



Title Public Service Workforce Data findings

Date: 17 October 2022

Security Level: IN CONFIDENCE

Report No: 2022/0218

Contact: Aidan Smith, Strategic Information Team

Telephone: 9(2)(a) privacy

	Actions Sought	Due Date
Hon Chris Hipkins, Minister for the Public Service	Note/Agree	19 October 2022

Enclosure: Yes

Executive Summary

1. This paper provides an overview of the findings from the 2022 Workforce Data collection in the Public Service.
2. The Public Service workforce decreased by 715 full-time equivalent roles (or -1.2%) in 2022. A significant contributor to this decrease were machinery of government changes arising from the Health Reforms. Without these machinery of government changes, annual growth between 2021 and 2022 would have been approximately 0.3%.
3. Other highlights this year include:
 - the continued closing of gender and ethnic pay gaps
 - the number of women in leadership roles continues to trend upwards
 - spending on contractors and consultants is up
 - growing ethnic diversity
4. We have previously briefed you on the longer-term trends in the increase in the size of the Public Service. The relative stability of the size of the workforce in 2022 follows growth over several years. The current Public Service remains 27.8% bigger than in 2017. One of the constraints in 2022 has been the New Zealand labour market which has prevented agencies from filling available roles.
5. This briefing follows a report provided on the outcome of Budget 22 (2022/0130) which provided advice on levers to manage workforce growth in the Public Service. We will also be providing further advice to MOGSSER around the workforce outlook for 2022/23 later in October.
6. Public Service Workforce Data findings will be released on 20 October.

Recommended Action

We recommend that you:

- a **note** the high-level system findings from the 2022 Workforce Data.
- b **note** that this data is planned to be released on 20 October.
- c **agree** to your office sharing the attached A3 Workforce 2022 key findings with other Ministers.
Agree/disagree.
- d **agree** that Te Kawa Mataaho release this briefing in full once it has been considered by you, and after the data has been released on 20 October.
Agree/disagree.

Hon Chris Hipkins
Minister for the Public Service

Te Kawa Mataaho Report: Public Service Workforce Data findings

Purpose of Report

- 1 This paper provides an overview of the key findings from the 2022 Workforce Data collection in the Public Service which is planned to be released on 20 October.

Background

- 2 We collect Workforce Data to support building and maintaining a fit-for-purpose Public Service workforce. Getting a better understanding of the diversity of public servants will help build a unified Public Service that represents the people we serve, and where public servants feel supported to be themselves at work. Workforce Data has been collected since 2000, providing trend information on key metrics.
- 3 The Public Service Act 2020 introduced new requirements to promote diversity and inclusiveness and develop Māori engagement capability in Public Service agencies. The inaugural 2021 Te Taunaki, Public Service Census results provided additional information on our workforce including diversity, wellbeing at work and motivations for working in the Public Service. These results are incorporated in the 2022 Workforce Data findings. We are planning to run the next Public Service census in 2024.
- 4 Earlier this year we provided MOGSSER with further information on the trends that have affected public service workforce growth, which include population growth, investment in frontline services and (more recently) the response to Covid 19 (2022/0038).
- 5 At your request, the Commission is closely tracking further changes to the size and shape of the Public Service and working with the Treasury to provide better information to inform Government budget decisions. In June, we provided a report on the outcome of Budget 22 (2022/0130) which set out the estimated increase in Public Service numbers for 2022/23 (2,900 FTE for departments and departmental agencies) and provided advice on levers to manage growth in the Public Service. We will be providing further advice around the workforce outlook for 2022/23 later in October.

Key Findings

- 6 The attached A3s summarise the key findings in the 2022 Workforce Data.

Workforce size

- 7 There were 60,381 full-time equivalent (FTE) staff at 30 June 2022. This is a decrease of 1.2% (or 715 FTEs) from 61,097 FTEs in 2021. It is the first decline in ten years.

The largest decrease related to machinery of government changes arising from the Health Reforms. The Ministry of Health had 769 fewer FTEs than last year, instead of around 140 FTEs more, due to functions moving to the new health entities that will be outside the Public Service on 1 July.

