

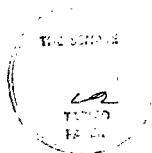
PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

JOINT COMMITTEE OF PUBLIC ACCOUNTS

REPORT 323

MANAGING PEOPLE IN THE AUSTRALIAN PUBLIC SERVICE

Dilemmas of Devolution and Diversity



1992

Commonwealth of Australia

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JOINT COMMITTEE OF PUBLIC ACCOUNTS

SEVENTEENTH COMMITTEE

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Senator P J Giles	Mr E J Fitzgibbon, MP
Senator the Hon M Reynolds	Mr J V Langmore, MP
	Mr L J Scott, MP
	Mr A M Somlyay, MP

Secretary: Mrs S Morton

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	Miss Y Campagna		Mr J Martin

-
1. Appointed 6 March 1991
 2. Discharged 6 March 1991

DUTIES OF THE COMMITTEE

Section 8(1) of the *Public Accounts Committee Act 1951* reads as follows:

Subject to sub-section (2), the duties of the Committee are:

- (a) to examine the accounts of the receipts and expenditure of the Commonwealth including the financial statements transmitted to the Auditor-General under sub-section (4) of section 50 of the *Audit Act 1901*;
- (aa) to examine the financial affairs of authorities of the Commonwealth to which this Act applies and of inter-governmental bodies to which this Act applies;
- (ab) to examine all reports of the Auditor-General (including reports of the results of efficiency audits) copies of which have been laid before the Houses of the Parliament;
- (b) to report to both Houses of the Parliament, with such comment as it thinks fit, any items or matters in those accounts, statements and reports, or any circumstances connected with them, to which the Committee is of the opinion that the attention of the Parliament should be directed;
- (c) to report to both Houses of the Parliament, any alteration which the Committee thinks desirable in the form of the public accounts or in the method of keeping them, or in the mode of receipt, control, issue or payment of public moneys; and
- (d) to inquire into any question in connexion with the public accounts which is referred to it by either House of the Parliament, and to report to that House upon that question,

and include such other duties as are assigned to the Committee by Joint Standing Orders approved by both Houses of the Parliament.

PREFACE

This Report presents the results of the Committee's Inquiry into the efficiency and effectiveness of human resource management in the Australian Public Service.

The Inquiry has been the first comprehensive review of the Public Service since the Royal Commission on Australian Government Administration in 1976. In the decades following the Royal Commission's review, the Australian Public Service has been dramatically changed with a far-reaching range of reforms introduced during the 1980s and into the 1990s.

The Committee's purpose in conducting this Inquiry was to assess the impact of the reforms, in particular those associated with the abolition in 1987 of the Public Service Board as the central human resource management agency for the Australian Public Service, the creation of the Public Service Commission as its successor and the decentralisation of its functions to a number of other coordinating agencies and line departments.

The current emphasis on decentralisation of central agency functions and devolution of management to departments and agencies has created a climate in which individual agencies have had more opportunity to manage. At the same time, departments have not had the support of a single central agency for direction and guidance to facilitate this approach. Consequently the Australian Public Service has been faced with certain dilemmas surrounding the preservation of fundamental APS principles in a climate of devolution and diversity, whilst at the same time recognising the value of devolution and diversity and facilitating its implementation.

This Report highlights the Committee's findings in relation to the impact of decentralisation and devolution on the diverse range of APS agencies. It identifies a need for reform in certain key areas of human resource management in order to restore fundamental Public Service values and ethics in a climate characterised by an increasing emphasis on achieving efficiency in purely economic terms. It also identifies strategies to broaden the narrow range of policy advice available.

It is the Committee's hope that this Report will contribute to informed debate about the current and future needs of efficient and effective human resource management in the Australian Public Service and that it will be read widely not only by parliamentarians and academics, but also by managers in both the private and public sectors and, of course, by public servants who are, after all, our greatest resource for providing service to the public.

The Committee would like to thank the many individuals and organisations who contributed to the Inquiry. Thanks must also be extended to the secretariat - Mrs Sue Morton, Mr Sameer Chopra and Miss Yolanda Campagna - for their work during what has proved to be a particularly busy year, and to Dr John Baker and Mr John Martin for their valuable comments on the Committee's Report.

The Committee commends the Report to the Government for implementation at the earliest opportunity.

For and on behalf of the Committee.

Hon G F Punch, MP
Chairman
16 December 1992

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EXECUTIVE SUMMARY

Introduction

1. This Report presents the results of the Committee's findings in relation to its Inquiry into the efficiency and effectiveness of human resource management in the Australian Public Service (APS).

2. The Inquiry has been the first comprehensive review of the Public Service since the Royal Commission on Australian Government Administration in 1976. In the decades following the Royal Commission's review, the Australian Public Service has been dramatically changed with a far-reaching program of reforms introduced during the 1980s and 1990s. Isolated and ad hoc inquiries into aspects of human resource management have occurred since then, but there has not been a significant and comprehensive evaluation of personnel practices in the Australian Public Service.

3. The Committee's purpose in conducting the Inquiry was to assess the impact of the reforms, in particular those associated with the abolition in 1987 of the Public Service Board as the central human resource management agency for the APS, the creation of the Public Service Commission as its successor and the decentralisation of its functions to a number of other coordinating agencies and line departments. Additionally, the current emphasis on devolution of management to departments and agencies has created a climate in which certain dilemmas surrounding devolution and diversity have become apparent. The Committee regards it as imperative that, in order to protect the interests of public servants, a balance be achieved between central controls and decentralised and devolved responsibilities.

Impact of Decentralisation

4. The Committee has found that the current decentralised arrangement of functions which involve the Public Service Commission (PSC), the Department of Industrial Relations (DIR), the Department of Finance (DoF) and the Department of Employment, Education and Training (DEET) is failing to provide for effective human resource management in the APS. The Committee is concerned that with so many agencies having responsibility for aspects of human resource management, there has been confusion about the respective roles of the agencies and frustration in obtaining advice and direction when required. Additionally, several aspects of human resource management have failed to be addressed adequately by the coordinating departments and agencies because there has been no single, central

body responsible for monitoring human resource management in the APS. The result of this has been a loss of consistency, equity and Service-wide perspective.

5. For this reason, the Committee has recommended that the human resource management (HRM) functions of DIR, DoF and DEET be transferred to the Public Service Commission, which should in turn, become the sole central agency with responsibility for HRM across the APS.

6. In recognition of this increased role, the Committee has further recommended that the structure of the PSC change and that appropriate resources be made available to enable the restructured PSC to carry out its new functions.

Formal Framework for HRM

7. In addition to the confusion surrounding the roles of the coordinating agencies, the Committee was also surprised to discover that the current framework for HRM in the APS was disjointed and out of date. The Committee regards it as imperative that both the legislative and administrative framework for HRM in the APS be updated and consolidated as a matter of urgency so as to update, simplify and consolidate the management of the APS.

Data Capture

8. The Committee also found it very difficult at times to find information on Service-wide personnel matters. This problem seems to have arisen as a direct result of the decentralisation of responsibilities from the Public Service Board to the Department of Finance and the PSC. The PSC provided numerous examples of gaps in the data base, whilst the Committee itself became increasingly frustrated at the absence of information on the Service as a whole. The Committee's recommendations in relation to data capture apply to the Service as a whole as well as to the management of the SES.

Impact of Devolution

9. The Committee also commented on its findings in relation to the devolution of responsibility to departments, and through them, to line managers. This is another area in which there appears to have been a loss of Service-wide perspective as each department manages its own affairs and implements HRM arrangements which further introduce diversity into the APS. Again it is apparent

that there is a need for a balance between central control and guidance and decentralised and devolved responsibilities to ensure that fundamental APS values and principles remain intact. There is also a need for HRM to be integrated into corporate goals.

10. The Committee does not wish to alter significantly the current responsibilities of departmental secretaries. Rather it has been the Committee's intention to support their efforts to manage human resources in the most efficient and effective way, within a framework of central guidance and support. The Committee recognises that devolution and decentralisation has been handled differently and with varying degrees of success by both small and large agencies. The Committee notes that some departments have recognised that they have not handled their responsibilities well and are, even now, recentralising some functions and ensuring that better mechanisms are in place to facilitate more efficient and effective HRM.

11. The special needs of small agencies and line managers were noted by the Committee which urged departments to adopt strategies to give as much support as possible to both small agencies and line managers, including improving access to training.

12. The Committee was also interested to explore a number of issues which seem to have not received due attention in this climate characterised by decentralised and devolved responsibilities. These are the matters referred to throughout the Report and include the Committee's recommendations in relation to such matters as recruitment, selection, mobility, the role of the Merit Protection and Review Agency and the need for flexible employment strategies, such as permanent part-time work.

13. The Committee would like to highlight two matters in particular - one which seems to require more central guidance and direction, the other which seems to warrant further devolution. These issues are equal employment opportunity (EEO) and the management of underperforming officers.

Equal Employment Opportunity

14. The Committee was disappointed to discover that EEO has not been as well implemented as it had expected. Although the Inquiry highlights that there has been some progress, particularly in the areas of employment opportunities in the APS for women and Aboriginal and Torres Strait Islanders, there is still room for improvement. Additionally, targets have not been achieved for people with disabilities and people with non-English speaking backgrounds. The Committee

believes that, even in the current economic climate, there should be no reduction in the efforts made by departments to implement EEO programs and accordingly the Committee has made a number of recommendations designed to improve the APS' record in this area, including strengthening the role of the PSC in its ability to take corrective action.

Management of Underperforming Officers

15. In relation to the management of underperforming officers, the Committee recognises that this is an important issue and one which has plagued Public Services for a long time. The Committee was mindful of the need to safeguard the rights of the officers so identified, and to suggest that, in the long term, managers in the APS may be better equipped to deal with underperforming officers. In the short term, however, the Committee sees a need to give departmental secretaries more flexibility in managing their staff and has made a number of recommendations designed to assist them in this process. These recommendations go beyond those contained in the Workplace Bargaining Agreement, proposing instead a two-stage process with redeployment as the first stage and redundancy as the second stage, with access to a streamlined appeal process also proposed.

Accountability

16. A further issue related to devolution, concerns the need for increased accountability. The Committee believes that requiring departments to report information about their human resource management plans and actions, including the results of evaluations and reviews, in annual reports and program performance statements would be a useful strategy to strengthen accountability mechanisms in a devolved environment and has recommended accordingly.

Broadening the Range of Policy Advice

17. One of the most significant aspects of the Inquiry which was of particular concern to the Committee, is the emphasis being given to economic efficiency at the expense of issues such as access, equity, and service delivery in the management of the Service. The Committee's view is that there needs to be a balance between achieving economic efficiency and preserving the values of a professional public administration which recognises that people - staff and clients - are affected by government decisions and that the basis for these decisions should reflect the diversity of Australian society and concern for service to the public.

18. Central to the need to reflect the diversity of Australian society and provide service to the public is the need for government to have access to a broad range of policy advice which will enable it to consider the appropriateness of its decisions for the Australian community.

19. The Committee has found that, amongst the current departmental secretaries, and amongst the majority of officers in the Senior Executive Service (SES), a high proportion of them have narrow backgrounds in terms of qualifications and experience, backgrounds which are primarily dominated by an economic approach to management. Exploring ways in which this narrow range of advice could be broadened was a major interest of the Committee, which has made a number of recommendations relating to ways in which it would like to see this happen, both for the SES and the SES feeder group.

Corporate Restructuring and Rationalisation

20. One of the ways in which the emphasis on economic rationalism has affected the APS has been in the area of corporate restructuring and rationalisation. The APS has faced significant reductions in staff numbers over recent years as part of the restructuring of departments and the rationalisation of resources. The Committee recognises the problems which this poses for those staff identified as being surplus to requirements and has proposed that efforts be made to redeploy such staff, whilst preserving a degree of dignity in the process. The Committee's proposal for a Central Redeployment Unit is consistent with that proposed under the Workplace Bargaining Agreement.

21. At the same time that the interests of staff are being protected, the Committee recognises that the interests of the Commonwealth and tax-payers also need to be protected. For this reason the Committee has recommended that staff who are retrenched from the APS be ineligible to be re-employed within a certain time frame and that if they do seek re-employment that repayment of part of their severance allowance would be a requirement.

22. The Committee notes the concerns expressed to it that restructuring, rationalisation, job redesign and multiskilling may have contributed to increasing levels of stress and lowering of morale in the APS. The Committee also notes that an increased focus on corporate identities and commercialisation will exaggerate the conflict between fundamental APS principles and corporate and commercial practices. Again this is an area in which the Committee recognises the need for balance.

23. Additionally the Committee re-emphasises that economic rationalism must not be the sole driving ideological force behind change and improvements to efficiency. The Committee has found that the application of the efficiency dividend is no longer appropriate and has recommended its abolition.

Training and Development

24. Training has been identified by the Committee as the key to the successful implementation of the variety of HRM reforms and management strategies.

25. The Committee was pleased to note the excellent work being done in the area of human resource development (HRD) for the APS. In particular, the Committee was pleased to have drawn to its attention the significant improvements designed to target training programs more specifically to the needs of the Service, and supported efforts being made by departments to incorporate the training and development needs of their staff within a strategic HRD framework.

26. The Committee also commended the Joint APS Training Council for the excellent work it has done in identifying common core competencies for all levels of the APS categories, a strategy which will provide a much-needed Service-wide focus for training for the APS. The Committee has also commended the PSC for its excellent work in developing appropriate training for all levels of the APS.

27. Management training has still proved to be the biggest issue facing the APS. The Committee was pleased to learn that the funding provided under the Middle Management Development Program appears to have been well directed. Subject to a positive evaluation, the Committee regards it as imperative for a level of funding to continue to be directed to this important training task and has made recommendations to that effect. The Committee sees value in developing closer links with the education sector in the development of training programs, commends initiatives such as the Public Sector Management Course and promotes the establishment of at least one outstanding School of Public Administration.

28. The Committee urges departments to avail themselves of the centrally designed training programs and challenges departments and agencies to make greater use of development opportunities such as lateral transfers, secondments, rotation and exchange.

29. The major area of concern, however, is the way in which training is evaluated. The Committee was surprised and concerned to note the low priority given by departments to the important task of accounting for the training dollar. For this reason the Committee has recommended that much more emphasis be placed on departments reporting on their training and development activities as well as encouraging the PSC to review and evaluate not only HRM but also HRD in the APS.

The Senior Executive Service

30. As referred to above, one of the major concerns identified by the Committee related to the need to broaden the range of predominantly economic policy advice available to government. For this reason many of the reforms in the Chapter dealing with the SES have this as their primary purpose. The Committee identified a need to broaden the recruitment base of the SES and improve the training and development opportunities for the SES and its feeder group, including the establishment of public sector management centres specifically targeted at the needs of the senior managers in the APS.

31. The Committee has also made a number of recommendations designed to improve the mobility of officers between policy and operational departments and between regional and central offices.

32. A major problem facing the Committee concerned the lack of statistics on the SES which made it difficult to determine trends, for example, in mobility and gender balance. Recommendations are made relating to the framework for management of the SES, including the publication of additional statistical information.

33. The Committee was also sympathetic to the calls for devolving responsibility for determining SES profiles to departmental secretaries. The Committee notes that it is important for departmental secretaries to have a greater role in managing their staff, but is also aware of the advantages of retaining a degree of central control over SES management. For this reason, the Committee has recommended that the responsibility be transferred from the Department of Finance to the PSC and recommended, that, in turn, the PSC, as the central agency with responsibility for SES management, should give consideration to delegating this function to departmental secretaries, and monitoring its application to guard against abuse.

The Future

34. Issues which will face the APS in the future were also addressed, not least of which will be the increasing need for employers to meet the needs of workers with family responsibilities. Access to more flexible employment strategies, such as home-based work may become more common, whilst workers with responsibilities for childcare and aged care will also require additional recognition. Improvements in technology will also be a further issues facing the APS of the future, with the consequent potential for impact on flexible employment strategies, employment opportunities for people with disabilities and training. The Committee has made a number of recommendations in relation to matters such as these.

35. Additionally, the Committee has indicated that learning from the experience of others, both in the public and private sectors, and within Australia and overseas, will enable the APS to adopt and promote best practice for human resource management into the next century.

Performance Pay and Workplace Bargaining

36. The introduction of performance pay and the Workplace Bargaining Agreement are two of the most recent reforms to impact on human resource management in the APS. The Committee has some reservations about performance pay and, whilst recognising some of the potential benefits of workplace bargaining, has also expressed a number of concerns about its impact on the APS. The Committee has commented on these features in a number of places throughout the Report, but regards both as developments which require to be evaluated once they have been in operation for two years.

37. Associated with these developments is a recognition that industrial democracy is going to play an increasingly important role in HRM in the APS and that staff will increasingly need to be consulted and participate in decisions which affect them. The Committee has also made a number of recommendations in relation to this.

RECOMMENDATIONS

The Committee has made a number of recommendations which are set out below, cross-referenced to their location in the text.

The Committee recommends that:

Role and Structure of the PSC

1. The Public Service Commission be the single central agency responsible for human resource management across the Australian Public Service and be responsible to and report to the Prime Minister or the Prime Minister's delegate. (paragraph 2.46)
2. The current Department of Industrial Relations responsibilities for Australian Public Service remuneration, structures, terms and conditions be transferred to the Public Service Commission. (paragraph 2.46)
3. The current Department of Employment, Education and Training responsibilities for Australian Public Service recruitment be transferred to the Public Service Commission. (paragraph 2.46)
4. The current Department of Finance responsibilities for Australian Public Service management, including Senior Executive Service profiles and Australian Public Service statistics, be transferred to the Public Service Commission. (paragraph 2.46)
5. An appropriate level of funding and resources be provided to enable the Public Service Commission to carry out these new functions. (paragraph 2.48)
6. The Public Service Commission be restructured to include the appointment of three Commissioners, one of whom would serve as Chair of the Commission, all of whom would be appointed by the Governor-General on the recommendation of Cabinet. (paragraph 2.48)

7. The Public Service Commissioners exercise the powers currently available to the Public Service Commissioner under section 22A of the *Public Service Act 1922* and section 72A of the Public Service Regulations to review and evaluate, and inquire into and investigate personnel matters in the APS and report their findings to the Government through the Prime Minister or the Prime Minister's delegate. (paragraph 2.50)

Formal Framework for HRM

8. The review of the formal legislative and administrative framework for human resource management in the Australian Public Service take place as a matter of urgency so as to update, simplify and consolidate the management of the Australian Public Service. (paragraph 2.57)
9. The revised formal framework be widely disseminated throughout the Service. (paragraph 2.57)

Accountability

10. Information about human resource management plans and actions, including the results of evaluations and reviews, be included in departmental annual reports and program performance statements. (paragraph 2.83)

Base-Grade Recruitment

11. Under the auspices of the Public Service Commission, the current arrangements for base grade testing be continued, including continuous testing where this is deemed to be cost-effective. (paragraph 3.26)
12. Under the auspices of the Public Service Commission, the Australian Public Service Recruitment Offices supply information to prospective applicants for the Administrative Service Officer test about the availability of jobs and the success ratio so that applicants have a realistic view on their chances of appointment. (paragraph 3.26)
13. The Public Service Commission review the adequacy of the current Administrative Service Officer test to ensure its compatibility with the new requirements for core competencies. (paragraph 3.26)

Traineeships

14. The timing of the advertisements for the Australian Traineeship System be reviewed so that they are placed at times of the year which are more appropriate for school leavers who might be considering a career in the Australian Public Service. (paragraph 3.37)

Graduate Administrative Assistant Scheme

15. Under the auspices of the Public Service Commission, the current arrangements for the Graduate Administrative Assistant scheme continue, but that departments remain free to conduct their own graduate recruitment schemes, consistent with equal employment opportunity and Australian Public Service recruitment principles. (paragraph 3.41)

Joint Selection Committees

16. Funds be allocated to the Merit Protection and Review Agency to enable it to provide convenors for Joint Selection Committees. (paragraph 3.52)

Role of the MPRA

17. The Merit Protection and Review Agency maintain records on its performance and effectiveness, including the costs associated with dealing with appeals. (paragraph 3.65)
18. The *Merit Protection (Australian Government Employees) Act 1984* be amended to provide for the Merit Protection and Review Agency to report to the Minister Assisting the Prime Minister. (paragraph 3.73)

EEO

19. The Public Service Commission undertake a review of the effectiveness of Equal Employment Opportunity programs and of support structures established to promote Equal Employment Opportunity and make a full report on its findings, including the naming of underperforming departments, to the Prime Minister or the Prime Minister's delegate. (paragraph 3.84)

20. The Public Service Commission be empowered to direct agencies to correct underperformance in the area of Equal Employment Opportunity, commencing with a particular focus of Equal Employment Opportunity representation in the Senior Executive Service. (paragraph 3.84)
21. The Public Service Commission instigate methods by which data relating to Equal Employment Opportunity can be included on the Continuous Record of Personnel. (paragraph 3.88)
22. All departments integrate Equal Employment Opportunity programs into the general management of human resource management practices in the Australian Public Service, including identifying Equal Employment Opportunity requirements in selection criteria, promotion procedures and access to training. (paragraph 3.95)

Permanent Part-Time Work

23. The Public Service Commission and the Public Sector Union review the current quota for permanent part-time work, with a view to substantially improving access to this employment strategy to at least a Service-wide minimum of 6%. (paragraph 3.120)
24. Information about the availability of permanent part-time work be widely disseminated to staff. (paragraph 3.120)
25. The Public Service Commission monitor and report on the extent and usage of permanent part-time work. (paragraph 3.120)

Mobility

26. The Public Service Commission, in conjunction with departments and agencies, support and coordinate the development of schemes to facilitate the lateral mobility of staff, including secondments, exchanges and rotation, to ensure that staff gain experience in both policy and operational departments as well as in regional and central offices. (paragraph 3.133)

Performance Appraisal

27. The Public Service Commission design and implement a formal performance appraisal process for all staff at all levels across the Australian Public Service. (paragraph 3.144)

Performance Pay

28. The impact of performance pay on the efficiency and effectiveness of Senior Officers be the subject of a review by the Public Service Commission two years after its implementation. (paragraph 3.147)

Management of Underperforming Officers

29. Procedures for managing underperforming officers be streamlined. (paragraph 3.167)
30. Officers identified as underperforming be directed to the Central Redeployment Unit coordinated by the Public Service Commission. (paragraph 3.167)
31. If no place is found within three months, the officer be obliged to take a redundancy package. (paragraph 3.167)

Data Capture

32. The Public Service Commission review the adequacy of current data capture across the Australian Public Service and instigate methods for compiling and retrieving data which will allow an accurate and timely picture of the Service as a whole to be presented. (paragraph 3.178)

Remuneration

33. The Australian Bureau of Statistics monitor the relative salaries of public sector employees against comparable categories in the private sector and publish this information regularly on an annual basis. (paragraph 4.37)

34. Following the introduction of the Workplace Bargaining Agreement, information about the relative salaries of public sector employees be published in a form which allows comparisons to be made between departments and agencies. (paragraph 4.37)

Contracting Out of Information Technology

35. The Public Service Commission develop a policy framework for dealing with the staffing aspects of contracting out of Information Technology. (paragraph 4.58)
36. Contracting out of Information Technology be minimised by undertaking as much of the relevant activity within the Service as is efficient and effective. (paragraph 4.58)

Central Redeployment Unit

37. The Public Service Commission establish a Central Redeployment Unit to facilitate redeployment of excess officers. (paragraph 4.91)
38. Additional resources be allocated to the Public Service Commission to enable it to operate the Central Redeployment Unit. (paragraph 4.91)

Retrenchment and Redundancy

39. The legislation governing the employment of Commonwealth public servants be amended to specify that a period of 24 months must elapse before a former Commonwealth public servant can be re-employed by the Commonwealth. (paragraph 4.104)
40. Retrenched Commonwealth staff seeking re-employment with the Australian Public Service within this time frame be required to repay, on a pro-rata basis, a proportion of the severance allowance. (paragraph 4.104)

Stress

41. The Public Service Commission, in conjunction with Comcare, closely monitor the number of stress-related compensation claims and report its findings not only to the Prime Minister or the Prime Minister's delegate, but also to the relevant Minister and Secretary. (paragraph 4.115)

Commonwealth and State Transfers

42. The Public Service Commission review the adequacy of section 81B of the Public Service Act dealing with the appointment of persons where functions are to be carried out by the Commonwealth and policies flowing from that section. (paragraph 4.124)
43. The Public Service Commission explore methods to streamline the process of staff transferring between the Commonwealth and the States. (paragraph 4.124)

Efficiency Dividend

44. The efficiency dividend be abandoned. (paragraph 4.130)

Entry Level and Competency-Based Training

45. The Public Service Commission coordinate the development and delivery of entry level and competency-based training for the Australian Public Service. (paragraph 5.24)

Middle Management Development Programs

46. Subject to a positive evaluation report, additional funds be provided for Middle Management Development Programs for the Australian Public Service. (paragraph 5.37)
47. The Public Service Commission administer the funds and coordinate the design and delivery of Middle Management Development Programs for the Australian Public Service. (paragraph 5.37)

EDS and SWIM Programs

48. Access to management development programs, particularly Senior Women In Management, be expanded to allow for more women to participate. (paragraph 5.44)
49. The Public Service Commission and departments develop structured career programs for Executive Development Scheme and Senior Women In Management participants which promote mobility between policy and operational departments and between regional and central offices. (paragraph 5.44)

Links with Educational Institutions

50. The Public Service Commission investigate with tertiary institutions and academic centres the development of Schools of Public Administration or Centres for Management to meet the specific needs of public sector management at a minimum, one outstanding national School of Public Administration be established at an existing university such as the Australian National University. (paragraph 5.61)
51. The Public Service Commission, in conjunction with agencies, identify possible links with educational institutions with a view to developing more agency-specific programs. (paragraph 5.61)
52. The Public Service Commission make greater efforts to promote interchange between the Australian Public Service and academic institutions. (paragraph 5.61)

Evaluation of Training

53. Departments be required to include a statement about the evaluation of training and development activities, including information about levels of staff development, in future annual reports and program performance statements. (paragraph 5.102)

54. The Public Service Commissioners exercise the power available under section 22A of the Public Service Act to review personnel management in government departments and agencies, including both human resource management and human resource development. (paragraph 5.104)
55. The Public Service Commissioners report the findings of such reviews to the Prime Minister or the Prime Minister's delegate. (paragraph 5.104)

Best Practice in HRD

56. The Public Service Commission coordinate and disseminate information about best practice in human resource development in the Australian Public Service. (paragraph 5.114)

SES - Guidelines for SES Management

57. The Public Service Commission update, consolidate and simplify the guidelines for the management of the Senior Executive Service as a matter of priority. (paragraph 6.26)

SES - Profiles

58. Within an overall cap on funding, decisions relating to the structure and profiles of Senior Executive Service positions be transferred from the Department of Finance to the Public Service Commission. (paragraph 6.36)
59. The Public Service Commissioners give consideration to delegating this function to departmental secretaries. (paragraph 6.36)

SES - Broadening the Range of Policy Advice

60. No applicant be appointed to the Senior Executive Service without a broad educational background and wide experience in both policy and operational departments as well as in regional and central offices. (paragraph 6.61)

61. The Public Service Commission coordinate pursuit of a range of options to broaden the Senior Executive Service recruitment base, including:
- urging departments to advertise vacancies more widely, including targeting professional journals;
 - extending the use of Senior Officer Grade A category;
 - improving access for women to compete more effectively for positions in the Senior Executive Service; and
 - investigating steps to improve mobility between the States and the Commonwealth and between the private and public sectors. (paragraph 6.82)
62. The Public Service Commission receive additional funding to review further methods of broadening the range of advice available to government by recruiting and training people with diverse qualifications, experience and backgrounds which reflect the diversity of Australian society. (paragraph 6.82)
63. The Public Service Commission take a more proactive role in coordinating structured career planning for Senior Executive Service officers which includes mandatory periods of experience in policy and operational departments as well as regional and central offices. (paragraph 6.102)

SES - Statistics

64. Future editions of the Public Service Commission's publication on Senior Executive Service statistics include additional detail which shows mobility of officers between departments and which reflects the gender balance within each department. (paragraph 6.105)

SES - Training and Development

65. The Public Service Commission coordinate the provision of broader and more structured forms of training and development for Senior Executive Service officers. (paragraph 6.116)

66. Tertiary institutions and centres with a proven record in public sector management develop programs to provide training specifically targeted to the needs of public sector managers. (paragraph 6.116)
67. Appropriate resources be made available to these institutions and centres to develop such programs. (paragraph 6.116)
68. The Public Service Commission be given the responsibility of allocating these funds to such centres. (paragraph 6.116)

SES - Performance Pay

69. The impact of performance pay on the effectiveness and efficiency of the Senior Executive Service be the subject of a review by the Public Service Commission two years after its introduction. (paragraph 6.132)

Flexible Employment

70. The Public Service Commission, in conjunction with departments and agencies, further investigate flexible employment strategies. (paragraph 7.23)

New Technologies

71. Training programs be developed to ensure that those less well prepared by their education and previous experience are assisted in developing competencies in the use of increasingly sophisticated computer applications. (paragraph 7.36)

Childcare and Aged Care

72. Departments and agencies provide childcare and/or facilitate the provision of childcare. (paragraph 7.54)
73. Departments and agencies facilitate arrangements for employees with aged care responsibilities. (paragraph 7.54)

Industrial Democracy

- 74. The Public Service Commission conduct Australian Public Service staff surveys on a bi-annual basis and report on the changes occurring and the improvements made since the last survey. (paragraph 7.81)
- 75. The Public Service Commission include industrial democracy as part of the curriculum for Service-wide management courses. (paragraph 7.84)
- 76. Agencies further promote an industrial democracy framework to facilitate greater employee contribution to organisational objectives. (paragraph 7.84)

Workplace Bargaining

- 77. The Public Service Commission coordinate the introduction of workplace bargaining in the Australian Public Service. (paragraph 7.113)
- 78. The Public Service Commission advise and provide support to agencies to assist them in implementing workplace bargaining. (paragraph 7.113)
- 79. Workplace bargaining within the Australian Public Service be evaluated on an agency-by-agency basis two years after its introduction. (paragraph 7.115)
- 80. The evaluation should be conducted by an external review body, ideally the Public Service Commission. (paragraph 7.115)
- 81. The Public Service Commission conduct a full evaluation of the impact of workplace bargaining on the Australian Public Service once agreements have been in operation for two years. (paragraph 7.116)

ABBREVIATIONS

Agreement	Agreement between the Commonwealth Government and Public Sector Unions, <i>Improving Productivity, Jobs and Pay in the Australian Public Service 1992-94</i> .
AG's	Attorney-General's Department
ANAO	Australian National Audit Office
APS	Australian Public Service
APS Statistics	Department of Finance, <i>Australian Public Service Staffing Statistics Report 1991</i>
ASC	Australian Securities Commission
ASO	Administrative Service Officer
CES	Commonwealth Employment Service
DAS	Department of Administrative Services
DASET	Department of the Arts, Sport, the Environment and Territories
DEET	Department of Employment, Education and Training
Defence	Department of Defence
DFAT	Department of Foreign Affairs and Trade
DIR	Department of Industrial Relations
DITAC	Department of Industry, Technology and Commerce
DoF	Department of Finance
DPIE	Department of Primary Industries and Energy
DSS	Department of Social Security
DTC	Department of Transport and Communications
DVA	Department of Veterans' Affairs
EDS	Executive Development Scheme
EEO	Equal Employment Opportunity
HRD	Human Resource Development
HRD Survey	Public Service Commission, <i>Developing People in the Australian Public Service - Report on the Public Service Commission's Human Resource Development Survey 1990-91</i>
HRM	Human Resource Management
HRM Framework	Public Service Commission, <i>A Framework for Human Resource Management in the Australian Public Service</i>
HRM Seminar	'Meeting the Human Resource Management Challenge of the 90s', co-hosted by the Royal Institute of Public Administration Australia (ACT Division) and the Joint Committee of Public Accounts, Parliament House, Canberra, 22 July 1992
JAPSTC	Joint APS Training Council
MAB	Management Advisory Board
MIAC	Management Improvement Advisory Committee
MPRA	Merit Protection and Review Agency
OECD	Organisation for Economic Cooperation and Development
PM&C	Department of the Prime Minister and Cabinet
PSC	Public Service Commission

PSU	Public Sector Union
Public Service Act	<i>Public Service Act 1922</i>
Public Service Reform Act	<i>Public Service Reform Act 1984</i>
R & R Award	<i>APS Redeployment and Retirement (Redundancy) Award 1987</i>
Second Tier	Office Structures Agreement
Senate Standing Committee Reports	Reports from the Senate Standing Committee on Finance and Public Administration on <i>The Development of the Senior Executive Service: Performance Based Pay</i> , May 1990; and <i>Development of the Senior Executive Service</i> , September 1990
SES	Senior Executive Service
SES Statistics	Public Service Commission, <i>SES Career Management - Senior Executive Service Statistics - 1991</i>
SWIM	Senior Women In Management
Treasury	Department of the Treasury

Chapter 1

INTRODUCTION

Terms of Reference

1.1 Under section 8(1) of the *Public Accounts Committee Act 1951*, the Joint Committee of Public Accounts (the Committee) has the power to determine the areas of government administration it may wish to investigate. In 1991, the Committee identified a need to examine aspects of the efficiency and effectiveness of human resource management in the Australian Public Service (APS). The Committee's reference was formally adopted on 9 October 1991.

1.2 The Committee resolved:

To inquire into the efficiency and effectiveness of the management of human resources in the Australian Public Service with particular reference to:

- recruitment and staff career development;
- the effects of corporate restructuring and general rationalisation on human resources;
- professional training and development; and
- the Senior Executive Service.

Background to the Inquiry

1.3 The Inquiry is the first comprehensive review of the Public Service since the Royal Commission on Australian Government Administration in 1976. The Royal Commission's review was a particularly valuable one, which was not only analytically rigorous, but which was also humane in its approach.

1.4 The Committee's interest in management in the APS has been a long-standing one. As long ago as 1982, the Committee, in its Report 202: *The Selection*

and Development of Senior Managers in the Commonwealth Public Service, recommended the creation of a Senior Executive Group and devolution of more resources to internal departmental management development programs.

