

National Economic & Fiscal ..Commission..

Presentation to the Department of Personnel Management

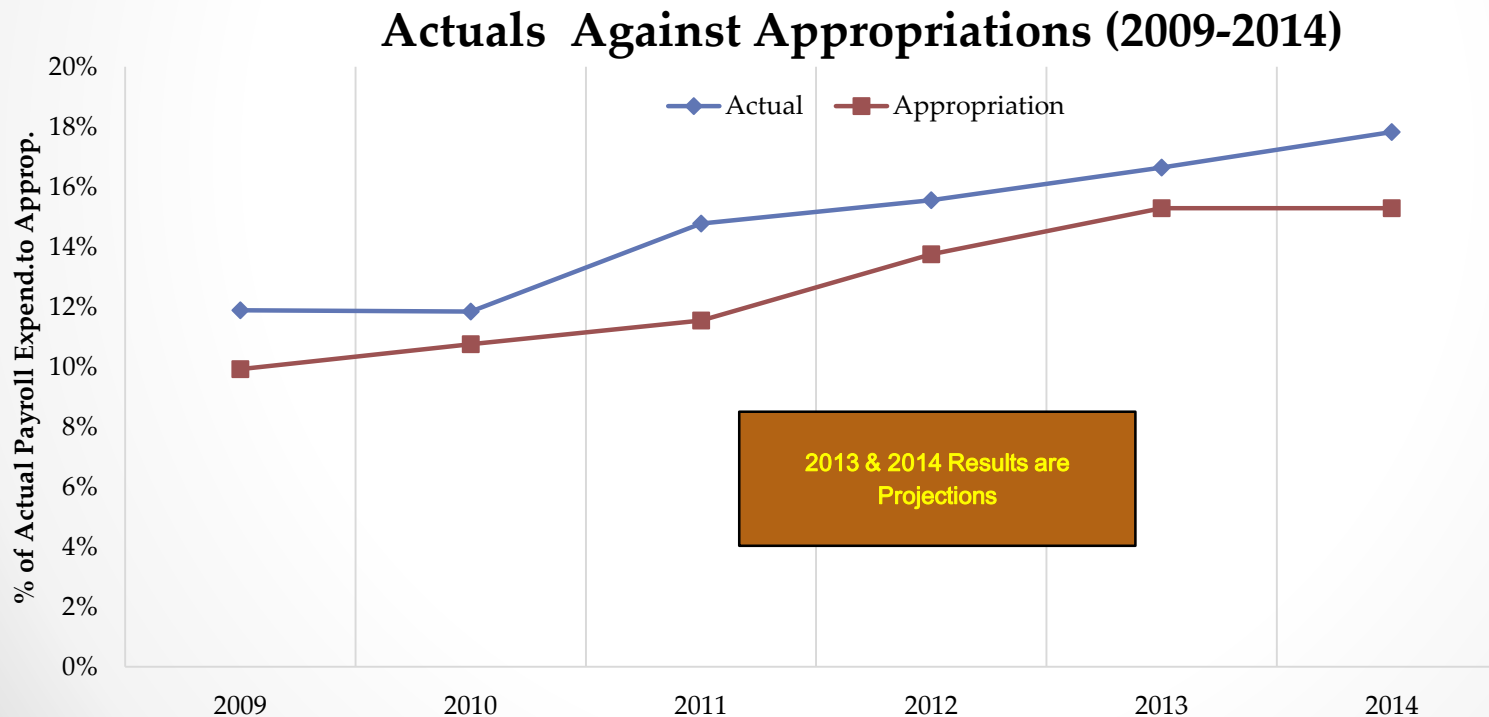
Provincial Staff Establishment Cost Analysis

Presentation Outline

- Background
- Objectives
- Methodology
- Preliminary Findings
- Main Issues
- Way Forward
- Conclusion
- Questions for discussion...

1. Background

- As part of the progressing RIGFA, NEFC is now looking at the Personnel Emoluments.



2. Objective

- The main objective is to specifically, to show that the Provincial Establishment Costing Model (PECM) is a tool that can assist both DPM and provinces to plan and budget their manpower;
 1. The overall status of the staff establishment costs in all provinces
 2. The staff distribution by service delivery sectors and service delivery points
 3. The status of staff establishment cost by individual provinces

3. Methodology

- NEFC has used both the quantitative and qualitative types of research methods.
- Analysis was conducted on the twelve (12) provinces;
 - Southern Region- 3 provinces
 - Highlands Region- 3 provinces
 - Momase Region- 3 provinces
 - NGI Region- 3 provinces
- The establishment data is collected from the provincial administrations and the DPM- Alesco Payroll Data.
- Analysis is based on the Public Service Staffing Cost in provincial administrations
- The types of tools/models used for the analysis were;
 - Provincial Establishment Costing Model ([PECM](#))
 - Staff Establishment Analysis Model ([SEAM](#))

Cont...

