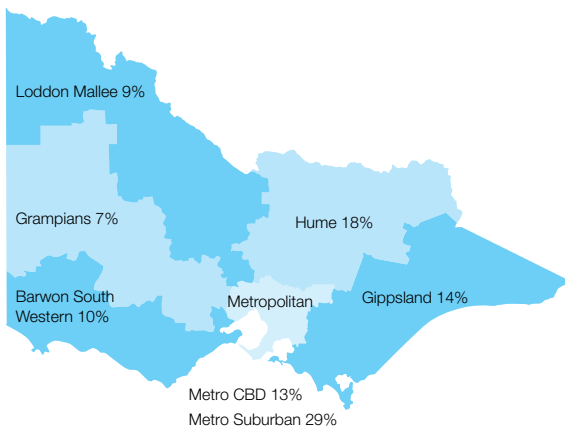
Eight per cent of non casual employees work part time, which has increased from only three per cent in 2003. Women represent 85 per cent of these part time employees. Women are far more likely to work part time than men - 22 per cent of non casual women work part time compared to only two per cent of men. The proportion of men working part time has increased from 0.6 per cent in 2003.

Unlike the other sectors, part time employment is more common in metropolitan Victoria where the level is at 10 per cent compared with seven per cent in regional Victoria. This reflects the make-up of the metropolitan workforce where women form 40 per cent of the workforce, compared to regional Victorian where women are 27 per cent of the workforce.

The water and land management workforce in metropolitan and regional Victoria

The majority (58 per cent) of water and land management employees work in rural areas. The high proportion in the Hume area (18 per cent) can be attributed to the larger water authorities that operate within this region. Figure A1.17 shows the work locations of employees of the water and land management sector.

Figure A1.17 Work locations of employees in water and land management



Source: 2007 Workforce Data Collection

The workforce in the balance of the public sector

Headcount	13,370
FTE	11,844

The balance of the public sector comprises 69 entities, which include arts agencies (7), cemetery trusts (10), facilities management entities (6), finance and insurance entities (9), regulators (8), sports and recreation entities (14), transport entities (9), and a small group of other entities (6).

Due to the small number of entities and staff in each category, a detailed analysis of each workforce (as has been done for each of the major sectors above) does not provide meaningful data. However individual entities report on their activities and staffing profile through annual reports, which can be accessed by contacting the relevant agency.

Appendix Two: Executive remuneration

Leadership and management in the Victorian public sector

Executives form the key leadership and management group of the Victorian public sector. The employment arrangements for executives in the Victorian Public Service and sector were outlined in Chapter Two.

The State Services Authority and the Department of Premier and Cabinet act as key advisers to government on executive employment policy matters.

The key themes of government executive employment policy in the Victorian public sector are employer accountability, clear processes and full disclosure. The policy provides government with a tool to ensure executive remuneration is not excessive, rewards effort and, where appropriate, that increases are broadly in line with community wage movements and wider public sector levels.

In the Victorian public sector the Government Sector Executive Remuneration Panel (GSERP) is responsible for ensuring a rigorous approach to the management of executive remuneration and the adherence to the employment policies of the Government. While not interfering with the employer's direct employment powers the Panel's specific responsibilities ensure compliance with the Government's overall executive employment policy in the broader public sector. The operations of the Panel are supported by the State Services Authority. The Panel is responsible for the implementation of government policy to ensure a rigorous approach to the management of executive employment in the Victorian public sector. Under this policy the Panel:

- represents the Government as the owner of public entities by setting the remuneration packages of all Chief Executives in the public sector;
- advises government on executive remuneration policy and practice in the public sector; and
- monitors implementation of this policy by public sector employers.

The Victorian Public Service (VPS)

In the Victorian Public Service (VPS) the administration of the Government's executive employment policy is the responsibility of that executive's employer - Public Service Body Heads and CEOs of administrative offices and public entities. The State Services Authority provides support and policy guidance to employers in the VPS to assist them in meeting the requirements of the policy.

The VPS consists of the ten government departments and the eighteen authorities and offices referred to in Part 3 of the *Public Administration Act 2004* (for detail see Figure 1.1 in Chapter 1). For the purposes of reporting, a public service executive is a person employed pursuant to Division 5, Part 3 of the *Public Administration Act 2004*. The data presented here is sourced from the State Services Authority's executive database as supplied by the public service bodies. In summary, for the Victorian Public Service:

- Table A2.1 shows the number of executives and vacancies by departments and their administrative offices (as at 30 June 2006 and 30 June 2007);
- Table A2.2 provides detail on the variations over the 12 month period to June 2007;
- Table A2.3 details the number and proportion of executives employed as at 30 June 2007, by remuneration package range; and
- Table A2.4 provides a gender breakdown by VPS executive office band.