1.5 The Committee identified the need for this Inquiry in recognition of the extensive legislative and administrative changes which had occurred in the management of the APS in the previous decade and a recognition that the future productivity of the APS would depend to a large degree on the quality and commitment of the staff of the APS and the ability of staff to implement and/or adapt to these changes.

1.6 Prior to this time, and since the Royal Commission's review, inquiries into aspects of human resource management had been ad hoc in their nature and had been primarily the result of inquiries by the Auditor-General and the Senate Standing Committee on Finance and Public Administration. For example, in recent years, the Auditor-General has presented a number of reports dealing with such aspects as training and recruitment, disciplinary processes, evaluation, human resource management systems, and redundancy management. Many of these reports targeted specific departments and were not capable of providing a system-wide perspective of human resource management in the APS. In addition to these inquiries, the Senate Standing Committee on Finance and Public Administration presented two reports in 1990 on aspects of the Senior Executive Service.

1.7 Various reports of the Management Advisory Board (MAB) and the Management Improvement Advisory Committee (MIAC) in recent years, and *APS 2000*, a discussion paper produced in 1989 by an Interdepartmental Working Party convened by the Public Service Commission (PSC), are further examples of publications which have commented on aspects of human resource management.

1.8 Against this background of ad hoc inquiries and reports, the Committee sought to conduct a comprehensive review of the adequacy of the framework for the administration of human resource management within the APS in an environment characterised by a significant number of both decentralised and devolved responsibilities.

1.9 That the Inquiry has been regarded in the community as both timely and significant can perhaps also be reflected in the large number of conferences and seminars on public sector management which have been offered to people working in the field of human resource management. Indeed, throughout the year, the Chairman and members of the Committee have delivered many keynote and other addresses on aspects of the Committee's Inquiry.

Conduct of the Inquiry

1.10 In January 1992, the Inquiry was advertised in the national press inviting submissions. Interested parties in both the public and private sector were also contacted and invited to lodge submissions by 13 March 1992.

1.11 In the public sector, personal invitations were made to all Commonwealth departmental heads and heads of state in every State and Territory in Australia. In the private sector, 100 of the top 500 companies in Australia were approached, in the hope that their experiences in human resource management could be of assistance in the Committee's assessment of the Australian Public Service. Academics from institutions across Australia were also invited to contribute. Because of the interest generated by the Inquiry, the Committee extended the date by which submissions would be received to allow all parties the maximum opportunity to contribute and respond to matters raised. Submissions continued to be received throughout the Inquiry.

1.12 The Committee was pleased with the response from the public sector. Almost all government departments made a submission to the Inquiry. However, very few associated organisations, including statutory authorities, government business enterprises and agencies, which had been included in the invitation to make submissions, actually made submissions to the Inquiry. For this reason, the Committee felt compelled to confine the majority of its subsequent investigations to the management of human resources in government departments. Reference is only made to the special concerns and issues raised by statutory authorities and other agencies as appropriate.

1.13 It should be pointed out that two agencies, having made both joint and separate submissions, declined the Committee's request to give evidence at a public hearing. The Committee was disappointed that it was unable to explore with the Australian Tourist Commission the particular difficulties it faced as a statutory authority. Similarly, the Committee was disappointed that it was unable to explore the challenge faced by the newest government department, the Department of Tourism, in implementing its human resource strategies.

1.14 Individual public servants and others also contributed submissions, as did a number of academics, consultants, community groups and unions. It should also be pointed out that the Committee was disappointed in the actions of one department which questioned the right of an individual officer of that department to make a submission to the Committee's Inquiry. The Committee wishes to reassure individual public servants that, whilst other channels within their organisation may

also be appropriate to communicate their views, they do have the right to make submissions to parliamentary committees without fear of repercussions from their department. The matter in question was resolved to the satisfaction of all parties.

1.15 Although only a small number of private sector organisations responded to the Committee's invitation to make a submission, others, like the ANZ Banking Group and Westpac, indicated their willingness to assist the Committee by providing informal briefings and other material. IBM also shared with the Committee the results of a recent major international human resource study.

1.16 A wide cross-section of the public sector has therefore provided valuable input, and this, together with both formal and informal input from the private sector, has enabled the Committee to identify the current and emerging issues facing people in the human resource area.

1.17 A total of 120 submissions has been received, amounting to over 2 200 pages of evidence. In addition the Committee took evidence from 63 witnesses at five public hearings, providing a further 563 pages of evidence. A list of submissions received by the Committee is provided at Appendix 1. A list of witnesses is provided at Appendix 2.

1.18 Background material, in the form of informal papers, publications and correspondence was also received. In addition to this, a number of witnesses also tendered a total of 26 exhibits. These are listed at Appendix 3.

1.19 Prior to the commencement of public hearings, the Committee was briefed by staff from the Public Service Commission, who also facilitated an inspection of their premises. The Committee undertook further briefings and inspections - both of a formal and informal nature. These are listed at Appendix 4.

1.20 The Committee was particularly anxious to obtain the views of public servants, and for this reason a seminar was held in July 1992. The seminar was co-hosted by the Committee and the Royal Institute of Public Administration Australia (ACT Division) and was attended by approximately 100 people (HRM Seminar). The Committee found this to be a particularly useful forum for gathering information and hearing the views of a significant number of public servants.

1.21 Useful input also came from an informal meeting with a group of public sector managers from the Philippines in October 1992. The group was participating in an AIDAB-funded training program for human resource management and human resource development personnel.

Structure of the Report

1.22 This Chapter, Chapter 1, provides an introduction to the Inquiry, including the background to it and the conduct of it.

1.23 Chapter 2 examines the current framework for the administration of human resources in the APS, with reference to the respective roles of the central agencies and departments. The general impact of the decentralisation and devolution of responsibilities is discussed.

1.24 Chapter 3 includes the Committee's findings in relation to the first term of reference, dealing with recruitment and staff career development.

1.25 Chapter 4 includes the Committee's findings in relation to the second term of reference, dealing with the effects of corporate restructuring and general rationalisation on human resources.

1.26 Chapter 5 includes the Committee's findings in relation to the third term of reference, dealing with professional training and development.

1.27 Chapter 6 includes the Committee's findings in relation to the fourth term of reference, dealing with the Senior Executive Service.

1.28 The final Chapter, Chapter 7, addresses additional matters which have emerged during the Inquiry, including identifying the issues which will face the Australian Public Service into the next century.

Chapter 2

DECENTRALISATION, DEVOLUTION AND DELEGATION

Introduction

2.1 The previous decade has seen a considerable number of changes in the Australian Public Service. These changes have come about as a result of an extensive program of reforms in a wide number of areas including structural and industrial reforms, budgetary and financial management reforms, planning and reporting reforms, as well as those specifically identified as human resource management reforms. These changes have included the **decentralisation** of responsibilities, that is the redistribution of tasks or functions from central units to more widely dispersed units; the **devolution** of tasks or functions, that is the transfer of the decision making power from high levels in an organisation to lower levels; and the **delegation** of power, that is the transfer of formal instruments of authority to others who then act as an agent or representative. The aim of devolution has been to 'push down' responsibility for decision making to the people who are best placed to make those decisions. Both decentralisation and delegation are therefore integral to the success of devolution.

2.2 The Government's broad objectives in initiating the public sector reforms were to develop an administration that:

- is more responsive and accountable to Ministers and the Parliament;
- is more efficient and effective;
- gives all Australian citizens an opportunity to compete on merit to join and advance within it, and which provides greater opportunities for disadvantaged groups; and
- has a more streamlined and independent system for protecting the rights of staff.¹

1. *Reforming the Australian Public Service*, White Paper, December 1983, Evidence p. S832.

2.3 An important principle underlying the full range of reforms was that they were inextricably linked and needed to be viewed as part of an overall package. For this reason, in relation to this Inquiry, the Committee viewed it as imperative to canvass a broad range of issues to determine the impact of some of the more significant changes on the efficiency and effectiveness of human resource management in the Australian Public Service. Time did not permit a comprehensive and detailed examination of all matters drawn to the Committee's attention, but where matters were unable to be explored as part of this Inquiry, comments or recommendations have been made about further investigation.

2.4 The Committee was also cognisant of an inquiry being conducted concurrently by the Management Advisory Board's Task Force on Management Improvement. The Task Force's inquiry aims to assess the impact of the full range of reforms on both staff morale and job satisfaction as well as performance and productivity.

2.5 The Task Force is undertaking case studies within many APS agencies, gathering community views by means of surveys and interviews, conducting research and receiving submissions. The Task Force aims to complete a technical report by December 1992 and to prepare a draft paper on management improvement early in 1993. The final results of that evaluation of management improvement will not be available at the time this Committee reports; however, it will be useful to see the areas of commonality and difference which are addressed in the two inquiries.

Reforms of the 1980s

2.6 The reforms of the 1980s which have had the greatest impact on human resource management in the APS were the structural reforms in 1987 which resulted in the abolition of the Public Service Board as the central controlling agency for the APS and the decentralisation of its functions to other coordinating agencies and line departments. Additionally, the Machinery of Government changes reduced the number of departments from 28 to 17. Within departments, further organisational and structural reforms took place as responsibility for some financial and personnel matters was further devolved and delegated to line managers.

2.7 In addition to the structural reforms, industrial reforms have also been key elements of change in the last decade. Award restructuring under the Office Structures Agreement (Second Tier) and Structural Efficiency Principle agreements were designed to reduce impediments to multiskilling and flexibility and provide opportunities for improved job and work design and career paths. For example, as a result of the Second Tier process some 100 keyboard and clerical

classifications were reduced to a single 8-level structure. Providing access to permanent part-time employment was an additional feature of the reforms.

2.8 Most recently, reforms in the industrial area have included the proposal for the introduction of performance based pay to the Senior Executive Service and Senior Officers and the introduction of the Workplace Bargaining Agreement, which allows for each workplace to negotiate wage increases in return for increased productivity.²

2.9 In the budgetary and financial area, 1984, for example, saw the introduction of the Financial Management Improvement Program, which included Program Management and Budgeting. This reform was designed to give managers greater flexibility and incentive to manage their resources more effectively.

2.10 Into this climate of organisational and structural change, came new responsibilities for planning and reporting. The requirements for departments to prepare corporate plans, program performance statements, and improve their annual reports were important devices for improving organisational effectiveness by ensuring that departmental priorities, objectives and missions were more clearly articulated. They also contributed to more effective reporting to Parliament.

2.11 In the area of human resource management specifically, changes during the 1980s have included the abolition of the four tier divisional structure of the APS, the creation of the Senior Executive Service (SES) and the establishment of the Merit Protection and Review Agency (MPRA) as an independent grievance and appeals body. Simplified and streamlined provisions relating to discipline, promotion, and promotion appeals were outlined and new redeployment and retrenchment provisions were introduced. Equal Employment Opportunity (EEO) strategies were launched. Public servants also had to adapt to new requirements for personal performance appraisal, have a greater regard for career planning and recognise the need for further training and development.

2.12 The reforms of the 1980s were designed to facilitate the process of devolving power to a level at which those most involved in the delivery of programs or services could make decisions which would make their areas more effective and efficient. At the same time, however, it was recognised that there needed to be a

2. The Australian Industrial Relations Commission endorsed the Workplace Bargaining Agreement for the APS on 4 December 1992. The Agreement is between the Commonwealth Government and Public Sector Unions and is called: *Improving Productivity, Jobs and Pay in the Australian Public Service 1992-94*. (the Agreement)

balance between providing managers in agencies with adequate scope to develop arrangements to best suit their needs whilst retaining some central control over pay, conditions and personnel rules that are integral to the maintenance of the Australian Public Service as a single and unified career service, albeit in a modified form.

2.13 The importance of all of these reforms for human resource management in the APS is that the reforms not only needed to be implemented by people but they also had an impact on people. The intention of the reforms has been to provide the flexibility to allow managers to make the best use of the resources available, including people.

2.14 A chronology of the significant legislative and administrative reforms in the 1980s and 1990s is included at Appendix 5.

Impact of the Reforms

2.15 The Committee has detected differing perceptions as to the success of the reforms. In relation to the achievement of the goals as stated in the White Paper, the Department of Finance (DoF) submitted that the reforms had been successful in improving the responsiveness of the APS to Ministers, Government and the Parliament and in promoting social justice and equity in program development and delivery.³ In contrast to this view, other evidence to the Inquiry, together with the preliminary findings of the MAB Task Force survey, suggest that the focus on efficiency may have been achieved at the expense of effectiveness and equity. The Public Sector Union (PSU) for example, noted that one of the negative effects resulting from the streamlining changes has been an overconcentration on short term financial results at the expense of other outcomes and service quality issues.⁴

Improvements

2.16 The majority of departments which provided evidence to the Inquiry indicated that, in their view, the reforms have improved the effectiveness of the operations of the APS, and that the improvements have been measurable. The Department of Finance, although recognising the difficulties of measurement, calculated that an estimated labour productivity growth of 3% per annum was achieved for the APS in the late 1980s.⁵ The Department continued by stating that

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3. Evidence p. S1734.
 4. Evidence p. S521.
 5. Evidence p. S1734.

the reforms have meant that public servants now have a clear responsibility 'to ensure that taxpayers' money is expended as effectively and efficiently as possible', rather than simply complying with procedures.⁶

2.17 The PSU also confirmed that, in its view, the changes in working conditions and work organisation and skilling of the workforce have also resulted in 'measurable improvements', not only for the workforce which has enhanced access to career development, but also in improved outcomes and service delivery.⁷

Costs

2.18 The impact of the changes, however, has not been without cost. The PSU noted that, for example, staff skill levels and morale have suffered as a result of the devolution of personnel functions to departments.⁸ Others, like Mr Blunn, Secretary of the Department of the Arts, Sport, the Environment and Territories (DASET), indicated that the reductions and changes to established work patterns are putting people under stress in quite significant ways. In his Department, Mr Blunn confirmed that more medical problems are occurring as a direct result of the changes which have been experienced.⁹

2.19 In financial terms, the Department of Finance provided the Committee with evidence relating to the cost of implementing two of the reforms - the Office Structures Agreement (Second Tier) and Structural Efficiency Principle.¹⁰ Although salary and allowances increased by approximately 4%, and additional funding of \$9 million was provided over 1987-88 and 1988-89 to meet the costs of training,¹¹ the gross costs to agencies were expected to be fully offset by the resultant productivity gains. As mentioned above, this appears to have been achieved as the productivity gains were in the order of 3% per annum.

2.20 In the case of individual agencies, it proved much more difficult for the Committee to quantify the costs and benefits of the reforms. In the case of the Australian Taxation Office, DoF has received an assurance from the Australian Taxation Office that savings in staff and administrative costs *will be made* under

6. Evidence p. S1735.

7. Evidence p. S491.

8. Evidence p. S521.

9. Evidence pp. 363-64.

10. Evidence pp. S1965-66.

11. Departments had been under-investing in training in previous years; these funds provided a much needed catch-up.

their modernisation agreement.¹² No details of the savings were provided.¹³ The Attorney-General's Department (AG's) indicated that the direct short-term savings resulting from the devolution of corporate services in the regions has been of the order of \$120 000 per annum, but that longer-term savings can also be expected.¹⁴

2.21 The Department of Industrial Relations (DIR) also stated that the improvements made through the Second Tier and Structural Efficiency Principle negotiations have not been without costs:

These costs included the effort required to achieve the attitudinal and cultural changes needed to take full advantage of the reforms. Further, some organisations have probably gained more than others and continuing benefits can be expected to accrue.¹⁵

2.22 The Committee accepts that the impact of the reforms has been mixed and, whilst efficiency and productivity savings have been achieved and the reforms may have laid the foundation for longer-term improvements, this may have been at the expense of such issues as service delivery, equity and staff morale. Ways in which these matters could be addressed are discussed in the remaining chapters of this Report. Further areas requiring improvement may also be identified in the more detailed MAB Task Force survey on management improvement.

APS Values

2.23 The Committee would also like to emphasise that the ethos of public service is the most important feature of the APS. It views with alarm the perception that, with decentralisation and devolution, the concept of working for the service of the public, is being diminished. It accepts that the emphasis on efficiency is important, but points out that a balance needs to be achieved between efficiency and aspects such as access and equity. It remains the Committee's hope that this balance can be achieved and that training, including induction programs, will restore to public servants the importance of the values of a professional public administration, which is capable of reflecting the diversity of Australian society and which is dedicated to serving the public in that society.

12. Evidence p. S1967.

13. The costs and benefits of the reforms of the Australian Taxation Office are discussed in greater detail in a separate report of the Committee on its Inquiry into the Australian Taxation Office.

14. Evidence p. S2141.

15. Evidence p. S1687.

Decentralisation - Roles of the Central Agencies

2.24 The structural reforms of the 1980s created a situation where the responsibilities of the central agencies were divided largely between the PSC, DIR, DoF and the Department of Employment, Education and Training (DEET). At the same time, the part-time Management Advisory Board was also established, providing a forum for consideration of major management activities affecting the APS as a whole and advising the Government on these matters. MAB, which is chaired by the Secretary of the Department of the Prime Minister and Cabinet (PM&C), includes secretaries from other departments as well as representatives of the Australian Council of Trade Unions and the private sector.

Role of the Public Service Commission

2.25 Under the current decentralised arrangements for the coordinating agencies, the PSC has central policy responsibility for the strategic management of most human resource management (HRM) matters in the APS. The PSC develops policy on recruitment, promotion, mobility, career paths, performance management, human resource development, redeployment and retirement and monitors the implementation of EEO. The PSC is also the agency with primary responsibility for the management of the SES.

2.26 The PSC sees its role as:

- setting an appropriate framework (in the form of a policy statement, guidelines or broad instructions), usually after consultation;
- communication and promoting the framework;
- monitoring and obtaining feedback on implementation of the framework;
- identifying and communicating best practice, where this is appropriate and productive;
- undertaking evaluation or promoting evaluation methodologies; and

revising policy where necessary and re-commencing the above cycle.¹⁶

Roles of the Department of Industrial Relations and the Department of Finance

2.27 The Department of Industrial Relations, which has responsibility for national industrial relations policy, is currently responsible for APS pay, conditions of service and the design of employment classification structures and accompanying standards. It coordinates industrial relations agreements and represents the employer in the majority of matters before the Industrial Relations Commission. Occupational Health and Safety and workers' compensation also come within the DIR portfolio. DIR also produces the Personnel Management Manual. Updates of this Manual are provided to agencies in a loose-leaf format.

2.28 The Department of Finance currently has overall responsibility for funding APS salaries and approving funds for agency SES profiles. The Department also provides policy advice on position classification standards and performance pay as well as providing policy advice to the Retirement Benefits Office on management of APS superannuation. APS workforce statistics are also produced by the Department together with the Commonwealth Manager's Toolbox and the Commonwealth Financial Management Handbook. The Toolbox is available to suit the CD-ROM format and is based on material provided to DoF by the PSC.

2.29 Like the PSC, both the DIR and DoF see their roles as increasingly being advisory and consultative within a framework of policy development and implementation.¹⁷ To this end, both Departments provide consultancy services to agencies to assist them to implement the reforms. Both also recognise the need to be able to step in when things go wrong.

2.30 Many of those who made submissions to the Inquiry indicated that, even in a climate of increased devolution, the role of the central agencies would be to continue to provide and create a clear, supportive framework within which managers would have the necessary incentives and opportunities to develop and exercise their skills. The central agencies would therefore be more 'consultative' and less 'directional'.

16. Evidence p. S623.

17. Evidence pp. S1772 and S1736.

Role of the Department of Employment, Education and Training

2.31 Although the PSC has policy responsibility for recruitment, currently the DEET has responsibility for the operational aspects of recruitment, including the centralised system of testing for base-grade entry to the APS, as well as operational responsibility for the Trainee and Graduate Administrative Assistant recruitment programs.

Impact of Decentralisation

2.32 In relation to the four main coordinating agencies - the PSC, DIR, DoF and DEET - evidence received by the Committee indicates that the current arrangement of decentralised functions is less than ideal, since the potential exists for confusion and overlap and this causes delays in expediting resolutions to problems which arise. Mr Robson, National Secretary of the PSU, described the current arrangements in the following terms:

We take the view that the current arrangements are inadequate; that is, DIR sort of handling pay, the Public Service Commission as an entity sort of being a blancmange, and the Department of Finance still having a figure in pay because it handles classification structures. It is a crazy configuration.¹⁸

2.33 Even the Attorney-General's Department found that, when attempting to identify the responsibilities of the central agencies, it could not do so with any degree of certainty.¹⁹

2.34 Agencies like the Australian Securities Commission (ASC) provided the Committee with examples of the difficulties it experienced when trying to resolve acute personnel problems. For example:

... the ASC sought advice from the DIR on the impact of the inefficiency provisions on the income maintenance provisions, which apply to many ASC staff who transferred from (the State and Territory Corporate Affairs Commissions). The DIR provided an oral advice but when asked for it in writing

18. Evidence p. 113.

19. Evidence pp. S1078-80.

directed the ASC to the PSC. The problem - the DIR handles income maintenance but the PSC handles inefficiency. The PSC could justifiably refer the matter back to the DIR and in the meantime an agency is left with no written authority for the action to be undertaken.²⁰

2.35 Ms Rosemary Oxer, consultant to the ASC, told the Committee:

... the distribution of functions actually dealing with particular difficulties seemed to leave a lot of opportunity for a passing around of the problem. ... All the ASC wanted was some answers ... Whether it is in one agency or three does not particularly matter as long as somebody takes responsibility and can respond promptly when an agency needs help.²¹

2.36 The Department of Industry, Technology and Commerce (DITAC) indicated that it experienced similar problems in obtaining definitive advice from the central agencies and, in particular, which agency had the authority to provide advice on particular issues such as conditions of service and recruitment.²²

2.37 Without necessarily wanting a return to the former arrangements, comparisons were made by more than one organisation that less confusion about responsibility existed under the old Public Service Board.²³

2.38 The PSC, referring to its relationship with DEET, also drew the Committee's attention to the special problems it faces when one agency has policy responsibility for the delivery of a program, whilst another has operational responsibility. The Public Service Commissioner, Mr Ives, told the Committee:

... we have had particular problems in ensuring that the base grade testing regime has operated consistently with policy principles because policy and implementation have been separated. We are responsible for policy and DEET is responsible for administration and delivery and, even though

20. Evidence p. S904.

21. Evidence p. 331.

22. Evidence p. S468.

23. Evidence pp. 98 and 186.

we have set up working arrangements for officers to get together and to talk regularly and to work out programs, we continue to find working difficulties in this area.²⁴

Proposals for Change

2.39 Evidence on the issue of whether the current decentralised allocation of responsibilities should be changed to increase the efficiency and effectiveness of human resource management in the APS was varied. In addition to the evidence presented above, which reflects a desire for more central coordination and guidance, many agencies indicated that they were relatively satisfied with the current arrangements; some indicated a desire to have more responsibility devolved to them; whilst, at the other end of the spectrum, one agency indicated a desire to move outside the current arrangements, even to the extent of issuing their own pay cheques.

2.40 The variety of responses made it clear to the Committee that agencies have reacted differently to the impact of the reforms and that there are a variety of reasons for this, including the fact that the APS is comprised of such diverse agencies and that the sizes of those agencies varies so widely that each therefore has a different capacity to deal with the reforms. For example, the larger agencies have tended to become much more self-sufficient, whilst the smaller agencies have not had the capacity to develop their own responses to the reforms and have had to rely much more heavily on support and advice from the central agencies.

Role of the Public Service Commission

2.41 In order to overcome the problems of decentralisation referred to above, the case has been put to the Committee to increase the role and functions of the Public Service Commission. Suggestions to increase the role of the PSC have included requiring the Commissioner to invoke existing powers of review and evaluation of personnel management under section 22A of the *Public Service Act 1922* (the Public Service Act) and powers to inquire and investigate under section 72A of the Public Service Regulations. Other suggestions included transferring the responsibilities currently with DIR to the PSC in order to create a single agency with responsibility for all personnel matters related to the APS. The Public Service Commissioner noted that any increase in the role of the PSC would, of necessity, involve an increase in its resources.

24. Evidence p. 185.

2.42 Much of the evidence to the Inquiry indicated that the PSC should, at the very least, maintain its role as the guardian of the apolitical recruitment process on merit to the nation's Public Service²⁵ and be responsible for the preservation of the key APS principles of merit, equity, efficiency and effectiveness.²⁶

2.43 By contrast the Committee has also received evidence implying that the PSC's role could become increasingly irrelevant with increased devolution. For example the Trade Practices Commission, the Australian Securities Commission, the Australian National Audit Office (ANAO) and AG's actively welcome the responsibilities which go with devolution and find the APS constraints too restricting.

2.44 The Committee is concerned that in this climate of decentralisation and devolution, a balance between central controls and decentralised and devolved responsibilities is required. However, as will become evident in this and the remaining Chapters of the Report, the Committee is not convinced that the current levels of decentralisation and devolution are appropriate for the APS at this time and that there are areas which now require improvement. In particular, the Committee remains concerned that with so many coordinating agencies having responsibility for aspects of human resource management across the APS, the current decentralised arrangements are failing to meet the needs of HRM in the APS. For this reason the Committee regards it as imperative to recentralise the APS functions of DIR, DEET and DoF into the PSC in order to provide a single central agency responsible for HRM in the APS. Further details on the way in which the Committee envisages these responsibilities being handled for DEET are discussed in Chapter 3.

2.45 The basic premise on which the Committee's Report rests is that the PSC, as the single central agency responsible for HRM in the APS, would be subject to formal direction by the Government on matters of policy. It would therefore be responsible to and report to the Prime Minister, or a Minister delegated by the Prime Minister, in the same way that the managing director of a company reports to the head of the corporation.

25. Evidence p. 59 and Evidence p. S348.

26. Public Service Commission, *A Framework for Human Resource Management in the Australian Public Service*, AGPS, 1992, p. 27. (HRM Framework)

- the Public Service Commission be the single central agency responsible for human resource management across the Australian Public Service and be responsible to and report to the Prime Minister or the Prime Minister's delegate;
- the current Department of Industrial Relations responsibilities for Australian Public Service remuneration, structures, terms and conditions be transferred to the Public Service Commission;
- the current Department of Employment, Education and Training responsibilities for Australian Public Service recruitment be transferred to the Public Service Commission;
- the current Department of Finance responsibilities for Australian Public Service management, including Senior Executive Service profiles and Australian Public Service statistics, be transferred to the Public Service Commission.

2.47 In order to carry out these new duties, the Committee is aware that the PSC will require an increased level of funding and resource allocation. It also believes that it is imperative that the central human resource agency for the APS be restructured to reflect its new responsibilities. The current arrangement of one Commissioner, assisted by a Deputy Commissioner, would appear to be inadequate to meet the additional level of responsibility for HRM in the APS proposed by the Committee. The Committee favours a Public Service Commission consisting of three Commissioners, one of whom would serve as the Chair of the Commission, all of whom would be appointed by the Governor-General on the recommendation of Cabinet. The three Commissioners would be appointed for terms not exceeding five years with eligibility for re-appointment. The Committee considers that it would be appropriate to consider for appointment to the positions of Commissioner people with broad backgrounds in terms of qualifications and experience.

2.48 **The Committee recommends that:**

- an appropriate level of funding and resources be provided to enable the Public Service Commission to carry out these new functions;
- the Public Service Commission be restructured to include the appointment of three Commissioners, one of whom would serve as Chair of the Commission, all of whom would be appointed by the Governor-General on the recommendation of Cabinet.

2.49 The Committee also regards it as imperative that the Public Service Commissioners take a more active role in monitoring HRM developments in the APS.

2.50 **The Committee recommends that:**

- the Public Service Commissioners exercise the powers currently available to the Public Service Commissioner under section 22A of the *Public Service Act 1922* and section 72A of the Public Service Regulations to review and evaluate, and inquire into and investigate personnel matters in the APS and report their findings to the Government through the Prime Minister or the Prime Minister's delegate.

2.51 In view of its increased role, the Committee also considers it imperative that the effectiveness of the PSC itself be evaluated. Rather than creating a separate body to conduct the evaluation, the Committee regards itself as well placed to perform this task and indicates its intention to review after two years the effectiveness of the newly structured PSC in performing the functions recommended throughout this Report.

2.52 In making these recommendations for change to the functions and structure of the Public Service Commission, the Committee is mindful of the difficulties faced by the current Public Service Commissioner in not having had adequate resources and authority to manage human resources in the APS in the most effective and efficient way. The Committee also recognises that a great deal of valuable work has been done by the PSC in its efforts to provide human resource management direction and guidance to departments and agencies, particularly through the range of staff development activities which it has initiated.

Formal Framework for HRM in the APS

2.53 The Committee accepts that the current decentralised arrangements have caused a degree of confusion and frustration, in particular confusion over the roles of the PSC, DIR, DoF and DEET. The Committee also notes that one of the reasons for this may also have related to the lack of a clearly defined formal framework for HRM in the APS. The recent publication of the PSC, *A Framework for Human Resource Management in the Australian Public Service* (the HRM Framework), provides a useful starting point. However, it is apparent that there is a further need to update the legislative and administrative framework too.

2.54 In its submission to the Inquiry, the PSC drew the Committee's attention to the complex and fragmented nature of the current formal framework for human resource management in the APS. The existing framework consists largely of the Public Service Act (which still refers to the powers of the Public Service Board), the Public Service Regulations and the Guidelines and Instructions issued by the Public Service Commission and the other central authorities, such as the complex and cumbersome Personnel Management Manual volumes issued by DIR. The formal framework is described as 'a patchwork of provisions and decisions enacted or made over the last 70 years'.²⁷ The comment also made by the PSU was that 'The Public Service Act at the moment is in a total mess ...'.²⁸

2.55 The PSC, in consultation with other central agencies, indicated that it is developing a modernised version of the Public Service Act which will reflect the basic changes to the nature and structure of the APS. As previously mentioned the Commission has also developed an integrated HRM Framework which identifies, consolidates and updates guidelines, and which is presented in the form of user-friendly, plain English modules.²⁹

2.56 The Committee commends the approach being taken by the PSC in the development and publication of the HRM Framework. However, the Committee was surprised and concerned that there has been such a lengthy delay in addressing the need to modernise and consolidate the legislative and administrative framework for HRM in the APS so as to update, simplify and consolidate the management of the APS. It views the approach now being taken by the PSC as one which is long overdue.

27. Evidence p. S632.

28. Evidence p. 114.

29. Evidence p. S632.

- the review of the formal legislative and administrative framework for human resource management in the Australian Public Service take place as a matter of urgency so as to update, simplify and consolidate the management of the Australian Public Service;
- the revised formal framework be widely disseminated throughout the Service.

2.58 In making these recommendations, the Committee is cognisant of the rapid pace of change in the APS and in particular the potential impact of workplace bargaining. Revision of the legislative and administrative framework will need to be responsive to this changing environment.

Devolution - Roles of Departments

2.59 Devolution has resulted in a great deal of change at the departmental level. Agency heads, and through them, the agency itself, have acquired a significant number of responsibilities for the management of staff. For example, with the changes to the APS under the *Public Service Reform Act 1984*, agency heads had devolved to them the power to create, abolish and reclassify positions. Since 1984 there has been an increasing devolution of authority for classification decision making within agencies to line, regional and program managers. Under the provisions of the same Act, agencies were also required to develop, maintain and implement equal employment opportunity programs and implement industrial democracy plans.

2.60 The 1986 streamlining provisions gave agency managers responsibility in such areas as redeployment and the placement of surplus staff, which had previously been the responsibility of the Public Service Board. Departments already had devolved to them all case work relating to pay, leave and allowances. This was enhanced when, through the vehicle of award restructuring, they also inherited responsibility for determining hours of duty and working patterns and arrangements.

2.61 Other than the policy responsibilities transferred to the PSC when the Public Service Board was abolished, virtually all of the remaining operational responsibilities relating to personnel matters, with the exception of matters relating to the Senior Executive Service, were transferred to individual departments and

agencies. The Public Service Commission has continued to devolve and delegate operational aspects of human resource management to agencies, including the assessment of qualifications and the management of disciplinary and inefficiency cases.

2.62 Within agencies scope has also existed for the further devolution and delegation of controls over financial and personnel resources and decision making to line managers.

Impact of Devolution

2.63 From the evidence that has been presented to the Inquiry, and from recent reviews of devolution conducted by the Auditor-General and MAB/MIAC, it seems that, like decentralisation, the impact of devolution on various departments and agencies has been far from consistent. For example, the MAB/MIAC reports on the subjects reveal that both devolution to regional offices and devolution of corporate services have been implemented to differing degrees and with varying degrees of success.³⁰

Advantages of Devolution

2.64 According to these reports and evidence to the Inquiry, those agencies which willingly embraced the flexibility and responsibility associated with the reforms appear to have recognised that devolution has many advantages, not least of which is that devolution is a powerful tool to promote and implement organisational change.

2.65 Supporters of this view identified the advantages of devolution for managers and staff, not least of which was bringing responsibility for decision making closer to the workplace and therefore making the work more meaningful. Managers, for example, found that devolution gave them more scope for initiative in determining both the type and level of service required to achieve outcomes and the method of service delivery; allowed them to be more responsive to stakeholders and client needs; and made them more familiar with corporate management issues. Other staff, too, found that they had the opportunity for increased job satisfaction through increased responsibility; and the opportunity to acquire new and marketable skills.

30. Management Advisory Board and Management Improvement Advisory Committee, *Devolution and Regional Offices*, Volume 2, AGPS, June 1991, and *Devolution of Corporate Services*, Volume 6, AGPS, April, 1992.

2.66 As previously mentioned, devolution is also said to have increased the effectiveness and efficiency of the organisation enabling it to provide better service delivery and outcomes required by the organisation.

Disadvantages of Devolution

2.67 By contrast, some agencies have found the process of devolution very difficult to achieve. Many of these agencies, like the Department of Social Security (DSS) and DASET, have offices across Australia and, in the case of DSS, with staff in the tens of thousands. Although these large and diverse portfolios have developed more streamlined mechanisms for coordination, and have identified some benefits associated with devolution, it is recognised that they are likely to encounter considerable difficulties coordinating devolved responsibilities in areas like the corporate services function.

