

Maintaining the NSW Public Sector Accountancy Workforce

Accountancy

Skill Shortage

Strategy Group Report

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Maintaining the Public Sector Accountancy Workforce

I. Executive Summary

NSW public sector agencies are currently experiencing or will experience future accountancy skill shortages. The Accountancy Skill Shortage Strategy Group has developed practical strategies and an action plan to maintain the NSW public sector accountancy workforce.

The Accountancy Skill Shortage Strategy Group is a consortium of key public sector finance employers chaired by NSW Treasury. The larger public sector employers of finance professionals and/or agencies that identified accountancy skill shortages were invited to join the group. The group represented the diversity of the sector, had direct experience of labour market issues and worked collaboratively on strategy to attract and retain finance professionals (see Appendix A List of Participating Agencies).

The Group's terms of reference were to:

- examine the key attraction and retention issues in maintaining the accountancy workforce
- align accountancy workforce issues with the public sector Workforce Strategy and Higher Education Workforce Planning initiatives and consultative processes
- identify and develop cross agency and across sector initiatives to support the NSW Public Sector accountancy workforce including development of the Fast Track accountancy stream
- consider any other issues that might impact positively on the future labour supply of the accountancy workforce

The Strategy Group proposes to address the issues outlined in the report and to further develop and implement the series of recommendations contained. The Strategy Group has already achieved some short term wins, and action plans for the remainder of the recommendations are included in this Report. This Report is intended to inform the allocation of appropriate resources and to set the agenda for the Strategy Group in 2008.

II. Key Principles

The Accountancy Skill Shortage Strategy Group applied the following key principles in developing its recommendations.

1. Urgency

We must address the accountancy skills shortage with urgency because the shortages are severe (relative to other functions and to the private sector), because they are anticipated to worsen, and because many of the roles have mission-critical impact.

2. Collaboration

We will achieve the best results by taking a whole-of-sector approach, using collaboration between agencies which are 'larger' and 'smaller' employers of accountants.

3. Potential for success

It is appropriate and realistic for the NSW Public Sector to aim to be as competitive, proactive and attractive as the private sector in attracting and retaining talent.

4. Points of difference

Success will come from leveraging our competitive strengths (rather than purely pay, especially in more senior level roles). These strengths include: working for the public good; commercial and community impact; continuous learning; challenging projects; and multiple career paths.

5. View of retention

We will view movement of staff between different NSW public sector agencies as effective retention, not as turnover.

6. Focus

We will make the best progress by selecting a small number of strategies that will have the greatest and swiftest positive impact.

7. Management of demand

We will make progress not only by increasing supply but also by managing demand (e.g. by taking a flexible approach to specifying role requirements – focusing more on capabilities than qualifications).

III. Situation Analysis

Labour Market

The Australian Government has identified accountancy as a skill shortage profession. (2007).¹ Accountancy is listed as a Migration Occupation in Demand for migration purposes by the Department of Employment and Workplace Relations (DEWR). The Accounting, Finance and Management occupational group had the second highest vacancy rate on Australian Jobsearch DEWR's online employment website. (July 2007).²

Research commissioned by DEWR confirmed the market is experiencing a skills shortage of accountants with research participants predicting the shortage will get worse. (Nov 2006).³ The NSW Public Sector Workforce Planning Agency Survey identified the occupational grouping of Accountants, Auditors and Corporate Treasurers as the second most often nominated area where agencies had current occupational shortages. (Nov. 2004).⁴ The Institute of Chartered Accountants report four vacancies for every accountant and identify accounting as one of the biggest sources of job growth from 2005 to 2010.⁵

Due to strong competition for accountancy skills and slow growth in the number of accounting graduates private sector accountancy firms are aggressively targeting accountancy undergraduates/ graduates. Private sector firms are also influencing professional associations and universities to broaden entry pathways to the profession. Deakin University has introduced a 12 month part-time conversion course for non accounting graduates.