Without these machinery of government changes, the annual growth in the size of the Public Service workforce would have been approximately 0.3%, as opposed to a decrease of 1.2%. This rate of growth is significantly slower than the recent growth in the Public Service workforce. For example, in the year to 30 June 2021 there was an increase of 6.9% (or 3,948 FTEs) and the current Public Service remains 27.8% (or 13,130 FTEs) bigger than in 2017.

8 Other agencies that contributing to this slowdown were:

- The Department of Corrections (down 548 FTEs), which faced recruitment difficulties due to the tight labour market conditions.
- The Ministry of Social Development (down 366 FTEs), which had a reduction in fixed-term staff associated with time-limited projects (such as COVID).
- Oranga Tamariki Ministry for Children (down 314 FTEs), resulting from tight labour market conditions, strategic organisational change, and a reduction in fixed-term staff.
- Inland Revenue (down 288 FTEs), as it continues to right-size following implementation of its Business Transformation Programme.

9 The largest increases in FTEs occurred at:

- The Ministry for Business, Innovation and Employment (up 637 FTEs), to support reconnecting New Zealand to the world, and to deliver on Government priorities.
- The Ministry of Education (up 186 FTEs), to deliver on Government priorities to increase learning support specialists and frontline advisors, improve schools' property portfolio and digital environment and support the national curriculum refresh.
- The Ministry of the Environment (up 180 FTEs), to deliver Government priority changes around resource management, freshwater, climate change, and waste. This continues a trend over a few years, whereby environment and climate change issues have become much more significant as a public policy issue.

10 The Public Service continues to employ about 1% of the population of New Zealand, as it has for the past 30 years (ranging between .8% and 1.4%, currently 1.2% in 2022).

Workforce composition

11 Of the total FTEs in 2022:

- 7.8% were employed on a fixed-term basis (excluding contractors and consultants), compared with 9.7% in 2021. Contributing to this decrease was the end of COVID-related projects.
- 3.8% were part-time, compared with 4.0% in 2021. This proportion has been trending down from 7.2% since 2012.
- 17.3% made unplanned turnover, which was the highest turnover since 2000. This is likely being driven by the tight labour market conditions affecting the wider economy. There is also likely to be a degree of catch-up from the below average turnover during the preceding COVID period.

Inspectors and regulatory officers and social, health education workers continue to be the two largest occupation groups in the Public Service accounting for 36.2% of the public service workforce.

Proportionally, the largest occupation change was for ICT professionals and technicians (down 9.5% or 222 FTE). Other changes include a reduction in the number of social, health and education workers (down 385 FTEs, or 3.5%), contact centre workers (down 335 FTEs, or 6.9%) and inspectors and regulatory officers (down 321 FTEs or 2.8%). Around a third of the reduction in social, health and

education workers, and ICT professionals and technicians was due to machinery of government changes arising from the Health Reforms.

- 12 Some agencies have reported an increase in managerial staff due to changes in how they coded their roles to occupation groups, rather than recruitment of new managers.

Pay

- 13 In 2022, the average (mean) annual salary for public servants was \$90,800 an increase of 3.7% from the previous year. Private sector average earnings increased at a higher rate (7.1%) over the same period – calculated using average total hourly earnings for the private sector from Stats NZ’s Quarterly Employment Survey.
- 14 The median salary for Public Service employees was \$79,100, an annual increase of 3.3%. Wage growth has continued to proportionally benefit those towards the lower end and middle of the salary distribution. For example, salary growth at the 5th percentile was 3.3%, while salary growth at the 95th percentile was 2.0%.
- 15 In the year to June 2022, the increase in average salaries for Managers was 1.6% (0.6% in 2021) compared with 3.2% for staff in non-managerial occupations (4.3% in 2021). Average salaries increased 4.7% for Social, Health and Education Workers, 4.1% for Information Professionals, 3.3% for Clerical and Administrative Workers, 3.2% for ICT Professionals and Technicians, 2.6% for Legal, HR, and Finance Professionals, 2.0% for Inspectors and Regulators, and 2.0% for Policy Analysts.
- 16 The Public Service gender pay gap is lower than it’s ever been, at 7.7% (8.6% in 2021). A more extensive briefing on gender and ethnic pay gaps, including gender and ethnic representation in leadership, is provided for you, Minister Tinetti and Minister Radhakrishnan in the report “Gender and Ethnic Components of the Public Service Workforce Data 2022”.