2.68 Others like the Department of Foreign Affairs and Trade (DFAT) were reluctant to adopt aspects of devolution, believing that, because of their special requirements in relation to recruitment and appointment, centralised posting and placement practices were better suited to their requirements than a totally devolved system.³¹

2.69 One aspect raised in the MAB/MIAC report on the devolution of the corporate services is the difficulties faced by agencies dealing with the complexities of the Public Service Act and the Personnel Management Manuals. As previously mentioned, the need for an updated formal framework for HRM which includes a revised and consolidated legislative and administrative framework is recognised by the Committee as being an essential development to assist agencies to cope with their responsibilities for HRM.

2.70 Generally speaking, the disadvantages of both decentralisation and devolution have been expressed in terms of:

- confusion about the roles of the central agencies and the degrees of control they still exercise;
- loss of corporate identity and concern about the fragmentation of the APS as a career service;
- the loss of consistency and equity;

31. Evidence p. 337.

- . loss of economies of scale;
- . duplication of functions; and
- . fears of redundancy and de-skilling.³²

2.71 The Committee is aware of the potential risks associated with decentralisation and devolution, in particular the potential for favouritism, victimisation and empire-building. Whilst the Committee took very little evidence on this matter, it recognises that the lack of evidence could reflect the difficulty faced by individuals in providing evidence to the Committee without fear of reprisals.

2.72 It is the Committee's expectation that restructuring the PSC and strengthening its role will serve to thwart the growth of any such practices, whilst at the same time creating an environment which encourages free expression amongst public servants, allowing them to give policy advice without fear or favour within public service procedures.

2.73 The Committee is also aware that devolution of human resource management to departments is consistent with world-wide trends, including trends in the management of the civil service in New Zealand, United Kingdom and Canada, and that it is consistent with the approach taken by some large private sector corporations which devolve such matters to operating divisions or, in the case of multi-nationals, to individual business units. However, the Committee acknowledges the concerns expressed above and that, in the process of devolution, there has been some loss of a Service-wide perspective in the APS. Whilst not wanting to significantly alter the role of departmental secretaries, the Committee urges secretaries to ensure that their departments are practising effective and efficient human resource management in all aspects of the department's activities; that levels of decentralisation, devolution and delegation within departments is appropriate and that decisions are made in a consistent and equitable manner. It is the Committee's hope that returning responsibility to the PSC for overall Service-wide policy and coordination, and updating both the legislative and administrative framework, will ultimately assist departments in the management of their human resources by providing a central HRM agency to which they can turn for direction and guidance and that this in turn will facilitate better HRM practices in agencies and restore Service-wide consistency and equity.

32. MAB/MIAC, *Devolution of Corporate Services*, op.cit., pp. 3-4.

Small Agencies

2.74 As previously mentioned, the disadvantages of devolution seem to impact most heavily on small agencies for whom the complexities of current human resource management practices are more difficult to implement within limited corporate resources. DASET, for example drew the Committee's attention to the special problems faced by over 20 small agencies attached to its portfolio. In the case of the Australia Council, three people were responsible for the whole range of corporate services functions, including performance appraisal and workplace bargaining, for a staff of approximately 100.³³

2.75 The Bureau of Meteorology, the Australian National Parks and Wildlife Service and the Australian Film Commission also drew attention to the special problems faced in balancing resources against government requirements and service delivery. The Australian War Memorial too, provided evidence of the special problems it faces with regard to career structures, productivity and efficiency dividends.³⁴

2.76 The Merit Protection and Review Agency highlighted the problem faced by both small and large agencies coping with devolution of the corporate services function when it presented the following evidence to the Committee:

A story often told by our staff is that, when they advise public servants who inquire that they should go to their personnel section to find the information they are seeking, the response often is, 'I am the personnel section'.³⁵

2.77 The Committee recognises the difficulties faced by small agencies and is sympathetic to the pressures they face balancing government requirements with service delivery. It remains the Committee's hope that, as referred to later in this Report, increased access to training may assist small agencies to cope with the requirements of devolution. In the meantime, consideration could also be given to small agencies making better use of shared resources or contracting with larger agencies for the latter to provide a range of corporate and personnel support services on a fee for service basis. The Committee expects that departments will provide every assistance to small agencies within their portfolios.

33. Evidence p. 365.

34. Evidence pp. S944-45.

35. Evidence p. 218.

Line Managers

2.78 Where devolution has occurred, line managers have had to bear the brunt of the reforms. These managers have found themselves in the unique situation of having to quickly adapt to changing requirements in financial management and reporting, become familiar with the industrial reforms and the impact of these on the workplace, develop managerial skills of a high order and assume responsibility for the personnel, training and development needs of the staff in their care.

2.79 As discovered by the Auditor-General, the degree of effectiveness of line managers, particularly in relation to their training responsibilities, has been found wanting, with the Auditor-General indicating a need for line managers to receive more guidance on how to get the best value for their training.³⁶

2.80 The Committee recognises that devolution works best when it is done thoroughly and when those who have responsibility for program management or service delivery have the power to take decisions which will enhance the productivity and effectiveness of the area. The Committee notes the additional responsibilities placed on line managers, and urges departments to ensure that information is disseminated and that adequate levels of support and training are provided to enable line managers to make a more effective contribution to the organisation's goals.

Accountability

2.81 Associated with new responsibilities under devolution comes the need for increased accountability. The Public Service Commissioner expressed the view that, unlike the requirements for financial management, there were potential gaps in this process for people management. Mr Ives told the Committee:

In the case of financial management, these problems (of possible fragmentation and inconsistency) appear less likely to occur because of the coordinating nature of the annual Budget process and the review processes linked with that. No such process exists in relation to people management. This increases the risk that people management could become

36. The Auditor-General, *Management of Central Office Training in Selected Departments, Audit Report No.37 1991-92*, AGPS, Canberra, 1992, p. xiii. (Auditor-General Report 37/92)

increasingly fragmented and inconsistent. New initiatives may be desirable to ensure regular reviews and evaluation of progress and performance in people management.³⁷

2.82 The Committee recognises the validity of the PSC's concerns about the current lack of accountability in HRM management practices. As previously mentioned, encouraging the Commissioners to exercise the powers available under sections 22A of the Public Service Act and 72A of the Public Service Regulations would assist the process and enable the Commissioners to make a report to the Prime Minister in the same way as the head of the Canadian Public Service reports to the Canadian Prime Minister. However, departments must also be urged to include more detail about their HRM plans and actions in annual reports and program performance statements. This need for reporting will become increasingly important as departments and agencies negotiate workplace agreements which have the potential to result in differences in pay structures, conditions and working arrangements.

2.83 The Committee recommends that:

information about human resource management plans and actions, including the results of evaluations and reviews, be included in departmental annual reports and program performance statements.

2.84 The need for increased reporting to Parliament with regard to training and development is discussed further in Chapter 5.

Standard of Conduct

2.85 In recognition of the need for increased accountability and improving the professionalism of the Service, the PSC has recently produced a pamphlet 'Standard of Conduct' which is part of a major review of Guidelines of Official Conduct. The pamphlet has apparently been well received around the Service, and is seen as an important step in the right direction.³⁸

37. Evidence p. 6.

38. Evidence p. 203.

2.86 The Committee views the development and distribution of this pamphlet also as a timely reminder of the general standards of behaviour and conduct in the APS. Such pamphlets in a user-friendly form are a very important device for the dissemination of information. The Committee commends this approach and urges the PSC to put increased resources into the production and dissemination of simple user-friendly 'how to' booklets to assist line managers and agencies. These pamphlets could be developed to complement the revised legislative and administrative framework for HRM in the APS referred to earlier in this Chapter.

2.87 In addition to such pamphlets, it is also the Committee's expectation that much more attention will be focused on the importance of the ethical conduct of public servants in a variety of ways, including induction programs, training programs and in structured departmental discussion sessions.

Need for Balance

2.88 Achieving a balance between devolution and central controls was identified in several submissions to the Inquiry. As previously mentioned several agencies actively welcomed the responsibilities which accompany devolution. By contrast, DITAC, for example, commented:

... it would be a waste of tax-payers' money for each individual agency to develop and maintain all the capabilities required in such human resource areas as personnel management, recruitment, training and industrial relations. Clearly there is a question of balance.³⁹

2.89 For some, this balance would be best achieved by increasing central guidance. Ms Forward, Director of the MPRA, advised the Committee that, in the light of her Agency's awareness of the impact of devolution and decentralisation, it sees a need for more central guidance and advice in relation to Service-wide practices and standards.⁴⁰

2.90 For others, the balance would be best achieved by providing a central framework, but supporting it with appropriate training. As Mr Ives told the Committee:

39. Evidence p. S467.

40. Evidence p. 218.

Devolution clearly works best where there is a reference framework that people can work within. Line managers and other managers are better able to handle people problems if they have good briefing, good training and a good understanding of the public service framework within which they have to operate.⁴¹

2.91 The Committee agrees with the sentiments expressed by the Public Service Commissioner when he stated that:

Devolution clearly offers many benefits, but it has to be recognised that devolution may not always work well unless it is carefully designed and placed in a strategic framework and supported with appropriate training and development.⁴²

2.92 An example of a case of devolution being taken too far too quickly and without adequate controls was provided to the Committee. Mr Hickey, Deputy Secretary of DEET, indicated that in the case of devolution of responsibility and functions to the regional offices of his department, that 'we went too far in terms of providing flexibility'. He continued by stating:

We were not able to satisfy the traditional public sector accountability requirements in every respect about how we spent our money, who took the decisions, whether they were authorised to do so and whether there were adequate guidelines and controls in place. ... The response has been to, in effect, re-centralise some of the rules and regulations.⁴³

2.93 The key, according to Mr Hickey, is 'getting the balance right between sufficient autonomy at the local level, to be flexible enough to deal with the particular needs of the town or the region you are serving, and satisfying all of the public accountability requirements that are placed on departments at the senior levels'.⁴⁴

2.94 Similar views with regard to the importance of 'getting the balance right' were also expressed by the Department of Transport and Communications

41. Evidence p. 187.

42. Evidence p. 5.

43. Evidence p. 432.

44. Evidence p. 432.

(DTC) and the Department of the Treasury (Treasury).⁴⁵ Like DEET, DTC and Treasury indicated that, in the light of recent reviews, they have reassessed the combination of centralised and decentralised functions.

2.95 The Committee recognises the benefits of devolution and the positive effect it can have on efficiency and effectiveness, particularly when it is placed in a strategic framework and supported by appropriate training. However, the experiences of DEET and others suggests that not all departments and their managers are coping with the responsibilities which accompany decentralisation and devolution. Although the Committee is pleased to note that some departments have recognised the need to recentralise some of their practices, it recognises that other areas still require further attention, particularly in the light of the increasing need for accountability.

2.96 In this the Committee shares the view of the Department of Finance, namely, that:

... the skills of managers in providing the new style of guidance for their staff has had some gaps and that the staff themselves have required some time to adapt to a more direct process of administration (and that) ... there is still some way to go in an area of public management which involves both organisational and cultural change.⁴⁶

2.97 The following Chapters identify some of the commendable initiatives and best practices in human resource management, as well as some of the gaps which have arisen as a result of decentralisation and devolution, and suggest reforms which could improve the effectiveness and efficiency of human resource management in the Australian Public Service.

2.98 In making these comments the Committee is mindful of the pace of change with which departments and agencies have had to deal, the need for better preparation for the management of change, and the plea from some to slow down the pace of change.⁴⁷

45. Evidence pp. S814 and S1912 respectively.

46. Evidence p. S849.

47. The terms 'department' and 'agency' are used interchangeably in this Report. The terms refer to all agencies under any one portfolio where staff are employed under the Public Service Act.

Chapter 3

RECRUITMENT AND STAFF CAREER DEVELOPMENT

Introduction

3.1 As mentioned in Chapter 1 the importance of having the right people to do the job is probably the single most important factor contributing to the efficiency and effectiveness of the APS. The Committee's first term of reference provided an opportunity to review current recruitment practices and opportunities for staff career development. In particular, evidence relating to this term of reference has drawn attention to a number of issues including the suitability of current recruitment practices, concerns about selection, appeal and grievance mechanisms, the difficulties of achieving EEO targets, the need for more flexible employment strategies, the need for increased mobility, and methods of rewarding and sanctioning performance. These and other matters arising under this term of reference are discussed in turn below.

APS - A Career Service

3.2 Central to the arguments put to the Committee is the question of whether the APS is to be retained as a career service or whether, in the light of the developments which have been described in the previous Chapter, only a modified form of career service is possible.

3.3 In order to provide some background against which the career service could be compared, Mr Ives provided the following description of the characteristics of a 'traditional career service':

The basic proposition was that civil servants should be recruited at a young age; they should be trained in their job or learn their job over a long period of time; they should make gradual progressive movement up the scale of seniority

in terms of the positions that they hold; they should abide by uniform pay and conditions across the service; they should see their lifetime career in the civil service; and very importantly, they should, in effect, have lifelong tenure ...¹

3.4 Mr Ives continued his remarks by observing that 'those elements were introduced a long time ago' and that 'sticking simply to those traditional elements would preserve a lot of rigidities and ... make it very difficult to pursue achievement, effectiveness and change within the Public Service'.² Whilst there was support for retention of the concept of the APS as a career service, and fear of fragmentation and 'departmentalism', many submitters supported the view of Mr Ives that we have now moved towards a 'modified career service'.

3.5 In describing the elements of a modern career service, that is one which has moved away from the strict traditional career service of the past, Mr Ives outlined the following:

... we would ... look at concepts such as uniform management values, principles and systems; staffing practices which are based on independent standards, including the merit principle, and which are meant to be free from patronage and political interference; a generally uniform classification system with standard or relatively standard pay and conditions; common and clearly enunciated policies regarding standards of entry, promotion and policies towards redeployment and retirement; and the coordination or supervision of these principles by a central policy agency of some type.³

3.6 The Committee accepts that the reforms of the 1980s and the 1990s have modified the traditional concept of the APS as a career service, but sees merit in retaining the fundamental concept of the APS as a modified career service, even in a climate soon to be characterised by workplace bargaining. For this reason, the Committee views the role of the PSC as being vital to provide a central coordinating focus for the APS as a career service. As previously mentioned in Chapter 2 the Committee regards it as imperative that the PSC play the leading role in centrally coordinating HRM across the APS.

1. Evidence p. 15.

2. Evidence p. 15.

3. Evidence p. 16.

Staffing Profile

3.7 In order to provide a context for the comments which follow, a brief outline of the APS staffing profile is provided.

3.8 According to the Department of Finance publication, *Australian Public Service Staffing Statistics Report 1991*, at December 1991, the composition of the APS included 145 580 permanent full-time officers, who represented 82.5% of total staff. The proportion of staff employed on a temporary basis was 15% of total staff.⁴

3.9 These staff, who represent approximately 2.5% of the overall civilian workforce in Australia, work in 17 portfolio departments, 98 agencies and the ACT Government.

3.10 The majority of APS staff are located in the ACT (30.6%), with significant representation in NSW and Victoria (22.3% and 20% respectively). The remainder are located in the other States and Territories, with a very small percentage working overseas.

3.11 The Administrative Service Officer (ASO) and Senior Officer categories represent the majority of staff (71.5%), with the remainder being made up of Professional Officers, General Service Officers, Technical Officers, Customs Officers, Information Technology Officers and the Senior Executive Service.

3.12 This Chapter focuses on the recruitment practices and opportunities for career development for people mainly in the Administrative Service Officer/Senior Officer categories and their equivalents. It does not refer to recruitment and career development in the Senior Executive Service. This is dealt with in Chapter 6 of this Report.

Recruitment

3.13 There has been a general decline in the number of appointments to the APS since 1985-86, with recruitment in 1990-91 falling by almost 20% from the previous financial year. According to the information supplied by the PSC, this decline in recruitment reflects the current economic downturn, changes due to

4. Department of Finance, *Australian Public Service Staffing Statistics Report 1991*, Commonwealth of Australia, April 1992, pp. 2-3. (APS Statistics)

restructuring within departments and changes to work organisations, as well as unprecedentedly low separation rates.⁵

3.14 The decline in recruitment has been most noticeable at the base-grade clerical level (ASO 1) which has sustained a 27% reduction between 1988-89 and 1990-91. The PSC also explained this trend as being caused by increased demand for recruits at higher levels who are required to perform increasingly complex work, technological change, downsizing in some agencies resulting in the redeployment of excess staff at the base level and increased use of temporary employees.⁶

Base-Grade Recruitment

3.15 One of the issues which received a great deal of comment in evidence to the Inquiry concerned the suitability of the current base-grade recruitment practices. Currently, entry to the APS at the level of ASO 1 is carried out through a competitive centralised testing system, for which DEET, in conjunction with the PSC, has operational responsibility. The difficulties of one agency having policy responsibility for an area, whilst another has operational responsibility, have already been identified in the preceding Chapter.

3.16 The tests, which are conducted by the APS Recruitment Office in each State, have been conducted annually in each capital city, and in regional centres in States such as NSW, Victoria and Queensland. In Sydney, a pilot project which involves continuous testing throughout the year is being trialled. The Committee was informed that DEET's charter is one of partial cost recovery in the preparation and administration of the test, and that DEET's fees make it more competitive than comparable recruiting practices in the private sector.⁷

3.17 The number of applicants tested for the ASO 1 positions across Australia has increased from approximately 40 000 in 1988-89 to nearly 72 000 in 1990-91, despite the 27% reduction in the number of positions filled.⁸

5. Evidence p. S641.

6. Evidence p. S641.

7. The Committee was informed that, since July 1992, DEET charges \$325 per placement.

8. Evidence p. S641.

3.18 The centralised testing arrangements were heavily criticised in much of the evidence before the Committee. In a climate characterised by diminishing ASO 1 positions, people queried the costs associated with testing approximately 70 000 applicants annually for less than 5 000 vacancies; the time-consuming way in which the annual tests are processed, which does not permit selection from the most current field of applicants; and the application of the strict order of merit list, which does not necessarily ensure that the best 'type' of person is recruited. For example, DSS drew attention to its need to recruit people with good interpersonal and communications skills rather than people with a high academic score.

3.19 Supporters of the centralised testing practices noted that it saved them from having to conduct time-consuming and expensive advertising and selection processes and that, in addition to protecting the merit principle, it ensured equal opportunities for access to a career in the APS for all and thereby facilitated the implementation of EEO policies. Access to agency-specific secondary selection criteria was also seen to be an advantage, ensuring the suitability of applicants.

3.20 The advantages of continuous testing were also explained to the Committee when it inspected the APS Recruitment Office in Sydney. The advantages include: reduced costs associated with advertising, reduced costs associated with rental of space in which to conduct tests, currency of the merit list and prompt placements throughout the year. Further considerations are that security can be more easily maintained, that more applicants can be tested per year than under the campaign style testing and that the availability of testing throughout the year provides equitable access to all. During the same inspection and briefing the Committee was interested to learn that DEET is now providing a recruitment service to State Governments in NSW and Tasmania, as well as a range of contractual services to private employers.⁹ Sample copies of the ASO 1 test were provided to the Committee.

3.21 Evidence to the Inquiry shows that very few departments, with the exception of DEET and DSS, which account for 75% of base grade recruitment, actually use the tests to recruit at the base grade level. The preference seems to be for departments to recruit at the ASO 2 level, through external advertisements, and avoid recruitment at the ASO 1 level altogether.¹⁰ Departments favouring this approach have indicated that this gives them more control over the recruitment process and allows them to recruit throughout the year rather than waiting for the outcome of the annual tests.

9. Evidence p. 414.

10. Offering permanency to temporary employees at the ASO 1 level is discussed later in the Chapter.

3.22 The advice of the Public Service Commissioner is that there appears to be no real alternative which is both fair and equitable, to the current arrangements for base grade entry to the APS.¹¹ However, Mr Ives pointed out that providing more information to applicants about the realities of the availability of jobs, the success ratio and the sorts of backgrounds which are needed to be successful in getting access to the Public Service would significantly reduce the numbers applying for entry and being tested through the centralised testing process. Devolving this important recruitment matter to individual departments introduces a risk that equal opportunities for access to a career in the APS may be adversely affected.

3.23 Mr Ives summed up the situation as viewed by the PSC:

... the system we have in place now is probably the best and fairest system in terms of the requirements of the Public Service Act. While we can keep tidying things up and refining things, it probably is a cost we have to meet if Parliament wants to continue to have open access to applicants at the base grade.¹²

3.24 The Committee notes the concerns expressed by various departments and agencies in relation to the current arrangements and, whilst also noting that departments could avail themselves of additional selection criteria to meet their specific needs, it recognises the reasons for which many departments choose not to avail themselves of the service. As will be mentioned in Chapter 5, the Committee also considers that there could be some merit in reviewing the format of the current ASO test to be more consistent with the core competencies required by the APS.

3.25 The Committee also acknowledges the advantages of ensuring equal opportunity to all for access to a career in the APS and for this reason supports the retention of the current centralised arrangements. In Chapter 2 the Committee recommended that responsibility for APS recruitment be transferred to the PSC. In making this recommendation the Committee is aware that the infrastructure which currently exists to support DEET's role in APS recruitment is considerable, and that it may not be efficient in the current climate of reduced base grade recruitment, for major changes to occur in this area. The Committee views it as imperative that the PSC take the coordinating role in the operational area of recruitment. It is recognised that this may result in DEET continuing to play a role, but it would do this under the auspices of the PSC.

11. Evidence p. 177.

12. Evidence p. 178.

- under the auspices of the Public Service Commission, the current arrangements for base grade testing be continued, including continuous testing where this is deemed to be cost-effective;
- under the auspices of the Public Service Commission, the Australian Public Service Recruitment Offices supply information to prospective applicants for the Administrative Service Officer test about the availability of jobs and the success ratio so that applicants have a realistic view on their chances of appointment;
- the Public Service Commission review the adequacy of the current Administrative Service Officer test to ensure its compatibility with the new requirements for core competencies.

Traineeships/Youth Employment

3.27 Special testing and entry arrangements are provided for youth and other groups such as Aboriginal and Torres Strait Islanders and people with disabilities in accordance with the Government's social justice and equal employment opportunity principles. A target of 25% of all ASO 1 appointments is set for the recruitment of youth through the Australian Traineeship System.¹³

3.28 The Australian Traineeship System is aimed at providing structured training to young people which enables them to gain skills and experience through a combination of on-the-job work experience and related off-the-job training.

3.29 The marketing of traineeships is carried out by the Commonwealth Employment Service (CES) network. When questioned about the efficiencies of collocating CES and DSS offices, Mr Volker, Secretary of the Department of Social Security, informed the Committee that DSS offices are colocated with CES offices in 65% of cases, and that further cost savings are made by the use of joint interviews for Job Search Allowance and other programs.¹⁴

13. Evidence p. S639.

14. Evidence p. 412.

3.30 The Prime Minister announced in the 'One Nation' statement a doubling to \$2 000 of the incentive to employers of all trainees under the Australian Traineeship System which is expected to encourage the recruitment of 10 000 trainees in all sectors in 1992.¹⁵ Traineeships recently received a boost following the Prime Minister's Youth Summit, in July this year, an initiative which encouraged DEET to take on an additional 500 trainees, and DSS to take on an additional 1 300 youth trainees this financial year.¹⁶

3.31 Reliable information and statistics proved to be a problem in determining the use made of traineeships. Mr Hickey, stated that the uptake of trainees is well above last year's levels.¹⁷ Yet, in supplementary information requested by the Committee, DEET's figures show that there has been a drop of approximately 35% in the numbers of trainees placed in the period 1990-91 to 1991-92.¹⁸

3.32 The PSC drew the Committee's attention to the fact that, whilst youth programs have been traditionally directed at people aged 15 to 19, there seems to be a need to re-target APS employment programs for people up to 24 years of age.¹⁹ This trend towards people in the upper age bracket becoming eligible for placement was confirmed by DEET.²⁰

3.33 The evidence received on the issue of traineeships indicates that the trainee scheme is seen to be a valuable adjunct to the general recruitment practices of the APS, although it is also noted that limited use is made of the scheme both by prospective applicants and by departments.

3.34 The Committee was surprised to learn that the response to advertisements for traineeships in both Melbourne and Sydney was relatively poor. For example, in relation to a particular campaign in Sydney, the Committee was informed that although the advertisement attracted 1 300 applicants, only 800 of these actually registered for the test and, of these, only 350 actually passed the test.

15. Evidence p. S644.

16. Evidence pp. 435 and 393.

17. Evidence p. 434.

18. Evidence p. S2156.

19. Evidence p. S644.

20. Evidence p. 433.

3.35 It was also recognised by both the Committee and DEET that the timing of the advertisements mid-year was less than desirable as it disadvantaged those students who wanted to stay at school and complete the year's schooling.²¹

3.36 The Committee views the provision of traineeships as an important contribution to the creation of employment opportunities for youth and commends those departments like DSS for availing themselves of this important staffing resource. It is concerned, however, that the timing of the advertisements informing young people of the availability of traineeships is not always conducive to retaining young people at school. Advertising annually in November would seem to be a more appropriate time to advertise than in the middle of the year. However, if advertising takes place at other times of the year, applicants should be permitted to finish the school year, regardless of the time of the test. The PSC, working with DEET, could also be encouraged to give consideration to developing ways to reduce the costs associated with the failure to report, without disadvantage to the applicants.

3.37 The Committee recommends that:

the timing of the advertisements for the Australian Traineeship System be reviewed so that they are placed at times of the year which are more appropriate for school leavers who might be considering a career in the Australian Public Service.

Graduate Recruitment

3.38 Increasingly the APS is recruiting graduates in response to the increased demand for high level policy advice and complex operations. In addition to the normal recruitment practices, a Graduate Administrative Assistant scheme exists to recruit suitable graduates after a nation-wide campaign. Graduates are selected on the basis of their results at an aptitude test, an assessment of academic performance and performance at interview. Full cost recovery arrangements are in place for the Graduate Administrative Assistant scheme, which DEET advised is \$1 300 per placement.²²

21. Evidence p. 434.

22. Evidence p. 415. Special arrangements exist for graduate recruitment to DFAT.

3.39 The PSC reported that departments and agencies are generally happy with the centralised recruitment service provided by APS Recruitment Offices and that the Graduate Administrative Assistant scheme is meeting their needs in terms of the quality of recruits. It also pointed out that departments have the flexibility to opt out of the centralised arrangements, and a number have chosen to do so.²³

3.40 Upon further investigation, it seems that very little use seems to be being made of the centralised Graduate Administrative Assistant scheme with agencies tending to develop their own systems of recruiting at this level, particularly those organisations which have a need for specialist graduates in the fields of law, accountancy, economics, engineering or science. This practice seems to be consistent with the devolution of responsibility to departments and the Committee supports the efforts of those departments which have made efforts to integrate or develop courses, in conjunction with academic institutions, specific to the department concerned, from which graduates can be recruited, providing their recruitment practices are consistent with EEO and APS recruitment principles. As for other forms of APS recruitment referred to in this section of the Report, the Committee sees a role for the PSC to coordinate recruitment at the Graduate Administrative Assistant level.

3.41 The Committee recommends that:

under the auspices of the Public Service Commission, the current arrangements for the Graduate Administrative Assistant scheme continue, but that departments remain free to conduct their own graduate recruitment schemes, consistent with equal employment opportunity and Australian Public Service recruitment principles.

Other Above-Base Recruitment

3.42 Responsibility for above-base recruitment was devolved to agencies in 1987 following the abolition of the Public Service Board. The number of above-base appointments in the Administrative Service Officer/Senior Officer structures increased by 93% between 1988-89 and 1990-91. The current arrangements allow departments to choose whether to advertise vacancies outside the APS or whether to only advertise internally to existing members of the APS. The view of the PSC is that the maintenance of a career service does not require that applications for

23. Evidence p. S643.

positions in the APS be confined to current public servants and it accordingly supports external advertising of above-base vacancies.²⁴

3.43 Statistics were not readily available to enable a comparison between the number of vacancies advertised externally and the number which were only open to existing members of the APS. However, most of the evidence to the Inquiry reflects a concern about being able to recruit the best person for the job. For this reason, many agencies have elected to advertise externally, that is, outside the public service, in their efforts to recruit the best people. Some have indicated that this process can be very time-consuming and expensive, and that staff are not adequately trained in selection processes. In evidence to the Inquiry and in its Annual Report, the Merit Protection and Review Agency, which deals with appeals arising out of faulty selection processes confirm this problem.²⁵ The main problems are:

- . inappropriate selection criteria;
- . inadequacies in the quality and use of references;
- . failure of selection committees to justify their decisions.

3.44 According to the MPRA, the major causes of these problems can be attributed to:

- . the impact of devolution and decentralisation which has led to a loss of expertise which was formerly available in personnel areas; and
- . the allocation of inadequate resources to the important task of staff selection.²⁶

3.45 In a further exhibit tendered by the MPRA, the problems were even more clearly identified.²⁷

24. Evidence p. S643.

25. Evidence p. 225.

26. Merit Protection and Review Agency, *Annual Report 1990-91*, AGPS, Canberra, 1991, p. 11.

27. Exhibit 13.

3.46 The only concern the PSC expressed about above-base recruitment related to the need for selection techniques to be improved to ensure 'quality in selection'.²⁸ The effectiveness of current selection processes is also discussed in the section entitled 'Merit Principle' below.

Joint Selection Committees

3.47 One of the mechanisms drawn to the Committee's attention which would streamline the selection and appointment processes for above-base recruitment is the use of Joint Selection Committees. Joint Selection Committees, which are provided for under the Public Service Act, are made up of a nominated representative from the receiving department, the union and the MPRA. The MPRA officer convenes Joint Selection Committees, for which departments pay a fee of \$500 per day.

3.48 Joint Selection Committees are found to be particularly useful when there is a bulk promotion round (more than five vacancies) as efficiency savings can be made by this process. Perhaps the most important saving is in terms of appeals - decisions of a Joint Selection Committee are not subject to appeal. The absence of appeal mechanisms reduces the time taken to complete the selection and appointment process. These features would seem to indicate that this method of recruiting and appointing is more cost-efficient than the time-consuming individual selection processes, which are also subject to appeal. The success of Joint Selection Committees can be measured by the reduced number of appeals in one department which uses them - from 80% to 20-30%.²⁹

3.49 The alternative as put by Mr Ives, is that if additional financial resources are not made available to pay for Joint Selection Committees, then departments would have to pay for the cost of the Promotion Appeal Committees. Mr Ives continued:

If the latter approach was pursued, I think departments would see more clearly, just in financial terms, that the joint selection committee process with no appeals was more attractive economically than having other selection processes and perhaps having a large number of appeals going to a

28. Evidence p. S643.

29. Evidence p. 223.

promotion appeal committee if the promotion appeal committee was charged out to them on the same basis as the joint selection committee.³⁰

3.50 Both the PSC and the MPRA indicated that a research project is currently underway to formalise the cost-benefit analysis of the approach.³¹ A further consideration noted by the PSC is that new arrangements for the use of Joint Selection Committees are currently being negotiated with the PSU as part of productivity bargaining.³² Indeed, under the recently released APS Workplace Bargaining Agreement, the parties have agreed to support the introduction of Joint Selection Committees across the APS.

3.51 The Committee recognises the inconsistency which currently exists in providing the services of the Promotion Appeal Committees without cost, whilst charging for the services of the Joint Selection Committees. Nevertheless, the Committee was disappointed to learn that the use of Joint Selection Committees has reduced from 58 last financial year to 18 this financial year since the user-pays principle was adopted. It notes the efforts made by the MPRA to obtain additional funding from the Department of Finance, and the fact that DoF, having approved \$200 000 in 1990-91, has indicated that no further funds should be made available. It also recognises that recruitment at the above-base level is the responsibility of the individual department and agency and that it is the organisation's responsibility to make decisions about its own recruitment practices, subject to EEO and APS recruitment principles. Nevertheless, the Committee sees the benefits of Joint Selection Committees, and urges departments to avail themselves of this mechanism, even if it attracts a fee for service, as a means of reducing the costs associated with selection and appeals. Having trained convenors on the Joint Selection Committees should improve the 'quality of selection' problem referred to above. The results of the PSC/MPRA cost-benefit analysis will also enable departments to make a value for money judgement about the use of Joint Selection Committees for their particular purposes. In the meantime, the Committee regards it as imperative that the MPRA continue to receive funding to enable it to provide this vital service.

3.52 The Committee recommends that:

funds be allocated to the Merit Protection and Review Agency to enable it to provide convenors for Joint Selection Committees.

30. Evidence p. 37.

31. Evidence pp. 37 and 220.

32. Evidence p. S2208.

3.53 A further consideration relates to the need to review current selection processes which rely heavily on a single interview. The Committee urges the PSC and the MPRA to investigate other models and to develop improved guidelines for selection which address the concerns raised in evidence to this Inquiry.

Merit Principle

3.54 The merit principle is seen to be the most important principle underlying appointments and selection to positions in the APS. The Public Service Commissioner is charged under the Act with preserving this principle.³³ Its importance has also been underlined by the creation of the Merit Protection and Review Agency under the *Merit Protection (Australian Government Employees) Act 1984*. The MPRA functions as a central appeals and review body in respect of personnel management decisions for the Australian Public Service. According to the Agency, appeal and review rights exercised through an independent authority are 'the cornerstone of an independent, efficient and effective Public Service'.³⁴

3.55 A number of submissions to the Inquiry, particularly from individuals, have highlighted concern that the merit principle does not seem to be working effectively. In the case of above-base entry recruitment, complaints have been received by the Committee that relevant experience outside the APS is not taken into account by selection committees when selecting the best person for the job. Complaints have also been received that, in relation to promotion and transfers, merit is, in the view of the submitter, sometimes overlooked. It is beyond the Committee's role to investigate these individual complaints; nevertheless the Committee accepts that some public servants may have the perception that current selection processes are less than adequate in observing the merit principle.

3.56 Those aggrieved by the selection process and its outcome have recourse to an appeal at a number of levels, depending on the level of the officer concerned. In the first instance the appeal against a selection decision may be made within the department concerned. In the event that the aggrieved party is dissatisfied with the outcome of that process a further recourse is to take the matter to the MPRA.

33. Section 33 *Public Service Act 1922*.

34. Evidence p. 216.

Role of the Merit Protection and Review Agency

3.57 The MPRA is an independent review body established in 1984. Its workload is largely made up of promotion appeals and the resolution of grievances. As previously mentioned, it also has responsibility for convening Joint Selection Committees.