Public Sector Accountancy Workforce

As at June 2006 NSW Public Sector Workforce profile shows 1,605 full time equivalent (FTE) employees classified as Accountants, Auditors and Corporate Treasurers. Only 35% are women compared to the representation Australia wide at 48% of accountants. The NSW Public Sector Workforce Profile also captures finance professional under other classifications such as management positions. It is reasonable to assume the 1,605 FTE underestimates the public sector finance workforce.

In the NSW public sector, women Accountants, Auditors and Corporate Treasurers are concentrated at lower salary bands and are under represented at senior levels. The take up rate of flexible work practises for Accountants, Auditors and Corporate Treasurers is low – 19.3% of the NSW Public Sector FTE works part-time compared to 2.5% for Accountants Auditors and Corporate Treasurers.⁶

1. Birrell B, .Edwards, D. and Dobson, I 'The Widening Gap between Demand for and Supply of University Graduates in Australia' People and Place.vol. 15, no 2, 2007, p.72;

2. Vacancy Report July 2007;

3. DEWR Skills in Demand p. 11;

4. NSW Premiers Department Discussion Paper no. 1 Accountants p. 3;

5. Institute of Chartered Accountants, The Australian, July 25, 2007 p.21

6. Department of Premier and Cabinet PSWO NSW Public Sector Workforce Profile 2006 Overview Report and unpublished data provided by agencies.

The following table compares the age distribution for public sector employees, and public sector Accountants, Auditors and Corporate Treasurers with that of all employed persons in NSW. The NSW public sector accountancy workforce has a higher proportion of employees in the 35–64 year age groups than the general NSW workforce and the NSW public sector workforce.

Headcount: NSW Public Sector Employees, NSW Employed Persons and Accountants, Auditors and Corporate Treasurers May/June 2006: by Age

Age	Total NSW Public Sector at June 2006	NSW Employed Persons	Accountants, Auditors and Corporate Treasurers
	%	%	%
Under 25	4.75	17.0	3.5
25 – 34	20.06	22.7	17.9
35 – 44	26.15	23.1	27.8
45 – 54	32.18	22.1	33.7
55 – 64	15.24	12.2	16.3
65 +	1.62	2.3	0.8
TOTAL	100.00	99.90	100.00

According to the NSW Public Sector Retirement Intentions Survey 38% of Professionals (Chemists, Engineers Accountants etc) survey respondents over the age of 50 intend to retire within 5 years.⁷ The challenge for the sector is to manage the risks of an ageing workforce in a tight labour market.

Community expectations of government for more accountable, transparent and efficient delivery of services require a financially literate public sector workforce. Across the sector finance work is undertaken by employees that do not have nor are required to have tertiary qualifications in accounting. (see Attachment B *Circular No. 1999–69* outlining Qualifications for Senior Financial Management and Accounting Positions.) Accountancy qualified employees are recruited to higher level positions to support and supervise finance work. Agencies can ensure scarce accountancy resources are efficiently deployed through job redesign and reviewing position descriptions.

7. PEO NSW Premiers Department Retirement Intentions Survey p. 31

Agency Initiatives to Attract and Retain Accountants

The Accountancy Skill Shortage Strategy Group researched current NSW public sector agency attraction and retention initiatives that target accountants and reviewed the work undertaken in other jurisdictions. This research provided a baseline from which to identify best practice strategies and gaps.

NSW Treasury and Audit Office operate successful accountancy graduate programs and have built employer brands that are competitive with the major private sector accountancy firms. The Audit Office has a cadetship program that each year attracts applicants from the top 10% of year 12 students. There is potential for large public sector employers of accountants to expand their involvement in these programs and for participation by smaller agencies who otherwise could not afford to invest in recruitment level programs.