Table A2.1 Total number of contracted Victorian Public Service executives 2006-07

Organisation	As at 30 June 2006			As at 30 June 2007		
	Active	Vacant	Total	Active	Vacant	Total
Premier and Cabinet	30	3	33	30	3	33
Department of Premier and Cabinet						
Office of the Chief Parliamentary Counsel	3	1	4	3		3
Ombudsman	2		2	1	1	2
Public Record Office Victoria				1		1
State Services Authority	6	2	8	5	3	8
<i>Premier and Cabinet Total</i>	<i>44</i>	<i>6</i>	<i>50</i>	<i>40</i>	<i>7</i>	<i>47</i>
Treasury and Finance	71	10	81	74	10	84
Department of Treasury and Finance						
Emergency Services Superannuation Board	5	3	8	8		8
Essential Services Commission	6		6	5	1	6
Office of the Shared Services Centre				1		1
State Revenue Office	6		6	6		6
<i>Treasury and Finance Total</i>	<i>88</i>	<i>13</i>	<i>101</i>	<i>94</i>	<i>11</i>	<i>105</i>
Human Services	112	12	124	110	14	124
Department of Human Services						
<i>Human Services Total</i>	<i>112</i>	<i>12</i>	<i>124</i>	<i>110</i>	<i>14</i>	<i>124</i>
Justice	64	4	68	62	7	69
Department of Justice						
Office of Police Integrity	3		3	4		4
Office of Public Prosecutions	2		2	1	1	2
Office of the Legal Services Commissioner	2	1	3	3		3
Victoria Police	15	1	16	17	2	19
<i>Justice Total</i>	<i>83</i>	<i>6</i>	<i>89</i>	<i>87</i>	<i>10</i>	<i>97</i>

Sustainability and Environment	Department of Sustainability and Environment	48	5	53	50	7	57
	Environment Protection Authority	4	3	7	5	2	7
	Sustainability Victoria	3		3	3	1	4
	<i>Sustainability and Environment Total</i>	55	8	63	58	10	68
Primary Industries	Department of Primary Industries	19	1	20	23	3	26
	<i>Primary Industries Total</i>	19	1	20	23	3	26
Education	Department of Education	70	6	76	58	7	65
	<i>Education Total</i>	70	6	76	58	7	65
Innovation, Industry and Regional Development	Department of Innovation, Industry and Regional Development	40	7	47	54	7	61
	<i>Innovation, Industry and Regional Development Total</i>	40	7	47	54	7	61
Victorian Communities	Department for Victorian Communities	30	0	30	29	2	31
	<i>Victorian Communities Total</i>	30	0	30	29	2	31
Infrastructure	Department of Infrastructure	66	7	73	56	6	62
	<i>Infrastructure Total</i>	66	7	73	56	6	62
Victorian Auditor General's Office	Victorian Auditor General's Office	20	5	25	21	3	24
	<i>Victorian Auditor General's Office Total</i>	20	5	25	21	3	24
Total		627	71	698	630	80	710

Source: Victorian Public Service departments and agencies

Notes

1. The recorded figures refer to active contracted executives as at 30 June 2007 and exclude Governor-in-Council appointments, sworn police and executives in statutory authorities. Vacant positions include unoccupied positions and those filled by temporary transfer from non-executive roles. Inactive executives, such as those on long term leave or secondment, are not included.
2. The Office of Police Integrity was reported as a Department of Premier and Cabinet portfolio agency in 2006 but has since been transferred to the Department of Justice. The 2006 figures have been adjusted to reflect this change for comparison purposes.

Table A2.2 Variations to executive positions by departments and their administrative offices 2006-07

Departments and their administrative offices	MoG [^] Losses 2006/07	MoG [^] Gains 2006/07	Ongoing Additions 2006/07	Specified Term Positions				Specified Term Positions June 2007
				Specified Term Positions June 2006	Positions Approved 2006/07	Positions Expired 2006/07	Specified Term Positions June 2007	
Premier and Cabinet	7	1	5	0	0	0	0	0
Treasury and Finance	0	5	-1*	0	0	0	0	0
Human Services	0	0	2	4	0	2	2	2
Justice	0	4	0	3**	1	0	4	4
Sustainability and Environment	1	0	4	1	0	1	0	0
Primary Industries	0	5	1	2	0	1	1	1
Education and Training	11	0	2	0	1	0	1	1
Innovation, Industry and Regional Development	0	14	0	3	0	0	3	3
Victorian Communities	1	2	1	6	0	3	3	3
Infrastructure	11	0	0	6	0	0	6	6
Victorian Auditor General's Office								
Total	31	31	14	25	2	7	20	20

[^]MOG – Machinery of Government

*DTF requested conversion of an Executive Officer position to a Senior Technical Specialist position.

** DOJ incorrectly reported specified term positions in June 2006.

Notes

1. The figures in Table A2.2 refer to approved variations in the executive numbers for each department or administrative office over the period July 2006 to June 2007.
2. MoG refers to functions which have been transferred into or out of the agency as a result of machinery of government changes.
3. Specified Term Positions are created for a specific task and expire at the conclusion of that task.
4. These variations do not explain all the differences between the June 2006 and June 2007 figures as:
 - some approved new positions had not been created within departments or administrative offices at the time of reporting
 - some departments and administrative offices hold a pool of unfilled positions to accommodate changing circumstances.