3.58 In relation to the appeals and grievance functions, the MPRA was the subject of much criticism in evidence to the Inquiry.

3.59 These criticisms referred to anecdotal evidence which suggests that the MPRA process is 'legalistic', 'pedantic' and 'time-consuming' and that the whole process is 'very costly'. In particular, the PSC expressed its concern that 'cases before the MPRA sometimes seem to resolve themselves into argument about the process rather than about the merit of the case'.³⁵

3.60 As one individual, Mr Kennedy from Sydney, expressed it: the MPRA is a 'toothless tiger', intended only to give a semblance of fair play.³⁶ The MPRA acknowledged that it does not have any authority to enforce many of its decisions.³⁷

3.61 When appearing before the Committee at a public hearing, the Director of the MPRA, responded to these criticisms:

We have, in fact, been accused in submissions to you of being process oriented and over-legalistic, and maybe this is so. We do not deny that we are process oriented and, to some extent, legalistic, this being required in the exercise of our statutory functions. We are unavoidably concerned, to a significant extent, with process. Some of the rights given by the Parliament to Commonwealth employees are concerned with the proper conduct of process.³⁸

35. Evidence p. 35.

36. Evidence p. S1238.

37. Evidence p. 235.

38. Evidence p. 216.

3.62 Ms Forward indicated that it was inevitable that the Agency would come into conflict with some employers and some employees, but that this was a feature of independence which the Agency does not shy away from.³⁹

3.63 In relation to the costs associated with dealing with an appeal and the length of time taken, the Agency was unable to provide a figure, although it did indicate that an appeal generally took between six to ten weeks to complete. Ms Forward told the Committee:

For us the cost is not a relevant consideration in relation to time.⁴⁰

3.64 The Committee is concerned that the MPRA does not see the relevance of maintaining records which enable it to measure its performance and effectiveness and views it as a timely reform to require the MPRA to do so.

3.65 The Committee recommends that:

the Merit Protection and Review Agency maintain records on its performance and effectiveness, including the costs associated with dealing with appeals.

3.66 In a supplementary submission requested by the Committee, the MPRA advised that \$950 000 of the Agency's budget was spent on the grievance review function in 1991-92. From this figure, an approximate service unit cost in the order of \$4 100 per case can be calculated.⁴¹

3.67 The Committee acknowledges that the current appeal and grievance mechanisms have been developed to protect the rights and interests of the individual. The Committee also acknowledges the importance of the role played by the MPRA in protecting the merit principle. However, the Committee urges the MPRA to note the criticisms which have been levelled at it during the Inquiry with a view to taking action to improve its performance where this is deemed to be appropriate. A streamlined role for the MPRA in dealing with appeals arising out of the inefficiency process is also discussed in the next Chapter.

39. Evidence p. 216.

40. Evidence p. 225.

41. Evidence p. S2137.

3.68 The MPRA also advanced the case to streamline the appeals process by only having one avenue for appeal and avoiding the potential for overlap between itself, the Administrative Appeals Tribunal and the Ombudsman as well as indicating its desire for statutory recognition for a training role.

3.69 The PSC urged caution with both of these proposals, indicating that it did not support any extension of MPRA's role into areas already covered by other authorities, such as the Ombudsman's Office, and that it was inappropriate for MPRA to independently develop training programs based on the information they have gathered from grievance and appeal resolution.⁴² In relation to training, the PSC indicated that it will continue to consult the MPRA on its casework and utilise its experience in the development of guidelines.

3.70 The Committee recognises that MPRA is well placed to provide information and comment on how deficiencies that emerge are treated and to identify strategies to ensure that they are not repeated. However, as the Public Service Commission's role includes responsibility for recruitment and selection guidelines it is the Committee's belief that the PSC is best placed to disseminate information to departments to improve the techniques of departmental selection panels. The Committee took no evidence which supported the MPRA's claim to extend its jurisdiction to areas already covered by other authorities.

3.71 However, the Committee did accept that strengthening the role which the MPRA can play in drawing attention to deficiencies which emerge in selection and appeals processes, would be a useful reform.

3.72 Under the present arrangements, if departments make an inadequate response to matters drawn to their attention by the MPRA, the MPRA is obliged to report directly to the Prime Minister and/or the President of the Senate and the Speaker of the House of Representatives. As Ms Forward told the Committee, this approach is seen to be a 'quantum leap' in the size of the sanctions available.⁴³ Access to the Minister Assisting the Prime Minister is seen by the Committee to be a suitable intermediate step.

42. Evidence pp. S2208-09.

43. Evidence p. 235.

the *Merit Protection (Australian Government Employees) Act 1984* be amended to provide for the Merit Protection and Review Agency to report to the Minister Assisting the Prime Minister.

Equal Employment Opportunity

3.74 In addition to safeguarding the merit principle, the Government's commitment to EEO has been a long-standing one, with the passage in 1984 of the Public Service Reform Act. Since then departments and agencies have been responsible for ensuring that their staffing practices accord with the Government's EEO requirements in relation to developing, maintaining and implementing EEO programs. A number of other publications and statements have been made since then which reaffirm the Government's commitment to EEO.

3.75 Statistics reveal that, since 1984, there has been some significant progress in achieving the objectives of EEO. For example, the proportion of women in the SES grew from 2.5% in 1983 to 9.3% in 1989; the proportion of people with disabilities entering the APS at the base grade level increased from 2.6% in 1981 to 5.7% in 1986; whilst the proportion of Aboriginal recruits increased from less than 0.5% in 1981 to 4.9% in 1986.⁴⁴

3.76 However, there is evidence that this progress has slowed down for some of the target groups and that members of the target groups still tend to be over-represented in lower paid, less skilled jobs.⁴⁵ For example, the proportion of people with disabilities has dropped from 5.7% in 1986 to 4.2% in 1991-92.⁴⁶ The PSC makes the further observation that 'while there is currently good compliance with the preparation of EEO programs, there are questions as to how their existence and a range of other associated reporting requirements influences actual behaviour in agencies'.⁴⁷ Departments indicated that, whilst there had been some improvement with recruitment and retention of women and Aboriginals and Torres Strait Islanders, the major target groups which continued to be under-represented were people with disabilities and people with non-English speaking backgrounds. Under-representation in all categories is particularly a problem at the higher levels of the APS as shown in Figure 3.1.

44. Public Service Commission, *Further Steps Forward - EEO into the 1990s*, p. 3.

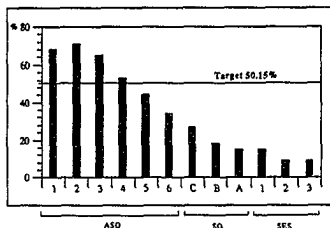
45. *ibid.*, p. 3.

46. Evidence p. S1794.

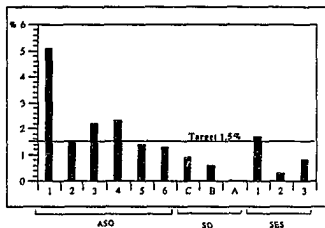
47. Evidence p. S652.

Figure 3.1
EEO Category Representation in the Australian Public Service

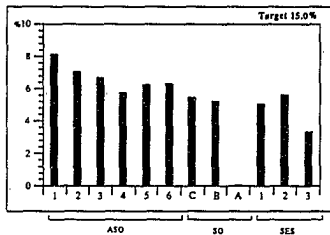
Women as a proportion of APS categories



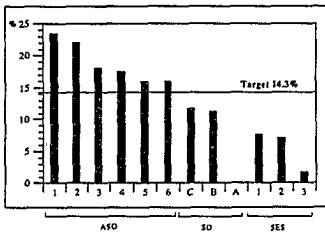
Aboriginals and Torres Strait Islanders as a proportion of APS categories



People with Disabilities as a proportion of APS categories



People of non-English speaking backgrounds as a proportion of APS categories



Source: *Australian Public Service Staffing Statistics Report - 1991*, which provides information of staff employed under the *Public Service Act 1922* at December 1991.

Target: Proportion of the EEO category represented in the Australian population. The source of the figures is the Australian Bureau of Statistics.

EEO Strategic Plan

3.77 The PSC, which retains policy responsibility for EEO oversight and monitoring, has taken steps to promote the greater fulfilment of the potential of EEO by developing, publishing and distributing documents as part of a consultative process to establish an *EEO Strategic Plan for the Australian Public Service for the 1990s*. It contains proposals for action to continue to integrate EEO into key areas of people management as well as containing policy and program initiatives for women and members of other designated groups. The plan, according to the PSC, is to ensure that EEO principles are integral to human resource management in the APS.

3.78 The Committee commends the development of the *EEO Strategic Plan for the APS for the 1990s*, and the extensive consultation which went into its development. Like the HRM Framework, it is a long overdue publication which should provide a useful reference for managers.

3.79 The plan is designed to increase accountability to Ministers through more regular reporting, increase management awareness of EEO through middle management training, increase awareness of EEO in regions and remote areas and to provide a strategic plan for EEO achievement in the APS.

3.80 In the development of the plan, the PSC was mindful of the various developments, inquiries and reports which impact on this area. Mention was made of the recommendations arising from recent reports of the Royal Commission into Aboriginal Deaths in Custody, the Senate Standing Committee on Community Affairs report, *Employment of People with Disabilities*, the House of Representative Standing Committee on Legal and Constitutional Affairs report on equal opportunity and equal status for Australian women and the House of Representatives Standing Committee on Long Term Strategies report, *Expectations of Life, Increasing the Options for the 21st Century*. Other developments have included the Prime Minister's 'One Nation' Statement, which referred to proposals to reform entry level training arrangements for the APS, the renewal of the National Agenda for Women and, most recently, the Equal Pay Policy Statement released by the Minister for Industrial Relations and the Disability Discrimination Act passed by the Parliament in October 1992.

3.81 Like the changes which have occurred throughout the APS since 1987, the pace of change even in the area of EEO has been rapid. The Committee notes the progress which has been made, but is disappointed that it has taken so long for EEO to become operational at all levels within the Service.

3.82 The day-to-day relationships between managers and staff will reflect the reality of EEO in the workplace. As previously mentioned, there remains a concern that the difference between departmental programs and the reality in the workplace remains a question which requires further research to answer. The MAB Task Force survey may produce some answers to this question. The PSC's proposed review may provide further information.

3.83 The PSC indicated that it proposed to assess the effectiveness of EEO programs and of support structures established to promote EEO. The Committee commends this approach and urges the PSC to undertake the review as a matter of priority. Further, the Committee urges the PSC, upon completion of the review, to make a full report on its findings, including the naming of underperforming departments, to the Prime Minister or the Prime Minister's delegate. In the case of reporting on EEO for women, for example, it may be appropriate for the PSC to report to the Office of the Status of Women. The Prime Minister or the Prime Minister's delegate would then empower the PSC to direct agencies so identified to correct the underperformance. The Committee views it as particularly vital to commence this review from the most senior level in the Service since this is the level at which support for EEO is most needed and the level at which EEO is poorly established. In making this recommendation the Committee is also aiming to broaden the range of policy advice available by broadening the input base to include those from the EEO target areas.

3.84 The Committee recommends that:

- the Public Service Commission undertake a review of the effectiveness of Equal Employment Opportunity programs and of support structures established to promote Equal Employment Opportunity and make a full report on its findings, including the naming of underperforming departments, to the Prime Minister or the Prime Minister's delegate;

- the Public Service Commission be empowered to direct agencies to correct underperformance in the area of Equal Employment Opportunity, commencing with a particular focus of Equal Employment Opportunity representation in the Senior Executive Service.

Data Capture

3.85 One of the most difficult aspects of addressing EEO issues is the absence of reliable data. Data on women are more reliable, but problems still exist with regard to the data available on other target groups. One of the reasons advanced for this is that there seems to be a reluctance to self-identify. Another difficulty seems to be problems in data transfer in agencies. Data on people with disabilities have only been recorded on the Continuous Record of Personnel since 1986, at which time only 75% of all permanent APS staff provided EEO data. According to the PSC, only 67% of permanent members of the APS currently have non-gender EEO data recorded on the Continuous Record of Personnel.⁴⁸ Inadequacies in statistical data on EEO cause difficulties for agencies, the PSC and the Government in judging performance in implementing EEO.

3.86 The PSC indicated that it is currently liaising with the Department of Finance, the agency responsible for maintaining the Continuous Record of Personnel, in order to ensure that there is more effective processing of EEO and other related information and that the needs of central agencies as regards human resource management are being taken into account.⁴⁹

3.87 The Committee accepts the difficulties associated with compiling data which relies on self-identification and urges agencies to undertake their own surveys to improve their own data collection procedures. As part of this process individuals could be encouraged to provide EEO data without fear of discrimination. The Committee will also monitor with interest the outcome of the PSC/Department of Finance efforts to include EEO data on the Continuous Record of Personnel, although, as previously noted, it is the Committee's view that APS data is best collected by the PSC.

3.88 The Committee recommends that:

the Public Service Commission instigate methods by which data relating to Equal Employment Opportunity can be included on the Continuous Record of Personnel.

48. Public Service Commission, *Equal Employment Opportunity, Summary of Consultations on the Draft Strategic Plan for the Australian Public Service for the 1990s*, Commonwealth of Australia, 1992, p. 8.

49. Evidence p. S653.

Impact of the Second Tier and Structural Efficiency Principle

3.89 It was drawn to the Committee's attention by more than one agency that the potential for the continuing implementation of EEO in the light of the reforms of the 1980s will provide a serious challenge to departments. The PSC submitted that:

The recent structural changes to the APS arising out of the Second Tier and the Structural Efficiency Principle Agreements, the increasing focus on performance and the reduction in base grade recruitment have the potential to adversely impact on the employment of some members of designated groups. It will be a challenge to maintain the advances that have been achieved and the commitment to EEO in the light of these and future changes and the continued devolution and delegation of responsibility, especially in regions and within decentralised networks.⁵⁰

3.90 Other agencies made it clear that, in the face of competition from the private sector, recruiting and retaining people from the designated EEO groups will be increasingly unrealistic and will impact negatively on social justice policies.⁵¹

3.91 By contrast, others indicated that in their experience, it has been possible to combine EEO achievements without detrimental impact on productivity. The Department of Foreign Affairs and Trade, for example, assured the Committee that it had implemented a number of initiatives designed to increase the numbers of Aboriginal and Torres Strait Islanders in the Department.⁵²

3.92 The Committee recognises the challenge faced by organisations in adhering to the government requirements for EEO. Yet the Committee remains convinced that there is no inconsistency between the achievement of EEO targets and the achievement of efficiency savings. To the contrary, they can and should be linked and there should be no reduction in departmental efforts to implement EEO policies and programs.

3.93 In the case of EEO for women, Professor Weller, Director of the Centre for Public Sector Management at Griffith University, informed the

50. Evidence p. S653.

51. Evidence p. S318.

52. Evidence p. 340.

Committee that, in his view, the advantage of EEO particularly in regard to women or 'femocrats', is that it has liberated a degree of talent that existed in the Service which previously may not have been fully utilised.⁵³

3.94 Additionally, the Public Service Commissioner drew attention to the need for EEO to be fully integrated in all of the HRM practices in the Service, including identifying EEO requirements in promotion procedures and access to training.⁵⁴ Mainstreaming EEO into the general management function was also seen to be important by the PSU.⁵⁵ The Committee shares this view.

3.95 The Committee recommends that:

all departments integrate Equal Employment Opportunity programs into the general management of human resource management practices in the Australian Public Service, including identifying Equal Employment Opportunity requirements in selection criteria, promotion procedures and access to training.

EEO in the Regions

3.96 The special needs of EEO in the regions was also brought to the Committee's attention. The regional offices of the old Public Service Board were terminated when the Board was abolished in 1987. Since then the PSC has attempted to provide some support to regions by making occasional visits and holding discussion sessions. This situation has been regarded as far from ideal for the 70% of public servants located outside Canberra.⁵⁶

3.97 It has also been of concern that EEO has been largely a Canberra-based matter which has not yet impacted in regional offices or remote areas. As Mr Ives informed the Committee:

We are able to (provide a focus for EEO activities) within the Canberra region through the Commission's resources because we are here on the spot. I believe that EEO principles and

53. Evidence p. 538.

54. Evidence p. 27.

55. Evidence p. 113.

56. Evidence p. 40.

practices are being applied quite effectively in the Canberra region, but we do not have the same mechanisms in the State or other regions.⁵⁷

3.98 Other commentators have also confirmed this phenomenon:

More generally, it is recognised that responsiveness to equity policies is lower in regional levels of administration, and that devolution and the absence of any regional public service commission means that the scope for encouraging and monitoring equity outside Canberra is limited.⁵⁸

3.99 The Committee is pleased to be informed that, thanks to the cooperation of the Department of Industrial Relations, the PSC will now be able to establish one regional EEO position in both Sydney and Melbourne as a pilot exercise from mid-January 1993.⁵⁹ These positions will provide support for EEO and related people management activities, disseminate Public Service Commission information and coordinate related activities in these regions.

3.100 The Committee commends this development and urges both the DIR and PSC to evaluate the impact of the pilot scheme with a view to extending PSC regional presence to other States and Territories in the future. It may also be useful for consideration to be given to establishing a link between the regional PSC presence and the CES offices, enabling the EEO officers to assist with APS recruitment functions as mentioned earlier in this Chapter.

Flexible Employment

3.101 The need for managers to be able to have the flexibility to recruit staff for specific functions and for specific periods of time was drawn to the Committee's attention. This requirement arises when fluctuations in workloads - 'peaks and troughs' - are experienced. In order to meet this need, many managers have chosen to employ temporary staff.

57. Evidence p. 41.

58. Wanna, J et al, *Public Sector Management in Australia*, Centre for Australian Public Sector Management, Griffith University, MacMillan Education Australia Pty Ltd, Melbourne, 1992, pp. 163-64.

59. Evidence p. S2139.

Temporary Employment

3.102 The Committee recognises the benefits for managers to be able to use flexible recruitment strategies, but is concerned that the current levels of temporary employment are so high - 15% of the total APS staff were temporary employees in 1991. In the case of one department, DFAT, the Committee was surprised to find that almost half of the Department's staff were temporary employees. DFAT explained that in their case this was primarily because of the need to engage local temporary staff in overseas missions.

3.103 The Department of Veterans' Affairs (DVA), Department of Defence (Defence), the Department of Administrative Services (DAS) and the ACT Government Service all have significantly high levels of temporary staff. Most temporary staff are employed at the level of ASO 1 or General Service Officers.

3.104 From February 1991 to July 1992, 5.1% of all appointments to the Service were made under section 42A of the Public Service Act dealing with 'Appointment of Certain Continuing Employees'. Of these, approximately 37% of section 42A appointments were at the ASO 1 level.⁶⁰ The departments referred to above have all made significant numbers of appointments under section 42A.

3.105 The primary issue of concern is that, whilst temporary employment might be a more flexible approach, there is a risk that section 42A of the Public Service Act could be being circumvented, with temporary employees being offered permanent jobs once they have been continuously employed for a period of twelve months. The danger with this is that if less rigorous standards are applied to temporary staff in their recruitment than for permanent staff, this could have a negative effect of the efficiency of officers in the APS.

3.106 The Public Service Commissioner was extremely critical of this practice of gaining entry to the APS by what has been described as the 'back door' method of entry. As Mr Ives stated:

The basis of a career service is permanent employment with tenure. The policies to date and the legislation to date have been in terms of trying to ensure that, where there is permanent work, it is carried out by permanently appointed officers. The temporary employment provisions have to be

60. *Public Service Gazette*, February 1991 to July 1992, as referred to in Exhibit No. 8.

very carefully used. As I have indicated previously, I think that at the margin there has been some fuzziness and even perhaps some misuse of the temporary employment provisions.⁶¹

3.107 At the request of the Committee, the PSC provided an evaluation of the current arrangements and suggestions to reduce this apparent loophole.⁶² In addition to the statistical analysis contained in the evaluation, the PSC drew the Committee's attention to two significant developments in relation to overcoming the problem of appointments under section 42A.

3.108 In May 1992 the PSC issued a memorandum to heads of management in agencies on the use of the temporary employment provisions. The memorandum stated that:

- short-term temporary employment should only be used where there is a genuine short-term requirement (i.e. for periods of three or six months);
- appointments should not be made other than in exceptional circumstances and that the appointment provisions under section 42A should not be used at any time to appoint at the ASO 1 level;
- the use of the fixed-term employment should be in accordance with section 82AE of the Act with approval by the PSC.

3.109 The memorandum stressed that the merit principle and equity considerations are fundamental to appointment to the APS.

3.110 This development was followed in June 1992, when the Management Advisory Board endorsed the introduction of a new system for the appointment of temporary employees consistent with the merit principle. The PSC is currently implementing the new arrangements which include:

- revoking the delegation to departments of the power to make appointments under section 42A;

61. Evidence pp. 179-80.

62. Exhibit No. 8.

- requiring agencies to recruit ASO 1 staff through normal base grade selection and appointment arrangements;
- enabling all temporary employees with more than six months service, including all continuing employees, to apply for positions advertised in the *Gazette*;
- the PSC to make all section 42A appointments in the APS, through bulk appointments of wages staff and in exceptional circumstances for staff in officer categories of employment.

3.111 According to the PSC, the effect of these changes will be to reinforce the application of the merit principle in appointments to the APS through closing-off non-merit based entry mechanisms and minimising the potential for patronage, favouritism and cronyism. The reforms will also provide greater career opportunities for long-term temporary employees and provide greater incentive for managers to undertake proper recruitment planning.⁶³

3.112 The Committee views the 'back door' method of entry into the APS with concern and recognises the need for competent and motivated officers to apply and be considered for appointment on the basis of merit. The Committee was pleased to have this matter drawn to its attention, and is now satisfied that the new arrangements, as outlined above, will close the loophole in the legislation which allowed non-merit entry mechanisms and provide equal opportunities for merit-based appointment to the APS.

Permanent Part-Time Work

3.113 Another flexible employment strategy which the Committee explored with witnesses is that relating to permanent part-time work. Permanent part-time employment was provided for in the reforms of 1984.

3.114 The proportion of permanent part-time work currently available to departments seems to be very small and well below the demand. A quota of 3% was negotiated with the PSU, although the PSU pointed out that flexibility exists to swap unused portions of the quota between departments, thereby enabling them to have more than 3% if this suited their needs.⁶⁴

63. Exhibit No. 8 paragraph 54.

64. Evidence p. 112.

3.115 The Department of Industrial Relations reported that the union movement had sought limitation on the use of part-time employment, recognising concerns about the degree to which that form of less than full-time work might be used by management.⁶⁵

3.116 The PSC pointed out that many managers and staff throughout the Public Service would like to have a greater degree of freedom to pursue part-time work options, but the quota arrangement negotiated with the PSU has constrained this option.⁶⁶ The Commission indicated that it had been seeking a 'freeing up of those arrangements so that more attention can be given to the place of part-time work in our overall employment arrangements'.⁶⁷ The reasons given for increased demand for part-time work relate not only to job flexibility for special groups, but particularly to enable workers to combine family responsibilities with work.⁶⁸

3.117 The availability of permanent part-time seems to provide a useful and flexible employment strategy. It seems to have particular relevance to some of the professional and technical streams where, for example, difficulties in recruiting Legal Officers or Information Technology Officers were brought to the Committee's attention. It also has application at other levels and for those officers with family responsibilities.

3.118 The Committee was interested to note that almost all of the permanent part-time positions had in fact been employee-initiated rather than at the direction of the employer. Encouraged by the positive response of employees to permanent part-time work, with the consequent impact on efficiency and effectiveness, the Committee views the extension of the quota as a long overdue reform.

3.119 The PSU indicated its willingness to negotiate on the matter of the quota:

We have said, in negotiations which failed last year over productivity bargaining, that we were prepared to increase that quota as part of a bargaining round, and if we ever get back to the negotiating table that will still be our position.⁶⁹

65. Evidence p. 67.

66. Evidence p. 44.

67. Evidence p. 44.

68. Evidence p. 45.

69. Evidence p. 112.

3.120 The Committee recommends that:

- the Public Service Commission and the Public Sector Union review the current quota for permanent part-time work, with a view to substantially improving access to this employment strategy to at least a Service-wide minimum of 6%;
- information about the availability of permanent part-time work be widely disseminated to staff;
- the Public Service Commission monitor and report on the extent and usage of permanent part-time work.

3.121 In making this recommendation, the Committee is mindful of the arrangements under the Workplace Bargaining Agreement, whereby a 6% Service-wide average has now been proposed, with room for individual agencies to pursue the objective more vigorously. Under these arrangements, the PSC would have the role of monitoring and reporting the extent of usage of permanent part-time work, both within agencies and across the APS.

3.122 The Committee also notes that OECD countries support the increase in flexibility achieved by part-time employment.⁷⁰

3.123 Additional flexible employment strategies are discussed further in Chapters 4 and 7.

Workers with Family Responsibilities

3.124 Associated with the Committee's recommendations to improve access to permanent part-time work is the Committee's concern that the International Labour Organisation Convention No. 156 relating to workers with family responsibilities is addressed.

3.125 The introduction of more flexible forms of employment, including access to part-time employment and home-based work are seen to be important developments in assisting workers to balance their family responsibilities with work.

70. PUMA, *Public Management Developments Survey - 1990*, OECD, Paris, 1990, p. 56.

Both the PSC and DIR reported that a group of agencies are currently working together to identify the areas in which home-based work could be used, and that negotiations have begun on a log of claims lodged by the PSU about the formal introduction of home-based work.⁷¹

3.126 Additionally, the Committee was particularly interested to learn about the application of the Department of Social Security's teleservice centres which have the capacity to employ not only people with disabilities, but also to provide employment for those favouring home-based work.⁷² The teleservice centres have also had the added benefit of reducing stress on the staff of the regional offices, thereby enhancing both job satisfaction and the quality of service to the clients.⁷³

3.127 These issues are developed further in Chapter 7.

Mobility

3.128 In order to promote opportunities for staff career development, the majority of submissions reflect support for the concept of mobility, both lateral, within the organisation and between organisations and vertical, through promotion and other development schemes such as the Executive Development Scheme (EDS) and Senior Women In Management (SWIM). The problem which has been drawn to the Committee's attention is that opportunities for promotion, particularly in the Administrative Service Officer stream, have slowed down markedly creating a situation described by the Public Service Commissioner as 'career plateauing'.⁷⁴

Career Plateaus

3.129 The PSC indicated that 'career plateauing' is 'a major factor facing the Australian Public Service at the moment'.⁷⁵ The Commission has identified the issue and is currently trying to raise awareness of the problem across the APS. It is a particularly acute problem facing the large Senior Officer group, where approximately 17 000 people will be competing for less than 1 700 jobs in the SES, as well as the SES where officers will not progress at the same rate as they would have previously.

71. Evidence p. S657 and pp. 67-68.

72. Evidence p. 409.

73. Evidence pp. 397-99.

74. Evidence p. 170.

75. Evidence p. 171.

3.130 The PSC has formalised strategies to deal with mobility problems facing the SES. These include the SES External Study and SES Mobility Program, further details of which are included in Chapter 6. However, there are fewer formalised or structured career development opportunities for officers below this level. Voluntary transfer and redeployment, by way of secondments, exchange and rotation, for example, are amongst the options for this group of officers. In the HRM Framework, the PSC draws the attention of managers to the need to ensure that mobility arrangements are successful, particularly in terms of voluntary transfers and redeployment opportunities within a portfolio.⁷⁶

3.131 The Committee recognises the special problems faced by staff and managers in dealing with career plateaus and limited opportunities for redeployment. However, in order to sustain the interest and motivation of staff, it will become increasingly important to create opportunities for mobility. Additionally, the Committee views this approach as a useful training opportunity for those aspiring to join the SES. The Committee views it as essential that, prior to appointment to the SES, officers gain experience in a wide range of APS areas, including both experience in policy and operational departments as well as in regional and central offices.

3.132 The Committee notes with interest that OECD countries are addressing staff mobility. For example, Japan and Denmark have recognised its value and have instigated measures to facilitate increased mobility. In Japan, staff change their posts once every two or three years. Mobility in the early stages of a career is considered to be a kind of training for future managers who are generalists, rather than specialists, in nature. Japanese staff undertake assignments within ministries, other related ministries, in regional offices and overseas.⁷⁷ Denmark has introduced a scheme involving the compulsory rotation of professional staff. They are required to have three different placements within the first ten years of service, including one outside the institution to which they are attached.⁷⁸

76. HRM Framework p. 39.

77. Ikari, Sachiko, 'Aspects of Personnel Policy in the Japanese Public Service', in *Flexible Personnel Management in the Public Service*, OECD, Paris, 1990, p. 63.

78. PUMA, op.cit., p. 39.

3.133 The Committee recommends that:

- the Public Service Commission, in conjunction with departments and agencies, support and coordinate the development of schemes to facilitate the lateral mobility of staff, including secondments, exchanges and rotation, to ensure that staff gain experience in both policy and operational departments as well as in regional and central offices.
-

3.134 A particular concern in this regard is the potential impact of workplace bargaining. The Committee is not alone in expressing its fears that workplace bargaining may hinder mobility between departments, each of which may have negotiated separate and different workplace agreements.

Performance

3.135 The ability to reward good performance and to take action to deal with underperforming officers attracted significant comment throughout the Inquiry.

Rewarding Performance

3.136 As mentioned above, promotion and access to other development opportunities were traditionally part of a manager's tools to reward good performance. Whilst the less tangible forms of reward, such as access to development opportunities and interchange opportunities are still available, promotional opportunities have slowed down, creating a situation where it has been necessary to consider alternative forms of reward.

Performance Appraisal and Performance Based Pay

3.137 Amongst the devices to reward good performance is performance pay. Under the Agreement, Senior Officers Grade A and B would be entitled to up to \$8 000 per year, whilst Senior Officers Grade C and equivalents could expect up to \$3 000. The rates for the SES vary from \$10 000 to \$15 000 for the different Band levels. The Committee notes that the majority of departments have welcomed the proposal to introduce performance based pay. The introduction of performance pay requires officers to have a performance agreement with their supervisor, against which their individual performance can be judged during the year. To this end, all

portfolio departments have submitted appraisal programs for their SES staff, of which 15 have been endorsed by the PSC; and all portfolio departments, apart from DSS, have submitted appraisal programs for their Senior Officer staff, of which 12 have been endorsed by the PSC.⁷⁹ The introduction of performance pay was ratified by the Industrial Relations Commission on 4 December 1992.

3.138 The Department of Industrial Relations noted that Canada, the USA and other OECD countries have had performance pay for their executive category for some time now, and Australia's decision to introduce performance pay on the margin below the executive level is a development which has not been matched in the OECD, but will be viewed with interest by the OECD public management committee.⁸⁰ Commentators have also noted that the experiences of OECD countries has not been encouraging and some now regret having introduced it.

3.139 Performance pay is seen by many as providing a mechanism to reward individuals at the senior levels of the Service, particularly the SES officers who are required to take on significantly greater responsibility. Below the ranks of the SES and Senior Officer category, the drawing up of individual performance agreements, attached to performance pay for individuals, is regarded as being difficult to implement and too difficult to monitor individual performance throughout the year. For this reason productivity based pay associated with workplace bargaining is seen to be the most appropriate course of action for the remaining 90% of the Public Service.⁸¹ In this way the team, rather than the individual, can be rewarded for productivity gains.

3.140 Concerns about the potential difficulties of determining productivity gains between service departments like DSS and policy departments like Treasury, were brought to the Committee's attention. However, the Committee was reassured by the Public Service Commissioner that the officer's performance is not to be measured against outcomes of government policy, which are 'very rarely under the control of public servants'.⁸² Instead, the officer's performance is measured against the outputs agreed under the performance agreement.

3.141 Performance appraisal systems which are not linked to performance pay were also explored by the Committee. However the advice of Mr Ives was that, 'the motivation to have very effective performance appraisal tends to run down pretty rapidly unless it is linked with something concrete, like performance pay'.⁸³

79. Evidence p. S2169.

80. Evidence p. 63.

81. Evidence pp. 172-73.

82. Evidence p. 174.

83. Evidence p. 168.

3.142 For many departments the availability of performance pay will introduce additional flexibility on the part of managers to reward performance. Additionally, the introduction of workplace bargaining, where productivity based payments are linked with performance pay, will provide 'an opportunity for the Public Service to focus more on performance and productivity'.⁸⁴

3.143 The Committee recognises the potential benefits of performance pay, but, like the Senate Standing Committee on Finance and Public Administration, it has some reservations. However, the Committee sees merit in more use being made by departments and agencies to provide performance appraisal to officers, even when this process is not linked to performance pay. For this reason, the Committee urges the PSC to design and implement a formal process of providing performance appraisal to all staff, regardless of their level, and that appropriate training be provided for managers and staff in the providing and receiving of performance appraisal.

3.144 The Committee recommends that:

the Public Service Commission design and implement a formal performance appraisal process for all staff at all levels across the Australian Public Service.

3.145 In making this recommendation the Committee is concerned to ensure that the basic tenets of Service-wide public sector values and ethics are maintained and that judging the performance of officers is not confined to purely financial measures.

3.146 The Committee expresses some reservation about the introduction of performance pay, in particular because it is concerned about the difficulties of measuring the performance of an individual. For this reason the Committee views it as essential to review the impact of performance pay after it has been in operation for two years. A similar review is also called for in relation to performance pay for the SES in Chapter 6 of this Report.

84. Evidence p. 172.

3.147 The Committee recommends that:

- the impact of performance pay on the efficiency and effectiveness of Senior Officers be the subject of a review by the Public Service Commission two years after its implementation.

Comparative Wage Justice

3.148 Comparative wage justice has been a central element in the Australian industrial relations framework and wage determination process throughout this century. This has arisen out of a recognition that most people evaluate their salary with reference to salaries paid to others.

3.149 The Committee expresses its concern that performance pay and workplace bargaining may result in agencies overlooking the importance of comparative wage justice. The Committee, whilst recognising that this will put significant constraints on the extent to which pay can diverge under a workplace bargaining agreement, considers that comparative wage justice must remain as an important and integral part of the public sector wage setting process.

