

EMPLOYMENT AND WAGES IN THE WESTERN AUSTRALIAN PUBLIC SECTOR

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The recently elected McGowan Labor government has pledged to reduce the size of Departments by 40 per cent and reduce the number of government agencies – including reducing the Senior Executive Service by 20 percent.¹ This is part of the McGowan government’s strategy to save \$1.7 billion from public sector expenditure in an effort of budget repair.²

As noted in a recent Parliamentary Research Brief on the Commonwealth Public Sector:

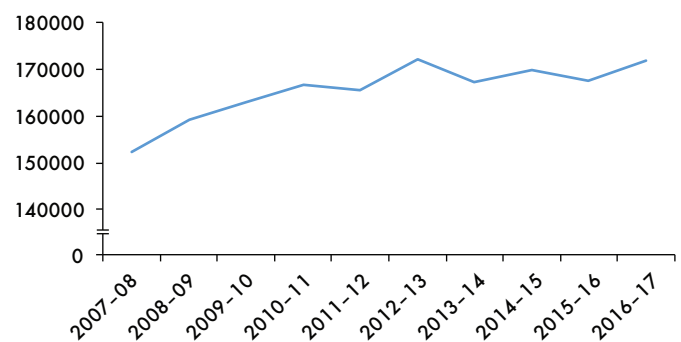
Policy makers should keep a careful watch on the size of the public sector. A bloated public sector is not an efficient use of taxpayers’ funds – and particularly important given the current fiscal conditions of having successive budget deficits and increasing government debt. A growing public sector may crowd-out private sector employment, and present challenges for private sector business in the recruiting the best staff. Additionally, a large public sector is an indicator of a high regulatory burden because red tape requires bureaucrats to monitor and enforce these policies and procedures.³

How big is the WA public sector?

This Parliamentary Research Brief reports two measures of the size of the WA public sector. The first measure uses the Australian Bureau of Statistics (ABS) ‘Employment and Earnings, Public Sector’ series.⁴ The second measure uses the WA Public Sector Commission (WAPSC) ‘State of the Sector – Statistical Bulletin’ series.⁵ There are differences in the two approaches. The ABS measure is an aggregate measure of State government employees – including employees of statutory authorities, employees and paid office holders of courts, tribunals and other public sector organisations, as well as employees of government trading enterprises. The WAPSC measure includes employees of public sector organisations under the *Public Sector Management Act 1994* (WA). This includes 96 government agencies but excludes a number of public sectors organisations within the State governments jurisdiction such as government trading enterprises, courts and tribunals, departments of the Parliament, electorate offices and the Police Force. Accordingly, the WAPSC measure of state government employees is narrower than the ABS measure and reflects the size of the central bureaucracy.

The ABS measure shows that there are 171,900 state government employees according to the latest figures. The time series chart exhibits three distinct periods worthy of comment. There was a growth period between 2007-08 and 2010-11, where the WA public sector expanded from 152,400 employees to 166,600 employees – or 9.3 percent. After a moderate decline in 2011-12, the public sector reached a height of 172,200 – up 4.1 per cent on the previous year. Since then, employee numbers have hovered around 170,000.

Figure 1 – State government employees (ABS)

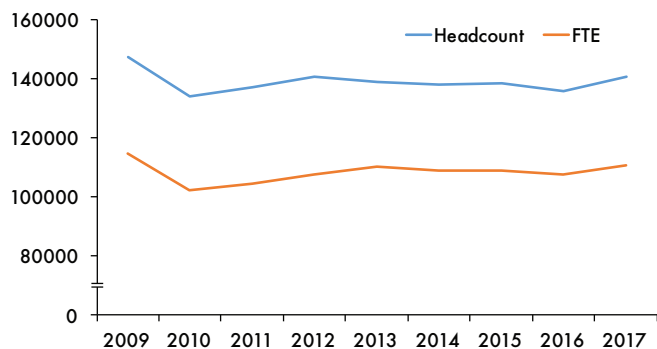


Source: ABS, 6248.0.55.002 - Employment and Earnings, Public Sector, Australia, 2016-17

The WAPSC statistical bulletins provide both total headcount and full-time-equivalent (FTE) figures, illustrated in Figure 2. This measure reports that there are 140,403 public sector employees occupying 110,662 FTE positions.

In general terms, both headcount and FTE numbers follow a similar trend over the time series. This indicates that there have not been significant changes in the proportion of part-time or casual work over the available time series. The WAPSC data shows that there was a reduction in the number of state government employees between 2009 and 2010 – from 114,850 to 102,318 FTE positions, equating to a decline of approximately 10.9 per cent. However, numbers increased after 2010 when the positions grew by approximately 8 per cent to 2013 – with a total of 110,554 FTE employees. Between 2012 and 2016, public sector numbers fluctuating between the range of 107,579 and 110,544 FTE employees.