Variations to executive positions by departments and their administrative offices as per Table A2.2

Machinery of government losses

- DPC** 3 positions – The Office of Police Integrity moved from DPC to DOJ
1 position – General Counsel moved from DPC to DOJ
3 positions – The Office of the Chief Information Officer moved 2 positions from DPC to DTF and 1 position from DPC to DVC
- DSE** 1 position – Moved from DSE to DOI to DTF for Shared Services
- DET/DOE** 10 positions – The Office of Training and Tertiary Education moved from DET/DOE to DIIRD
1 position – Adult Community and Further Education moved from DET/DOE to DVC
- DVC** 1 position – Public Records Office of Victoria moved from DVC to DPC
- DOI** 2 positions – from the Office of the Chief Technology Officer from DOI to DTF
5 positions – Energy division moved from DOI to DPI
4 positions – Multimedia Victoria moved from DOI to DIIRD

Machinery of government gains

- DPC** 1 position – Public Records Office of Victoria moved from DVC to DPC
- DTF** 2 positions – Gained 2 positions from the Office of the Chief Information Officer from DPC
2 positions – Gained 2 position from the Office of the Chief Technology Officer from DOI
1 position – Moved from DSE to DOI to DTF for Shared Services
- DOJ** 3 positions – Office of Police Integrity moved to DOJ from DPC
1 position – General Counsel moved from DPC to DOJ
- DPI** 5 positions – Energy Division moved from DOI to DPI
- DIIRD** 10 positions - The Office of Training and Tertiary Education moved from DET/DOE to DIIRD
4 positions – Multimedia Victoria moved from DOI to DIIRD
- DVC** 1 position – From Office of the Chief Information Officer from DPC
1 position – Adult Community and Further Education moved from DET/DOE to DVC

Ongoing additions

- DPC** 1 position – Assistant Parliamentary Counsel, Office of the Chief Parliamentary Counsel
1 position – Under Secretary
1 position – IT Policy
2 positions – Establishment of Office of Climate Change
- DHS** 1 position – Director, Emergency Management
1 position – Head, Mental Health and Drug and Alcohol Treatment
- DSE** 1 position – Chief Statutory Planner
1 position – Executive Planner
1 position – Chief Officer, Fire and Emergency Management
1 position – Assistant Chief Officer, Strategy and Partnerships
- DPI** 1 position – Deputy Secretary, Energy & Mineral Resources
- DET/DOE** 2 positions – General Manager & Assistant General Manager, new division – partnerships between schools and the community
- DVC** 1 position – Executive Director, Aboriginal Affairs Taskforce

Specified term roles approved

- DOJ** 1 position – Assistant Director, Gambling Licenses Review
- DOE/DET** 1 position – Project Director, Broadmeadows Regeneration Project

Table A2.3 Victorian Public Service executives by total remuneration package range

Salary Range	Number	Proportion
\$110,000 - \$119,999	2	0.3%
\$120,000 - \$129,999	65	10.3%
\$130,000 - \$139,999	102	16.2%
\$140,000 - \$149,999	89	14.1%
\$150,000 - \$159,999	83	13.2%
\$160,000 - \$169,999	85	13.5%
\$170,000 - \$179,999	48	7.6%
\$180,000 - \$189,999	31	4.9%
\$190,000 - \$199,999	28	4.4%
\$200,000 - \$209,999	24	3.8%
\$210,000 - \$219,999	7	1.1%
\$220,000+	66	10.5%
Total	630	100.0%

Table A2.4 Victorian Public Service executives by band and gender

Band	Female	Male	% Female	% Male	Total
Secretary	2	8	20%	80%	10
EO-1	5	16	24%	76%	21
EO-2	72	146	33%	67%	218
EO-3	146	235	38%	62%	381
Total	225	405	36%	64%	630

Executives in the Victorian public sector

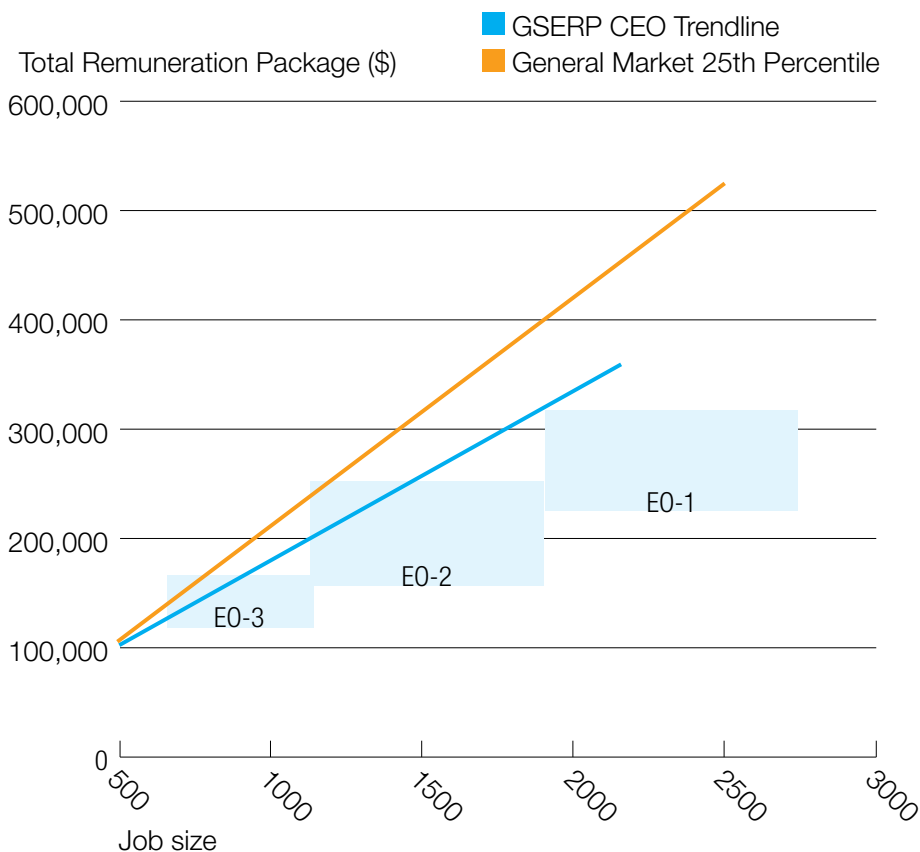
The following represents information on the composition and remuneration of executives in the Victorian public sector, as reported to GSERP. The data is reported in such a way as to protect the identification of organisations and individuals. This is particularly necessary in the public sector as there are many small employers employing very low numbers of executives.