1. What did we cost out in the provincial staff establishments?

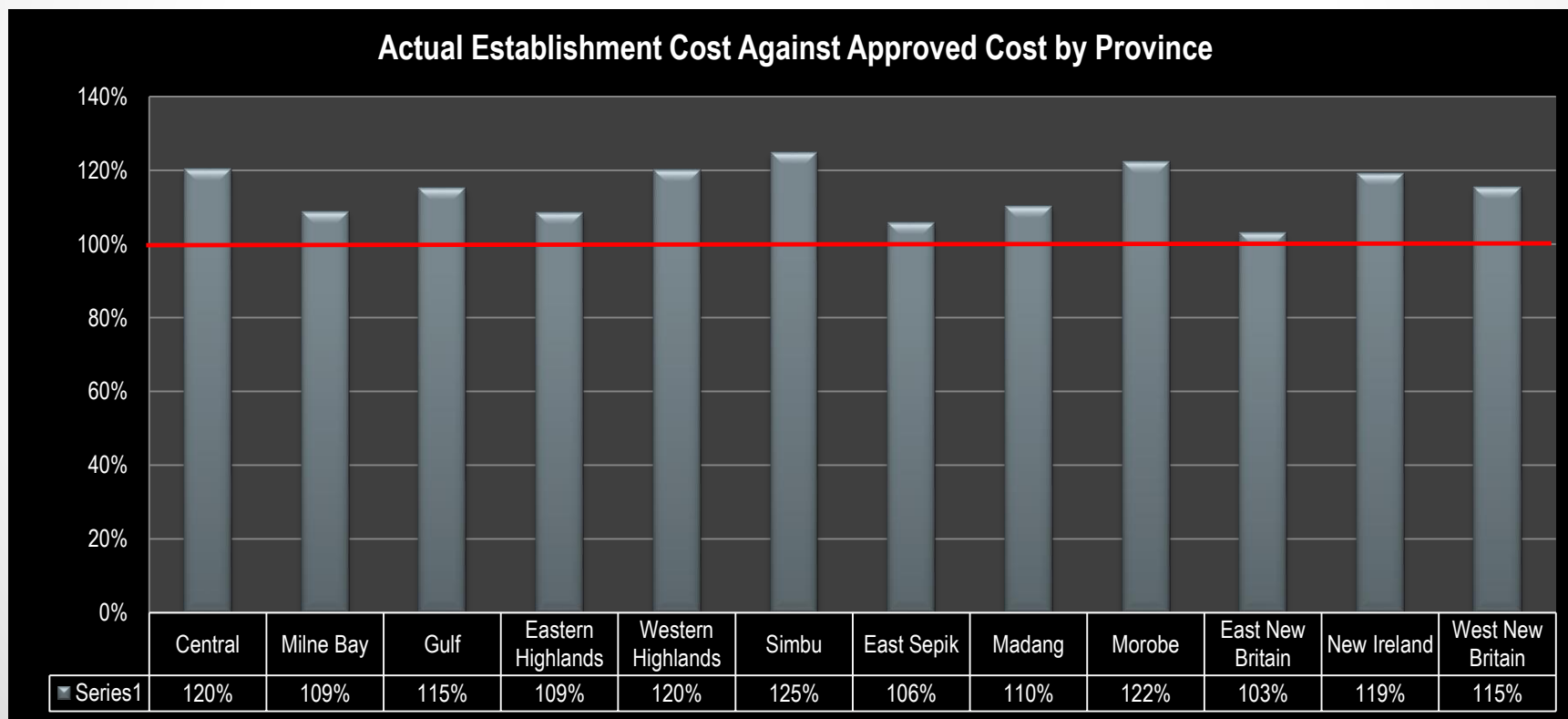
- The cost includes the cost of;
 - a) Substantive Positions by PHQ, DHQ, LLG and by Sectors
 - b) Unattached Positions by PHQ, DHQ, LLG and by Sectors
 - c) Vacancies by PHQ, DHQ, LLG and by Sectors
 - d) Unfunded Positions by PHQ, DHQ, LLG and by Sectors
 - e) Casual/ Contract Positions by PHQ, DHQ, LLG and by Sectors