Hays, a key finance recruitment agency, the University of New South Wales School of Accounting, the University of New South Wales Co-op Scholarship Program and CPA Australia were invited to address the Strategy Group. They provided valuable feedback about the finance labour market's perceptions of the NSW Public Sector as an Employer of Choice. Based on this feedback the following priorities for action were identified:

- Raise the NSW public sector university campus profile and coordinate an earlier presence on campus to recruit graduates
- Identify the unique benefits of a public sector accountancy career and promote these as a key differentiator in all marketing and recruitment material
- Streamline the NSW Public Sector recruitment practices.

IV. Recommendations for Action

The following recommendations for action target graduates, women and mid career level accountants. *Figure 1* below summarise the five priorities for action identified through the labour market analysis and consultative work undertaken by the Strategy Group.

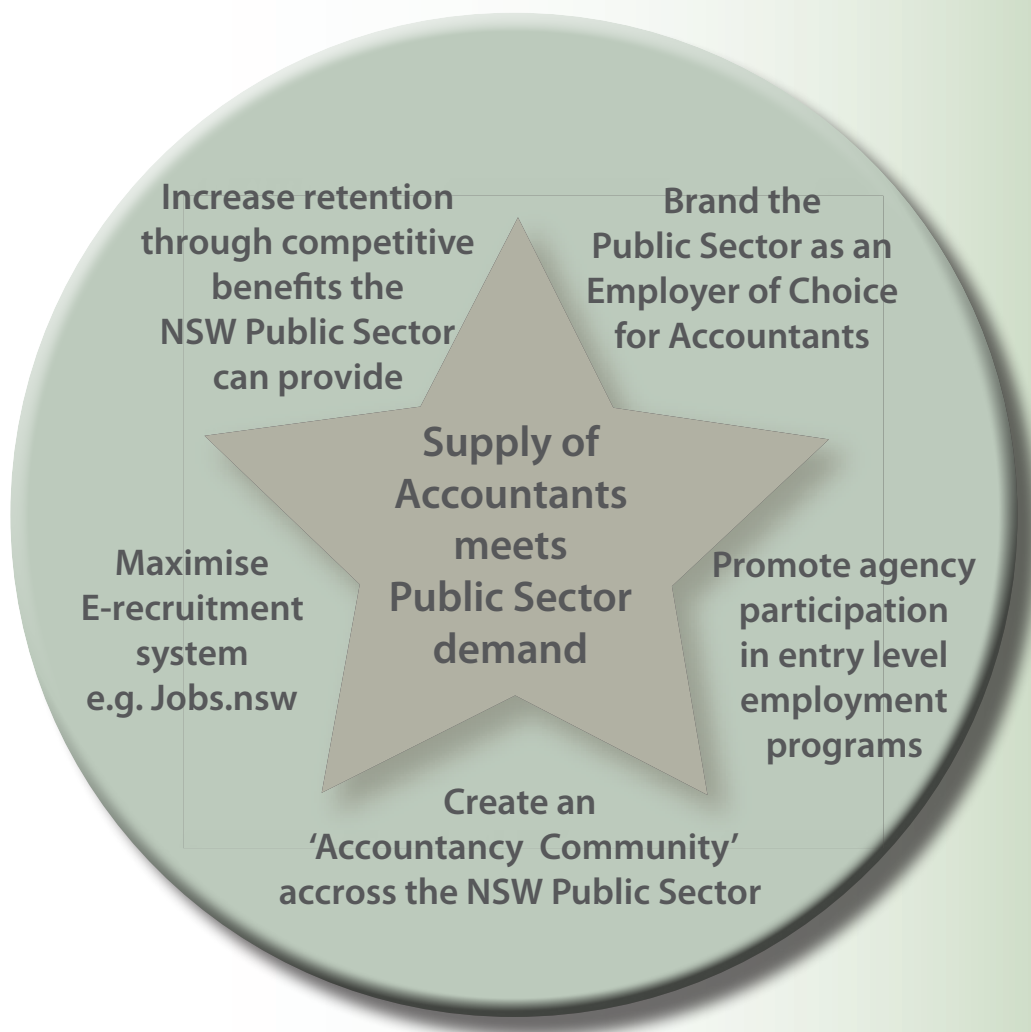


Figure 1

1 Brand the NSW Public Sector as an Employer of Choice for Accountant

Recommendation	Rationale	Success Measures
1. Brand the NSW Public Sector as an Employer of Choice for Accountants	<ul style="list-style-type: none"> it will address the need to change our positioning in the market it will enable us to attract and retain not only quantity but also quality 	<ul style="list-style-type: none"> Increase in applicants Increase in relative movements between agencies compared to exits from the PS Higher total retention in PS
Key Actions	Timetable	Resources
Develop NSW Public Sector accountancy promotional kit (including promotional booklet)	March 2008 (urgent) for a booklet promoting public sector accountancy careers. Tailored kits thereafter – integrate with NSW public sector Women's Employment and Development Strategy to target women in non-traditional employment e.g. accountants	Dedicated person for 6 weeks. DPC to engage contractor
Promote benefits to the sector of framing accountancy marketing material with an employee value proposition	After successes from this strategy (proposed from April 2008)	DPC to circulate model advertisements developed by Accountancy Skill Shortage Strategy Group to all agencies
Promote calendar of accountancy career events and fairs to the sector now and coordinate the resources for a public sector presence at key events	Develop calendar January for mid March 2008	DPC to work with agencies with existing presence at events (e.g. Audit, Treasury) to coordinate a sector presence
Include public sector accountancy career podcast on Choose your own Adventure site	Mid-December 2007 if can be built from existing material	DPC will investigate further (Railcorp may have a suitable podcast)

2 Promote agency participation in entry level employment programs for accountancy positions