For the purposes of this report, an executive is defined as a chief executive or subordinate executive who earns a total remuneration package, excluding bonus, of \$120,098 per annum or more and has a material business responsibility. This definition therefore does not include technical specialist roles (for example, medical specialists).

General market remuneration comparison

Average remuneration practice for roles of lower work value compares more favourably to the general market than the average practice for larger roles (see Figure A2.1). This reflects the intent of the policy of conservative remuneration outcomes for public sector executives.

Figure A2.1 2007 GSERP Market Indicator compared to general market 25th percentile



Source: Based on information provided by public sector organisations; and general market analysis from Hay Group.

Public entity executive profile (excluding VPS executives)

At June 2007 there were a total of 918 executives in the public sector as detailed in Table A2.5. Executives in the VPS are specifically excluded and are detailed separately in Table A2.1.

Table A2.5 includes chief executives of public entities and other public entity staff who meet the definition of an executive (i.e. those earning greater than \$120,098 – the minimum Total Remuneration Package of a VPS executive – and have a material business responsibility).

Table A2.5 Number of GSERP executives at 30 June 2007

	2007				2006				Change			
	Female	Male	Vacant	Total	Female	Male	Vacant	Total	Female	Male	Vacant	Total
Department of Education	0	1	0	1	0	1	0	1	0	0	0	0
Department of Human Services	105	169	11	274	102	178	10	280	3	-9	1	-6
Department of Innovation, Industry and Regional Development	39	77	2	116	34	79	0	113	5	-2	2	3
Department of Infrastructure	30	110	7	140	25	104	4	129	5	6	3	11
Department of Justice	19	75	2	94	14	71	5	85	5	4	-3	9
Department of Premier and Cabinet	11	15	2	26	10	14	1	24	1	1	1	2
Department of Primary Industries	4	18	0	22	4	19	0	23	0	-1	0	-1
Department of Sustainability and Environment	11	129	5	140	13	125	7	138	-2	4	-2	2
Department of Treasury and Finance	17	67	2	84	13	69	4	82	4	-2	-2	2
Department for Victorian Communities	8	13	2	21	7	28	2	35	1	-15	0	-14
TOTAL	244	674	33	918	222	688	33	910	22	-14	0	8

Source: Victorian public sector entities

Notes

1. 2006 figures have been reorganised to reflect Machinery of Government changes in the 2006-07 year. This is to provide a comparison to 2007.

2. Table includes Declared Authorities

*CEO remuneration levels
as at 30 June 2007*

Total CEO remuneration packages across the public sector as at the end of the reporting period are presented in Table A2.6. The table provides a consistent view of remuneration and allows comparisons not distorted by one-off payments (such as end of contract payments or bonuses). The definition of total remuneration package used is the total salary (annual value of cash component), employer superannuation contributions, and the cost of any fringe benefits (plus associated fringe benefits tax). The total remuneration figures in this table are as reported by public entities.

Table A2.6 CEO remuneration 2006-2007

TRP Band	Number
<\$100,000	14
\$100,000-\$109,999	5
\$110,000-\$119,999	10
\$120,000-\$129,999	13
\$130,000-\$139,999	12
\$140,000-\$149,999	7
\$150,000-\$159,999	20
\$160,000-\$169,999	13
\$170,000-\$179,999	8
\$180,000-\$189,999	12
\$190,000-\$199,999	16
\$200,000-\$209,999	16
\$210,000-\$219,999	6
\$220,000-\$229,999	7
\$230,000-\$239,999	7
\$240,000-\$249,999	1
\$250,000-\$259,999	10
\$260,000-\$269,999	5
\$270,000-\$279,999	5
\$280,000-\$289,999	5
\$290,000-\$299,999	3
\$300,000-\$309,999	5
\$310,000-\$319,999	2
\$320,000-\$329,999	2
\$330,000-\$339,999	1
\$340,000-\$349,999	5
\$350,000-\$359,999	1
\$360,000-\$369,999	0
\$370,000-\$379,999	1
\$380,000-\$389,999	0
\$390,000-\$399,999	1
\$400,000-\$409,999	0
\$410,000-\$419,999	1
\$420,000-\$430,000	1
>\$430,000	0



Appendix Three: Responses to the People Matter Survey and the Public Sector Agency Survey

The State Services Authority conducts two surveys to measure the application of the values and employment principles: the People Matter Survey and the Public Sector Agency Survey. This Appendix presents the 2007 findings from these surveys.

Measuring the application of the values and employment principles

Under the *Public Administration Act 2004*, the State Services Authority has responsibility for reporting to the Premier on the application of and adherence to the public sector values and employment principles. The Authority conducts two surveys to fulfill this requirement: the *People Matter* and *Public Sector Agency Surveys*.¹

¹ The Charter of Human Rights and Responsibilities became law on the 28 July 2006 and came into operation on 1 January 2007. To give the public authorities time to check that their policies and procedures comply with the charter, the obligation on public authorities and the powers of the courts will commence on 1 January 2008. Given these timeframes, the application of the value and the employment principle relating to human rights is not discussed in this year's *State of the Public Sector in Victoria* report.

