

PREAMBLE

Clause 28.1.1 of the South Australian Government Wages Parity (Salaried) Enterprise Agreement 2010 states:

“By no later than 31 December 2010, the Chief Executive of the Department for Transport, Energy and Infrastructure (or delegate) will, in consultation with the PSA and APESMA, have completed a genuine consultative review of the remuneration arrangements applying to professional engineers, including the appropriate application of the work level definitions to classification levels. Subject to any alternative process agreed with the PSA and APESMA, the review process will include the distribution of a discussion paper by not later than 31 December 2010.”

INTRODUCTION

The Public Service Association of South Australia (PSA) is the largest Union representing South Australian Public Sector workers. In addition to its recognised industrial role, the PSA actively promotes the vital role of the Public Sector in the South Australian economy and community.

It is imperative, as will be outlined in the PSA submission, that the above Review must, along with reviewing remuneration arrangements, identify longstanding areas of concern such as training and development and the attraction and retention of skilled employees. Indeed, the adequacy of Engineers remuneration must be addressed, but it would be remiss not to also consider other areas of workplace development and structure which have a direct impact on the recruiting of new employees and in ensuring that they remain employees of DTEI and more broadly, the Public Sector.

DISCUSSION

A review of the state Public Sector jurisdictions across Australia for Engineers shows them to be relatively comparable in terms of base salary. Whilst all Public Sector jurisdictions have the ability to pay a retention allowance to their Engineers, in South Australia it has been claimed that financial budget pressure restrict such a policy from operating generally across the Public Sector.

Notwithstanding the above, it is evident that wage comparisons with the private sector, are in some cases, quite different because the private sector has the ability and established practice of offering a negotiated remuneration package not simply a cash salary tied to an Enterprise Bargaining Agreement. The PSA understands that APESMA has conducted extensive research into this matter across the public and private sectors and considers that the results of that research should inform the deliberations of the committee and the proposed discussion paper.

PSA research has highlighted that recruitment and retention is not entirely attributable to the quantum of salary that a person receives. Workplace culture, training and development, recognition, family friendly policies, potential for career progression and assistance for further training/education are all important aspects that potential and existing employees expect from their employer.

The PSA's 2007/08 report “*Survival skills - The Public Sector retention and attraction challenge*” identifies these and other matters that need to underpin successful retention and recruitment policies and strategies.

The State Government (and DTEI) needs to position the State Public Sector as being an employer of choice to avoid wide spread poaching by the private sector of skilled and experienced public servants.

It appears that the current Government policy continues to be one of a reduction of the Public Sector Workforce. This policy needs to be reversed – it must instead be focussed on the attraction and retention of skilled workers – including Engineers and other professionals.

There are enormous challenges over the next decade to attract and retain qualified and experienced people in the State Public Sector. In June 2011, the first of the “baby boomer” generation will turn 65. This will usher in an unprecedented wave of retirements. Over the decade and a half from 2011 to 2026, nearly half of the State's Public Sector employees, including Engineers, will reach retirement age.

Other State jurisdictions are experiencing similar concerns and are implementing or have implemented strategies to improve their retention and recruitment performance – particularly for Engineers.

For example, Main Roads Western Australia has implemented a scheme that provides incentives for students studying Engineering to receive a “Sustenance allowance” from Main Roads WA whilst completing their Engineering degree course. The allowance is provided on the proviso that once the student has completed study successfully and graduated, they will remain an employee of Main Roads for a specific period of time. Relevant documentation is attached.

This is similar to the cadetship schemes that were offered by the Commonwealth and State Governments in the past to recruit young engineers and architects.

Clearly, discussions need to occur on the viability of such a program for engineering graduates within South Australia with the opportunity for DTEI to take the lead role.

From a Public Sector wide perspective, it was apparent that in 2006 the SA Public sector was quite effective at recruiting and selecting new employees. However, the ability to retain new employees was and continues to be problematic and a major challenge for Agency Chief Executives.

South Australian Public Sector, Length of Service 2006

Length of Service	Males	Females	Persons
Less than 12 months	4308	8602	12910
12 months – 2 years	3049	7428	10477
2 – 3 years	2415	6242	8657
3 – 4 years	1706	3817	5523
4 – 5 years	1715	3235	4950

5 – 10 years	5101	9898	14999
10 – 15 years	2968	5419	8387
15 – 20 years	3260	5801	9061
20 – 25 years	2469	4210	6697
More than 25 years	5624	5581	11205
Total	32615	60233	92848

(Source: OCPE Annual Reports 2005 and 2006)

Whilst the information in the table above does not specifically refer to Engineers, it is typical of the profile for the vast majority of Professional groups. Further research also identifies a desire/belief that quality jobs are a prerequisite for the provision of quality services. For example, imaginative graduate programs are an integral component of any strategy for recruiting and retaining qualified staff.