2. What did the analysis model also capture?

- The model also captures the;
 - a) Staffing numbers per Service Delivery Centres (PHQ, DHQ, LLG Admin.) and Sectors
 - b) Gender Distribution by Service Delivery Centres (PHQ, DHQ, LLG Admin.) and Sectors
 - c) Age Distribution by Service Delivery Centres (PHQ, DHQ, LLG Admin.) and Sectors

4. Preliminary Findings

- Overall, the actual staff cost is higher than the approved budget ceiling
- Approved Budget Ceiling- **K 175, 336, 976** and Actual Staff Cost- **K217,696,469**
- The actual staff cost is **24%** high than the Approved Budget ceiling



The overall outlook of staff cost by province

Province	Establishment Cost	Actual Cost	% Variat. of Average Cost	Average Cost/Head
Central	10,605,706	13,847,841	15%	31,049
Milne Bay	10,998,213	12,212,832	1%	27,261
Gulf	9,393,018	10,054,942	-15%	22,800
Eastern Highlands	18,112,171	22,958,070	-6%	25,452
Western Highlands	7,026,413	9,556,767	27%	34,377
Simbu	6,533,082	10,288,310	-13%	23,383
East Sepik	17,566,131	20,780,216	-11%	23,885
Madang	17,639,887	23,535,084	39%	37,476
Morobe	37,290,063	42,236,175	-17%	22,466
East New Britain	14,596,268	16,794,804	47%	39,704
New Ireland	11,352,222	19,544,839	-7%	25,154
West New Britain	14,222,802	15,886,589	10%	29,639
	175,335,976	217,696,469	0%	26,979

- Individual provinces' staffing cost are high than the their staff ceilings
- There is a over budgeted cost of K42,360,493 (24%)

By Position Status

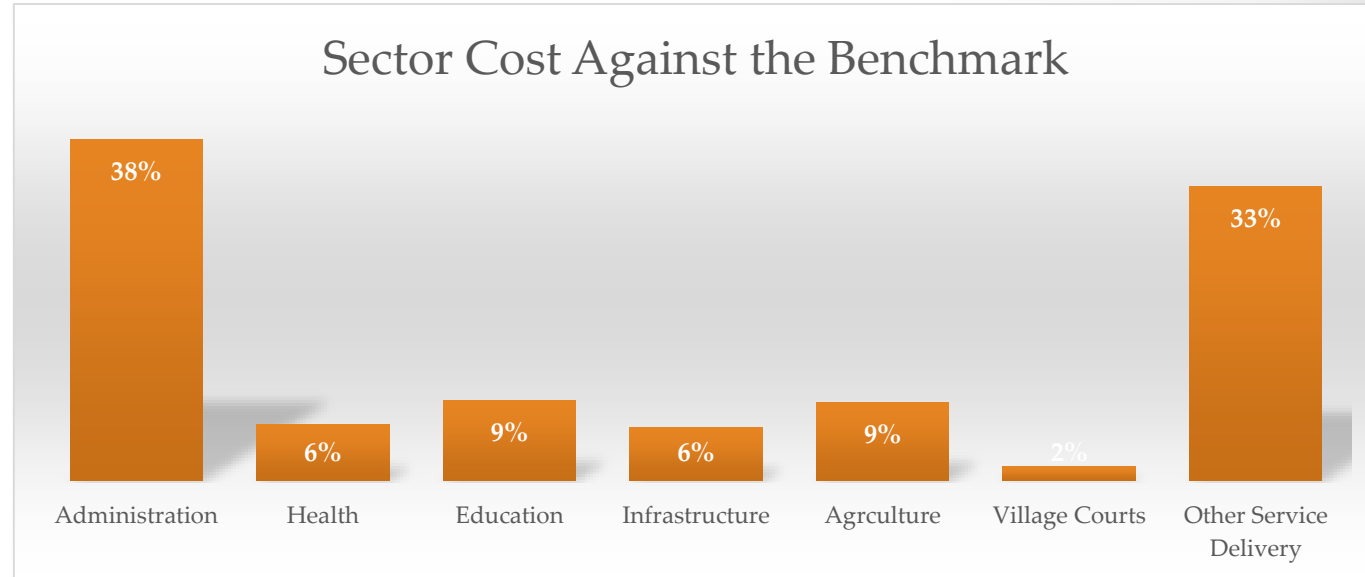
	Total Establishment	Total Staff on Strenght	Position Vacancies	Unfunded Position	Acting Positions	Total Casuals	Total Unattached	Cost Available	% Available Cost	Actual/Benc	% Actual/Benc	Average Cost	%Average Cost	% Actual Capacity
Central	10,605,706	10,292,177	313,529	.	.	28,050	3,214,085	13,847,841	131%	13,847,841	131%	31,048.97	115%	131%
Milne Bay	10,998,213	6,252,363	2,284,982	2,460,868	.	113,281	1,101,338	12,212,832	111%	12,212,832	111%	27,260.79	101%	111%
Gulf	9,393,018	7,185,295	2,207,723	.	.	.	661,924	10,054,942	107%	10,054,942	107%	22,800.32	85%	107%
Eastern Highlands	18,112,171	1,594,716	16,517,455	.	.	.	4,845,899	22,958,070	127%	22,958,070	127%	25,452.41	94%	127%
Western Highlands	7,026,413	6,278,742	747,671	.	.	226,515	2,303,839	9,556,767	136%	9,556,767	136%	34,376.86	127%	136%
Simbu	6,533,082	5,714,584	818,498	.	.	.	3,755,228	10,288,310	157%	10,288,310	157%	23,382.52	87%	157%
East Sepik	17,566,131	13,270,948	4,295,183	.	.	.	3,214,085	20,780,216	118%	20,780,216	118%	23,885.31	89%	118%
Madang	17,639,887	10,337,750	7,302,137	.	.	.	5,895,197	23,535,084	133%	23,535,084	133%	37,476.25	139%	133%
Morobe	37,290,063	18,275,465	19,014,598	.	.	.	4,946,112	42,236,175	113%	42,236,175	113%	22,466.05	83%	113%
East New Britain	14,596,268	13,683,706	912,562	.	.	.	2,198,536	16,794,804	115%	16,794,804	115%	39,704.03	147%	115%
New Ireland	11,352,222	590,890	10,761,332	.	.	.	8,192,617	19,544,839	172%	19,544,839	172%	25,154.23	93%	172%
West New Britain	14,222,802	11,668,973	2,553,829	.	.	.	1,663,787	15,886,589	112%	15,886,589	112%	29,639.16	110%	112%