The *People Matter Survey* measures public sector employees' perceptions of how well the public sector values and employment principles are applied within organisations by asking employees to rate their agreement with a range of statements about the application of the values and employment principles.

Employees were surveyed between May and July 2007. The survey was distributed to approximately 58,000 employees in 156 public sector organisations. Nearly 16,000 questionnaires were completed, resulting in an overall response rate of 27 per cent. While not all departments or organisations participate in the survey, the profile of respondents reflects the profile of public sector employees as a whole, indicating that the respondents are broadly representative of the Victorian public sector. Two exceptions apply: employees working in part time positions are under-represented and employees in the lowest and highest salary levels are over-represented.

The *Public Sector Agency Survey* collects information about organisations' policies, processes and activities to apply the public sector values and employment principles and is distributed to all Victorian public sector organisations with 20 or more employees. In 2007, 208 organisations completed the survey from a total of 220 eligible organisations.

Both the *People Matter* and the *Public Sector Agency Surveys* are self assessments and as such, do not provide an independent assessment of employee and organisational behaviours. They do, however, measure the perceptions of employees and the activities organisations have undertaken to promote application of the values and employment principles. Both are important indicators of employee and organisational behaviours.

The findings of the 2007 People Matter Survey

Victorian public sector employees are very positive about the application of the public sector values. Eighty per cent or more of the surveyed employees agreed with the majority of statements about the application of the values. Perceptions have improved across all values over the last three years. These improvements hold true across the largest sub-sectors of the public sector: the Victorian Public Service (VPS), health, water, government schools and TAFEs.

The improvements in perceptions may reflect in part the wide range of sector-wide activities in the last 12 months. The Public Sector Standards Commissioner has drawn attention to the public sector values through the development and release of the Ethics Resource Kit and the new *Code of conduct for Victorian public sector employees*. These build on the *Ethics Framework and Planner* (State Services Authority, 2005, 2006a, 2007).

Public sector organisations have been active in promoting the values and providing support to employees to apply the values.

Examples of initiatives include improvements to the way employees receive feedback on their performance and how underperforming staff are managed and actions to improve organisational practice around bullying and harassment.

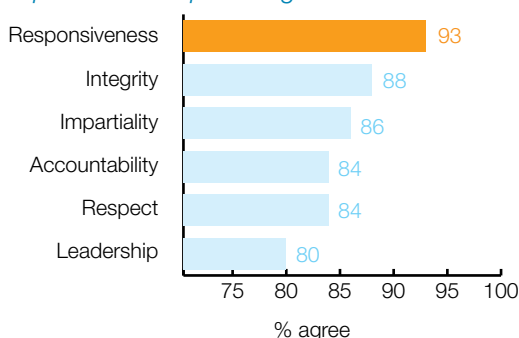
More details on organisation activities can be found later in this Appendix.

Public sector employees are also members of the Victorian community and improvements in perceptions may reflect higher levels of wellbeing and stability generally. Surveys such as the Community Indicators Victoria Survey, conducted in 2007 by the University of

Melbourne's McCaughey Centre show that subjective wellbeing is relatively high for the majority of Victorians (Community Indicators Victoria, 2007).

Although employee perceptions of the values are generally positive, these views are not uniform across all of the values. The *People Matter Survey* provides employees with the opportunity to reflect on and respond to statements about real, experientially based work situations. The graphs below show the percentage of surveyed employees who agree with the statements about the application of the values.

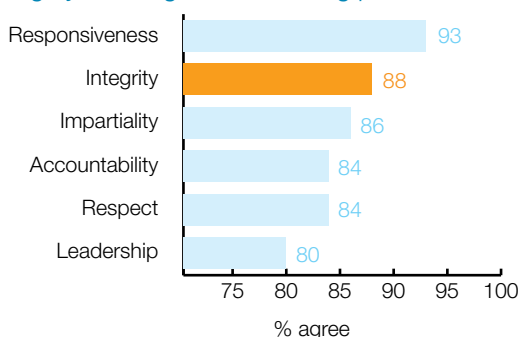
Responsiveness: providing best standards of service and advice



Being responsive involves meeting the needs of the Victorian community, identifying and applying best practice and providing frank, timely and impartial advice to government. Public sector employees across all sub-sectors clearly agree that their workgroup and organisation strive to be responsive and provide a high level of customer service.

The majority of employees responding to the survey work in service delivery roles where they have direct contact with the public. Being responsive to customer needs is likely to be a key element of their role and this focus on responsiveness may lead to the strongly positive perceptions of the application of this value.

Integrity: earning and sustaining public trust

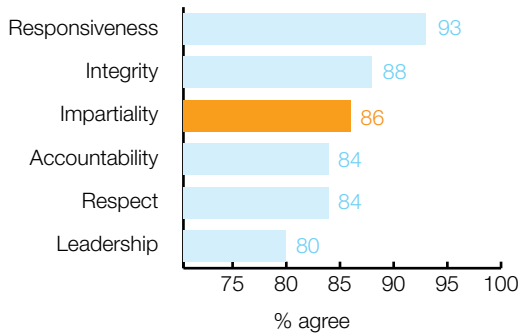


Public officials can demonstrate integrity by being honest, reporting improper conduct and avoiding real or apparent conflicts of interest. Employees are positive about the integrity of their organisation. For example, 94 per cent agree that people in their workgroup do not abuse their authority in dealing with customers.