Figure 2 – State government employees (WAPSC)

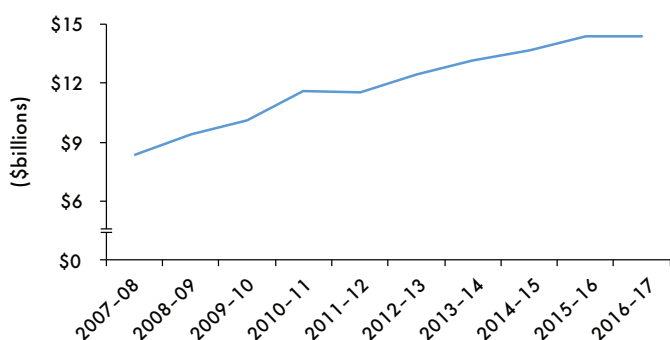


Source: Western Australia Public Sector Commission, Statistical Bulletins 2012-2017

How much does the WA public sector cost taxpayers?

The ABS series also reports the cash wages and salaries for state government employees that provides an indication of the total cost of the public sector. As shown in Figure 3, there is a clear upward trend in state government expenditure on public sector employee salaries. \$8.37 billion in 2008-09 to \$14.4 billion in 2016-17 – an increase of approximately 72 per cent over this time period in nominal terms.

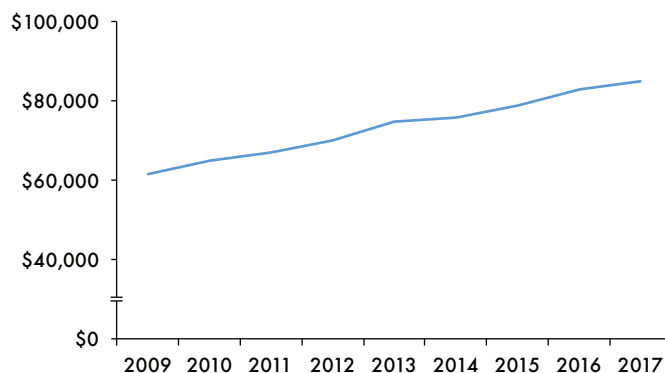
Figure 3 - WA state government wages (ABS)



Source: ABS, 6248.0.55.002 - Employment and Earnings, Public Sector, Australia, 2016-17

The WAPSC statistical bulletins report the median annual salary for state government employees. As shown in Figure 4, this has grown steadily from \$61,583 in 2009 to \$85,027 in 2017 - a 38 per cent increase in nominal terms.

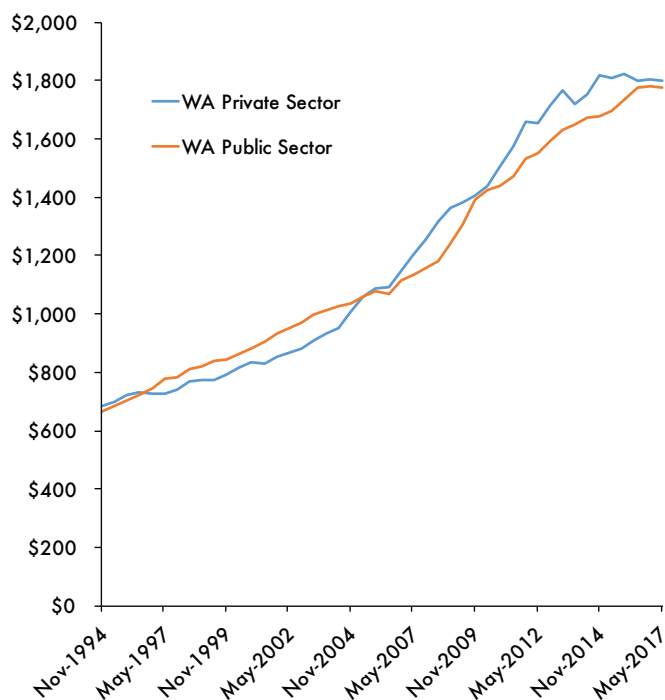
Figure 4 - WA Public Sector Median Salary (WAPSC)



Source: Western Australia Public Sector Commission, Statistical Bulletins 2012-2017

It should be noted that average private sector earnings in Western Australia - as measured by the ABS Average Weekly Earnings – have remained higher than the public sector since 2005.⁶ However, the latest data indicates that the gap has narrowed in recent years. The differences in average weekly earnings are illustrated in Figure 5.

Figure 5 – WA Average Weekly Earnings, Full time (ABS)



Source: ABS, 6302.0 - Average Weekly Earnings, May 2017

For more information contact
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1 See e.g.: Iain Rennie, Margaret Seares and Michael Dillon, 2017, 'Working together: one public sector delivering for WA – Service Priority Review Final Report to the Western Australian Government', Western Australia. Available online: https://www.dpc.wa.gov.au/ProjectsandSpecialEvents/ServicePriorityReview/Documents/SPR_Report_FINAL-5-Dec.pdf.
2 Western Australia, 'Budget Snapshots – Western Australian State Budget 2017-18'. Available online: <https://www.ourstatebudget.wa.gov.au/>.
3 Aaron Lane, 'Five Questions on the Size and Cost of the Commonwealth Public Sector', Institute of Public Affairs, 19 December 2017, p 1. Available online: <https://ipa.org.au/publications-ipa/research-papers/five-questions-size-cost-commonwealth-public-sector-2>.
4 Australian Bureau of Statistics, 'Employment and Earnings, Public Sector', 6248.0.55.002, November 2017.
5 Western Australia Public Sector Commission, Statistical Bulletins, 2012-2017.
6 Australian Bureau of Statistics, Average Weekly Earnings, 6302.0, August 2017.