Management of Underperforming Officers - The 'Achilles Heel' of the APS

3.150 The management of underperforming officers attracted considerable comment throughout the Inquiry, with a large number of complaints about the cumbersome, lengthy and sometimes costly procedures which are in place to deal with inefficiency. The PSC provided a chart which detailed the steps to be followed in order to deal with inefficient or underperforming officers.⁸⁵

The Problem

3.151 The Committee recognises, that in addition to the evidence it has received, the management of underperforming staff is a perennial problem faced by all public services. It has also been the subject of a recent report of MAB/MIAC.⁸⁶

85. Exhibit No. 5.

86. Management Advisory Board and Management Improvement Advisory Committee, *The Management of Underperforming Officers in the Australian Public Service*, Volume 7, Commonwealth of Australia, July 1992.

Referring to the MAB/MIAC report, the Auditor-General highlighted the following observations about the problem:

- . As a general statement, management at all levels is experiencing difficulties in handling underperforming staff. There is often a reluctance by managers to use the formal procedures. This problem can have a greater impact in small agencies which, by their nature, have fewer resources and less experience in dealing with underperforming staff.
- . The current grievance and appeal system is seen by agencies as difficult, time-consuming and expensive.
- . Many managers do not make the time available to manage underperforming staff because of the difficulties and time needed and the pressure of program delivery.
- . No information is available on the effectiveness of management processes to turn around underperformance. However it is clear that few officers are retired on inefficiency grounds (26 officers in 1991).
- . Agency representatives generally agree that the number of underperforming officers is greater than those retired on inefficiency grounds.⁸⁷

3.152 Of those who were most outspoken on the problem of managing underperforming officers, the Australian National Audit Office presented figures on the costs of dealing with officers under the current arrangements. Referring to the specific problems encountered by his organisation in having a requirement to have auditors with adequate training, experience and competence in auditing, the Auditor-General indicated that:

The time taken to reduce in classification or retire an inefficient officer is in the region of 9 to 12 months. This translates to an administrative cost of approximately \$40 000 to \$50 000 per case, in addition to the salary of the inefficient officer for the duration of the process.⁸⁸

87. MAB/MIAC report as quoted in Evidence pp. S2198-99.

88. Evidence p. S1884.

3.153 He continued by drawing attention to the fact that an additional cost to the ANAO stems from the fact that 'these performers need to be taken out of auditing and that means removed from any gainful employment, since the only activity is auditing'.⁸⁹

3.154 The Committee recognises that underperforming officers have always been a feature of any workforce, but that the emphasis on departments and agencies having to be more productive and efficient has made the problem more visible. This is not to say that the problem is necessarily widespread in the APS, but rather to acknowledge that steps need to be in place to deal with the problem once it has been identified. The Committee notes that people management skills have not been developed or valued in the APS in the past, so it is hardly surprising that the current APS managers are not very good at it.

3.155 The Committee also notes the views of Mr Woodward, Secretary of DVA, when he observed that:

The problem that we have ... is in developing a degree of steel and determination on the part of staff to actually use the facilities which are currently there. There is a natural lack of willingness, a lack of ability and a lack of desire to take the hard decision to actually counsel people and then put them through that three months of very intensive follow-up work that has to be undertaken. So the difficulties we have are as much psychologically based as they are systems based.⁹⁰

3.156 Dr Keating, Secretary of PM&C, provided further information as to the reasons for the problem:

... far too often people have not known what was expected of them and how they are performing against that standard. They have neither known the standard that was expected of them nor how they personally were performing against that standard.⁹¹

3.157 The MAB/MIAC report confirmed the need for staff and management to have a clear understanding and commitment to each of their responsibilities for

89. Evidence p. S1884.

90. Evidence p. 485.

91. Evidence p. 547.

performance. It also identified the need to set management of underperforming officers in the context of good people management. The report also made a number of recommendations to not only manage staff performance in general, but to encourage managers to use existing mechanisms such as the probationary arrangements, more regular reporting systems, use of the incremental advancement and performance pay as a lever, and classification regression.⁹² Suggestions such as these were also put to the Committee by the ANAO.⁹³

3.158 The Committee accepts that there are very real difficulties associated with the process of managing underperforming staff. However, it remains convinced that managers could and must do more to manage the process better, in particular to address the matter of staff performance in a positive rather than a punitive way. If managers took hard decisions in ensuring that suitable attention was given to all stages of the staffing cycle, including the recruitment and selection process, the probation period, performance appraisal when increments are due, many of the problems which currently exist would not have become so burdensome. Through these mechanisms staff would know what standard was expected of them and the standard against which their performance would be measured. It is the Committee's expectation that the introduction of performance appraisal for all staff will significantly improve people management in the APS. Until that time when managers are better trained and better equipped to deal with people management, the Committee recognises that other options must be considered.

Proposals for Change

3.159 Recognising the need for fair dealing with staff and the public purse, further suggestions to improve the process of managing underperforming officers were also provided by ANAO. These included:

- removing the administrative layers, in order to streamline the time taken for inefficiency cases;
- making the mechanisms for dealing with identified underperforming officers, such as redeployment or pay-out, able to be taken quickly.⁹⁴

3.160 Introducing more flexibility for managers was supported in many submissions to the Inquiry. For example, DASET indicated that, in its view, the

92. MAB/MIAC, *The Management of Underperforming Officers*, op. cit., pp. xi-3.

93. Evidence pp. S2199-201.

94. Evidence pp. S2199-201.

rules governing the burden of proof have created a stumbling block, and that the burden of proof needs to be reduced. Introducing more flexibility for managers, Mr Blunn submitted, would enable the matter to be dealt with in a more humane way than the current application of judicial and quasi-judicial ways.⁹⁵

3.161 Mr Blunn elaborated:

That is the real nub: the voluntary redundancy package. That has to be a management decision based on a consideration of all of the circumstances of the case. When you are dealing with forced retirement there is a heavy onus on the person taking the action to satisfy the rules of justice, equity or whatever and ensure that the action is not capricious or unjustified. I am not suggesting that you should cut through the necessary protection of people's rights, but there are situations where you can manage that differently. At the moment it is a fairly rigid system there is room for flexibility which would be to everyone's benefit.⁹⁶

3.162 The Committee has been convinced by the evidence before it that the current procedures for dealing with inefficiency are far from adequate - that they are cumbersome, complex, costly and time-consuming. The Committee regards it as imperative to streamline the inefficiency procedures to facilitate better management of underperforming officers. The Committee notes that the Workplace Bargaining Agreement will now ensure that inefficiency procedures will be streamlined enabling agencies to complete actions on inefficiency cases within a period of less than five months if the decision is appealed, or less than four months if the decision is not appealed.

3.163 The Committee regards the streamlining of the inefficiency procedures as a long overdue reform, which not only protects the rights of the officer concerned, but which also protects the rights of the organisation to manage its staff efficiently and effectively. However, the Committee believes that more can and should be done to deal with underperformance, including strengthening the departmental secretaries' role to offer redeployment in the first instance, and redundancy in the second instance.

3.164 As will be referred to in the next Chapter, the Committee supports the concept of the PSC acting as a Central Redeployment Unit for the APS, an

95. Evidence p. 378.

96. Evidence p. 375.

approach which is totally consistent with that proposed under the Workplace Bargaining Agreement. It is the Committee's view that officers identified as underperforming be directed to that Unit with a view to the PSC assisting them to be placed elsewhere in the Service. If no vacancies exist which suit the particular skills and qualifications of an officer so identified, the Committee believes that, after three months, the departmental secretary should have the right to insist that the officer take a redundancy package.

3.165 In order to achieve a balance between protecting the legitimate interests of officers and protecting the agency's needs, the Committee accepts that the officer should retain a right of appeal. However, in order to streamline this process, the Committee suggests that any appeals should be concluded within the same three month timeframe provided for redeployment. The Committee envisages that the PSC would monitor the process from the time at which the officer is identified to the pay-out of the officer, to ensure that, within the scope of these streamlined provisions, natural justice is served.

3.166 A chart showing the Committee's proposed procedures for dealing with underperforming or inefficient officers is included at Appendix 6.

3.167 The Committee recommends that:

- procedures for managing underperforming officers be streamlined;
- officers identified as underperforming be directed to the Central Redeployment Unit coordinated by the Public Service Commission;
- if no place is found within three months, the officer be obliged to take a redundancy package.

3.168 In making these recommendations the Committee is aware of the danger of appearing to reward underperformance by offering redundancy packages, but recognises that departmental secretaries must have the right to make the most effective and efficient use of staff within their department and that 'carrying' underperforming officers is too great a burden to manage in the current climate.

Data Capture

3.169 In considering the issues which emerged during the Inquiry, it became evident that there were significant problems with the availability of data. The source of data for APS Employment is the Staffing Monitor System. The Staffing Monitor System is maintained by the Department of Finance and provides agencies with data for their resource budgeting and management. It covers all Commonwealth public servants employed by budget dependent agencies. The source of data for Permanent Staff is the Continuous Record of Personnel. This system is a database which records career history information of permanent staff employed under the Public Service Act.

3.170 Data from these two sources is not directly comparable, since the Staffing Monitor System provides data on the numbers of staff who received pay at a particular point in time, whilst the Continuous Record of Personnel includes staff on Leave Without Pay and unpaid operatives.

3.171 DoF's recently introduced *Australian Public Service Staffing Statistics Report 1991* is the first in a new series of statistical publications on APS staffing and replaces the *Australian Public Service Statistical Bulletin A*. The report is designed to complement the Statistical Bulletin B which will now be referred to as the *Australian Public Service Statistical Bulletin*.

3.172 The Public Service Commissioner was critical of the statistical information which he, as Commissioner, has about the Service. The concerns expressed relate to the timeliness, accuracy and scope of the statistics. In particular, problems are experienced in the areas of base grade recruitment, temporary employees, employment of SES staff at levels not reflected in the Continuous Record of Personnel, and EEO.⁹⁷

3.173 In a supplementary submission requested by the Committee, the PSC also confirmed that data on educational qualifications, EEO and movement information are inadequate; and that Service-wide data are not currently collected on temporary staff, human resource management, disciplinary actions, grievances and mobility within the APS or within a particular agency.⁹⁸

97. Evidence pp. 42 and 165-67.

98. Evidence pp. S2211-12.

3.174 The Committee recognises the problems experienced by the Commissioner. It too became increasingly frustrated about the adequacy of appropriate data. In the course of one hearing, a member of the Committee was moved to comment with regard to the lack of statistics: 'Who actually runs the Public Service? Is it the Commission or the Department of Finance?'

3.175 The Committee was also surprised by the current provisions of the Public Service Act (section 21(1)) which only require the Commissioner to keep a record of the date of birth, the date on which an officer was appointed to the Service and the classification of the officer. Clearly this provision is inadequate for the purposes of managing the APS.

3.176 A further consideration raised by participants at the Committee's Seminar, 'Meeting the Human Resource Management Challenge of the 90s' (the HRM Seminar), in relation to data capture, concerns the variety of corporate information services in use across the APS.⁹⁹ This situation has contributed to not only problems within departments but also across the APS and is an area which may require further investigation.

3.177 The Committee recognises that both the PSC and the Department of Finance have different needs when it comes to statistical record keeping. It also firmly believes that the Government has a right to know relevant data about the APS, from which trends can be identified, judgements made and decisions taken about the management of the Service as a whole. As previously noted in Chapter 2, it is also the Committee's belief that responsibility for Service-wide data should be complied by the central HRM agency for the APS, namely the PSC.

3.178 The Committee recommends that:

the Public Service Commission review the adequacy of current data capture across the Australian Public Service and instigate methods for compiling and retrieving data which will allow an accurate and timely picture of the Service as a whole to be presented.

99. HRM Seminar Transcript p. 64.

Chapter 4

CORPORATE RESTRUCTURING AND RATIONALISATION

Introduction

4.1 The Committee's second term of reference relates to the effects of corporate restructuring and general rationalisation on human resources. In this aspect of the Inquiry, the Committee had its attention drawn to the extent of the changes which have taken place since the Machinery of Government changes in 1987, the consequent impact of those changes on departments, and in particular the changes in corporate culture which have emerged through the adoption of commercial practices and corporatisation. Further effects which the Committee explored were the impact of workplace reforms and rationalisation of staff numbers. These and other aspects are discussed in turn below.

Restructuring - The Changes

4.2 The most significant structural change which occurred in the 1980s was, as previously mentioned, the reduction in the number of government departments from 28 to 17. Associated with this change was the immediate need for each of the 17 departments to undergo a major restructuring to accommodate their new configurations.

4.3 Many departments, including DASET, DSS, DTC, DAS and the Department of Primary Industries and Energy (DPIE), provided detailed information about the changes which they have undergone as a result of the Machinery of Government changes.¹ Other agencies like the Australian Customs Service and Australian Taxation Office provided details about their specific agency restructuring programs.²

4.4 Most of the departments and agencies which made submissions to the Inquiry referred to the ways in which they reduced the number of levels in their management hierarchy, decentralised a number of functions to regions, and devolved

1. Evidence pp. S348ff, S725ff, S804ff, S1129ff and S742ff respectively.

2. HRM Seminar Transcript pp. 41ff and Evidence pp. S1260ff respectively.

considerable responsibility to line managers, especially responsibility for financial management. Many indicated that they have aimed to implement best practice examples from the business sector, although others cautioned against adopting practices from elsewhere without adapting them to the needs of the particular organisation.

4.5 Whilst some departments provided only descriptions of the changes which they have introduced, others were prepared to provide evaluative comment on the process of managing the changes. From these comments it appears that implementation of the changes has been met with varying degrees of success. Many involved in the process freely admitted that it was a steep learning curve, that mistakes were made and that it has taken several years for staff in the departments to realise the extent of the changes and the consequent impact on their roles within the organisation. Nevertheless, the majority of departments which made submissions on the subject sought to reassure the Committee that they have learned from their mistakes, that they are further refining and improving the structural changes and that progress is now more even, with a consequent positive effect on productivity and efficiency.

4.6 Further discussion on the impact of these reforms, and the ways in which departments responded to the challenges of decentralisation, devolution and delegation is to be found in Chapter 2. However, whilst the majority have indicated that the structural changes have increased the focus of the organisation and improved its productivity and efficiency, others have not been quite so full of praise for the reforms. For example, when referring to the constant restructuring of one particular department, one submission, quoting one of the ancients, stated that: 'endless restructuring ... is a wonderful method for creating the illusion of progress while producing confusion, inefficiency and demoralisation'.³

4.7 It is beyond the scope of this Committee's Inquiry to assess in detail the impact of the full range of changes associated with the amalgamation of departments in 1987; however, some issues have emerged from the process which the Committee did pursue. These are referred to in the remainder of this Chapter and elsewhere in the Report.

4.8 In relation to the Australian Taxation Office, the Committee is conducting an inquiry into the conduct and efficiency of that organisation concurrently with this Inquiry into HRM, so further comment on the Australian Taxation Office will be reserved for the Committee's other report.

3. Evidence p. S1933.

Cultural Change

4.9 One of the most significant effects of the reforms of the 1980s and 1990s has been the modification of corporate cultures and changing operational practices, which have included the introduction of commercial practices.

Corporate Culture

4.10 The reforms of the 1980s have required the adoption of new methods of operation, particularly as new approaches to financial management required increased productivity and accountability. Organisations have increasingly had to recognise the importance of focusing on meeting the clients' needs. The financial reforms have also required the introduction of commercial practices, based on a user-pays approach. Some organisations have reacted to these reforms by placing an increased emphasis on the development of a corporate identity. This, in turn, has contributed to the development of corporate cultures, a development which has not been welcomed by all, as the development of individual corporate cultures is seen to detract from the cohesiveness of the APS as a career service.

4.11 In order to develop a more strategic approach to the implementation of the reforms, departments have been encouraged, indeed required, to focus much more attention on planning and identifying the organisation's mission, goals and the strategies necessary to achieve those goals. Corporate plans have thus become integral to an organisation's strategic planning. As the Department of Finance submitted: 'A good corporate plan (provides) the clarity of organisational purpose and philosophy necessary for managers to translate strategies into annual workplans and thence tasks for specific work areas'.⁴

4.12 Departments commented throughout the Inquiry that corporate plans have provided a more cohesive and focused purpose for the organisation, enabled managers to be more responsible and accountable and made staff more aware of the organisation's goals and their roles in achieving those goals.

Commercialisation

4.13 A major impact of the financial management reforms of the 1980s has been a requirement for some departments to adopt commercial practices. Whilst

4. Evidence p. S1968.

some organisations have willingly embraced the new commercialisation approach, others have pointed out the difficulties with its application to the APS.

4.14 Of the departments which have actively embraced commercialisation, the Department of Administrative Services and the Attorney-General's Department provided the following information.

4.15 DAS drew the Committee's attention to the fact that its commercial businesses, which account for 82% of staff in the Department, are required to achieve commercial levels of performance by 1993.⁵ As a result of this requirement, DAS has been given greater flexibility in relation to structural and financial matters to enable it to compete more effectively in the marketplace. These flexibilities include trust account funding, the relaxation of SES and other staffing level controls and a set of interim funding arrangements to cover redundancies, excess rent and other costs during the transitional period. The arrangements currently do not extend to flexibility in relation to employment conditions and industrial relations coordination arrangements.⁶

4.16 DAS also indicated that it has achieved substantial productivity improvements since 1987 (5%-6% per annum) and that this has been achieved largely through reductions in staff numbers, the adoption of a formal skills improvement program and the application of commercial operating practices.⁷ Further evidence of the success of adopting commercial practices was provided to the Committee by Mr Tanzer, Secretary of DAS, who described how his Department had converted a loss of \$100 million in operating costs to zero, and that this had been achieved largely through corporate restructuring, accrual accounting and customer focus.⁸

4.17 AG's also highlighted their willingness to embrace the reforms, even going so far as to indicate their desire to move outside the APS framework. In a submission which was highly critical of a number of aspects of APS constraints, the Department advanced the view that:

... the efficiency and effectiveness of the management of human resources in the Australian Public Service is best achieved by each department and agency being separately responsible and accountable for its human resource management performance.⁹

5. Evidence p. S1127.

6. Evidence p. S1127.

7. Evidence p. S1127.

8. Evidence p. 456.

9. Evidence p. S951.

4.18 AG's has recently introduced a user-pays approach to its operations, so that from July 1995, clients will be free to choose alternative providers of legal services for a number of chargeable legal services. The recent restructuring of the Department has been carried out in order to facilitate the introduction of a user-pays regime.¹⁰

4.19 Whilst recognising that there are certain circumstances where charging may not be appropriate, the claim to benefits of the user-pays approach were highlighted in the submission from the Department of Finance which stated that:

Charging, where it is considered appropriate, does much to focus the relationship between client and service provider - on the one hand it makes the client aware of the cost and requires him (sic) to test priorities. On the other hand the service supplier needs to focus on providing efficient, client-centred, timely and courteous service of the quality required.¹¹

4.20 Various other agencies have also implemented a user-pays approach, including the Australian National Audit Office and the Australian Quarantine Inspection Service. The adoption of commercial practices requires a change in the corporate culture of the organisation which in turn impacts on its staff by requiring an attitudinal change from public service principles to value for money principles.

4.21 By contrast, adding a commercial emphasis to the public service has not been welcomed by all.

4.22 The PSU provided highly critical evidence of the commercialisation and corporatisation of public services in OECD countries and expressed its shock at the approach taken by the AG's Department to 'corporatise' its activities. Questioning the efficiency of the approach, Mr Robson told the Committee:

... we find it unbelievable that the Attorney-General's Department is contemplating corporatising and operating outside the Public Service, providing at a cost legal advice to government departments.¹²

10. Evidence p. S953.

11. Evidence p. S1741.

12. Evidence pp. 88-9 and p. 101.

4.23 The PSC also expressed the view that this approach represents a considerable tension for the Public Service, in terms of a conflict between the ethos of public service and private sector practices. Having recognised that there are departments for which commercial practices are a realistic option, and that for other departments this is not so, Mr Ives told the Committee:

... I do not think that the Public Service, in its role within government, can simply hope to exist on the basis that it will pick up commercial practices, full stop, and everything will then fall into place. I think the Public Service does have a special character, related to the framework of government which we have and related to the expectations which the community has of the way in which the Public Service will operate and deliver things. The community expects the Public Service to be responsive, to be concerned with effectiveness, to be concerned with client service, to have a quality of independence and loyalty, and to have built into its activities merit and equity and the other principles of natural justice, social justice and accountability. ... when you put all of those things together, many of them would seem to be a long way removed from the commercial practices which exist.¹³

4.24 The question of being able to implement social justice policies as well as compete effectively against the private sector was also commented upon by others making submissions to the Inquiry. The Department of Veterans' Affairs, for example, commented that:

Social justice policies directly impact on the ability of agencies to be competitive with the private sector. This factor should be recognised as a relevant issue when funding allocations and other decisions are made which impact on individual agencies and their ability to compete effectively.¹⁴

4.25 In response to a question about the continuing viability of EEO and social justice policies in a climate of increasing competition from the private sector, Mr O'Connor, National Program Director, DVA, stated that:

... there is a concern that some of the people that we have traditionally employed with disabilities might be forgotten

13. Evidence p. 188.

14. Evidence p. S318.

about in the drive for enhanced productivity. That is an issue we are concerned about, and we are concerned to continue to meet our obligations to the EEO program, particularly the disability program, but it does have an overall impact on productivity.¹⁵

4.26 The Department of Finance did not share the PSC's concern when it pointed out, that in its view, there was no conflict between public service and commercialisation:

... there need be no innate conflict between commercialisation and the public service ethics ... but there may be some procedural issues that need to be worked through.¹⁶

4.27 It is beyond the scope of this Inquiry and premature for the Committee to comment on the effectiveness of the commercial reforms in organisations like DAS and AG's. However, in the case of Attorney-General's, individual members of the Committee are aware of the deep concerns about, indeed opposition to, at least some of that Department's work practices. The Committee may seek at a future date to monitor the consistency of AG's work practices against the APS ethos of public service.

4.28 The Committee recognises that there is a concern that corporate restructuring, commercialisation and changing corporate cultures will lead to a fragmentation of the APS, and exaggerate the current conflict and ambiguity associated with the changing APS ethics and impact on social justice and EEO policies. However, the Committee recognises that it is important to achieve a balance between Public Service principles and values and value for money principles. The Committee reaffirms the views expressed in Chapter 2 that preserving and maintaining APS values is the most important element of a professional public administration and that economic efficiency is only one element of management.

4.29 It is the Committee's view that one of the keys to the successful implementation of the new approaches to corporate restructuring and the adoption of commercial practices will be training to provide support for managers and their staff in the changing environment. Training and professional development is discussed in the next Chapter, although reference is also made to the need for more training for line managers and SES officers in Chapters 2 and 6 respectively.

15. Evidence pp. 484-85.

16. Evidence p. S1743.

Remuneration

4.30 The effects of corporate restructuring and the need to adopt commercial practices to compete effectively with the private sector have also given rise to questions about the appropriateness of current levels of remuneration in the APS. Many agencies expressed frustration at being unable to compete with the private sector in terms of both recruitment and retention of staff.

4.31 In the current climate, with over 10% unemployment, the problem has not been as severe as in the past when elements of the Service were attracted away from the public sector to various careers in the private sector. Mr Preiss, Deputy Secretary of the Department of Industrial Relations, explained:

At present, if it were not for the recessionary circumstances, I believe we would be relatively well placed for the majority of our administrative structures in terms of recruitment and retention, but I am sure we would still find particular areas of difficulty arising from time to time. Sometimes it is valuers; sometimes it is computer systems officers - it varies.¹⁷

4.32 The Committee recognises that enterprises which are now in direct competition with the private sector have an additional challenge in terms of being able to offer appropriate levels of remuneration.

4.33 The Attorney-General's Department was one of the departments which drew the Committee's attention to the problems of remuneration. The Committee challenged the Secretary of AG's, Mr Rose, to justify his claim that, in relation to the so-called 'fat cats campaign' that the 'fat is at the bottom, not at the top'.¹⁸ Mr Rose justified his claim by referring to the results of surveys conducted by both DIR and his own Department:

I think the surveys that DIR and we have done basically establish that position: a very large number of employees both in the Department and the Service as a whole are paid somewhat above the median of all public and private wage rates for their skill and experience. In other words, the fact to that extent does support some of the stereotypical

17. Evidence pp. 63-64.

18. Evidence p. S963.

comments about the Public Service. But when one moves into the middle management and senior levels of the Service, there is considerable reversal of that; that is, by the same judgement, you move very quickly from either paying at the median or above, to paying well below the median. For senior managers and SES staff you are approaching a position of being 28 to 30 per cent below the median for comparable positions. What that means for us is that in times of real competition - that is in boom times, the top of the business cycle - it makes us extremely uncompetitive.¹⁹

4.34 Comparisons between Commonwealth and private sector employees have been the subject of recent studies. The findings of those private consultants are that generally speaking, middle level executives in the APS would expect to receive about 15% to 20% less than people in comparable positions in the private sector, but at the very senior level, the gap is much wider. Mr Ian Knop, Managing Director of Profile Management Consultants, provided the following example:

The secretary of a senior policy department could expect a package of about \$160,000. Compare that with the chief executive of a major company such as Boral, where the chief executive could expect a package of around \$360,000. It just doesn't compare.²⁰

4.35 It is beyond the scope of the Committee's Inquiry to fully investigate or comment on the adequacy of current APS remuneration levels. However, the Committee did take evidence which indicated that monetary reward was not necessarily the only motivating factor for public servants and that conditions of service, such as access to childcare, study leave and the like, as well as a commitment to public service were often significant rewards in themselves. The Committee recognises that motivation is a very complex matter and is different for every person. However, the Committee also recognises that there are many sources of job satisfaction for employees with the Public Service and that, for this reason, public sector salaries do not have to match those paid in the private sector.

4.36 Current APS constraints on remuneration are recognised, yet, with the introduction of performance pay and workplace bargaining, the Committee regards this as an issue which might be addressed by each workplace. However, to provide a basis for determining appropriate levels of remuneration it would be useful to have comparative data on salaries within the public and private sectors. In

19. Evidence pp. 443-44.

20. *The Canberra Times*, 12 September 1992.

particular with the introduction of workplace bargaining, it will be increasingly important for information about levels of remuneration in different departments and agencies to be published to allow comparisons to be made. As discussed in Chapter 3 the Committee reaffirms its support for comparative wage justice, even in a climate characterised by performance pay and workplace bargaining.

4.37 The Committee recommends that:

- the Australian Bureau of Statistics monitor the relative salaries of public sector employees against comparable categories in the private sector and publish this information regularly on an annual basis;
- following the introduction of the Workplace Bargaining Agreement, information about the relative salaries of public sector employees be published in a form which allows comparisons to be made between departments and agencies.

Use of External Resources

4.38 The use of consultants, contracting out and outsourcing has increased markedly over the last five years in direct response to the challenge of the financial and other management reforms which have required managers to do things differently, including determining whether a particular function could be provided more cheaply from external sources.

Consultants

4.39 Departments increasingly opt to engage consultants for a variety of functions, including training and the provision of technical advice. Whilst the engagement of consultants originally caused some problems, and indeed was the subject of a previous inquiry by the Committee,²¹ tighter controls on the employment of consultants and an increased responsibility to report on their usage has made this approach much more accountable.

21. Joint Committee of Public Accounts, *Engagement of External Consultants by Commonwealth Departments*, Report 302, AGPS, Canberra, 1990. (Joint Committee of Public Accounts, Report 302)

4.40 Nevertheless the PSU, referring to the so-called 'Friday-Monday' syndrome and the cost-effectiveness of engaging consultants, made the observation that, whilst the new guidelines which emerged from that inquiry are a significant improvement, many of the concerns raised in that inquiry are still a feature of public sector management.²²

4.41 The Auditor-General too has indicated that there are still situations where a full cost-benefit analysis has not been done before the engagement of an external consultant.²³

4.42 The PSC also drew attention to the special care which needs to be applied when engaging consultants. In order to assist agencies to select a consultant for its particular purpose, the PSC has compiled a register of consultants with particular skills. The PSC is very keen to encourage agencies to approach it when an assessment of a particular consultant for an activity is needed.²⁴ The use of consultants to deliver the training function is discussed further in Chapter 5.

4.43 The Committee recognises the flexibility which the engagement of consultants affords management, but draws attention to the need for departments to develop an awareness of the full range of costs and benefits arising from the engagement of consultants.

Contracting Out

4.44 In addition to the use of consultants, some departments and agencies are also contracting out work which was formerly carried out in the department.

4.45 The PSU was highly critical of this approach, citing studies in the United Kingdom which concluded that not only were claims of savings of the order of 20% not supportable, but that there were substantial additional costs involved in establishing the tendering process, negotiating contracts and monitoring contract performance.²⁵

22. Evidence p. 111.

23. The Auditor-General, *Departmental Administrative Activities, Audit Report No. 33 1990-91*, AGPS, Canberra, 1991, p. 7. (Auditor-General Report 33/91)

24. Evidence p. 48.

25. Evidence pp. S501-02.

4.46 The PSU voiced an additional concern, namely that if the increasing tendency to contract out is pursued, this could lead to the vast majority of workers being employed on a contract or temporary basis.²⁶ This approach, the PSU argued, would have serious effects on fragmentation of the APS, loss of employee commitment, loss of organisational culture and loss of corporate memory. Further, EEO goals and outcomes would be seriously undermined.

4.47 This view was also shared by commentators:

... departments have been generally reluctant to use contract employment extensively. This is partly because public service requires some consistency and collective memory, but also because departments wish to retain experience and skills within the staff of the department rather than risk losing such skills to contract labour or external consultants. At senior levels contract employment can undermine the capacity of public servants to offer 'fearless' advice to ministers.²⁷

4.48 Responding to concerns that contracting out would impact on the careers of public servants, the Department of Finance submitted that:

The contracting out of services will reduce employment in the public sector but one should ask whether careers for public servants should be the determining factor in providing public access to a service of acceptable quality, timeliness and affordability.²⁸

4.49 The Department continued by noting that public servants still have an important and continuing role in administering the contracting process, since the Government is still accountable for the effective and efficient delivery of the service.²⁹

4.50 The Committee is concerned that contracting out is sometimes the result of a senior managerial initiative which is not necessarily directed at passing cost savings on to clients, but is rather directed at enhancing the status of the

26. Evidence p. S502.

27. Wana et al, op. cit., p. 162.

28. Evidence pp. S1742-43.

29. Evidence p. S1743.

manager. For example, research shows that agencies which route money to and supervise other agencies tend to have a higher status than those which don't.³⁰

4.51 The Committee recognises the flexibility provided by contracting, but notes the concerns expressed, and believes that the PSC should maintain close scrutiny of the practice. The Committee is particularly anxious to ensure that the practice of contracting out is kept to minimum.

Contracting Out of Information Technology

4.52 A particular form of contracting out which is likely to become more prevalent in the future is the contracting out or outsourcing of Information Technology.

4.53 The first department to trial Information Technology outsourcing was the Department of Veterans' Affairs which contracted out its mainframe computing service to private enterprise in 1991. The Auditor-General identified that net savings of about \$10 million would be likely to be realised over the next five years. However, he recognised that even greater savings would have been possible had there been in place an adequate policy framework for managing the staffing aspects of outsourcing.³¹ In a separate submission to the Committee's review of Auditor-General's reports, DVA agreed with the Auditor-General that a policy framework is required.

4.54 The outsourcing project resulted in 18 staff accepting voluntary redundancy with consequent impact on redundancy pay-outs from the DVA to the value of \$600 000 excluding superannuation benefits.³² The remaining 15 staff elected to be redeployed.

4.55 From the point of view of the PSC, Mr Ives told the Committee, the process involved 'a lot of learning' and that the PSC and others were currently trying to 'rationalise and review our experience from this exercise so that in any future exercises it is not a matter of learning as we go along but of having a policy

30. Gerriston, R and Albin, S, *Privatisation - Economic cure-all or ideological dogma*, Public Policy Program, Australian National University, 1992.

31. The Auditor-General, *Department of Veterans' Affairs Outsourcing - The Management of Redundancy Arrangements*, Audit Report No. 45 1991-92, AGPS, Canberra, 1992, p. iv. (Auditor-General Report 45/92)

32. Auditor-General Report 45/92, pp. 20 and 24.

framework in place from day one'.³³ Referring to the contracting out of the computer services in DVA, the PSU too, was highly critical of the practice.³⁴

4.56 In view of the efficiency savings possible with this approach, outsourcing is likely to become more prevalent. However, it was recognised by a number of departments and organisations such as DSS, the Department of Finance and the PSU, that care would be needed in taking the decision to outsource Information Technology. Protecting national security, legal entitlements of citizens and public safety were cited as considerations which must be addressed where outsourcing would be inappropriate.³⁵

4.57 The Committee accepts that efficiency savings may sometimes arise from the adoption of approaches such as engaging consultants, contracting out and outsourcing, but regards contracting out and outsourcing as processes which should be minimised so that only those functions which cannot be done efficiently and effectively within the APS are contracted out. However, it notes the various comments made by the Auditor-General, the PSC and the PSU that care is needed prior to the decision to engage consultants or contract out and that a policy framework is required prior to any further outsourcing activities. In particular a policy framework which provides for the management of redundancies arising from contracting out or outsourcing Information Technology is required.

4.58 **The Committee recommends that:**

- the Public Service Commission develop a policy framework for dealing with the staffing aspects of contracting out of Information Technology;
- contracting out of Information Technology be minimised by undertaking as much of the relevant activity within the Service as is efficient and effective.

4.59 In making the first of these recommendations the Committee is in total agreement with the Auditor-General's own recommendation in his report on the outsourcing exercise conducted by DVA.

33. Evidence p. 194.

34. Evidence p. 88.

35. Evidence pp. S502, S1742 and p. 404.

4.60 Further discussion on the management of redundancies in general is included below in the section on 'Rationalisation'.

Workplace Reforms

4.61 In addition to adopting new approaches to financial management, new approaches were also required in the workplace to adapt to the industrial reforms of the 1980s. These too were discussed in Chapter 2. However, amongst the major reforms impacting on the workplace itself have been the changes associated with the Second Tier and the Structural Efficiency Principle. These changes introduced workplace reforms such as classification restructure, job redesign and multiskilling.