There is higher agreement that people are open and honest and that the organisation assists employees to avoid conflicts of interest by providing procedures and systems. The strongest improvements were seen in the VPS and health sub-sectors.

There was considerable activity leading up to the promulgation of the new *Code of conduct for Victorian public sector employees* on 1 July 2007. This resulted in very high awareness of the code among employees: 91 per cent are aware of their organisation's code of conduct and 66 per cent had read or referred to their organisation's code of conduct in the last 12 months. These activities and the high level of employee awareness are likely to have contributed to the positive perceptions about integrity.

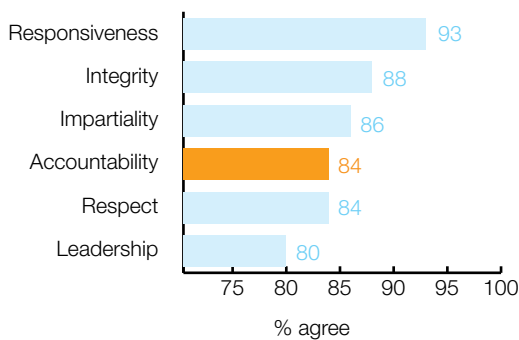
Impartiality: acting objectively



Public officials can demonstrate impartiality through objective and unbiased decision making and by ensuring government policies and programs are implemented fairly and equitably.

Perceptions of the application of impartiality tend to be less positive than other values. This may be because employee responses are influenced by their own experiences of impartiality in relation to employment related decisions and actions rather than by their perceptions of organisation performance alone. Perceptions did improve between 2006 and 2007, particularly around perceptions of bias in decision making, an area where employees are traditionally less positive.

Accountability: accepting responsibility for decisions and actions

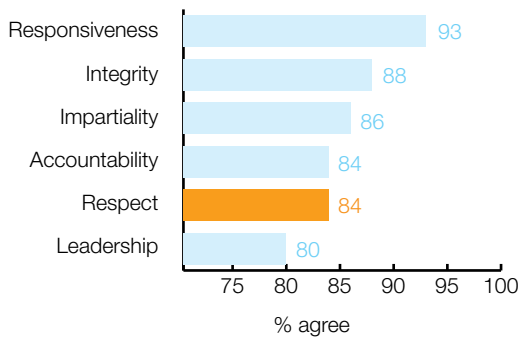


Public officials can demonstrate accountability by working to clear objectives, accepting responsibility for decisions and actions and submitting themselves to feedback and scrutiny. In comparison to other values, employees tend to be more critical of the application of accountability in their workplace.

In particular, employees are less positive about performance management, including both receiving adequate feedback and managing underperformance.

Public sector organisations reported taking action in 2006-07 to address concerns about performance management. In particular, 73 per cent of organisations reported making improvements to the way employees receive feedback on their performance and 55 per cent reported improving how underperforming staff were managed.

Respect: treating others fairly and objectively



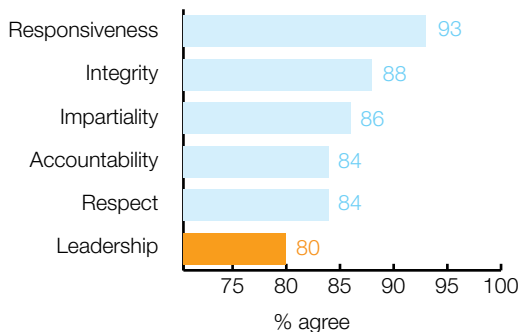
Demonstrating respect involves treating staff and clients fairly, not tolerating bullying and harassment and identifying and responding to opportunities to improve services. Employees believe that members of the community are treated fairly and objectively, that staff treat each other with respect and that people in their workgroups use customer feedback to improve service delivery.

Perceptions and reports of bullying and harassment provide one concrete measure of the application of respect in the workplace. The survey results show:

- Most employees believe bullying and harassment are not tolerated in their organisation (83 per cent) and that their organisation has taken action to address the issue (83 per cent).
- One in five employees (21 per cent) report personally experiencing bullying or harassment, with five per cent of respondents to the survey reporting that they have submitted a formal complaint. This has remained stable over the last three years.
- One in three employees (34 per cent) report observing harassment or bullying in their organisation.

In 2006-07, over two thirds of public sector organisations with 20 or more employees had taken action to improve organisational practice around bullying and harassment. This included training and information sessions, updating or revising policies and procedures and investigating employee claims of bullying and harassment.

Leadership: actively implementing, promoting and supporting the values



Leadership is about inspiring and empowering others rather than seniority. To ensure high standards of behaviour, managers and employees at all levels need to understand what the values mean in practice, model the values in everyday behaviour and inspire colleagues to create a positive work culture.

The statements relating to leadership in the *People Matter Survey* were redeveloped in 2007 and time series data is therefore not available. Most employees agree that people in their workgroup understand what the values mean in practice and make decisions consistent with the values. Employees are less likely to agree that senior managers model the values, that their manager talks to employees about how the values apply to their work or that they receive acknowledgement and rewards for behaviours that are consistent with the values.