Specific costs are as follows;

- Substantive Positions - K105,145,609
- Vacancies - K67,729,499
- Unfunded- K2,460,868
- Casuals- K367,846
- Unattached- K41,992,647

..By Sector..

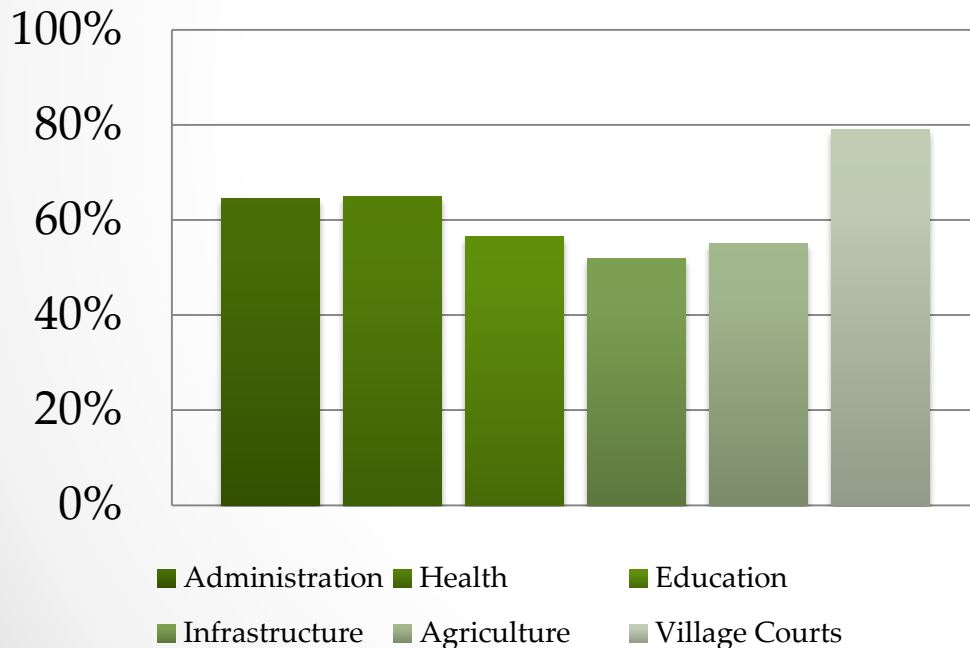
- The Admin. Sector has 30% of the cost while Village Court Sector is 2%



- The cost of unattached and casuals have contributed to a high cost of staff establishments