Graduates in the SA Public Sector by Employment type 2002-2006

Year	On going	Short Term	Long Term	Total
2002	131	227	9	367
2003	30	125	7	162
2004	22	88	21	131
2005	48	181	31	260
2006	55	170	37	262

(Source: OCPE Annual Reports)

The above table highlights several key points:

1. Whilst modest increases have been achieved they are too small to have any real mitigating effect on the impact of an ageing public sector
2. The scale of graduate employment is too low to address current skill shortages
3. The number of graduates employed on an on-going basis steadily declined from 35.7% in 2002 to 21.0% in 2006 – further highlighting the failure to properly address current and emerging skill shortages.

However, what is unavoidable and a key issue to examine is the dimensions of pay relativities between the private sector and the public sector for comparable work. The labour market continues to tighten and the private sector has responded by increasing wages and incentives. In particular, graduate salaries in the private sector have increased and the Public Sector has fallen behind.

These problems are exacerbated in the current economic situation (with the emphasis on the development of the mining and resource sectors and the increased investment in infrastructure) where the private sector is able to recruit skilled and experienced engineers from the public sector because it is able to offer a better value proposition.

Why is it important to brand the Public Sector as an employer of choice:

DTEI, as an employer of Professionals, including Engineers, faces enormous challenges, as does the whole of the Public Sector, regarding its branding.

In 2002, the OECD conducted a study of how eleven of its member countries are addressing difficulties in recruiting and retaining staff. The study identified four key causes of these problems:

1. **Demographics:** Due to demographic changes, a large proportion of public sector employees will be soon eligible to retire.
2. **Compensation:** Wages are now leading to a loss of Government competitiveness. While salaries are not the only factor that attracts high performers to Government employment, it nevertheless is important when competing for graduates. Salaries have proven to be a crucial retention factor especially after two – four years of service.
3. **Declining images of Public Sector:** Young people tend not to rate the Public Sector too highly. Seen as bureaucratic and old fashioned, more focussed on process and hierarchical decision making, and risk averse.
4. **Human Resource management:** Old fashioned, overly bureaucratic, human resources management practices deter high quality staff from considering a career in the public sector.

To be an Employer of choice requires more than money. The provision of challenging work, progressive, not regressive management and human resource policies, and opportunities for promotion, training and development are all important factors.

RECOMMENDATIONS

The PSA submission, whilst acknowledging the fundamentals relating to the remuneration arrangements applying to Professional Engineers, has endeavoured to explore other barriers inhibiting the recruitment and retention of Engineers in DTEI and elsewhere in the Public Sector.

Differentials between private and public sector remuneration levels for Engineers, the ageing Engineering workforce, skill shortages, training and development, workforce planning, allowances and improvements to graduate schemes are all identified areas that need urgent attention as part of the Review:

1. Whilst Engineer base salaries are comparable between Public Sector jurisdictions across Australia, there is no doubt that private and public sector remuneration levels for Engineers vary quite significantly. Whilst a retention allowance currently exists for SA Public Sector Engineers, which appears to be quite a common trend in all other State jurisdictions, DTEI needs to take a more active role in implementing such allowances to its engineering workforce as a skills retention strategy to enable it to meet the challenges that it faces in delivering the State and Commonwealth Government's infrastructure investment and maintenance programs. Engineering, as a skills shortage profession in the State Public Sector, must attract a retention allowance that should apply as Agency policy.

2. This submission has again identified the burgeoning issue of the aging of the Public Sector workforce. DTEI and the Engineers that it employs are not immune from the consequences of an aging workforce. Whilst the payment of allowances may retain employees for longer, it will not address the ever increasing issues relating to workforce development. DTEI must, as a priority, internally prepare and examine its workforce strategy to combat potential consequences of future retirements in skill shortage areas.
3. Training and development needs urgent attention. The vast majority of research identifies that training and development is a major contributor in either attracting potential employees wanting to secure employment within the Public Sector and the retention of existing employees. Historically, training and development has been under valued with the net result being that staff face a lack of opportunities for skills development and career progression which is a major impediment to the retention of Professionals (including Engineers) in the Public Sector.
4. Retention allowances require more flexibility on they are provided. Discussion ought to occur with Public Sector Workforce Relations on mechanisms to “fast track” awarding of allowances as it relates to retaining Engineers in DTEI.
5. Graduate Scheme – initiate discussions with Government re Sustenance Allowances or the like for Engineering Students who are nearing completion of their studies along the lines of cadetships which require the recipient to agree to work for DTEI for a defined period of time once they have graduated.