Diversity and inclusion

- 17 Ethnic diversity continued to improve this year, with increases in Māori, Pacific, Asian, and MELAA public servants. Māori make up 16.7% of the Public Service workforce in 2022, compared to 14.9% of the New Zealand working-age population.
- 18 Māori, Pacific, and Asian public servants at senior leadership (tiers 1-3) continued to grow, with Māori (14.5%), Pacific (5.1%) and Asian (3.0%) in 2022.

Contractors and Consultants

- 19 The 2021/22 share of operating spending on contractors and consultants as a percentage of spending on the Public Service workforce, is 14.6%, up from 13.4% in 2017/18 when more consistent and transparent reporting was introduced.
- 20 The latest contractors and consultants’ data shows a 32 percent increase in total spending, following last year’s 3 percent decrease. The increase in operating spending (52%) is mainly driven by three categories: COVID-19, Government priorities, and one-off projects.
 - COVID-19, including the national vaccination rollout, represents 15% of total contractor spend. This is expected to drop significantly in 2022/23.

- Government priorities (24%), especially big reform work programmes. These include transitioning to a new national health service (health reform), the Royal Commission into Abuse in Care, overhauling New Zealand’s building and land use planning system (RMA reforms), and improving the quality of our drinking water and the reliability of our stormwater and wastewater systems (Three Waters reform).
 - A further 31% was attributed to some one-off IT improvement projects and upgrading systems for online access to government services, and migrating legacy systems to cloud-based, which are more secure, resilient and cost efficient in the long-term.
 - Of the remaining 30%, 13% can be attributed to backfilling vacancies. The remaining 17% were for various other initiatives.
- 21 Other contributing factors to this year’s expenditure include restarting projects that were put on hold during the pandemic and the tight labour market, with the country’s borders not fully opening until the middle of this year.

Further information on agencies in your portfolios

- 22 At Te Tāhuhu o Te Mātauranga Ministry of Education, overall staff numbers increased in 2021/22 by 186 FTEs. This growth was supported by additional funding and has enabled the ministry to:
- provide support and services that are more locally responsive, accessible and integrated. This includes increases to the number of learning support specialists and frontline advisors (72.6 FTEs)
 - expand and improve the school property portfolio and the education sectors digital environment (64.7 FTEs)
 - support the NCEA Change Programme and the Curriculum refresh (35.1 FTEs).
- 23 Operational expenditure on contractors and consultants at the Ministry of Education has also increased in 2021/22, provisionally, from \$63.1 million to a figure of \$106.1 million (or 68%). Education is the second highest Public Service department in terms of spending on contractors and consultants, second only to the Ministry of Health (\$150.1 million of operational expenditure in 2021/22).
- 24 The gender pay gap for Te Tāhuhu o Te Mātauranga Ministry of Education is 17.3 percent (17.4 percent in 2021). The ministry’s gender pay gap continues to be among the highest in the Public Service, but it has had a consistent decline for the past ten years.
- 25 The gender pay gap for Te Kawa Mataaho Public Service Commission is 12.3 percent (2.5 percent in 2021). This increase was partly due to the exclusion of the Deputy Public Service Commissioners, who are now included in the results with the other Public Service Leaders to ensure consistency across all our different reports.
- 26 With the dis-establishment of Te Kāhui Whakamana Rua Tekau mā Iwa Pike River Recovery Agency, Te Kawa Mataaho now has the highest highest average salary in the Public Service. Te Kawa Mataaho’s average salary has increased at a lower rate than the overall public service for each of the last five years (in 2022, Te Kawa Mataaho increased by 0.9%, and the overall Public Service increased by 3.7%.)

Next Steps

- 27 Prior to publication we will work with your office to notify your colleagues of the release, including the key messages and summary of the data. Ministers may wish to discuss specific agency results with the agencies that they are responsible for.
- 28 In late October we will brief you on agency FTE forecasts and present a brief to MOGSSER outlining the overall workforce picture for 2022/23, and potential levers to manage workforce growth.
- 29 We are also working with the Treasury to continue to improve the quality of workforce information available to Ministers for Budget 23.