Manpower Capacity

% Actual Capacity of Manpower by Sectors

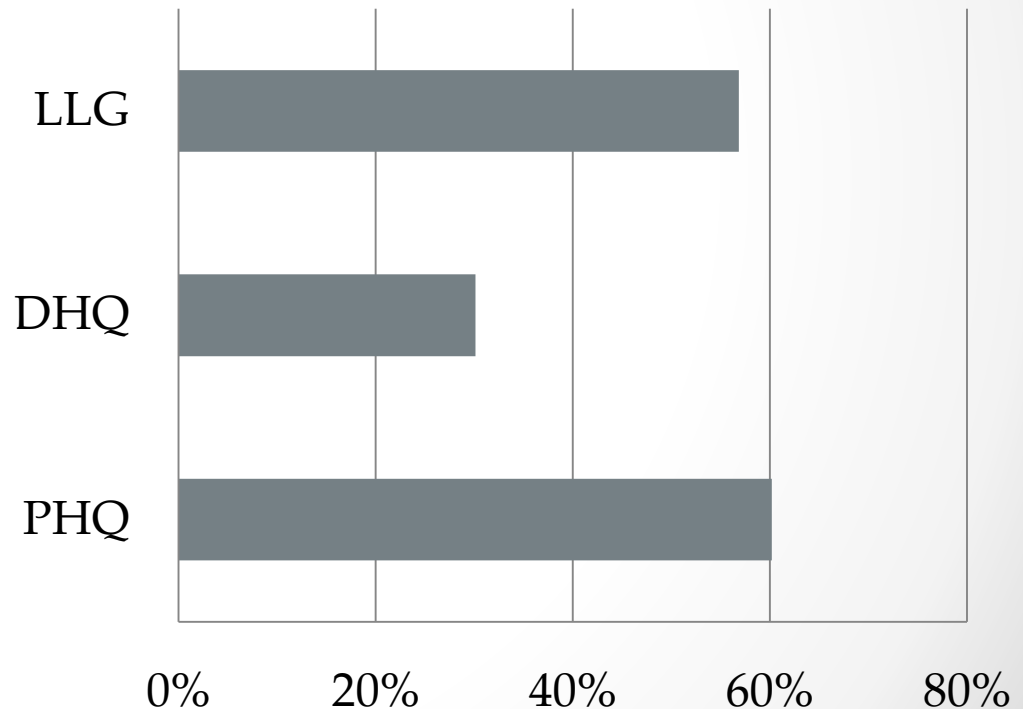


- The graph shows the capacity gap between all the service delivery sectors
- The Village Court Sector shows a high manpower capacity of 79%
- The Infrastructure Sector shows a low capacity of 52%