Employees positive about the application of employment principles

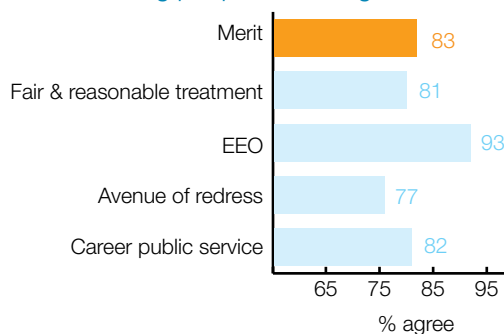
The *Public Administration Act 2004* includes six public service employment principles. The principles reinforce the values and are essential for a highly effective and harmonious public sector workplace. Employees who feel that they are respected and treated fairly are more likely to have higher job satisfaction and to treat colleagues and clients with respect and fairness.

Overall, public sector employees agree that the employment principles are applied within their organisation. Employees are most positive about the application of the equal employment opportunity principle, and least positive about the application of the avenues of redress principle. Perceptions across all employment principles have improved significantly, particularly for the avenues of redress principle. These improvements were seen in all sub-sectors, with the strongest increases in the VPS and health sub-sectors.

During 2006-07, the Public Sector Standards Commissioner has also drawn attention to the employment principles, through the publication of standards and guidelines on the employment principles (State Services Authority, 2006b, 2006c). Improvements in perceptions of the application of employment principles may reflect these activities.

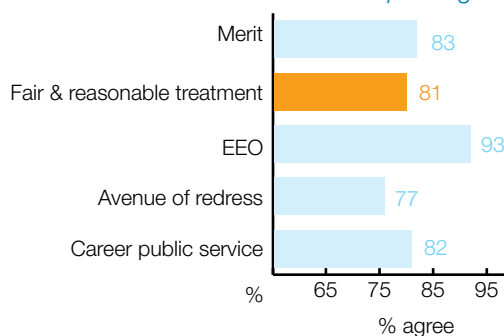
The graphs below show the percentage of surveyed employees who agree with the statements about the application of the employment principles.

Merit: choosing people for the right reasons



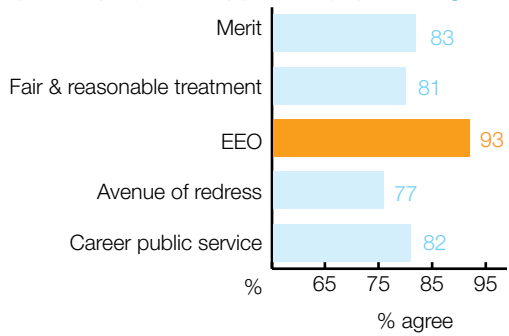
Employees are positive about the application of the merit principle, particularly that managers have sufficient skills to make good selection decisions. Perceptions have improved since 2005, particularly in the VPS and health sub-sectors.

Fair and reasonable treatment: respecting and balancing people's needs



The fair and reasonable treatment principle is central to the application of the other employment principles. Employees are generally positive about being treated fairly and reasonably. Improvements could be made in two areas: employees are less positive about receiving adequate recognition for their work, and being involved in decisions about their work.

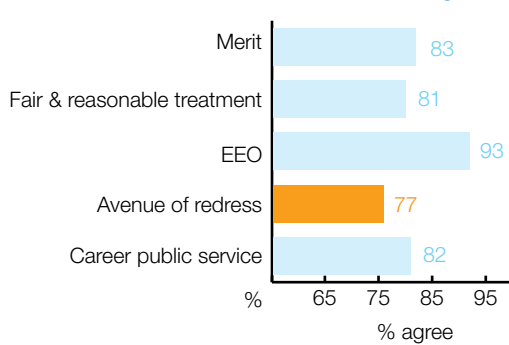
Equal employment opportunity: providing a fair go for all



Equal employment opportunities is about recognising and valuing diversity and ensuring that individuals do not face unnecessary barriers to participating in or realising their potential in employment. Over 90 per cent of employees agree that equal employment opportunities are provided in their organisation and age, gender and cultural background are not barriers to success in their organisation.

Women and employees from non-English speaking backgrounds are more positive about equal employment opportunities, while employees with a disability or those from an Indigenous background were significantly less positive.

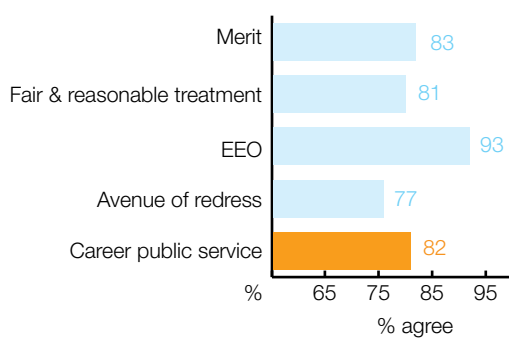
Reasonable avenue of redress: resolving issues fairly



The employment principles provide for employees to receive fair and reasonable treatment. The ‘redress’ principle applies where an employee considers they have not been treated fairly or reasonable with regard to a wide range of employment related workplace issues.

Of all the public sector values and employment principles, employees are least positive about the lodgement and resolution of grievances. Compared to other areas, employees are less confident that the processes for resolving grievances are well understood, that their manager has sufficient skill to resolve grievances, or that they will not suffer negative consequences if they lodge a grievance. However perceptions have improved over the last three years, with the level of agreement improving on all aspects except one: while employees hold positive perceptions of their ability to approach their managers about concerns and grievances, this has not changed over the last three years.