Recommendation	Rationale	Success Measures
2. Promote agency participation in entry level employment programs for accountancy positions.	<ul style="list-style-type: none"> • it will enable us to promote new opportunities to school leavers • it widens our funnel for bringing in staff • it offers an early opportunity to promote government longer term • we need to do so to stay with the market and be competitive because everyone is doing it • it targets the largest group of people entering our employment market 	<ul style="list-style-type: none"> • commencements from these programs • more agencies participating in the programs after n years • satisfaction of program participants
Key Actions	Timetable	Resources
Produce a NSW public sector Resource Guide on entry level employment programs	March 2008	Three months work plus printing. DPC to engage contractor
Explore entry level partnership opportunities with universities	March 2008	All strategy group members to send their University contacts to DPC including CO-OP scholarship events. DPC to coordinate
Develop Sector Accountancy Cadetship Model	2009	Audit Office 'best practice model' to be adapted to provide sector wide program partnership agencies pool resources to cover recruitment and training costs
Pilot the Accountancy Stream Fast Track Graduate Recruitment Program	Commences 4 February 2008 11 participants	Already committed to by DPC and participating agencies

3 Create an 'Accountancy Community' across the NSW Public Sector

Recommendation	Rationale	Success Measures
3. Create an 'Accountancy Community' across the NSW Public Sector	<ul style="list-style-type: none"> • it enables us to keep people within the sector holistically • it assists talent retention and succession planning • it provides career development for individuals • it offers broader opportunities for promotion for individuals • it is a financially efficient strategy (people leaving cost us significant money) • it fosters networking 	<ul style="list-style-type: none"> • enduring associations such as alumni established • cross-agency participation groups at SES and SO levels • establishment of a NSW Public sector induction program for accounting and finance employees
Key Actions	Timetable	Resources
Investigate models for sector-wide contractor pools	See e-Recruitment timetable	DPC to coordinate
Investigate identification of community including potential activities and linkages with key industry bodies eg ICAA, CPA and IPAA and existing NSW public sector groups e.g. Senior Women's Network	From July 2008	Internal Audit Bureau to coordinate with assistance from DPC and agencies with established 'community' activities to assist (e.g. Housing NSW)
Investigate models for sector-wide Alumni communities	From July 2008	DPC to see what already exists in other jurisdictions and align with C2007-41 Guidelines for establishing Alumni programs