Classification Changes

4.62 As mentioned in Chapter 2, reducing some 100 keyboard and clerical classifications to a single 8-level structure was a major outcome of the Second Tier process. The process, begun in 1987, continued under the Structural Efficiency Principle as a result of which 1 760 classifications in the blue-collar area were reduced to a single ten-level structure, whilst in the professional area, 30 separate classifications were brought together in the one structure. The technical and drafting streams were also combined into the one structure with a resultant reduction in the number of levels from ten to six.³⁶

4.63 One of the consequences of the Structural Efficiency Principle process which resulted in reducing the number of classifications, has been 'classification creep'. This phenomenon was drawn to the Committee's attention by a number of departments, including DASET. Mr Blunn informed the Committee that:

... certain things had a tendency to produce classification creep. Classification creep is a problem for everyone because it means that the average salary goes up and at the end of the day you employ fewer people.³⁷

4.64 In supplementary material provided by DASET, the Department indicated that, in its own case, there had been very little upgrading of positions, although the distribution of classifications for the new positions reflects the strong

36. Evidence p. S1685.

37. Evidence p. 383.

policy orientation of the Department and the need to employ people at the level of ASO 6 and above, rather than at the lower levels.³⁸

4.65 The trend to employ more people at the higher classification levels was confirmed in other evidence to the Inquiry as well as by the APS staffing statistics produced by the Department of Finance.

4.66 The other phenomenon drawn to the Committee's attention relates to 'classification cap'. The example given by DASET was that having all director positions in the Department currently classified as Senior Officer Grade B made it difficult to justify using the classification of Senior Officer Grade A, since the work carried out by directors in DASET is regarded as being comparable. These positions are therefore subject to a 'classification cap' which is not necessarily recognised by other departments and agencies. The Department would prefer to see consistency and uniformity across the Public Service, rather than generating discontent amongst staff in areas where people of different classifications are performing comparable duties.

4.67 Mr Blunn indicated that his Department would support 'uniform classification' across the Public Service on the grounds that:

... different agencies have different muscle in the marketplace and this can produce anomalous results.³⁹

4.68 Despite these concerns, Mr Preiss from DIR indicated that he thought the notions of 'comparative equity' between people in the same classifications in different departments was 'very strong'.⁴⁰

4.69 The Committee recognises that problems of classification 'creep' and 'cap' are beginning to exist and that departments need to take care to guard against indiscriminate classification creep, although the potential positive impact of classification creep on vertical mobility, staff morale and recruitment of people with specialist skills is also noted. In the case of classification cap, the Committee was surprised to discover that so very little use is currently being made of the classification Senior Officer Grade A. DASET, for example, indicated that it only had one such position, whilst according to the APS statistics maintained by DoF, a total of only 20 such positions were filled across the APS in December 1991. The

38. Evidence pp. S2146-49.

39. Evidence p. 384.

40. Evidence p. 79.

Committee views the existence of this additional classification as a useful tool for managers to provide flexibility in the management of their staff. This matter is discussed further in Chapter 6 in the section dealing with broadening the feeder group of the SES.

Job Redesign and Multiskilling

4.70 The structural changes referred to above, together with the advent of improved technology, have had a great impact on the design of jobs and many have been redesigned to reflect these changes. As a result of job redesign, staff have also increasingly been called upon to become multiskilled. As evidence to the Inquiry shows, multiskilling initially brought with it enormous problems and reduced efficiencies.

4.71 For example, the Committee was interested to discover the special problems faced by officers having to learn keyboard skills and that few officers use the powerful software systems at their disposal. As Ms Santamaria, First Assistant Secretary, DASET, informed the Committee:

There were several problems in the first couple of years or so at the time when people were learning to type. Senior Officers C and B would take five times as long as a typist to type the same one-page piece.⁴¹

4.72 Mr Blunn continued by saying:

It is a transitional statement. It is a statement that probably will not be true in another five or 10 years.⁴²

4.73 Multiskilling has not only required adapting to technological improvements in the workplace, it has also required staff to broaden their areas of expertise. According to the DSS, for example, the introduction of technological enhancements has 'resulted in improvements, both quantitative and qualitative, in work processes and improving service to clients'.⁴³ However, as Mr Volker elaborated to the Committee, the multiskilling required goes beyond the technology;

41. Evidence p. 385.

42. Evidence p. 386.

43. Evidence p. S724.

it also requires staff to have increased knowledge across the range of the Department's activities:

... we will have to multiskill our staff, simply because of the greater use of technology. The on-line processing of pensions and benefits really requires that people are multiskilled. ... In addition, for example, the changes with family payments integration from January next year will mean that the staff who previously concentrated on pensions will also have to have a knowledge of family payments.⁴⁴

4.74 The view of some departments, a view which was confirmed in recent MAB/MIAC reports, was that 'automation, job redesign and multiskilling in routine tasks has transformed the administrative working environment in recent years resulting generally in greater efficiency but also introducing some inefficiencies, staff frustrations, "information overload" and a view amongst some "professional" staff that they are being deskilled'.⁴⁵

4.75 The Committee recognises that job redesign and multiskilling have provided additional challenges to staff. It also accepts that past and current inefficiencies can be partly explained by the difficulties associated with retraining an older generation in the use of technology. The Committee now hopes that the incoming, more technologically literate public servants and better trained current public servants will make more efficient use of the technology available and that departments will continue to provide the necessary training to enable their staff to make the best use of the technology available.

Rationalisation

4.76 A further method by which enterprises have risen to the challenge of implementing the reforms of the 1980s is by the adoption of a strategic approach to staffing resources. Having 'to do more with less' has become the primary focus of most government departments and agencies which have undergone 'rationalisation' of their staffing resources.

44. Evidence p. 410.

45. Evidence p. S352.

4.77 For example, DAS informed the Committee that it had shed 4 600 staff since 1987, and that a further 2 300 surplus staff would be shed over the next three years.⁴⁶

4.78 DVA reported that it had already shed 870 positions, and that its current staffing complement of slightly over 13 000 would be reduced to not more than 3 000 by the end of the century commensurate with its reduced client base.⁴⁷

4.79 DSS advised that the introduction of improved technology alone has resulted in savings of over 2 000 staff.⁴⁸

4.80 Concern over the number of jobs which have been shed or are proposed to be shed was expressed by the PSU. The Union reported that the need for job security was felt keenly by its members, and that the shedding going on in DAS, DPIE, Defence, the Australian Customs Service and the Australian Taxation Office, for example, were genuine causes for concern.⁴⁹

4.81 The Committee also had its attention drawn to the fact that it is not just the shedding of jobs, but the method of managing the process of rationalisation of staffing resources that needs review, particularly the problems associated with redeployment and redundancy.

4.82 The Public Service Commissioner also expressed the view that managing the process of rationalisation was likely to be particularly vital in the next 12 to 18 months when there are likely to be 'substantial retrenchments or redundancies'.⁵⁰

Redeployment

4.83 Provision exists under the *APS Redeployment and Retirement (Redundancy) Award 1987* (the R&R Award) for staff who have been identified as surplus to be redeployed either within the organisation or in another.

46. Evidence p. 458.

47. Evidence p. 481.

48. Evidence p. S724.

49. Evidence pp. 85-6.

50. Evidence p. 196.

4.84 The Public Service Commissioner explained that, in his view the provisions of the R&R Award have been relatively successful and that the award has permitted those surplus staff who cannot be placed in alternative positions to leave their employment with 'an appropriate degree of dignity and an appropriate amount of compensation'.⁵¹

4.85 However, in a climate characterised by fewer jobs to which surplus officers can be placed, the difficulties of redeploying staff are becoming even greater.

4.86 The PSU drew attention to the situation whereby one department was shedding staff, whilst another was recruiting and suggested that redeployment could be a solution to this otherwise costly process.⁵²

4.87 The Committee learnt that an informal network exists amongst departmental heads and the PSC in order to place people who are displaced, and that this approach, at least according to DASET, is preferred to a formal centralised one.⁵³

4.88 The PSC indicated that, whilst it has a role in finding places for displaced SES officers, it does not have a formal role in this area for non-SES staff. Mr Ives informed the Committee that the PSC has been looking into ways in which it might make a greater contribution, for example, by undertaking a 'brokering role' in placing displaced staff, although the Commissioner pointed out that such a change in the Commission's responsibilities would have resource implications, and would require additional considerations to be taken into account.⁵⁴

4.89 Support for the increased use of redeployment as a tool to manage the placement of surplus staff came from a number of areas. As previously mentioned, the PSU favours this approach, whilst organisations like DAS indicated that, in addition to voluntary early retirement, redeployment and retraining are integral to its staff placement plan.⁵⁵

4.90 The Committee accepts that there are currently difficulties in managing the redeployment of excess staff, and suggests that one way in which this could be overcome is, despite departmental opposition to the suggestion, by replacing

51. Evidence pp. 190-91.

52. Evidence p. 114.

53. Evidence p. 376.

54. Evidence pp. 191 and 196.

55. Evidence pp. 460-61.

the current informal network with a more formalised process which includes the establishment of a Central Redeployment Unit for the APS. The Committee envisages the Central Redeployment Unit as the primary mechanism to facilitate the redeployment of staff declared surplus as a result of rationalisations from APS and agency restructuring. The Committee views the PSC as the agency best placed to coordinate APS redeployment and regards it as appropriate that the PSC assist affected officers in the preparation of resumes, maintaining a register of vacancies, informing officers of vacancies and generally acting as a broker in seeking suitable places. It would also be the role of the PSC to brief departmental officers in their redeployment responsibilities and the role of the proposed Central Redeployment Unit.

4.91 The Committee recommends that:

- the Public Service Commission establish a Central Redeployment Unit to facilitate redeployment of excess officers;
- additional resources be allocated to the Public Service Commission to enable it to operate the Central Redeployment Unit.

4.92 In making this recommendation the Committee is aware of the proposal under the Workplace Bargaining Agreement for the creation of a Central Redeployment Unit. It is the Committee's belief that the two approaches are compatible and will provide much needed central coordination for the redeployment of surplus staff. As mentioned in the previous Chapter, the Committee also regards the use of a Central Redeployment Unit as an integral part of the process to manage underperforming staff.

Retrenchment and Redundancy

4.93 In addition to redeployment, staff have also been shed or terminated through either retrenchment or redundancy. Of particular concern is the growing number of voluntary redundancies. Whilst the shedding of staff by these methods may be integral to the organisation's effectiveness, evidence to the Inquiry suggests that some people are having a good deal of pressure exerted on them to take a redundancy package and leave the department. Others, as in the DVA outsourcing

case, have been offered favourable redundancy packages, which were in their best interest financially to take.⁵⁶

4.94 The PSU views this development with alarm, but recognises that, for many people, this is the largest sum of money - 'the first little pot of gold' - they are likely to receive and they cannot be blamed for taking the money and running.⁵⁷

4.95 The concern of the Committee is the cost-effectiveness of this approach. The experience of the DVA when it made a number of its staff redundant as part of the contracting out of its Information Technology function, was that these officers were subsequently re-employed in equivalent employment by the company which won the contract to provide the Information Technology service.

4.96 The DVA, as a result of its experiences under the R&R Award, believes that departments should have greater scope to move more quickly down paths such as voluntary redundancy if the circumstances warrant it.⁵⁸ The Department found that the Award works well when dealing with redeployment of surplus staff, but proved inadequate to its particular circumstances.

4.97 The Committee's attention was also drawn to the problems caused by the PSC having a role in authorising voluntary retrenchments or redundancies. This function, it was argued, should be devolved to departments.⁵⁹

4.98 The Committee recognises that, in the case of DVA and the outsourcing project, the redundancy payments were made to public servants who then left the employ of the Commonwealth to take up employment in the private sector. Nevertheless, the Committee has concerns about Commonwealth public servants taking redundancy packages and being in effect re-employed by the Commonwealth, albeit in a different guise.

4.99 The PSC share this concern and recommended that consideration be given to identifying a period of separation between redundancy and re-employment:

56. In addition to superannuation, the redundancy package generally consists of two weeks pay per year of service, and pay-outs of accumulated annual leave and long service leave.

57. Evidence p. 115.

58. Evidence p. S318.

59. Evidence pp. 341-42.

If people have taken a redundancy package from the Public Service or a statutory body closely associated with the Public Service, they have made a decision not to pursue the possibility of redeployment in the Public Service, and, as a matter of policy, the Commission would like to see a reasonable period of separation of those people from employment in the Service.⁶⁰

4.100 The PSC also pointed out that the usual policy guidance is that a 12 month period of separation was 'reasonable' and that if officers are re-employed within a reasonable time, it would be necessary for them to repay on a pro-rata basis a proportion of the severance allowance.⁶¹

4.101 In considering this matter, the Committee is also reminded of its earlier inquiry into the engagement of external consultants. During that inquiry, the experience of the United States Government was drawn to its attention. The United States Government introduced legislation to prohibit former Pentagon officials for two years from accepting compensation from a firm over whose work that official exercised 'significant' responsibility whilst at the Pentagon. This prohibition was to apply to both payment as a consultant as well as an employee of the firm.⁶²

4.102 The Committee also notes that a recent PSC Circular issued to all departments and agencies (Circular 1992/14) recommends that a 'reasonable period' of separation from their employment with the Commonwealth should occur prior to subsequent APS employment of retrenched Commonwealth staff. The determination of a 'reasonable period' will be made on a case-by-case basis with reference to the level of severance benefit paid by the Commonwealth.

4.103 The Committee reaffirms the conclusions identified during its 1989 inquiry, namely that a policy framework needs to be developed, and recognises the need for this policy to be formalised in the relevant legislation. The Committee regards formalising the post-separation employment arrangements as a requirement to safeguard the public interest. It is particularly relevant to retirees or retrenched officers formerly employed by the Commonwealth in sensitive areas such as the defence industries where knowledge of Commonwealth activities can be financially advantageous to the private sector. The Committee regards this as a serious ethical issue which requires the development of further guidelines.

60. Evidence p. 16.

61. Evidence p. 192 and Evidence p. S2207.

62. Joint Committee of Public Accounts, Report 302, p. 29.

4.104 The Committee recommends that:

- the legislation governing the employment of Commonwealth public servants be amended to specify that a period of 24 months must elapse before a former Commonwealth public servant can be re-employed by the Commonwealth;
- retrenched Commonwealth staff seeking re-employment with the Australian Public Service within this time frame be required to repay, on a pro-rata basis, a proportion of the severance allowance.

4.105 The recommendation applies particularly to officers seeking full-time employment with the Commonwealth. It also applies in general to consultants, but the Committee recognises that there may need to be some flexibility in this approach.

4.106 The question of the use of redundancy packages to manage underperforming officers has previously been referred to at Chapter 3.

Stress and Morale

4.107 The changes to the workplace referred to in this Chapter and elsewhere in the Report, but particularly those associated with the effects of corporate restructuring and rationalisation, have contributed to problems of morale in the Service and stress-related compensation claims. It is not completely clear from the evidence what specific issues are responsible for these claims; however, through confidential and other submissions to the Inquiry, the Committee is aware of the stress placed on individuals being forced to become multiskilled, being forced to undertake training programs and being forced to take redundancy packages. Without commenting on the relative validity of the individual complaints, there is sufficient evidence to suggest that morale and stress are problems in the Service and that this issue should be closely monitored.

4.108 Psychologists have commented that studies reveal that claims of stress, absenteeism and staff turnover all reflect how staff feel they are valued. Research also shows that current strategies for dealing with 'clerical stress' are inadequate.⁶³

4.109 The existence of morale problems were confirmed by the PSU, which, when referring to the results of a major survey of 75 000 of its APS members, reported that 'there is a real morale question' and that 'workers are most concerned ... about their jobs and the security of their jobs'.⁶⁴

4.110 Mr Tanzer also told the Committee that, in the case of DAS, job shedding had had a 'pretty devastating' effect on the morale of staff, especially in the construction area.⁶⁵

4.111 Evidence from DASET highlighted the fact that the multiskilling process also contributed to stress.⁶⁶

4.112 According to figures provided by DIR, drawn from the Compense Database maintained by Comcare, in the period 1989-1991, 4% of workers' compensation claims were stress-related, yet they accounted for 16% of the total cost of claims. Stress-related claims were the third highest in terms of costs, after back injuries and strains.⁶⁷

4.113 The Committee accepts that in implementing workplace reforms a period of adjustment has been required during which levels of productivity and efficiency were not as high as could normally be expected.

4.114 The Committee remains concerned, however, about the problems of morale in the Service and, in particular, the number of claims for stress-related conditions. Although the actual number of cases to date is small, the proportion of total claims is quite high and is potentially a significant claim on the public purse.

63. Raue, J, 'The Key to Clerical Stress', in *Directions in Government*, June 1992.

64. Evidence p. 86.

65. Evidence p. 463.

66. Evidence p. 385.

67. Evidence pp. S1772-73.

4.115 **The Committee recommends that:**

- the Public Service Commission, in conjunction with Comcare, closely monitor the number of stress-related compensation claims and report its findings not only to the Prime Minister or the Prime Minister's delegate, but also to the relevant Minister and Secretary.

Additional Issues

Lessons from the Past

4.116 At the HRM Seminar, Ms Stretton, National Manager, Corporate Services, Australian Customs Service, proffered the following advice for organisations contemplating restructuring. Her suggestions included:

- do what suits the particular organisation, not what has worked elsewhere;
- be very clear about what the problem is and what restructuring will achieve;
- consider general reporting mechanisms;
- consider the culture of the organisation;
- communicate what you are doing;
- support the changes from the top;
- be prepared to finetune and make adjustments if necessary.⁶⁸

4.117 Whilst this list is not comprehensive, it does reflect the lessons which can be passed on from one particular organisation. To this list, the Committee would emphasise the importance of having a strategic approach to change management. It is the Committee's view that, if these approaches are taken into account, valuable lessons can be learnt from the experiences of the last five years and future restructuring is likely to be less painful. The Committee recognises the importance

68. HRM Seminar Transcript p. 47.

of seminars, conferences and workshops as being useful vehicles for exchanging experiences.

4.118 The Committee would also argue that there is a role for a central agency, like the PSC, to collect and disseminate information about the various ways in which departments and agencies have approached the challenge of change. In this way departments could learn from the experiences of others and, taking into account Ms Stretton's warning that a direct adoption of another's strategies may not always be suitable, at least an adaptation of another's strategies could be beneficial.

4.119 The experience of the DVA which outsourced its computer centre to private enterprise is a case in point. The Auditor-General's report highlighted the lessons which could be learnt from this experience so that other agencies contemplating contracting out their Information Technology services could benefit from the experiences of DVA.

Commonwealth/State Transfers

4.120 Another area in which the Committee hopes that lessons could be learnt from the experiences of others concerns the special problems faced by the Australian Securities Commission when it was being restructured, by combining staff of the State Corporate Affairs Commissions with the National Companies and Securities Commission.

4.121 Mr Hartnell, Chairman of the ASC, was highly critical of the restrictions placed on him by section 81B of the Public Service Act relating to the transfer of employees into the Commonwealth. He even went so far as to recommend that the section of the Act not only needed to be reviewed, but consideration could be given to its abolition.⁶⁹

4.122 The Committee was concerned to discover the extent of the problems faced by the ASC in its formative period but notes the report of the PSC that the ASC transfer highlighted a general lack of awareness in the APS of the different roles of the DIR and PSC as coordinating agencies for transfers of functions.⁷⁰

4.123 The Committee views it as imperative to learn from the experiences of others and is anxious to ensure that similar problems, although in reverse, will

69. Evidence pp. S902 and p. 331.

70. Public Service Commission, *Annual Report 1990-91*, AGPS, 1991, p. 76.

be avoided when the Repatriation General Hospitals are transferred to the States by 1995. As previously mentioned, the Committee has recommended that DIR functions be transferred to the PSC, a situation which should overcome many of the problems experienced by the ASC in promoting Commonwealth/State transfers. In the meantime, the Committee regards it as appropriate for the PSC to review the adequacy of the legislation in question in order to streamline the process of transferring staff between the Commonwealth and the States.

4.124 The Committee recommends that:

- the Public Service Commission review the adequacy of section 81B of the Public Service Act dealing with the appointment of persons where functions are to be carried out by the Commonwealth and policies flowing from that section;
- the Public Service Commission explore methods to streamline the process of staff transferring between the Commonwealth and the States.

Efficiency Dividend

4.125 The PSU was one of several organisations which commented that the continued cost cutting and reorganisation of the 1980s has led to demoralisation of the Service. In particular, agencies are finding it increasingly hard to subscribe to the concept of efficiency dividends in the current strict regulatory climate.

4.126 The submission from the Australian War Memorial illustrated some of the difficulties faced by smaller agencies in meeting efficiency dividends. It has been argued that for smaller agencies with fewer staff, it is not possible to consistently achieve an efficiency dividend.

4.127 The concept of an efficiency dividend was first introduced six or seven years ago. It was argued at the time that increased efficiencies could be achieved in the APS and a flat annual rate of 1.25% has applied across portfolios since its introduction, making the total savings in the order of 9%.

4.128 The Committee regards the efficiency dividend as having been very damaging not only to the APS as a whole, but to smaller agencies in particular which have found it impossible to continue to achieve. The Committee is concerned that the arbitrary imposition of a flat rate of 1.25% per year, regardless of the

capacity of the agency to meet it, as one of the most damaging aspects of the efficiency dividend. The Committee views the continuing application of the efficiency dividend as a serious danger to the provision of services by the APS and its efficiency.

4.129 The introduction of workplace bargaining is planned to result in work conditions based on productivity and may render the concept of efficiency dividends irrelevant, if not invalid. In view of productivity gains associated with the introduction of workplace bargaining the Committee regards it as timely to review the need for continuing the efficiency dividend, with a view to abandoning to altogether.

4.130 The Committee recommends that:

the efficiency dividend be abandoned.

Impact of Rationalisation

4.131 In conclusion, the Committee also notes that there seems to be a real conflict between the perceptions of those driving rationalisation reforms and those on the receiving end. As Professor Pusey, Professor of Sociology at the University of New South Wales, told the Committee:

The data shows who are the people who say, 'Yes, it is leading to greater consistency, greater rationalisation of the public sector'. Who says that? It is the people who are driving the reforms within Prime Minister and Cabinet, Treasury and Finance, who have been completely unaffected by them themselves and who have launched wave after wave of these rationalisations When you ask the people who are at the receiving end of this and whose work is supposed to be facilitated, helped, rationalised, streamlined, whatever, they say, 'No, it is less rational and consistent now than it was before that started.'⁷¹

71. Evidence p. 302.

4.132 The Committee did encounter the view that those affected by the decisions of management did not always share their enthusiasm for the reforms. Individuals making submissions to the Inquiry pointed out their concerns about the impact of the reforms on them personally. Rather than draw conclusions from the limited evidence available, the Committee deems it more appropriate to wait for the results of the MAB Task Force, which will contain the results of staff surveys and might provide a more informed view.

4.133 The impact of rationalisation as an economic theory is discussed further in Chapter 6.

Chapter 5

PROFESSIONAL TRAINING AND DEVELOPMENT

Introduction

5.1 The Committee's third term of reference relates to professional training and development. In considering this matter, the Committee focused its attention on the effectiveness of the design and delivery of training programs, the adequacy of access to training and how training is evaluated to ensure that taxpayers' money is well spent. It also focused on the respective roles of agencies in providing training in a devolved environment, as well as identifying further opportunities for training and development.

Design of Training Programs

5.2 The reforms of the 1980s have had a major impact on the training needs of the APS. Staff have had to adjust to major structural changes within their own departments, including accepting responsibility for delegated decision making, as well as developing new skills in response to the Structural Efficiency Principle and award restructuring, implementing new financial management strategies as well as learning and applying better people management strategies.

5.3 The changing environment and associated requirements to implement reforms have highlighted the importance of designing training programs which are relevant to the workplace and which have applicability to both the short and long-term training needs of officers, within the context of the organisation's needs.

5.4 The Committee recognises that, in a climate of devolution which is also characterised by rapid change in programs and policies, continuous pressure to increase productivity and increased reliance on Information Technology, the provision of a high level of training is required to ensure that staff have the necessary skills and knowledge to perform their duties effectively and efficiently. The design of the training programs - that is, ensuring that they are targeted to meet identified needs - becomes crucial to their success.

5.5 As Mr Ives told the Committee:

As work in the APS becomes increasingly complex, we just have to devote more attention and resources to all forms of training and development. That does not mean just throwing money at the problem, but it puts a very big responsibility on trying to make sure that training and development is increasingly well targeted, directed and understood within the Service.¹

5.6 The need for training to be linked with corporate goals and corporate strategies and that it should be sustainable was also emphasised by the Public Service Commissioner.²

5.7 Further considerations are that departments should ensure that training is delivered in response to identified needs; that the development of skilled human resource development (HRD) staff is supported; and that evaluation of training programs is improved, with particular emphasis on evaluating the impact of training in the workplace.³

5.8 A variety of training needs was identified in evidence to the Inquiry. They included very basic training requirements such as keyboard skills, additional Information Technology training, especially in the use of personnel and financial management systems, training in performance appraisal and commercial practices, training to meet the specific requirements of individual agencies, and training to facilitate the implementation of workplace bargaining.

5.9 In addition to these, the Committee's attention was drawn to the special need to develop a competency-based approach to training, entry level training and management training as part of the strategic approach to human resource development in the APS. A brief overview of these approaches follows.

Competency-Based Training

5.10 In relation to both entry level and above-entry level training, the Committee noted with interest the development of a set of competencies which are

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1. Evidence p. 199.
 2. Evidence p. 201.
 3. Auditor-General Report 37/92, p. 56.

seen to be integral to the training requirements of officers in each of the major employment streams within the APS particularly in the ASO 1-4, ASO 5-6 and Senior Officer groups. These Service-wide core competencies are designed to form the basis of a set of APS-wide standards for the assessment of development needs and the delivery and evaluation of relevant training and development, and can be complemented by agency-specific competencies. The draft APS core competencies for all strands reflect different requirements in relation to planning, leadership and interaction, as well as resource, change and performance management, use of equipment, literacy and numeracy.

5.11 The identification of these sets of competencies has largely been the result of the efforts of the Joint APS Training Council (JAPSTC). JAPSTC is an advisory body comprising management and unions, with representation from the education sector. It is chaired by the Public Service Commissioner.

5.12 The role of JAPSTC is to advise on training issues related to the Structural Efficiency Principle, including existing and future skills requirements, skills recognition and training to support award restructuring and improved efficiency in the APS. The objective of the Council is to develop the training arrangements necessary to enhance the efficiency and flexibility of the APS and related employment areas and to improve career paths, job satisfaction and working environments available to employees.⁴

5.13 Almost without exception, the identification of a competency-based approach to training has been welcomed by those departments and agencies which made submissions to the Inquiry. The Department of Industrial Relations, for example, noted that competency-based training not only provides better career paths for employees but also provides 'better value for the training dollar for management'.⁵ Individual public servants have also reported that the identification of core competencies will facilitate mobility within the Service.

5.14 It has also been welcomed by the PSU which supports the introduction of competencies, particularly at the base grade level so that people coming into the APS can have access to an on-the-job structured training program, which focuses on core competencies and which allows demonstrated progress to be made.⁶ The PSU also noted the advantages of developing competency-based training in conjunction with relevant Industry Training Councils and other national bodies.⁷

4. Evidence p. S674.

5. Evidence p. S1698.

6. Evidence p. 106.

7. Evidence p. S516.

5.15 In his report on the management of central office training, the Auditor-General also endorsed the role of competency-based training initiatives in the APS, observing that 'the work on developing competencies provides a consistent and systematic basis for analysing training needs and evaluating the effectiveness of training'.⁸

5.16 A similar view was also shared by the Department of Finance, which commented that competency-based training 'may well lead to more effective and better targeted training programs through the development of more useful performance measures to assess the extent to which such training is realising the set competency requirements and standards'.⁹

5.17 The Workplace Bargaining Agreement also endorses competency-based training and links it with merit-based promotion and salary movement within classifications.

Entry Level Training

5.18 The importance of providing for the special training needs of new entrants to the APS is only now being recognised. The Secretary of DASET, informed the Committee:

One of the problems that we have had in the past is that we have not given enough attention to training junior officers. The result, to some extent, has been that we have had people getting into senior positions who have lacked training and perspective in some of those things. That has necessarily meant that we have had to concentrate a lot of our resources in remedying those problems at, say, the SES levels.¹⁰

5.19 A recent publication by JAPSTC, *Off to a Good Start*, recognises that new entrants to the APS have different training requirements. For example, younger entrants cope well with change and new technology, but, in addition to training on the structure and role of government, the APS and its agencies, need training to assist them with organisational and communication skills; entry level training for adult entrants, however, needs a greater emphasis on technological understanding and coping with change. The report provides a foundation for APS departments to

8. Auditor-General Report 37/92, p. xiii.

9. Evidence p. S1974.

10. Evidence p. 369.

review their current programs and design new entry level training which is structured and composed of generic competencies which are transferable across a range of work environments.¹¹

5.20 The Public Service Commissioner indicated that the PSC is currently working within the Government framework to develop an appropriate pilot course of entry level training to apply in 1993.¹²

5.21 As with any new approach to training, there will be a period of adjustment before the longer-term impact of the approach is realised. The Department of Industrial Relations noted in its submission that:

Such a system requires an initial investment in identifying the competencies and developing assessment procedures that are readily accepted by staff, their unions and management. In the longer term, as with any well directed training program, there will be efficiencies, as new entrants are better prepared and more effective in performing their duties.¹³

5.22 The Committee commends the development of a competency-based approach to training and the recognition that special attention should also be focused on the entry level training needs of new entrants to the APS. Consistent with the concept of promoting APS values, as discussed in Chapter 2, the Committee would welcome the inclusion of the values of a professional public administration and the ethos of public service in such entry level training programs. As previously recommended in Chapter 3, the Committee also considers that reviewing the current ASO test may be timely in order to reflect the competencies required for people in the APS.

5.23 The importance of centrally coordinating these vital training programs cannot be overemphasised. For this reason, the Committee supports the work being done by the PSC, and regards the PSC as the body with primary responsibility for the design, development and implementation of Service-wide training programs for the APS. The Committee urges agencies to avail themselves of the programs offered by the PSC which have a Service-wide application.

11. Joint APS Training Council, *Off to a Good Start - Towards New Training Structures for Young People and New Entrants to the Australian Public Service*, AGPS, Canberra, March 1992, p.2.

12. Evidence p. 199.

13. Evidence p. S1782.

- the Public Service Commission coordinate the development and delivery of entry level and competency-based training for the Australian Public Service.

National Training Reform Agenda

5.25 In relation to both competency-based and entry level training for the APS, the Committee recognises that there are advantages to be gained by linking them with relevant private sector industry training bodies, the National Training Board and other national policy and advisory groups. According to evidence provided by the PSC, JAPSTC is already developing these links.¹⁴

5.26 In view of the increasing importance of a nationally consistent training framework, as outlined in the National Training Reform Agenda, the Committee recognises the advantage of this approach and commends efforts made by JAPSTC to link its activities to the national training framework.

Management Training Programs

5.27 In addition to developing training programs which reflect competencies at particular levels, it became apparent in the evidence to the Inquiry that the most significant demand for training was for programs which addressed general management issues - principles of people management, providing motivation and leadership, negotiation and conflict resolution and, of course, managing change. This need for management training reflects the changing responsibilities of managers in a climate of devolution.

5.28 The Committee heard a good deal about the value of centrally developed and coordinated management courses, yet also heard from agencies who, taking advantage of devolution, have designed and developed training programs to meet their own special needs.

5.29 In relation to those taking advantage of the centrally developed and coordinated management courses, attention focused primarily on the Middle

14. Evidence p. S676.

Management Development Programs, including the EDS and SWIM programs, and most recently, the newly introduced Public Sector Management Course.

5.30 The PSC has taken a leading role in the development of these programs, in recognition of the increased policy and managerial pressures now faced by middle managers.

Middle Management Development Program

5.31 The Middle Management Development Program has been allocated funds totalling \$30 million over a three year period, from 1990-93, conditional upon a major evaluation of the project. The program comprises four elements:

- subsidisation of agency human resource development programs focusing on Middle Management Development (\$22.5 million);
- the Public Sector Management Course (\$3.09 million);
- subsidisation of Middle Management Development activities offered by the Regional Directors' Networks (\$2.5 million);
- program evaluation and assistance to small agencies (\$0.41 million).¹⁵

5.32 The PSC has been allocated \$1.5 million to administer the program.

5.33 Mr Doron Gunzburg from the Public Service Commission, advised the Committee that the evaluation of the Program is well underway. Preliminary results, however, suggest that:

... it has lifted morale ... and ... it is worthwhile ... Basically, it does seem to have contributed a lot to the organisational change that is taking place within agencies by increasing the skills of managers to handle change and increasing the skills in handling people.¹⁶

15. Evidence p. S677.

16. Evidence p. 201.

5.34 Many departments and agencies confirmed the value of the Middle Management Programs - one department even going so far as to say that the initial feedback that they had received was that it was 'quite outstanding'.¹⁷ The Attorney-General's Department observed that:

... the provision of funds under the PSC Middle Management Development Program contributes materially to the scale and scope of training this Department is able to provide for its managers.¹⁸

5.35 However, it was recognised by a number of departments that difficulties exist in evaluating the program and quantifying the impact on behaviour of such training programs.

5.36 Funding for the Middle Management Development Program ceases in June 1993. The Committee notes that the PSC's evaluation of the program, which will form the basis for consideration of the program's future after June 1993, is well underway. The Committee will await the outcome of the evaluation of the Middle Management Development Program with interest but, if the evaluation report is positive, it may confirm the need for further funding, although not necessarily of the same magnitude, for the Middle Management Development Program. The additional funding would be administered by the PSC.

5.37 The Committee recommends that:

- subject to a positive evaluation report, additional funds be provided for Middle Management Development Programs for the Australian Public Service;
- the Public Service Commission administer the funds and coordinate the design and delivery of Middle Management Development Programs for the Australian Public Service.

17. Evidence p. 370.

18. Evidence p. S964.

Executive Development Scheme and Senior Women In Management

5.38 The EDS and SWIM components of the Middle Management Development Programs were originally developed to enhance the capabilities of officers seen to have the potential for the SES. As a result of a recent review, these programs have now had their focus broadened. EDS and SWIM are now aimed at providing knowledge and skills enhancement to Senior Officers who demonstrate high achievement potential and who would benefit the APS by further development based on the broadening of experience through mobility.