Staff Cost distribution by Service Delivery Points

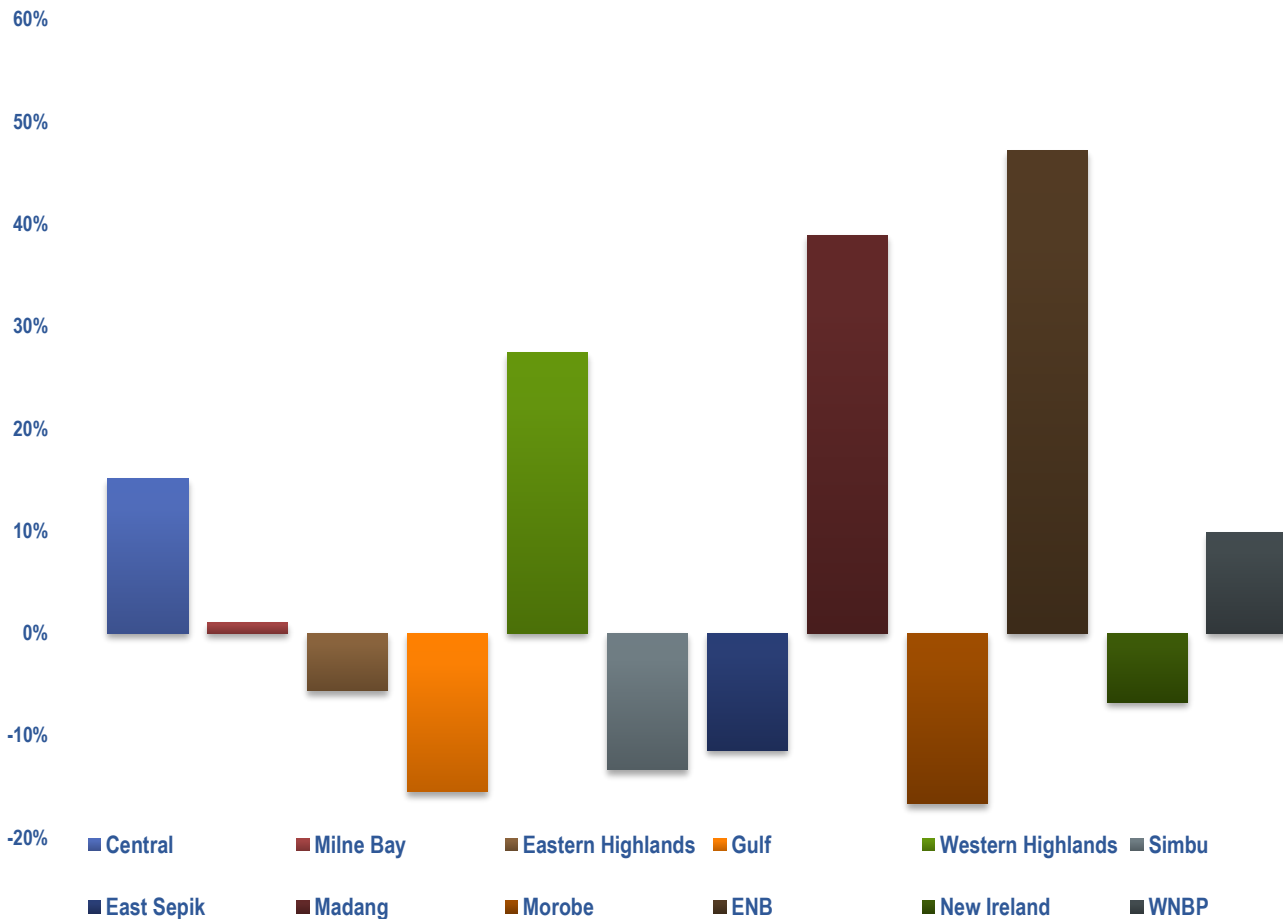
- The Provincial Headquarters composed of the 60% of the cost in the staffing establishments.
- While the DHQ has the least (30%) and LLG Administration having the second largest composition of (57%)

Staff Cost Distribution by PHQ, DHQ & LLG Admin



Average Staffing Cost by Province Against the Average Benchmark

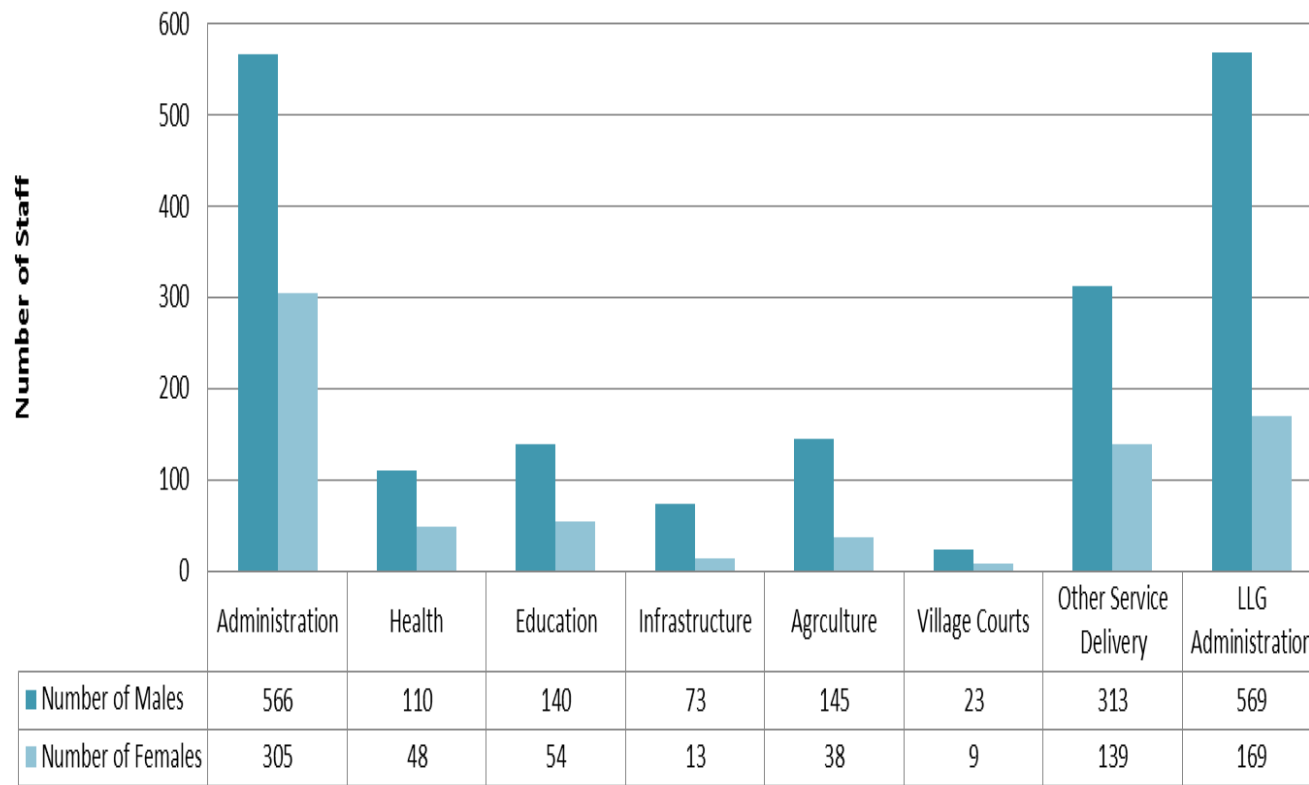
Average Staffing Cost by Province Against the Average Benchmark