4 Maximise e-Recruitment system (including Jobs. NSW)

Recommendation	Rationale	Success Measures
4. Maximise e-Recruitment system (including Jobs. NSW)	<ul style="list-style-type: none"> • it is an existing Public Sector priority • it is an excellent way to drive consistency across agencies • it addresses the decrease in paper media advertising • it will enable us to influence the development of the system to capture financial expertise • it reinforces our whole-of-sector approach • it will accelerate the recruitment process and ease of application for candidates • it is a cost – effective strategy 	<ul style="list-style-type: none"> • reduction of recruitment time • increase in volume of recruitment through this channel • number of applicants through this channel
Key Actions	Timetable	Resources
Adapt e-Recruitment system talent pool function to facilitate sector-wide contractor pools, Alumni communities and job rotation/secondment programs	June 2008 – Outside of the control of this group – in line with e-Recruitment project time frame	Within DPC resources as part of the e-Recruitment reform package
Establish an accountancy skill shortage web page	June 2008 – Outside of the control of this group - in line with e-Recruitment project time frame	Within DPC resources as part of the e-Recruitment reform package
Optimise system search functions	June 2008 - Outside of the control of this group - in line with e-Recruitment project time frame	Within DPC resources as part of the e-Recruitment reform package
Pilot an accountancy capability framework	In line with overall capability framework project	DPC to look at Housing NSW and RTA existing models and work with the Strategy Group to identify agreed accounting capabilities

5 Increase retention through the competitive benefits the NSW Public Sector can provide (to specific demographic groups)

Recommendation	Rationale	Success Measures
5. Increase retention through the competitive benefits the NSW Public Sector can provide (to specific demographic groups)	<ul style="list-style-type: none"> • it leverages the NSW Government's relative strengths • it broadens our workforce options • it will help to address the skills gap and reduce the turnover • it will inform strategies for succession planning and knowledge transfer • motivates existing employees 	<ul style="list-style-type: none"> • increased retention • increased mobility within the sector • increased participation in secondment programs • increased opportunities for flexible opportunities • increase the representation of women closer to the 48% Australia wide benchmark
Key Actions	Timetable	Resources
Develop a sector wide secondment program targeting mid career level accounting and finance employees.	<p>To be piloted in Second half 2008 with 50% of identified positions targeting mid career level women in finance.</p> <p>Expand to a sector wide program in 2009</p>	Participating agencies to fund salary costs. Women's Employment and Development Strategy to fund the design and delivery of the program in the pilot year
Promote the NSW Public Sector Flexible Work Practices Policy particularly the attraction and retention benefits for women and mature finance professionals.	Second half of 2008 pilot a work practices seminar series targeting line managers supported by a flexible work practices resource kit	Women's Employment and Development Strategy to fund the design and delivery of the program

Actions for Future Consideration

The following actions were also considered by the Strategy Group:

- retraining of existing employees in skill shortage occupations
- vacation accountancy internship programs
- researching the employment issues for overseas qualified accountants
- development of a sector wide mentoring program across agencies for senior accounting and finance employees

However, they were not accorded priority by the strategy group at this stage. These actions can be reconsidered once the implementation process is underway.

V. Wins Achieved by the Strategy Group

1. The pilot Fast Track Graduate Program an initiative of the NSW State Plan will commence in February 2008 with an intake of 11 accountancy graduates and 17 policy graduates. The Strategy Group was responsible for the accountancy stream program design. The program positions the sector as an 'employer of choice' for high potential candidates and differs from existing agency specific graduate programs by offering cross agency rotation and providing an opportunity for accelerated career development.
2. NSW Treasury and Audit Office have agreed to participate in a sector wide accountancy secondment program providing career mobility opportunities to mid-level accountants. This program has been aligned with the NSW Women's Employment and Development Strategy. Women are under represented in finance occupations, from Grades 6 and above. Women in finance are mainly concentrated in lower graded positions. The career mobility program will target women in mid-careers (Grades 6–9) where women's representation is only 39%. Fifty percent of identified positions in this program will be available to women.
3. NSW Treasury will include in all job advertisements that part-time work arrangements will be considered and encourage other agencies to adopt this approach.
4. The Accountancy Skill Shortage Strategy Group participants valued the networking and collaboration opportunities provided by such a forum. The recommendations for action reflect a collective approach that facilitates sharing of resources and expertise across organisational boundaries. Examples of this include sharing information on recruitment vacancies, availability of staff for recruitment panels, and on other programs such as the CPA summer graduate program.

