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Working Party on National Accounts

WHERE WILL THE NEXT GENERATION OF NATIONAL ACCOUNTANTS COME FROM?

THE AUSTRALIAN EXPERIENCE

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This document has been prepared by Michael Davies (Australian Bureau of Statistics) and will be presented under item 5 of the draft agenda

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Background and Introduction

1. Maintaining and increasing the capability of economic statisticians within the Australian Bureau of Statistics (ABS) is a challenge due to the increasing complexity and volatility of the economy we are measuring, the number of experienced staff likely to leave in the next few years, the number of relatively new staff, and the reality that fewer staff will have a life career in one area.
2. The task of measuring Australia's economic performance in a global and changing economy is becoming increasingly complex as international transactions increase, commodity pricing arrangements change more rapidly, new financing arrangements emerge and the role of services increases. Building and maintaining enduring capability in our people and statistical infrastructure is critical in the years ahead.
3. The development of a capability plan that considers the environmental context and both the ongoing and future work program of the ABS macroeconomic statistics program will be key in ensuring we meet our objective of providing a coherent set of macroeconomic statistics for the Australian economy.

Organisational Context

4. The ABS is Australia's national statistical organisation. The ABS compiles Australia's key macroeconomic statistics including the national accounts, the balance of payments, the international investment position, the financial accounts, government finance statistics and a range of prices indexes including the Consumer Price Index. The macroeconomic accounts are compiled within one broad organisational unit and source data for the accounts are drawn from this unit, other areas of the ABS and from a range of non-ABS sources.

High level principles for ABS macroeconomic statistics

5. At the top level, the overall objective of the ABS macroeconomic statistics program is to provide an integratable and coherent set of macroeconomic statistics for the Australian economy that meet world best practice standards. In order to prioritise activities and guide work program considerations, the following high level principles apply:
 - i) Capability in our people, systems and knowledge, is a necessary condition for delivering on our legislated responsibilities as set out in our forward work program;
 - ii) Robust and coherent economic statistics that are produced to an appropriate standard are fundamental to continued user trust;

- iii) Coherent macroeconomic statistics necessitate robust integration infrastructure, which includes the business register, common survey frames, classifications and definitions; and extends to promulgation of SNA as the integrating framework in the wider National Statistical Service;
- iv) Maintaining and strengthening data sources - including administrative data - is essential to high quality macroeconomic statistics. This requires close working relationships and collaboration with other areas of the ABS that are essential in producing macroeconomic statistics;
- v) Analytical statistics should build on macroeconomic statistics and clearly reflect user priorities (for example, productivity statistics, Input/Output tables);
- vi) Statistics with a high level of public utility and broad usage, take precedence over those designed to meet particular sectoral or institutional needs. User funded work at any level must not place the ABS at risk by absorbing scarce expertise or undermining higher priority work; and
- vii) Adopt international standards and deviate only where it is clearly demonstrated that the benefits outweigh the costs.

6. Discussion of the priorities above will shape the future of capability requirements over the coming years. In particular, building enduring capabilities in people must lie at the centre of future capacity building efforts. A systemic approach is required to ensure enduring capability.

Current Human Resource (HR) challenges

7. The ABS macroeconomic statistics program has a sizeable work force, but there are some important trends to note in relation to the composition of this work force. In particular, the length of service of staff is relevant to capability building efforts.

8. According to HR Indicators data, in the March Quarter 2011, 54 per cent of ongoing staff in the ABS macroeconomic statistics program had a length of service of four years or less. 17 per cent had a length of service of less than one year. In addition, there is a likelihood of continuing high staff turn over. The high proportion of new staff (and turnover) is important in the context of areas with complex outputs or for areas that have an annual publication where the scope is broader than the quarterly publications. In the context of high rates of turnover, this highlights the importance of retaining knowledge and managing key person risks. Over reliance on individuals rather than systemic approaches to knowledge management increases risk.

9. The large influx of new staff has occurred for a number of reasons. There have been many retirements of very experienced key personnel. This will continue to be an issue as current HR indicators show that 10 per cent of staff in the ABS macroeconomic statistics program are aged over 55, 55 being the age at which employees who joined the ABS before around 1990 usually retire because of incentives built into the pension scheme.

10. There has been additional government funding provided to the ABS in order to make improvements to the compilation of macroeconomic statistics.

Identifying required capabilities

11. In July 2011, an off-site workshop was held to focus on developing a better understanding of the capability requirements of the ABS macroeconomic statistics program over the next 5 years; develop a way forward to progress development and maintenance of agreed (priority) capabilities; and commence the development of a Capability Plan.

12. Part of the off-site process involved identifying what capabilities are required in our staff and what strategies we might put in place to address the requirements. The following key capabilities were agreed to at the off-site:

- Leadership and management skills
- Understanding of the business of the ABS and the macroeconomic statistics program
- Conceptual skills (particularly in macroeconomics and in National Accounting frameworks)
- Analytical and investigative skills
- Statistical literacy
- Ability to develop, maintain and deliver quality training and documentation
- Communication skills (oral and written)

Developing strategies

13. There are three aspects to capability building that need to be addressed: attracting staff with the right skills or ability to acquire them quickly; developing the skills in our current staff; and retaining the skills by retaining staff and by ensuring adequate skill transfer between existing and new staff.

14. An analysis of the way we train staff was undertaken as part of the preparation for the off-site. Results indicate that, within the ABS macroeconomic statistics program, the main modes of training are formal courses, on-the-job training and coaching. The percentages of all training using these modes were 24% formal courses, 53% on-the-job training and 23% coaching. This analysis will be used when exploring strategies aimed at developing staff.

15. Several strategies aimed at attracting and developing capability have already been put in place. The ABS runs a summer internship program which brings in students currently studying over the summer vacation. The ABS macroeconomic statistics program attracts students across a range of disciplines and aims to introduce them to working at the ABS and to highlight the ABS as a career option at the end of their studies. The program has also been successful at retaining students throughout the year on a part-time basis working as many hours as their studies permit.

16. Strategies aimed at developing current staff include a training series aimed specifically for staff working in the areas compiling national accounts. A seminar program across the ABS macroeconomic statistics program has also been developed encompassing seminars from experienced staff and also bringing in external speakers.

17. As previously mentioned, there have been a number of recent retirements of key staff. Several have been approached to come back to the ABS on a contract basis providing advice and assistance with the work program but also having a specific aim of information sharing and transferring skills to newer staff by way of on-the-job training and presenting training courses.

18. The work at the off-site began the process of developing further strategies required to address the three aspects of capability building. Examples of strategies being considered include reassessing the way we train our staff; improving our knowledge management; and increasing the focus on succession planning. Work will continue and the outcome will be consolidated into a Capability Plan. The main outcome of the off-site was the establishment of a HR committee to drive the development of the Capability Plan. The aim is to have a draft plan available by the end of 2011.

Conclusion

19. Despite a range of initiatives, the ABS is experiencing a shortage of staff with the experience and capability to compile high quality macroeconomic statistics.

- What strategies have other central statistical agencies put in place to answer the question of where the next generation of national accountants will come from?
- Retirement of key "baby boomers" is a problem; are other agencies facing the same challenge?
- The new generation of employees is much more mobile and less likely to have a life career in one area. How do we overcome the lack of very experienced staff?