- Five (6) Provinces' average cost average are above the National Average
- Seven (7) provinces' cost average are below the National Average
- This shows that the provinces that above average have a high number of Staff on Strength in the Establishments

Supplementary Findings

Number of Males to Females

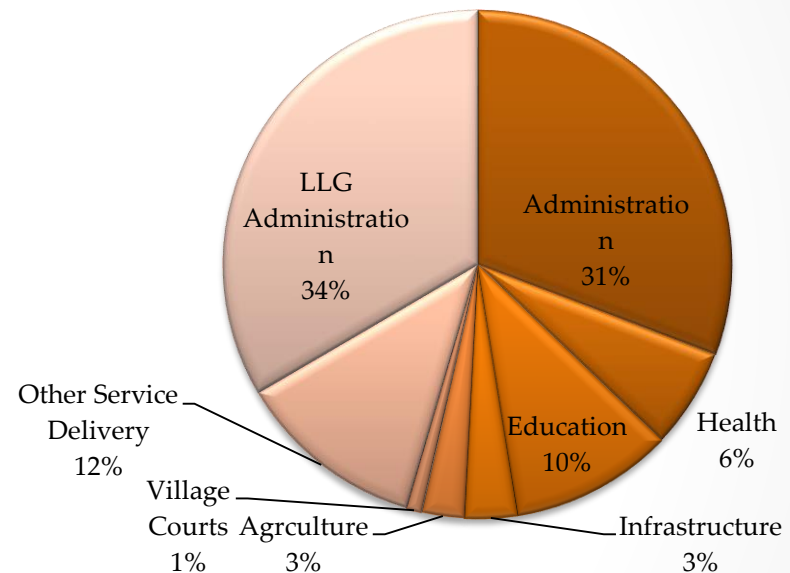


- There is distribution difference in distributing males and females between all sectors

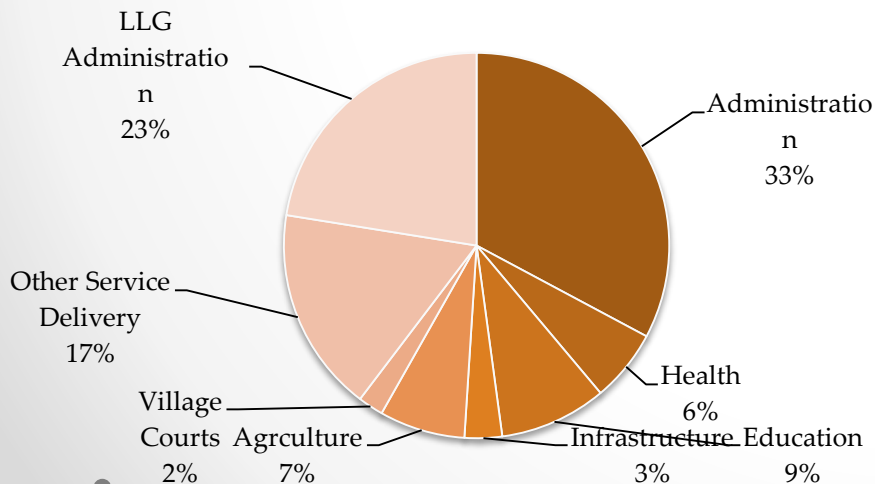
Age Distribution-Risk

- 34% of the staff above 60 years is at the Local Level Governments Administrations
- The trend may continue to skew as shown in the second chart below