VI. Conclusion

The Strategy Group will refer this report to the Director General, Department of Premier and Cabinet for consideration and allocation of resources. Subject to approval the Strategy Group will reconvene in February 2008 to oversee the implementation of these recommendations and plan a forum to launch the report to the sector.

Appendix A

PARTICIPATING AGENCIES

NSW Treasury Office of Financial Management and Office of State Revenue

Department of Premier and Cabinet

The Audit Office of NSW

Housing NSW

Office of the NSW Food Authority

Roads and Traffic Authority of NSW

Railcorp

Department of Commerce

Country Energy

Department of Environment and Climate Change

Department of Lands

NSW Fire Brigades

Department of Education and Training

Appendix B

C 1999–69 QUALIFICATIONS FOR SENIOR FINANCIAL MANAGEMENT AND ACCOUNTING POSITIONS

Since the issue of Premier's Department *Circular 98–71*, numerous agencies have sought clarification concerning the recognition of tertiary qualifications and membership of professional accounting bodies for the purpose of complying with the requirements of the policy contained in that Circular. Accordingly, this Circular replaces *Circular 98–71* and sets out formal tertiary educational and professional qualifications required of some public service employees whose primary responsibilities involve financial management and accounting.

Application of Policy

This policy applies only to people such as chief financial officers (or similarly titled positions) and specialist senior positions employed in Departments (as specified in Schedule 1 to the Public Sector Management Act) and who have primary accountability at an agency level for:

- the preparation of external financial reports, the form and content of which are prepared to comply with Australian Accounting Standards. The audited financial statements included in an agency's annual report would be the most common example of this type of report. Another example is all FIS/LEGS data supplied to NSW Treasury
- the preparation of financial reports for use by agencies' management, the form and content of which are to be consistent with Australian Accounting Standards, or which management requires to be prepared by a person with a strong working knowledge of the Standards. Examples are:
 - › monthly/quarterly/half yearly financial statements
 - › reports used for decision making purposes that need to take into account the impact of Australian Accounting Standards, e.g. leasing decisions
 - › other reports determined by management
- financial management functions within agencies.

Statutory bodies, including State Owned Corporations, are also strongly encouraged to adopt these standards.

Qualifications Required

In future people recruited or promoted to such financial management positions must have a relevant tertiary qualification, full membership of a professional accounting body and be able to demonstrate knowledge of the Australian Accounting Standards as well as a record of ongoing professional development.

Full professional accounting body membership will ensure that financial managers are:

- professionally bound to comply with the high accounting and other professional standards required by the Australian accounting bodies
- kept up to date with current accounting issues
- required to undertake continuing professional development, and
- subject to peer review and professional oversight.

Exemptions

The essential requirements relating to the positions referred to above do not apply to those departments:

- where the person responsible for the accounting and financial management functions is also held accountable for other significant functions such as corporate support and administration services, or
- where the accounting and financial management functions have been substantially outsourced to, for example, another agency

provided that in the above circumstances, the persons (including the contractors) mainly responsible for the preparation of the agency's financial reports have relevant tertiary qualifications and current full membership of a professional accounting body.

Agencies will be able to grant exemptions from these requirements where officers who already hold such positions are reappointed to a position with similar accountabilities.

Action Required

Each agency should examine relevant positions and determine those where possession of appropriate tertiary qualifications and membership of an appropriate professional body should be essential requirements. When such a position next becomes vacant, this requirement should form part of the job description and advertisement.

signed
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