5.39 Like the Middle Management Programs, the majority of agencies have expressed their support for the programs, although access to them has not been without some difficulties. At a recent information session conducted by the PSC for prospective EDS and SWIM applicants, the participants were informed that in 1991-92, 48 women were recommended for SWIM by their own departments, but only 25 were selected by the PSC.

5.40 Evidence that access to the SWIM program was highly competitive and resulted in the exclusion of women who were deemed by their own department as being suitable, was also provided by some departments. For example, the Department of Finance indicated that it had tried for two years in a row to get an acceptance into the SWIM program, but had so far been rejected. Mr Barrett, Deputy Secretary, DoF, told the Committee that: 'That is a sore point (in the Department)'.¹⁹

5.41 The Department of Foreign Affairs and Trade also advised that it had only just had one officer accepted into the SWIM program this year and that it would like to make greater use of programs like EDS and SWIM.²⁰

5.42 The potential problems faced by women in small agencies gaining access to either EDS or SWIM were also noted at the PSC's information session.

5.43 The Committee notes that the PSC has developed a comprehensive approach to the evaluation of the 1992 EDS and SWIM programs, and will monitor the results of those evaluations with interest. The Committee notes that both EDS and SWIM are now used more to provide mechanisms for horizontal mobility and officer development as opposed to training for the SES. The Committee supports broadening of the focus for these programs and recognises that this should enable

19. Evidence p. 152.

20. Evidence pp. 354-56.

more participation, particularly by women, without detriment to the quality of programs. The Committee further suggests that these two programs could be used to ensure that officers gain experience in both policy and operational departments as well as between regional and central offices. The need for this form of mobility has been recognised throughout the Inquiry and, as previously mentioned, is supported by the Committee because it provides officers with the opportunity to experience the full range of APS activities which in turn is regarded as imperative training for officers aspiring to the SES. The Committee supports both the EDS and SWIM programs.

5.44 The Committee recommends that:

- access to management development programs, particularly Senior Women In Management, be expanded to allow for more women to participate;
- the Public Service Commission and departments develop structured career programs for Executive Development Scheme and Senior Women In Management participants which promote mobility between policy and operational departments and between regional and central offices.

Public Sector Management Course

5.45 In addition to the Middle Management Development Programs referred to above, the Committee's attention was also drawn to the recently developed Public Sector Management Course. This course is a new initiative which has been developed under the auspices of a joint venture of the Commonwealth, the States and the ACT, and the unions, in collaboration with the University of Wollongong. The course aims, through a combination of course work and a work-based project, to enhance the existing skills and knowledge required by public sector middle managers to improve the productivity outcomes in the areas of public sector service and program delivery, in leadership and change, in financial resource management and in people management.²¹

5.46 The Public Sector Management Course focuses on those management development needs which are uniquely related to the public sector and not currently provided by either the private or tertiary education sectors. It will be accredited at Graduate Certificate level. As a result of the successful trialing of the Public Sector

21. Evidence p. S678.

Management Course in a number of States and Territories earlier this year, it has now been launched across Australia.

5.47 According to commentators the course is 'a state-of-the-art management education program based on adult learning and action learning principles with a curriculum designed to improve management behaviour in the workplace'.²²

5.48 Mr Humphry, Director-General of the Premier's Department of NSW, was highly complimentary about the Public Sector Management Course, indicating that the benefits from the participation of public servants from across Australia are many.²³ He went on to make the following observation:

... we have been very pleased with the initiatives taken at a Commonwealth level with their middle management courses and we have participated fairly vigorously in that initiative. We are very keen on those training courses not just being a mixture of our own internal people but also involving both the other governments and the private sector just to get that cross-fertilisation of ideas.²⁴

5.49 The Committee views the development of this Course as a timely and necessary adjunct to other forms of training which might be available, primarily because it not only recognises the important role that middle managers play in achieving organisational effectiveness, but it also recognises the importance of cooperative ventures with the education sector, in particular developing longer courses to meet the needs of public sector managers. The Committee will monitor the impact of the Public Sector Management Course with interest.

The New Professionalism

5.50 The Committee also notes that the PSC is developing an additional management module called 'The APS and the New Professionalism'. This module is currently being trialled with a view to it being presented throughout the APS across Australia.

22. 'Management Training Feature', in *Directions in Government*, September 1992, p. 21.

23. Evidence p. S405.

24. Evidence p. 272.

5.51 A significant feature of this module is the recognition given to the fact that the APS culture is changing and that the new professionalism emerging in the APS reflects a strong commitment to integrating new management principles with the best of traditional values, increasing the priority of people management and adopting practices that are supportive of a learning culture within an organisation. As Mr Ives informed the Committee:

It did seem to us from our evaluations and reviews that we kept training and telling public servants about the new reforms in terms of management, and good as that may be, we were not telling them very much about APS traditional values in terms of merit, equity, loyalty, independence, advice and ethics.²⁵

5.52 The module examines the traditional values of the APS as well as its evolving culture, the impact of the financial and management reforms introduced during the 1980s and the future directions as the APS moves into the 1990s and beyond. The Committee regards this approach as a timely and necessary addition to the menu of training programs available for middle managers and commends its development. The Committee regards it as particularly timely as the module provides a means of reinforcing the APS values referred to in Chapter 2.

Senior Executive Service Training

5.53 The PSC is also formalising and structuring an integrated approach to SES development and career management. As part of this, and in response to the recommendations of the Senate Standing Committee on Finance and Public Administration, the PSC has implemented an inter-agency mobility program and an external study program. In addition, and in recognition of the expressed needs of SES officers, the PSC has restructured the former Senior Executive Management Program to target the special needs of SES Band 1 officers. The program now provides:

- an SES Orientation Program for new entrants to the SES;
- an Australian Government Executive Program (up to 18 months after appointment); and

25. Evidence p. 202.

an Australian Government Advanced Executive Program (5 years after appointment).²⁶

5.54 It is too early to evaluate the impact of the restructured Senior Executive Management Program however it is an area which the Committee will monitor with interest. Further suggestions to improve the training of SES public sector managers are discussed in Chapter 6.

5.55 Support for the centrally administered and coordinated programs like the SES courses, EDS and SWIM came from a number of agencies. The Attorney-General's Department, for example, noted that:

Our participation in the PSC SES Development Programs, the Executive Development Scheme and the Senior Women in Management Program offer the Department savings in cost and staff effort by relieving us of the need to develop and conduct equivalent in-house programs.²⁷

5.56 The Committee strongly supports the PSC continuing to provide centrally administered and coordinated management programs and urges departments and agencies to avail themselves of them.

Agency-Specific Training Programs

5.57 In addition to the centrally developed or sponsored training programs referred to above, the Committee also had its attention drawn to the special agency-specific training programs developed in a number of departments. For example, Department of Foreign Affairs and Trade provided information about its special needs in relation to language training and two courses - one a Graduate Diploma in Foreign Affairs and Trade and the other an Associate Diploma in Public Policy - which have been developed in collaboration with the Australian National University.²⁸ The diploma program has been designed to enhance the skills base of the graduates employed by DFAT, as well as, in the interests of equity, giving more officers a chance to develop a broader range of skills than was possible in the past.²⁹

26. Evidence pp. S681-82.

27. Evidence p. S964.

28. Evidence pp. S2001-134.

29. Evidence pp. 353-54.

5.58 The Australian Taxation Office also provided information about the new Australian Taxation Studies Program (known as ATAX) which has been developed by the University of NSW. ATAX delivers comprehensive undergraduate and graduate tax education across Australia. According to the Australian Taxation Office, a major outcome of this initiative is the integration of materials developed for ATAX into other courses and programs and the sharing of information and experience between the Australian Taxation Office and the private sector of the taxation industry.³⁰

5.59 Within agencies, too, specialist training is also provided. In AG's, a specialist Legal Training Unit exists to meet the specialist needs of legal and para-legal staff and to coordinate activities to enable Legal 1 and Legal 2 Officers to fulfil the continuing legal education requirements of the Legal Officer Award.³¹

5.60 The Committee commends initiatives such as these which develop close links between the APS and academic institutions. The Committee also notes that institutions such as the Australian National University and the University of Canberra currently offer programs suitable for public sector managers. Ways in which these programs could be even more closely linked to the specific needs of the Australian Public Service in particular its SES and the SES feeder group, could be explored. The Committee shares the views advanced by a number of public servants and academics at the HRM Seminar that there should also be opportunities for greater interchange between Public Service organisations and educational institutions.³²

5.61 The Committee recommends that:

the Public Service Commission investigate with tertiary institutions and academic centres the development of Schools of Public Administration or Centres for Management to meet the specific needs of public sector management at a minimum, one outstanding national School of Public Administration be established at an existing university such as the Australian National University;

30. Evidence p. S1378.

31. Evidence p. S964.

32. HRM Seminar Transcript p. 67.

- the Public Service Commission, in conjunction with agencies, identify possible links with educational institutions with a view to developing more agency-specific programs;
- the Public Service Commission make greater efforts to promote interchange between the Australian Public Service and academic institutions.

5.62 Agencies have also developed their own unique approaches to identifying the training and development needs of their staff. DFAT, for example, provided the Committee with information about its Development Diary approach to training:

The training courses offered by the Department would ... be market driven rather than centrally controlled. In other words, the Development Diary would be central to the process by which our training courses were drawn up.³³

5.63 Speaking at the HRM Seminar, Mr Farmer, First Assistant Secretary, DFAT, advised that the principle behind the Development Diary is the need for increased productivity through greater self-management by officers.³⁴ Included in the Diary is a career development structure for DFAT which lists the core competencies expected at each level, and informs officers of the skills that are needed at their present level and those required for promotion to the next level. Response to the Diary has been mixed, initially negative and sceptical. However, Mr Farmer is confident that the review of the Diary will promote a more positive response, as people come to recognise that 'people do matter'.

5.64 Other departments and agencies have developed similar staff development plans.

5.65 Initiatives like the Development Diary reflect agency concerns to embrace the responsibility which accompanies devolution and to develop a more strategic approach to HRD within each organisation. The Committee commends the approach to other agencies contemplating the development of a strategic approach to the training needs of their staff.

33. Evidence pp. 360-61.

34. HRM Seminar Transcript p. 39.

5.66 The Committee recognises the difficulties associated with developing a strategic approach to identifying the training needs of staff but notes that considerable progress has been made in this respect. The Committee specially commends the recent introduction of competency-based training, entry level training and the management training programs which are increasingly targeted to the special needs of middle and other managers in this climate of devolution. In particular the Committee commends those programs, both centrally driven and agency developed, which link the private sector, educational institutions and the States.

Delivery of Training

5.67 In relation to the delivery of training, the Committee notes that a variety of providers is used, including in-house trainers and trainers provided by the coordinating agencies, universities and consultants.

5.68 Mr Ives pointed out reasons for the use of consultants:

We recognise that departments do not have the resources to maintain a full-time training establishment to provide all the training and development that they might want to. If they went down that path they would have to employ people on a full year basis and that would be very difficult and costly. The alternative is to use consultants on a short term basis. Sometimes the unit costs of employing consultants on a per diem basis look relatively high, but when you take into account that they might only be used for five days or 10 days or 20 days, that controls the cost and minimises the other costs that would go with full-time employment.³⁵

5.69 In order to facilitate departmental access to consultants, the PSC also indicated that it maintains a register of consultants and can provide advice to departments on the most effective consultants to use for particular purposes.³⁶

5.70 In order to ensure some commonality of standards for APS-wide courses, it is important to give consideration to the development and accreditation of human resource development practitioners, particularly those who will be

35. Evidence pp. 46-47.

36. Evidence p. 47.

implementing competency-based training, entry level training and the Service-wide public sector management training programs referred to above.

5.71 The PSU was one of the agencies which expressed its support for the accreditation not only of the programs, but also of the course providers.³⁷

5.72 The Committee recognises the merit of this proposal, since the development of a system of national accreditation of human resource development practitioners implies cost-efficiencies with increased safeguards as to the training standards of those delivering the programs. The Committee supports this approach, but acknowledges that in practice it may not be easy to implement.

5.73 Difficulties associated with the delivery of training programs were also brought to the Committee's attention. One, raised by the participants at the HRM Seminar, refers to the difficulties faced by agencies in retaining the trainers. Competition from the private sector, in terms of levels of remuneration, for example, attract many trainers to more lucrative roles as consultants, leaving their departments without the expertise to continue the in-house training role.

5.74 The Auditor-General, however, noted that agencies have not always conducted appropriate cost-benefit analyses prior to the engagement of external consultants.³⁸ This report finds that using in-house providers is often more cost-effective than engaging consultants.

5.75 The Committee notes the dilemma faced by individual departments and agencies, but considers that it is a matter for individual agencies to resolve. However, the Committee urges agencies to seek advice from the PSC prior to the engagement of external consultants, to assess a particular consultant's suitability to provide a particular service. In addition to maintaining a register of consultants, the PSC may also be aware of more efficient and cost-effective approaches to meeting the department's particular needs.

Access to Training

5.76 Difficulties gaining access to training were also brought to the Committee's attention during the Inquiry. These concern access by part-time staff and access by staff of small agencies and regional offices.

37. Evidence pp. S515-16.

38. Auditor-General Report 33/91, p. 7.

Part-Time Staff

5.77 In relation to the problems faced by part-time staff, the PSU drew the Committee's attention to anecdotal evidence from their branches that discrimination in terms of access to training still exists, particularly for part-time workers, most of whom are women. Ms Ranald, National Industrial Officer, said: 'They often find it difficult to get access to training because there is a bit of an attitude from management that if you are part-time it is not worth training you'.³⁹

5.78 The Committee views this development with concern and urges managers to reconsider the value of providing for the training needs of all staff, particularly in a climate where more flexible employment strategies, including more part-time work, are likely to be available.

Small Agencies and Regional Offices

5.79 The PSU was also one of a number of organisations which drew attention to the special problems faced by small agencies and staff employed outside Canberra, and outside other capital cities, in gaining access to training.⁴⁰

5.80 DASET, a portfolio with a large number of agencies attached to it, also drew the Committee's attention to the particular problems faced by small agencies within its own portfolio. In its submission DASET pointed out that because of the diversity within the portfolio, there has been some confusion about the way in which central agencies dealt with the portfolio:

Some areas of the portfolio receive middle management funding direct from the PSC, some receive a proportion of the Department's (Middle Management Development) subsidy, whilst others have no access to any form of subsidy.⁴¹

5.81 Recognition of the special problems faced by small agencies was also acknowledged by participants at the HRM Seminar who pointed out that small agencies 'often do not have the resources and the overheads to provide the whole host of training and development that is mandated'.⁴²

39. Evidence p. 116.

40. Evidence p. S514.

41. Evidence p. S342.

42. HRM Seminar Transcript p. 68.

5.82 The problems faced by small agencies has been the subject of comment in the PSC's human resource development surveys in recent years. The latest survey reveals that the overall training rate for small agencies, that is, agencies with less than 400 staff, was 2.69 days per person. This compares with 4.78 days per person for large agencies.⁴³

5.83 The PSC is endeavouring to assist small agency HRD work through the sharing of HRD information and, in relation to the Middle Management Development area, through providing a consultancy service.

5.84 In addition to these forms of assistance, DASET proposed that one solution to overcome the special problems faced by small agencies is for all budget dependent agencies in a portfolio to have access to Middle Management funding directly from the PSC.⁴⁴ An alternative proposal came from the PSU which supported the development of a mechanism by which agencies could share resources, for example, by small agencies being able to 'buy a place' in a large agency training program,⁴⁵ a practice which is already underway in a number of smaller agencies.

5.85 A further consideration in relation to access to training concerns the ways in which departments allocate training funds to officers at particular levels. The Committee has already noted that the results of the HRD survey showed that training is patchy across the system. One suggestion to improve this is for departments to allocate proportions of their training budgets to officers in the ASO 1-4, ASO 5-6, Senior Officer and SES categories, thereby ensuring that officers of all levels have equal access to training. The proportions allocated could reflect the numbers of officers at each level.

5.86 The Committee recognises that increasing the degree of flexibility in the way in which funds can be allocated across groups and agencies within the portfolio is a major consideration for managers, and that finite resources and competing demands place an onerous responsibility on the management of those funds. However, the Committee is sympathetic to the needs of small agencies and staff in regional offices and, in order to facilitate their access to training, urges departments to share resources, by making places available to small agencies to participate in large agency training programs. Departments should also ensure that the needs of staff in their regional offices are not overlooked. The Committee also

43. Public Service Commission, *Developing People in the Australian Public Service - Report on the Public Service Commission's Human Resource Development Survey 1990-1991*, Commonwealth of Australia, Canberra, 1991, p. 16. (HRD Survey)

44. Evidence p. S343.

45. Evidence p. S514.

sees merit in the suggestion that small agencies receive funding for Middle Management Development Programs directly from the PSC. This approach would be particularly appropriate in 1993 if additional funding is provided for the Middle Management Programs as recommended earlier in this Chapter.

Evaluation

Expenditure on Training

5.87 The *Training Guarantee (Administration) Act 1990*, whose principal objects are to increase, and improve the quality of, the employment related skills of the Australian workforce so that it works more productively, flexibly and safely, requires employers to spend 1% of their annual national payroll on approved, structured training programs.⁴⁶

5.88 Recognising the importance of training and encouraging expenditure on training was welcomed by the PSU. Ms Ranald commented:

... during the period, ... 1987 to 1991, we felt there was an overemphasis on cost cutting at the expense of investing in training and skilling of the work force. We now believe that there is more attention being paid to those issues but we believe that is the positive direction for the public sector to move in. It is only going to be able to meet the social and economic needs in the future if it has a highly skilled work force which represents the Australian population and which has an ongoing training program so that people can be trained in new technology and so on.⁴⁷

5.89 The Committee heard evidence from a number of departments which are spending much more than the required 1% or 1.5%. DASET, for example, spent 3.6% of its payroll on training, whilst the Department of Finance spent 8% of its running cost budget on training.⁴⁸

46. The Act prescribed 1% of the annual national payroll to July 1991; thereafter the amount increased to 1.5%.

47. Evidence p. 108.

48. Evidence pp. S340 and S858.

5.90 According to the Public Service Commission's survey of human resource development, Service-wide expenditure was \$283 million or 5.78% of the gross salary bill in 1990-91, excluding expenditure funded through the Middle Management Development Program.⁴⁹ Of the 74 agencies which responded to the survey, all exceeded the 1% Training Guarantee Scheme requirement.⁵⁰

5.91 In 1992 the annual expenditure on human resource development across the APS is expected to also be about \$300 million, which represents expenditure of approximately \$2 000 per person.

5.92 Whilst available data show that money is being spent on training, the view of participants at the HRM Seminar was that training is patchy across the APS, and is highly variable between the large and small agencies.⁵¹

5.93 The Committee was faced with the task of trying to determine how effective expenditure has been, not only in terms of meeting the development needs of staff in a particular organisation, but also determining the impact of expenditure on training in terms of its contribution to the efficiency and effectiveness of the organisation and its capacity to deliver government programs and provide service to the public.

Evaluating the Impact of Training

5.94 Most evidence so far recognises the difficulties of evaluating the impact of training. There is also considerable evidence to suggest that evaluation of HRD across the Service has not been very good, and that agencies need to give a higher priority to evaluation of HRD. The 1990-91 HRD Survey showed that evaluation was often given a low priority:

- one third of the responding agencies indicated that they did not expend resources on evaluating their HRD work; and

- two thirds of the responding agencies stated that they did not evaluate their HRD work in relation to its impact on achieving corporate goals.⁵²

49. Funding through the Middle Management Development Program has provided an additional \$30 million over three years from 1990-93.

50. HRD Survey p. 16.

51. HRM Seminar Transcript p. 69.

52. HRD Survey p. 19.

5.95 Mr Attridge, First Assistant Commissioner, Public Service Commission, observed at a recent seminar, 'Accounting for Your Training Dollar', that anecdotal feedback suggests that this picture is unlikely to change in the 1991-92 survey.⁵³ Mr Attridge qualified his comment by indicating that the APS is not necessarily in a worse off position than others. He referred to the 1991 annual CCH Australia Ltd - Australian Graduate School of Management survey of training and development in Australia, which notes that rigorous evaluation is receiving scant attention in most private and public sector organisations and that the failure to justify the value and effectiveness of the enormous training investment that is being made is potentially the greatest threat to training and development. He also referred to the work of a recent OECD panel on evaluation of management development which indicates that many OECD countries have also made little progress in putting effective evaluation methodologies in place.⁵⁴

5.96 Whilst the efforts of departments and agencies such as DVA, DSS, DASET and the Australian Taxation Office to evaluate aspects of their training and development programs are to be commended, the Committee was surprised to discover that many organisations still did not have in place formal evaluation mechanisms to measure the impact of training. For example, DFAT, with a \$3.1 million training budget indicated that it does not currently have in place any approach that would test the impact of the training programs. Miss McGovern, Principal Adviser, went on to say that:

What we have established as a matter of course is, at the end of each training program, a requirement for the participants to provide an assessment of the worth to them in terms of the skills they have picked up of the particular programs they have been involved in. ... it is not a scientific basis of evaluation, but it does give us a reasonable indication of whether or not the programs are meeting individual officers' training needs.⁵⁵

5.97 The PSC has recently developed a number of publications designed to assist departments and agencies to conduct evaluations of their training programs - a *Strategic Model for Human Resource Development Function in the Australian Public Service* and a kit, the *HRD Evaluation Resource Kit*. These publications, especially the HRD kit, which contains a series of evaluation methodologies, practical aids and suggestions, have been welcomed by HRD practitioners as 'a step in the right direction'. The importance of the people developing and implementing

53. Attridge, E J, 'The Case for Evaluation of HRD', Public Service Commission Seminar, 'Accounting for Your Training Dollar', 16 September 1992, p. 2.

54. Attridge, op. cit., p. 3.

55. Evidence p. 351.

HRD programs also having responsibility for evaluating them was stressed at a recent seminar conducted by the PSC, 'Accounting for Your Training Dollar'.

5.98 At this seminar, the difficulties of measuring the benefits of training in increasing productivity and improving performance were acknowledged, yet at least one management consultant confirmed that, in his opinion, it was possible to measure the return on investment of the training dollar. The Department of Finance also confirmed that, in the case of its own Department, 'The judgement is that productivity benefits have at least warranted the level of expenditure on training'.⁵⁶

5.99 In his concluding remarks at the seminar on 'Accounting for Your Training Dollar', Mr Attridge made the following observations:

- training and development is vital to the future of the APS, but without effective evaluation of it the current level of training and development investment may wither on the vine;
- the APS is not giving enough attention to HRD evaluation and this needs to be rectified;
- giving attention to an appropriate framework for delivering HRD is an important first step in order for evaluation to be effective;
- HRD evaluation needs to embrace, as appropriate, the full range of evaluation methodologies that are available;
- there needs to be more effort in undertaking impact evaluation of the HRD activities of agencies, particularly where large expenditure is involved;
- senior and line management need to be more committed to, and involved in, HRD evaluation.⁵⁷

5.100 The Committee concurs with these views.

5.101 The Committee notes the difficulties of quantifying the benefits of training, especially the intangible and long-term benefits which are not easy to

56. Evidence p. S1752.

57. Attridge, op. cit., pp. 11-12.

identify, such as behaviour and attitude change, and the impact of this on productivity. The Committee also notes the evaluation of HRD compares unfavourably with levels of program evaluation and reporting required through annual reports and program performance statements. Formalising the process by which departments not only evaluate, but also report on that evaluation, is seen by the Committee to be an important consideration.

5.102 The Committee recommends that:

- departments be required to include a statement about the evaluation of training and development activities, including information about levels of staff development, in future annual reports and program performance statements.

5.103 Finally, the Committee has been concerned to discover the relatively low priority given to evaluation of HRD to date. It notes and commends the initiatives taken by the PSC to draw the attention of agencies to the need for HRD evaluation to be given a much higher priority and to be seen as part of a strategic approach to achieving the organisation's objectives. The publications of the PSC - *A Strategic Model for Human Resource Development Function in the Australian Public Service* and the *HRD Evaluation Resource Kit* - will contribute to the development of a better awareness of the need for evaluation of HRD and will provide some practical methodologies and aids to assist in this process. However, the Committee remains concerned that these approaches may not necessarily have the desired effect without further incentives to evaluate the impact of expenditure on training and development. As mentioned in Chapter 2, the Committee regards it as imperative for the PSC to take a more active role in reviewing and evaluating HRM and HRD in the APS.

5.104 The Committee recommends that:

- the Public Service Commissioners exercise the power available under section 22A of the Public Service Act to review personnel management in government departments and agencies, including both human resource management and human resource development;
- the Public Service Commissioners report the findings of such reviews to the Prime Minister or the Prime Minister's delegate.

Roles of Agencies

Role of the PSC

5.105 The variety of programs and courses available, and concerns about the inadequate evaluation which has taken place to date, prompted the Committee to consider the relative advantages and disadvantages of recentralising the coordination of Service-wide training programs.

5.106 The Committee was also aware of the findings of the Auditor-General which expressed concerns about the impact of devolution on the provision of training, the duplication of effort between central and State/regional offices, the inadequacy of training records and the lack of formal mechanisms by which management monitored the overall performance of an agency's training programs.⁵⁸ In a subsequent report the Auditor-General observed that, whilst there had been observable improvements in the management of training, evaluation of training and providing more guidance to line managers were areas still in need of improvement.⁵⁹

5.107 The importance of departments paying additional attention to evaluation has already been mentioned. In the case of the additional assistance required by line managers, the Committee recognises that, in this climate of devolution, line managers must play an increasingly important role. They must identify the training needs of staff and ensure that those training needs are met. As managers, they also need greater training in financial and industrial matters, as well as training to manage change, provide leadership and cope with changing self-perceptions. The Committee urges departments to ensure that their line managers are fully trained to cope with their increased responsibilities.

5.108 The recent publications by the PSC, the *Human Resource Management Framework*, *A Strategic Model for Human Resource Development Function in the Australian Public Service*, the *HRD Evaluation Resource Kit*, together with the JAPSTC competency models, are all initiatives to be commended. The Committee's concern is, however, that departments may still need additional guidance and direction.

5.109 The Committee heard extensive evidence in support of agencies being responsible for their own training and development activities and only seeking

58. Auditor-General Report 33/91, pp. 6-9.

59. Auditor-General Report 37/92, p. xiii.

advice and guidance from the coordinating agencies like the PSC. For example, the Department of Finance observed that:

Responsibility for training should remain with the individual agencies because the agency itself is best placed to decide how to train its staff and improve the way it manages itself. ... Central agencies should continue to fill the gaps and provide assistance where needed.⁶⁰

5.110 The value of this is recognised, but to ensure that the gaps are covered, to avoid duplication and ensure commonality of standards and practices the Committee considers that a central, coordinating agency, the PSC, should have the primary role for entry level, competency-based and Middle Management Development Programs. This role should reflect not only the policy or intellectual property which goes into the design of the programs, but also a coordinating role to ensure their effective delivery.

5.111 The need for an increase in the level of coordination of training in the APS was highlighted by Mr Blunn who told the Committee that: 'Somebody needs to be more involved'.⁶¹ Mr Blunn emphasised that the cost of individual departments acting as separate entities, in terms of efficiency and operational achievement, would be very high and for this reason he favours retention of 'commonality of understandings'.

Best Practice

5.112 Formalising the dissemination of best practice is another area which the Committee believes could benefit the APS as a whole. As described throughout this Chapter, different agencies are developing commendable initiatives and approaches to staff development and training. Ensuring that others can benefit from their experiences seems a sensible approach to reduce duplication and improve efficiency. Different organisations see themselves best placed to perform this task - individual agencies informed the Committee that they were advising other departments of their programs; MAB sees this as one of its roles, whilst others see the PSC as best placed to provide this role.

60. Evidence p. S1744.

61. Evidence p. 371.

5.113 The Committee recognises the value of a variety of approaches; it also recognises the value of providing a central coordinating body with this responsibility and regards the PSC as well placed to perform this function.

5.114 The Committee recommends that:

the Public Service Commission coordinate and disseminate information about best practice in human resource development in the Australian Public Service.

Roles of Other Coordinating Agencies

5.115 In addition to the role of the PSC in coordinating training and promoting best practice, the Committee also notes the roles being played by other coordinating agencies, such as the Department of Industrial Relations and the Department of Finance. DIR informed the Committee that it has developed training courses aimed at managers to equip them with the skills and knowledge needed to manage industrial relations. DIR has provided this training, on a user-pays basis, for some 12 months now, and has trained approximately 600 staff.⁶² The Department has foreshadowed that its next greatest challenge will be to develop and provide training to facilitate the implementation of workplace bargaining arrangements in government departments and agencies. DoF indicated that it provides similar services for matters related to its particular area of expertise.

5.116 The Committee views these developments as very timely and commends the initiatives of DIR and DoF in developing and delivering training programs associated with their special areas of expertise. However, as responsibility for centrally coordinating HRM across the APS is transferred to the PSC and as the PSC assumes more responsibility for centrally coordinating training in the APS, the need for DIR and DoF to develop and deliver their own training programs may be reduced.

62. Evidence p. S1778.

Further Opportunities for Training and Development

5.117 In addition to the many courses and programs developed by individual agencies, the coordinating agencies, universities and the joint efforts of Commonwealth and State bodies, the Committee also notes that further opportunities for staff development exist. These include:

- . mobility, especially through lateral transfers;
- . secondments;
- . exchange, including exchange with other countries as practised by the DITAC and DSS;⁶³ and
- . rotation.

5.118 In a climate characterised by finite resources, and one which demands a strategic approach to staff training and development, the Committee urges departments and agencies to consider making greater use of approaches such as these to meet the development needs of their staff. As previously mentioned, the PSC could play a leading role in supporting and coordinating the development of such schemes and in ensuring that the lessons of experience are shared between agencies.

63. Evidence pp. S471-72 and S731 respectively.

Chapter 6

THE SENIOR EXECUTIVE SERVICE

Introduction

6.1 The Committee's fourth term of reference relates to the Senior Executive Service, a level of senior policy advisers and managers in the APS which was created in 1984 as part of a program of reforms to improve the efficiency and accountability of the Public Service. The SES replaced the former Second Division of the APS and currently represents 1.2% of total APS staff - or 1 634 officers.

6.2 The SES was established in order to provide for a group of officers who -

- (a) may undertake higher level policy advice, managerial and professional responsibilities in departments; and
- (b) may be deployed ... so as best to promote the efficiency of the Australian Public Service.¹

6.3 The importance of the managerial aspects of the SES was emphasised by DASET in its submission to the Inquiry. The Department noted that:

... the recent emphasis on the managerial aspects of SES positions is a proper response to the general move towards a smaller and more effective public sector where emphasis is placed on efficiency, productivity and effectiveness and where managers are accountable for results.²

1. Section 26AA(2) *Public Service Act 1922*.

2. Evidence p. S356.

6.4 The Department continued by stating that:

This development does not need to detract from the importance of the policy advising or professional roles of SES officers but recognises that modern public administration requires senior executives with a wide range of skills, constantly being enhanced and updated.³

6.5 There are three Band levels for SES officers. In addition, in June 1990 an SES (Specialist) category was introduced to cater for departmental requirements to have SES officers with very high levels of technical and/or professional expertise who might have only limited management and policy advising responsibilities. The Specialist category has been found to be particularly useful for departments like AG's, where legal staff are required in senior positions.⁴

6.6 It should be pointed out here that the Committee commented on several occasions throughout the Inquiry that the quality of officers in the SES is generally of a high standard and that individually, many are performing very effectively. It is recognised that some have undertaken a steep learning curve but many have benefited from the experiences of being accountable to the Parliament. The recommendations for reform of the SES contained in this Chapter are tendered as a means of improving the efficiency and effectiveness of the group as a whole and focus particularly on the methods by which the current narrow range of policy advice can be broadened.

Previous Inquiry into the SES

6.7 The SES has already been the subject of inquiry by the Senate Standing Committee on Finance and Public Administration, chaired by Senator Jim Coates. The Committee tabled two reports on the SES in 1990, *The Development of the Senior Executive Service: Performance Based Pay*, May 1990, and *The Development of the Senior Executive Service*, September 1990 (the Senate Standing Committee Reports).

6.8 In its first report, the Senate Standing Committee urged caution in relation to the introduction of performance based pay.

3. Evidence p. S356.

4. Evidence p. S965.

6.9 In its second report, the Committee made a number of recommendations designed to enhance opportunities for mobility, improve the monitoring and management of displaced staff, streamline the advertising and selection procedures, actively promote arrangements for increased opportunities for experience in regional offices, and improve access by SES officers to training and development opportunities. The report also emphasised an increased role for the PSC in providing a leading role in personnel management in the APS.

6.10 It is beyond the scope of this Committee's Inquiry to report on progress made in relation to the full range of issues addressed by the Senate Standing Committee; however there are some areas in which matters addressed by that Committee have been revisited, whilst additional matters relating to the SES have been raised in evidence to this Inquiry. Amongst the matters which this Committee has addressed are the management of the SES, including the respective roles of the PSC, DoF and departmental secretaries, SES profiles, the educational qualifications and experience of SES officers and the consequent impact on policy advice, recruitment practices, including the recruitment of women to the Service, mobility, training and development, remuneration and succession planning. These matters are dealt with in turn below.

Management of the SES

6.11 Management of the SES is one area in the APS which has not been devolved to the same degree as other areas. The SES has largely remained under the control and direction of central agencies such as the Department of Finance and the PSC.

Roles of the Central Agencies

6.12 DoF currently administers central controls which apply to an agency's total numbers of staffed continuing SES positions, classification standards for SES and SES(Specialist) officers and aggregate SES salaries funding.

6.13 The PSC currently retains controls over most other aspects of the management of the SES. For example, the Public Service Commissioner has responsibility for making all appointments and promotions into and within the SES. In exercising this power, the Commissioner acts on the recommendation from the relevant departmental secretary, following merit competition.

Roles of Departmental Secretaries

6.14 The Public Service Act originally provided for secretaries to have the power to transfer SES officers to SES positions within their departments, whilst the Public Service Board, as it then was, had the power to deploy officers between departments. Departmental secretaries currently have the power to transfer SES officers to SES positions within their departments. The Public Service Commissioner has also delegated to secretaries some of his powers to transfer SES officers between departments.