Development of a career public service is fostered (Victorian Public Service only)



Development of a career public service is about inspiring leaders, developing an engaging culture and advancement and development opportunities.

Public service employees are asked to rate a number of statements about the development of a career public service. This principle only applies to the Victorian Public Service (VPS).

Public servants are proud to work for the VPS and most agree that working in the VPS is a good career choice. While employees are very positive about working in the VPS they are less positive about levels of innovation and the contribution of VPS employment to careers in the longer term. Employees who have only worked in the Victorian public sector tend to be more positive than those who have worked outside the public sector at some stage in their career.

The findings of the 2007 Public Sector Agency Survey

The findings from the *Public Sector Agency Survey* show that organisations have a range of measures in place to support the application of the values and employment principles and that there is a significant amount of evaluation and continuous improvement underway. The findings from the 2007 survey are consistent with findings from 2006.

Leadership

In Victorian public sector organisations:

- the values are usually championed by the CEO or members of the senior executive (89 per cent)
- the employment principles are championed by the CEO or members of the executive team (77 per cent) or the human resources director (19 per cent).

Line managers and supervisors are often the main support for employees making values-based decisions. Some organisations provide formal support for line managers and supervisors through training or by including the values and principles in performance management systems. Organisations can also encourage informal mechanisms, reinforcing the values in day-to-day interactions with staff.

Organisational systems, policies and procedures

Most Victorian public sector organisations use the *Code of conduct for Victorian public sector employees* (80 per cent) and have an organisation-specific statement of values (84 per cent). There is a high degree of alignment between these organisational statements of values and the public sector values.

While organisations generally have specific policies to support the values and employment principles, they are less likely to have incorporated these into key corporate documents. Two thirds of public sector organisations include their organisational values or the public sector values in their corporate plans and half include the employment principles in their human resources strategy.

In 2006, the Public Sector Standards Commissioner issued the binding standards for the application of the public sector employment principles. Most organisations report taking action based on these standards, with organisations using them to develop new policies, procedures and processes (41 per cent), reviewing or updating existing policies, procedures and processes (72 per cent).

Developing skills

Learning and development activities provide an opportunity for employees to develop greater knowledge and skills to apply the values and employment principles in their work. The values are generally referred to in induction training documents for new employees and new managers. Induction training materials also commonly include the employment principles. Reference to the values and employment principles in documents relating to training on more specific topics, such as procurement or customer service, is less common.

On average, organisations have three mechanisms for providing advice to employees on ethical matters. The most common mechanisms include support from the human resources manager (78 per cent), the employee's line manager (63 per cent) and the finance or business services manager (49 per cent). This reinforces the need to provide support and training to line managers and supervisors.

Building commitment and reinforcing the values and employment principles

During 2006-07, some form of communication or promotion activity relevant to the values and employment principles was implemented by 98 per cent of all organisations. Most commonly, the activities focused on the code of conduct, organisational values or relevant policies and procedures. Organisations also provide a range of other support mechanisms for employees, including opportunities to raise issues confidentially (92 per cent of organisations) and employee support programs for those experiencing difficulty (81 per cent). One in two organisations (49 per cent) also provide reward and recognition programs for individuals and practices that accord with the values, reinforcing that demonstrating that 'how' the job is done is important. In general, results from the *People Matter Survey* show that employees are less positive about reward and recognition for behaviour consistent with the values.

Monitoring, evaluation and continuous improvement

Ongoing monitoring and evaluation are also components of a holistic and comprehensive approach to embedding the values and employment principles. Ninety per cent of organisations have undertaken minor updates or comprehensive reviews of policies, programs or processes in 2006-07. Most commonly, performance management, recruitment processes and codes of conduct were reviewed.

Data on the investigation of alleged serious misconduct is a key source of data for monitoring adherence by employees to the public sector values. Two thirds of organisations (70 per cent) collect data on misconduct. Bullying and harassment or other inappropriate behaviour by employees during work time was the most common subjects of misconduct investigations. Of the misconduct investigations finalised in the past 12 months, organisations considered approximately 10 per cent to be serious.

Seventy-five per cent of organisations also collect data on employee grievances. Bullying and harassment, conditions of employment or recruitment and selection processes were the most common subjects of misconduct.

The impact of organisation size and sector

As would be expected, the *Public Sector Agency Survey* findings show that the systems and processes in place vary between organisations. In particular, the size of the organisation has a significant impact on the number and range of policies and procedures in place. Large organisations are more likely to:

- refer to the values and employment principles in corporate documents such as the corporate plan, human resource strategies and individual performance plan templates;
- have policies and procedures in place, such as flexible work policies, client complaint resolution, use and release of information;
- support managers and supervisors through training and providing advice on embedding the values and employment principles;
- consult with employees, through both formal and informal consultations; and
- reinforce the values and employment principles through awards and recognition programs.

There are also some differences between sub-sectors of the public sector:

- Organisations in the health sector are less likely to have incorporated the values and employment principles into individual performance management systems but are more likely to have policies and processes in place to deal with issues such as client complaints and supporting the Whistleblower's legislation. Further, the health executive team is more likely to monitor bullying and harassment data and complaints feedback than in other organisations.
- Public service departments, offices or authorities are more likely to have incorporated the values and employment principles into learning and development activities, including on capabilities and competences and training on specific topics such as procurement. The values and employment principles are more likely to be incorporated into job designs and specification templates.

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