Distribution of Staff Above 60



Distribution of Middle-Age Staff- 50-59 years



Criteria (Temporary)-Ranking

- The NEFC assessment is based upon a number of criteria;
 1. The overall outlook in managing the cost of staff establishments
 2. The total staffing cost must not exceed the 100% benchmark or less
 3. The percentage (%) of unattached officers should be 5% or less
 4. The number of vacancies should be 5% or less
 5. 0% in the number of casuals
 6. Fairness in gender distribution across all sectors
 7. The number of over aged staff should be less 5% or less

Overall Performance

Province	Establishment Cost	Actual Cost	% Variat. of Average Cost	Average Cost/Head	%Average Cost	Actual Cost Available (K)	Act/Bench	% Cost. Capacity	Vac. Test	Unfun. Test	Acting Test	Casuals Test	Unattached Test	60 Plus Test	50% Male Test	50% Female Test	Rank
Central	10,605,706	13,847,841	15%	31,049	115%	High	Above	Very High	Low	Low	Low	High	High	Yes	Average	Average	4
Milne Bay	10,998,213	12,212,832	1%	27,261	101%	High	Above	Very High	Medium	Medium	Low	High	Low	Yes	Average	Average	6
Gulf	9,393,018	10,054,942	-15%	22,800	85%	High	Below	High	Medium	Low	Low	Low	Low	Yes	Average	Average	11
Eastern Highlands	18,112,171	22,958,070	-6%	25,452	94%	High	Below	Very High	High	Low	Low	Low	High	No	Not Good	Low	7
Western Highlands	7,026,413	9,556,767	27%	34,377	127%	High	Above	Very High	Medium	Low	Low	High	High	Yes	Average	Average	3
Simbu	6,533,082	10,288,310	-13%	23,383	87%	High	Below	Very High	Medium	Low	Low	Low	Medium	No	Not Good	Low	10
East Sepik	17,566,131	20,780,216	-11%	23,885	89%	High	Below	Very High	Medium	Low	Low	Low	High	Yes	Average	Average	9
Madang	17,639,887	23,535,084	39%	37,476	139%	High	Above	Very High	High	Low	Low	Low	Low	Yes	Average	Average	2
Morobe	37,290,063	42,236,175	-17%	22,466	83%	High	Below	Very High	High	Low	Low	Low	Medium	Yes	Average	Average	12
East New Britain	14,596,268	16,794,804	47%	39,704	147%	High	Above	Very High	Medium	Low	Low	Low	High	Yes	Not Good	Average	1
New Ireland	11,352,222	19,544,839	-7%	25,154	93%	High	Below	Very High	High	Low	Low	Low	High	No	Average	Low	8
West New Britain	14,222,802	15,886,589	10%	29,639	110%	High	Above	Very High	Medium	Low	Low	Low	Medium	Yes	Average	Average	5

- The overall performance matrix indicated that ENB, Madang, WHP, Central & WNB are within the top five provinces

Key Issues

- Employees terminated or retired and who have been paid out are not promptly removed from the Alesco payroll system
- Appointments on acting basis or permanency appears to contribute to large number of unattached personnel in the staff establishments
- Overall human resource management are slack including lack of record keeping and absence of documentation when required

Way Forward

- All provinces to adopt the Provincial Establishment Costing Model (PECM) as a management tool so that;
 - Regular update of staffing records to ensure that the information matches the Alesco data.
 - Tighten the human resource management processes and ensure that records are neatly kept for future reference
 - Ensure that the appointments on acting basis and permanency must be within the approved budget
 - Ensure that the terminated or retired employees are properly removed from the Alesco Payroll.
- NEFC to consult DPM and DoT on a benchmark
 - to determine an appropriate level of staffing to the sub-national levels of government
 - To come up with a criteria on how to assess the provinces' performance
- NEFC to provide comprehensive manpower costing reports to the Department of Personnel Management and the Department of Treasury.

Conclusion

- GoPNG need more proactive action in managing and monitoring the cost of personnel emoluments
- The results shows that the actual cost is higher than the approved establishment cost
- The main issue highlighted is the need to reinforce good human resource management process and procedures
- The major consequence to the NEFC is having high cost in Staff Establishments is;

“There will be limited funding for actual Service Delivery”

Going Forward

- DPM and NEFC to agree upon a standard criteria to assess the performance of provinces in managing payroll cost
- DPM, DoT and NEFC to come up with a basis for determining an appropriate level of staffing at the sub-national levels of government
- DPM to partner NEFC in rolling out the Provincial Establishment Costing Model to the provinces
- Improve systems for more informed decision-making