6.15 Departmental secretaries have also recently been given the ability to pay SES officers at any dollar amount within each band of the three tier structure. This change was designed to give secretaries increased flexibility to set a salary according to job requirements. They can also create, abolish and reclassify any SES job, provided they meet the classification standards for the jobs which result, within centrally controlled profile and funding constraints.⁵

Reasons for Central Controls

6.16 Whilst the existence of central controls might seem to be inconsistent with the general thrust of devolution, retaining central controls on the SES has been seen to be important by the Government since the creation of the Service. Mr Sedgwick, Secretary of the Department of Finance, told the Committee that the main reasons for the retention of central controls related to concern about upward pressure on the numbers and classifications of senior staff and the need for executive remuneration to be consistent with the Government's wages policy.⁶

6.17 To this the Public Service Commissioner, added:

If one goes back to the debates in the 1980s one finds that there was a strong view amongst parliamentarians that the very senior parts of the Public Service should be subject to this form of central coordination and management. As I understand it, that was to ensure that quality was maintained, that the merit principle was maintained very positively at this level, and that we did not slip into either

5. Evidence pp. 122 and S1976.

6. Evidence pp. S848 and p. 123.

cronyism or politicisation of the senior management of the Public Service.⁷

6.18 Mr Ives continued by saying:

... if we are going to maintain the concept of career service and traditional APS values and if we are also going to be able to use people flexibly, as emphases and priorities change in the Public Service, we need to have a concept of central management. That way we could look at flexibility, mobility, concepts, uniformity and promotion, common selection criteria and common principles of redundancy and retirement at that level.⁸

SES Management in the States and Territories

6.19 It is interesting to note that some States, notably NSW, have devolved more power over SES administration.⁹ Mr Ives urged caution with this approach for the Commonwealth, when he noted the problems which decentralisation of control has brought in the other States:

I would in passing note some problems that have occurred in one or two other States in Australia in recent years - recent months, even - in not having centralised control of SES appointments and personnel functions.¹⁰

6.20 By contrast the evidence provided by Mr Humphry, indicated that, in his view, devolution of controls over the SES in NSW had been successful. He indicated that responsibility for SES recruitment is totally the responsibility of the chief executives of individual agencies. Explaining the rationale behind this approach, he said:

... the philosophy that is driving this type of approach and this devolution is really to get away from the process of being controlled at the central level and to focus more on how we

7. Evidence p. 212.

8. Evidence p. 212.

9. Neither South Australia nor the Northern Territory has an SES.

10. Evidence p. 212.

control the interaction between the policy and the administration of the organisation.¹¹

6.21 The Committee recognises that there may be benefits for the States to devolve management of the SES to individual chief executives but, in the case of the Australian Public Service, it accepts the need for the Commonwealth to retain some levels of central control over the SES.

6.22 Evidence to the Inquiry suggests that there is general support, albeit with some reservations, for the concept of central coordination of matters such as selection, redeployment, retirement and career management by the PSC.¹² However, the Committee notes the large amount of evidence which presented the case to devolve the central controls on the structure and profiles of SES positions - controls which are currently exercised by the Department of Finance.¹³ This is discussed further in the section on 'SES Profiles' below.

SES Management Guidelines

6.23 As the central agencies responsible for the management of the SES, both DoF and the PSC issue circulars and guidelines to inform departments of their responsibilities and constraints in the management of the SES. As part of this process, the PSC has recently produced a booklet which provides guidance on SES appointment, promotion, transfer and temporary performance.¹⁴

6.24 The Committee notes with interest that a variety of matters pertaining to the management of the SES is not covered by either DoF Circulars or PSC guidelines. In addition to these sources of advice and direction, departments also need to be familiar with Public Service Board Determinations and Memoranda (conditions, temporary and part-time employment and retirement), Streamlining Booklets (discipline and unattachment), Merit Protection and Review Agency Advice (grievances), the Personnel Management Manual (mobility provisions, official conduct and travel), and Department of Industrial Relations Memoranda (use of motor vehicles).¹⁵

11. Evidence p. 252.

12. Evidence p. S356.

13. For example, Evidence pp. S356-57 and S965.

14. Public Service Commission, *SES Career Management - Guidelines for Departments and APS Agencies on Senior Executive Service Appointment, Promotion, Transfer and Temporary Performance*, Commonwealth of Australia, June 1992.

15. *ibid.*, pp. 40-41.

6.25 As previously mentioned in Chapter 2, the creation of a clear set of guidelines reflecting updated legislative and administrative reforms is a necessity to avoid confusion and to clarify roles and responsibilities.

6.26 The Committee recommends that:

the Public Service Commission update, consolidate and simplify the guidelines for the management of the Senior Executive Service as a matter of priority.

SES Profiles

6.27 One of the issues expressed most frequently in the evidence to the Committee concerned the perceived need for departmental secretaries to have more control over the establishment of SES positions and their profiles - that is the number of positions at each of the three band levels which a particular agency can have. As previously mentioned, under the present arrangements, profile controls are administered by the Department of Finance.

6.28 The risks associated with devolving these controls were described by Mr Ives:

If that was totally freed up there would be a risk ... that gradually the profile would change and that managers would find a reason to have more band 2s and band 3s and fewer band 1s.¹⁶

6.29 Several departments and agencies, including DASET, DFAT, and others, presented the case to devolve responsibility for the determination of SES profiles to the agency head on the grounds that each agency or department would have a clearer idea of what their needs are as identified in strategic plans and goals and that the flexibility in determining positions and profiles would enable them to be more productive and efficient in the delivery of programs. DASET further argued that the powers of portfolio secretaries are already constrained by centrally set general controls such as average staffing level limits, salary cash limits and average weighted salaries. The Department went on to point out that the Department of Finance retaining the role of approving the creation of SES positions is not only inconsistent with devolution to portfolio secretaries of all other establishment and

16. Evidence p. 213.

staffing decisions, but it also creates a clear conflict of interest for the Department of Finance.¹⁷

6.30 The Australian Tourist Commission and the Australian Securities Commission gave strong evidence about the problems which they have experienced in not having the flexibility to create or reclassify positions at the appropriate levels. In the case of the Australian Tourist Commission, the Committee was particularly intrigued, because the advice of the Australian Government Solicitor, as reported in its submission, suggests that DoF does not even have jurisdiction over it, yet is making decisions about its staffing levels.¹⁸ As previously mentioned, the Australian Tourist Commission declined to give evidence at a public hearing, so it was not possible for the Committee to clarify the relationship which exists between the Department of Finance and statutory authorities like the Australian Tourist Commission.

6.31 A further argument to support this approach to meet the special needs of small agencies came from the Trade Practices Commission:

Because the Department of Finance exercises such strict control over the SES profile, making changes to accommodate operational needs is difficult, particularly for small agencies. The SES profile dictates the structure of the organisation and limits the Commission's ability to shift resources in response to changes in the market place, except by a formal 'restructure'.¹⁹

6.32 Although a case could be put that statutory authorities and small agencies have different needs, nevertheless the Committee received extensive evidence from other government departments that this is one area in which increased devolution would assist the effectiveness and efficiency of all agencies. This view was also supported at the HRM Seminar where public servants indicated that there was a 'strong move towards reduction of the SES controls over profiles and resources'.²⁰

6.33 The Department of Industrial Relations indicated that in principle it had no problem with the concept of devolving to departmental secretaries increased

17. Evidence p. S356.

18. Evidence p. S306.

19. Evidence p. S800.

20. HRM Seminar Transcript p. 62.

power over the structure and profiles of SES positions, within a cap/governance on the total composition.²¹

6.34 The Department of Finance, recognising that Government policy currently requires central controls, indicated that it was 'generally in favour of providing greater management flexibility to organisation heads' providing there were 'commensurate accountability arrangements'.²²

6.35 The Committee believes that, to facilitate departments to manage their affairs, and to be more productive and efficient, it is important to have the flexibility to staff positions in accordance with their particular requirements. It is the Committee's view that departmental secretaries are in a better position than the Department of Finance to determine what those needs are. The Committee also notes that appropriate accountability mechanisms would need to be in place to guard against abuse of this power. For this reason, the Committee regards it as appropriate to transfer the function to the PSC. The PSC, in turn, may then chose to delegate this responsibility to departmental secretaries, whilst at the same time being in a position to monitor and advise on the process.

6.36 The Committee recommends that:

- within an overall cap on funding, decisions relating to the structure and profiles of Senior Executive Service positions be transferred from the Department of Finance to the Public Service Commission;
- the Public Service Commissioners give consideration to delegating this function to departmental secretaries.

Qualifications and Experience

6.37 One area which particularly interested the Committee in terms of the SES' ability to provide a wide range of policy advice, concerns the qualifications and experience of SES officers. This matter attracted considerable comment throughout the Inquiry, both in evidence to the Committee and through debate in the press.

21. Evidence p. 84.

22. Evidence p. S1975.

Narrow Range of Policy Advice

6.38 Whilst the Committee accepts that the SES is an integral component of the Government's policy advice network and Public Service management strategies, nevertheless, it has some sympathy for the views expressed by the PSU and others that the qualifications and experience of SES officers could fall short of the expectations of government in terms of being able to provide a full range of expertise to assist in the development of advice on policy and expenditure.

6.39 As the PSU put the case:

The corporatisation and rationalisation tendencies have had a profound influence on the development of the SES. In particular, the domination of the particular form of economic theory known as 'economic rationalism' has influenced both policy advice from Treasury and the Department of Prime Minister and Cabinet and the financial management advice from the Department of Finance.²³

6.40 The potential impact of an SES capable of providing only a narrow range of advice calls into question whether the SES has the necessary qualifications and experience to perform its functions effectively.

Economic Rationalism

6.41 The arguments put to the Committee in support of the existence of the narrow range of advice available to government, are based largely, but not exclusively, on the results of a study conducted by Professor Pusey in 1985-87.

6.42 In his book, *Economic Rationalism in Canberra*,²⁴ Professor Pusey advanced the view that, based on a series of extensive interviews and other research, he was able to identify certain qualities which appeared to be quite common in the educational backgrounds and experience of SES officers. Amongst the major findings of the study were that:

23. Evidence p. S511.

24. Pusey, M, *Economic Rationalism in Canberra - A Nation Building State Changes its Mind*, Cambridge University Press, Melbourne, 1991.

the SES (particularly in the central agencies of the Departments of Finance, Treasury and Prime Minister and Cabinet) is dominated by young, male economists, with insufficient practical experience and narrow technical training;

the SES is out of touch with industry, commerce and the community sectors;

the majority of SES officers in central agencies have no experience (as SES officers) in service delivery departments, where 130 000 of the 160 000 public servants work; and

they promote their own kind thereby ensuring that the Government is denied access to advice from people with alternative views.

6.43 Professor Pusey believes that this has seriously demoralised public servants in the line and service delivery departments.²⁵ He also presents the case that the relatively narrow backgrounds of the most senior advisers in the Public Service are capable of influencing policy in favour of purely rational economic arguments at the expense of service to the public, social justice, welfare and equity issues.

6.44 Although Professor Pusey's study was based on figures from the period 1985-87, he told the Committee that the study showed that attitudes to policy are formed by an individual's intellectual and social background, which may reach back 20-30 years.²⁶

6.45 By contrast, Professor Weller, advised the Committee that, in his view, claims that government only had access to a narrow range of advice were not true historically. He referred to the situation in the 1950s when advice was tendered by and taken only from Treasury and that this situation of a narrow advice base was not current in the 1990s where the Government has access to advice from more than one coordinating department.²⁷

6.46 Mr Robson informed the Committee that, in his view, a full range of advice is provided from the middle levels of agencies and from the States, but that a narrowing of advice occurs at the top in the coordinating departments in

25. Evidence p. S1727.

26. Evidence p. 293.

27. Evidence pp. 518-19.

Canberra. Of particular concern, according to the PSU, is that the advice from coordinating departments often overrides the advice from line departments.²⁸

Influence of Departmental Secretaries

6.47 Similar concerns about the narrow range of advice were also expressed about the backgrounds and experience of departmental secretaries. In relation to this, the Senate Standing Committee, reporting in 1990, found that 11 of 16 (69%) departmental heads came from or had experience largely in the Departments of Finance, Treasury or Prime Minister and Cabinet as compared with only 7 out of 27 (26%) in 1972.²⁹

6.48 In 1992, this Committee, based on evidence provided by the PSU, identified that 14 of 18 (78%) departmental heads had experience largely in these agencies.³⁰ The concern, as identified by Professor Pusey and others, is that the departmental heads have a strong influence on SES and Senior Officer appointments and that this, coupled with the absence of appeal mechanisms for Senior Officers, leads to 'cloning', with the departments staffed by people with narrow social and skills profiles.

6.49 Ms Ranald of the PSU summed up this view:

What we are saying is that the fact that the heads of the departments have a narrow range of experience relatively speaking compared to what they used to have, particularly in terms of line management experience, and the fact that they now have a greater influence over the selection of other officers than they used to have ... means that as heads of departments they exercise a very big influence in their departments. They can select people who agree with their views ... and they can also ... filter out advice that they do not agree with.³¹

6.50 Dr Keating, disputed the claims that current departmental secretaries had narrow backgrounds and qualifications. He provided the Committee with a

28. Evidence pp. 87 and 95.

29. Senate Standing Committee on Finance and Public Administration, *Development of the Senior Executive Service*, AGPS, September 1990, p. 34.

30. Exhibit 7 from the Public Sector Union.

31. Evidence p. 99.

series of tables showing the backgrounds and qualifications of the 17 current departmental secretaries. Direct comparisons with the information provided by the PSU are not possible, since the tables do not reflect the particular backgrounds and qualifications of individual secretaries. However, according to Dr Keating's figures, the Department of PM&C was the department from which the majority of current departmental secretaries had experience immediately prior to their first appointments as secretaries. No information was included about their prior experience in the other two coordinating agencies. The tables also showed that the most numerous qualifications held by current secretaries are in the fields of arts and public policy, whilst degrees in economics and commerce are held by only 35.29% of secretaries.³²

6.51 The tables provided by both the PSU and PM&C are included at Appendices 7 and 8 respectively.

Broadening the Range of Policy Advice

6.52 In contrast to the view that the SES have narrow backgrounds and qualifications, evidence provided to the Committee by the Department of Finance suggests that there may have been a broadening of the educational qualifications and experience of the current policy advisers in the Department in the areas of arts policy, sports, veterans' affairs, childcare and overseas aid.³³ This information, although not officer-specific, was provided by DoF in response to a specific request for the information from the Committee.

6.53 In a supplementary submission the PSC clarified previous evidence on the backgrounds and experience of SES Band 3 officers. The supplementary submission described the backgrounds of the 57 current substantive SES Band 3 officers and specialists and compared their qualifications and experience with the newest appointees to the Band 3 level of the SES. This study recognises that the current Band 3 officers do have narrow backgrounds and experiences, whilst the profiles of the 12 most recent appointees to this level of the Service have much broader qualifications and experience.

6.54 The PSC study showed that, of the 57 Band 3 SES officers, the majority of whom are in Treasury, 36.8% have studied economics as their main subject of study. Over one third have been employed in at least two agencies since 1987, whilst 61.4% have not moved from their department since the Machinery of Government changes in 1987. This compares with the profiles of 12 of the newest

32. Exhibit 25. Some secretaries have more than one qualification.

33. Evidence pp. S1785-88.

appointees to the SES Band 3, where 50% have qualifications in arts and social sciences. Amongst the newest appointees 50% have been employed in at least two agencies, whilst the remaining 50% have been employed in only one agency.³⁴

6.55 The Committee notes that whilst there may be some small improvement in the qualifications and experience base of some departmental secretaries and SES officers and that this may have contributed to a broadening of the range of policy advice available, nevertheless the majority of departmental heads and the majority of the SES is staffed by people with relatively narrow - predominantly economics - qualifications and experience. The Committee views this situation with alarm.

6.56 In order to counter this trend, the Committee was urged by Professor Pusey and the PSU to consider reviewing the system of appointing departmental heads by transferring the function, under section 36 of the Public Service Act, from the Secretary of the PM&C to the PSC or other independent body.³⁵ The brief provided to the new appointing body should emphasise the need to ensure that a wide range of applicants is considered, not only applicants whose experience is largely in the coordinating Departments of the PM&C, Treasury and Finance. Supporters of this view indicated that opening the positions to merit competition by advertising them as vacancies would seem to be a useful approach,³⁶ and one which is consistent with trends in a number of OECD countries.

6.57 The Committee regards the appointment of Departmental Secretaries as the prerogative of Cabinet, but noting the views expressed above, considers that, in addition to the Secretary of PM&C, the PSC could also play a role in making recommendations to Cabinet.

6.58 Having broadened the basis for the selection of departmental heads, it would follow that consideration should also be given by departmental secretaries to broadening the qualifications and experience required for SES officers, so that those with qualifications in fields other than economics and experience in departments other than the coordinating agencies, especially Treasury and PM&C, could be considered for promotion and appointment to positions in the SES.

34. Evidence pp. S2177-80.

35. Evidence pp. S1729 and S513.

36. Dr Keating advised that open advertising of a vacancy at the level of Secretary had only occurred on one occasion during the time in which he has been Secretary of PM&C. It is not a requirement of the Act to advertise. Evidence p. 541.

6.59 Dr Keating informed the Committee that, in the case of SES appointments within his jurisdiction, he was more interested in 'the quality of the person's mind' than the actual subjects studied. He indicated that he would just as soon appoint a person with a first-class degree in anthropology than a poor economics degree, because the officer with the better degree would have 'a better mind'.³⁷

6.60 The Committee regards it as imperative to take all steps necessary to broaden the range of policy advice available to Government. The Committee accepts that departmental heads play a key role in the selection of their SES staff and notes that the PSC continues to play a role in approving the appointment or promotion of applicants to the SES. The Committee urges departmental secretaries to ensure that appointments and promotions to the SES include people from diverse backgrounds and with a broad range of qualifications and experience. The Committee reaffirms the views expressed in Chapters 3 and 5 that it is essential that, prior to appointment to the SES, officers gain experience in a wide range of APS areas, including experience in policy and operational departments as well as in regional and central offices.

6.61 The Committee recommends that:

no applicant be appointed to the Senior Executive Service without a broad educational background and wide experience in both policy and operational departments as well as in regional and central offices.

6.62 The Committee notes with interest that Australia is not alone in facing the problem of a Public Service dominated by people whose training relates to economic policy formulation and who have relatively little experience in managing or working where services are actually being delivered. It has also been identified as a problem in the civil service in the United Kingdom, a problem which is now being addressed as a result of the reforms proposed in the British *Next Steps* report.³⁸

37. Evidence p. 556.

38. Drewry, G and Butcher, T, *The Civil Service Today*, Second Edition, Basil Blackwell, Oxford, 1991, p. 226.

Recruitment Practices

6.63 The Committee regards it as imperative to discontinue past practices of recruiting from a narrow band of stereotypes in favour of recruiting people from diverse backgrounds. In addition to the approach recommended above, further ways in which this could be achieved have been drawn to the Committee's attention. These included:

- extending advertising in the national and State press to ensure that applicants from outside the APS have the opportunity to apply;
- increasing the levels and flexibility of remuneration packages to compete with the private sector;
- improving the arrangements for mobility between State and Commonwealth employment; and
- streamlining the selection and interview processes to minimise the problems for external applicants seeking to leave the private sector and join the public sector.

6.64 The Committee notes that advertising of SES vacancies currently occurs but suggests that more could be done to advertise more widely, including targeting professional journals, to achieve a better response.

6.65 In relation to levels of remuneration and flexibility of SES packages, the Committee accepts that current APS constraints do exist, but that opportunities for adjusting levels of remuneration are currently available to departmental secretaries, who have the flexibility to determine any rate within the three tier structure. Opportunities for further adjustments to both levels and packages are likely to be available with the introduction of performance pay and workplace bargaining. The impact of these reforms is discussed later in this Chapter.

6.66 Currently the statistics reveal that only 17% of vacancies in the SES are filled by people external to the APS.³⁹ Improving access to the APS from the private sector, academia, non-government organisations and from the States are areas which the Committee would like to see pursued.

39. Public Service Commission, *SES Career Management - Senior Executive Service Statistics - 1991*, Commonwealth of Australia, 1992, p. 7. (SES Statistics)

6.67 The difficulties of mobility between the Commonwealth and the States were drawn to the Committee's attention in a number of submissions. Mr Humphry drew on his personal experiences, whilst Mr Hartnell described the enormous problems faced when the Australian Securities Commission was being created and staff had to transfer from the States to the Commonwealth.⁴⁰ Portability of superannuation seems to be a major impediment to increased mobility between the sectors.

6.68 It is beyond the scope of this Committee's Inquiry to investigate the whole question of superannuation, its portability, and its impact on recruitment to the Commonwealth Public Service. However the Senate Select Committee on Superannuation is currently considering the matter and is due to report to the Parliament in December 1992. This Committee will await the findings of the Senate Committee with interest.

6.69 The Committee did, however, note that the ANAO had recently been successful in recruiting two accountants at the SES level from the private sector. As previously mentioned, two-way mobility between the sectors is a trend which should be encouraged.

6.70 It was also noted that in NSW, opportunities exist for part-time work within the SES.⁴¹ This strategy is one which could also be considered by the APS to attract more applicants and recruit from a wider base.

6.71 Evidence was also tendered indicating a measure of support for the engagement of consultants to conduct executive searches. Under the current guidelines, departments may decide to engage executive search consultants to help supplement the field already obtained through advertising the vacancy. In this case, the PSC points out that care needs to be taken to use consultants strictly in an assisting capacity and to ensure that consultants understand and implement EEO principles.

6.72 Dr Keating indicated that, in his view, using outside consultants has not worked:

In effect, when you hire a head-hunter, you are paying quite a lot of money and it is not terribly smart to pay a lot of money to somebody who very likely will be telling you that

40. Evidence pp. 258ff and 320ff respectively.

41. Evidence p. S1950.

they cannot really achieve anything in terms of what is being offered.⁴²

6.73 The Committee draws no conclusions from this evidence other than to note the availability of this mechanism for recruitment particularly when recruiting from the private sector. In this case due regard must be given to EEO and APS recruitment principles.

Increased Use of Senior Officer Grade A

6.74 In addition to these methods, the Committee also considered other strategies to widen the recruitment base. One of the strategies considered by the Committee is to increase the use made by departments of the Senior Officer Grade A category. This category was created in 1991 largely to provide for agencies which had special requirements for positions with a higher degree of responsibility than the Senior Officer Grade B, but which would not meet the criteria for an SES position. Departmental secretaries were informally advised that only a small number of these positions should be created, with the figure of 5% of the Senior Officer Grade B level suggested as a guide.⁴³

6.75 At the end of the first year of its creation, only 20 Senior Officer Grade A positions were filled across the APS, compared with 4 217 Senior Officer Grade B positions. Together, these Senior Officer categories make up the bulk of the SES feeder group.

6.76 The category of Senior Officer Grade A seems to be under-utilised and whilst the Committee respects the rights of departments to make judgements about the availability of this category for their particular needs, and urges caution to avoid classification creep, in a climate of limited career opportunities, improving access to this level may encourage high performers to stay in the APS rather than to seek more rewards in the private sector. In this way officers who might otherwise leave the Service could be encouraged to stay with a potentially improved chance of promotion to the SES.

42. Evidence p. 547.

43. Department of Industrial Relations, *Structural Efficiency Principle Implementation Circular No. 1*, 3 September 1990.

Increased Access for Women

6.77 Widening the recruitment base by creating opportunities whereby more women could gain access to the SES was also considered by the Committee.

6.78 Currently the proportion of women in the SES is 12.9%, yet women comprise 47% of the APS. No women are represented at the level of departmental heads, whilst according to PSC's statistics, only 3% (that is, 2 women) are at the level of SES Band 3 or deputy secretary equivalent. By contrast, statistics published by DoF show that 9% (that is, 7 women) are at the level of SES Band 3.⁴⁴

6.79 Women currently make up only 17.4% of the SES feeder group. Whilst in 1987-88 the proportion of women being promoted, transferred or appointed to the SES was 11.4%, the figure had increased to 19.8% by 1990-91.⁴⁵

6.80 The Committee notes the improvement in the statistics in recent years but suggests that a great deal of talent is still not being fully utilised when the female half of the Australian population is so poorly represented at this high level of public administration. It was particularly disappointed to learn that the coordinating departments of Treasury and Finance have such low levels of representation of women in their SES groups.⁴⁶

6.81 The Committee expresses its extreme concern at the relatively narrow stereotype of senior bureaucrats, at both the level of departmental secretary and in the SES. The Committee views it as imperative to explore proposals which enable the recruitment of people with diverse backgrounds, experience and educational qualifications and which reflect the composition of Australian society. Broadening the recruitment base should be the primary goal whose objective is to broaden the range of advice available to government. The Committee is convinced that, in order to ensure a knowledge and understanding of the APS values referred to earlier in this Report, and in order to broaden the range of policy advice, people should not be appointed to the SES until they have acquired a reasonable standard of experience across a broad range of the APS' areas of operation. The Committee regards it as imperative to take all steps necessary to broaden the range of advice available to government.

44. SES Statistics p. 4 and APS Statistics p.18.

45. SES Statistics pp. 8 and 16.

46. Evidence p. 99 and SES Statistics p. 4.

- the Public Service Commission coordinate pursuit of a range of options to broaden the Senior Executive Service recruitment base, including:
 - urging departments to advertise vacancies more widely, including targeting professional journals;
 - extending the use of Senior Officer Grade A category;
 - improving access for women to compete more effectively for positions in the Senior Executive Service; and
 - investigating steps to improve mobility between the States and the Commonwealth and between the private and public sectors;
- the Public Service Commission receive additional funding to review further methods of broadening the range of advice available to government by recruiting and training people with diverse qualifications, experience and backgrounds which reflect the diversity of Australian society.

6.83 In keeping with the need to broaden the range of policy advice, in addition to recruitment, the selection process also plays an important part. The Committee commends the PSC for recommending that representatives of EEO categories be present on SES Selection Advisory Committees where applicants from EEO designated categories are being interviewed.⁴⁷ However, the Committee also urges agencies to have EEO representatives on SES Selection Advisory Committees in instances where there are no EEO category applicants in order to provide a broader focus when selecting SES officers. As previously mentioned in Chapter 3, the Committee sees merit in adopting a top-down approach in implementing EEO. By increasing the EEO representation in the SES it is hoped that the effect will be to broaden the range of policy advice offered and also to encourage further implementation of EEO in the middle and lower ranks.

47. Public Service Commission, *SES Career Management - A Guide for SES Selection Advisory Committees 1992*, Commonwealth of Australia, 1992.

Mobility

6.84 The legislation setting up the SES, together with the existence of common core selection criteria for SES positions, reflects an emphasis on mobility of SES officers in which SES officers may be expected as a normal part of their career, to transfer to other offices within the same department as well as to other departments.

Problems of Mobility

6.85 In 1990, the Senate Standing Committee found that this expectation was not fulfilled, as voluntary mobility, intended to widen managerial experience, had not occurred. The Senate Standing Committee also found that there was a considerable problem for line managers from service delivery departments to obtain promotion into coordinating departments and that many officers in coordinating agencies lacked experience of both line management and of agency experience outside Canberra.⁴⁸

6.86 In 1992, this Committee also remains convinced that mobility between agencies, especially between coordinating agencies and line departments, and between Canberra-based head offices and other State or regional offices is still a problem.

6.87 The PSC indicated that it was trying to 'regenerate and redevelop' a mobility program to encourage people to go along those paths. As Mr Ives told the Committee:

From the Commission's point of view, we would like to see more policy people have time in an operational department carrying out appropriate activities. We would also like to see people in operational departments having an opportunity to work in policy departments.⁴⁹

6.88 Mr Ives continued by drawing the Committee's attention to the PSC's efforts to provide mobility programs to the SES, but he too pointed out that there was likely to be 'a core of SES people who work in certain core departments who

48. Senate Standing Committee Report, pp. 31ff.

49. Evidence p. 208.

have not moved around very much and have not had exposure to those wider possibilities'.⁵⁰

6.89 Several departments commented in their submissions to the Inquiry that, despite their efforts to implement mobility schemes, mobility had not been as successful as they had hoped. In the case of the DSS, for example, it was pointed out that movement between central and regional offices is costly.⁵¹

6.90 DITAC was another department which informed the Committee about its mobility program - implying that the program had not attracted criticism from within the Department, but that it had been criticised by the media for moving senior managers too frequently.⁵²

6.91 In the case of DFAT, the Department indicated that for it, mobility was not regarded as a problem because most SES officers in DFAT changed jobs every three years - either between Canberra and an overseas post or within the Department.⁵³

Statistics on Mobility

6.92 In December 1991, 71.8% of the SES was located in Canberra. The Committee recognises that the majority of SES vacancies are likely to be in Canberra and that there are limited numbers of posts vacant in other States and Territories. The SES statistics published by the PSC do not allow a detailed study of the mobility patterns of staff between Canberra and elsewhere. However they do show that of the 311 vacancies filled in 1992, 290 were in the ACT. NSW and Victoria were the other States which had the highest number of vacancies outside the ACT.⁵⁴

6.93 The statistics as published also show that there was a very significant trend towards internal appointment within departments rather than appointments from other departments - in 1991, 88.4% of promotions to the SES were internal to the receiving department.⁵⁵ In the case of administrative transfers, 94.9% were filled

50. Evidence p. 208.

51. Evidence p. S731.

52. Evidence p. S472.

53. Evidence p. S483.

54. SES Statistics p. 11.

55. SES Statistics p. 8.

internally within the agency.⁵⁶ The Committee also notes that 61.4% of SES Band 3 officers have not moved from their department since the Machinery of Government changes in 1987.

6.94 The relatively high turnover rates sustained by departments like Finance and Treasury were also noted by the Committee. However, in the case of Treasury, these figures reflect that the majority of staff leaving the Department do so to take up higher-paying jobs in the private sector.⁵⁷

6.95 The Committee remains convinced that mobility between Canberra and elsewhere, as well as mobility between departments, particularly between coordinating and line departments, is still very small.

Need for Mobility

6.96 The Committee regards the creation of opportunities to provide experience in service delivery departments and departments with offices outside Canberra as an urgent priority, primarily because it would broaden the experience of SES officers and make them more aware of the impact of their policy advice.

6.97 Support for this view came from a number of quarters, including the Hon Alan Griffiths, Minister for Tourism and Minister for Resources. Mr Griffiths, prompted by complaints about the proposal to move CSIRO management from Canberra to Melbourne, was reported as having observed that public servants are out of touch with reality and that they should be moved to the areas affected by their decisions:

Whether people in Canberra recognise it or not, I assert they are very much out of touch. ... We've got to work much harder to give these people an idea of what's happening out in the real world. These are good quality people. They're just out of touch. ... In my experience, perhaps two per cent of public servants in Canberra have ever visited the western region of Melbourne. It's all theoretical to them.⁵⁸

56. SES Statistics p. 13.

57. Evidence pp. 137 and S1904-09.

58. *The Telegraph-Mirror*, 22 August 1992. In a supplementary development in *The Canberra Times*, 18 November 1992, it was reported that only two senior CSIRO staff would accompany CSIRO's Chief Executive Officer to Melbourne.

6.98 Support for this point of view was also expressed by the PSU which, when referring to the limited line management experience of SES officers, commented that:

These officers find themselves implementing programs to downsize or cut back programs and staffing in service delivery agencies. Frequently they achieve this goal, and move onto the next promotion, leaving behind a cynical and demoralised middle management and staff, who have to deal with the consequences of the cutbacks.⁵⁹

6.99 Mr Robson made a comparison between the current arrangements and those which existed under the old Public Service Board. Under the Board, training for senior executives involved being required to work in line departments, mainly in the States.⁶⁰

6.100 In addition to these forms of mobility, the Australian Government Senior Executives Association also supports mobility and development opportunities between the SES and the private sector on short-term secondment.⁶¹

6.101 The Committee recognises that the need for mobility to sustain interest and provide challenges to officers is particularly vital in view of the relatively young age of the current SES, many of whom are in their early 40s and potentially have the challenge of sustaining their interest for another 20 years or more.⁶² Creating further opportunities for mobility, particularly by mandatory appointments to both policy and operational departments, as well as regional and central offices, is also seen as a valuable way of broadening the experience of the officers. This in turn could broaden the range of policy advice they are able to provide to government.

59. Evidence p. S513.

60. Evidence p. 91.

61. Evidence p. S1111.

62. The median age of all SES officers at December 1991 was 45.6 years. SES Statistics p. 3.

6.102 The Committee recommends that:

- the Public Service Commission take a more proactive role in coordinating structured career planning for Senior Executive Service officers which includes mandatory periods of experience in policy and operational departments as well as regional and central offices.

Data Capture

6.103 The Senate Standing Committee was responsible for recommending that the PSC enhance its SES database to include statistics on mobility and introduce procedures for monitoring and publishing mobility trends.

6.104 The Committee notes that the PSC is making efforts in this regard with the publication of *Senior Executive Service Statistics - 1991*, the first edition of which became available in June 1992. The Committee commends this development, but notes that detail showing mobility between departments and the gender balance within departments is lacking.

6.105 The Committee recommends that:

- future editions of the Public Service Commission's publication on Senior Executive Service statistics include additional detail which shows mobility of officers between departments and which reflects the gender balance within each department.

Training and Development

6.106 Aspects of the PSC's centralised approach to the training and development needs of SES officers, particularly officers newly appointed to the SES, were described in Chapter 5. Further details of the SES External Development Programs for 1992-93 are contained in a separate PSC publication of the same name.

6.107 In a supplementary submission, the PSC also drew attention to some of the special programs which it already runs, including the Senior Executive Fellowships, SES Mobility Program and SES External Study Programs all of which

are directed at broadening the experience and education of SES officers. For example, up to 17 Senior Executive Fellowships may be awarded annually. The Fellowships provide SES officers with the opportunity to undertake short-term intensive development programs overseas. The Fellowships often include a series of discussions with other government or private sector organisations and may be up to three months in duration. The PSC funds each SES Fellow up to a maximum of \$20 000. Additionally, up to 20 places are available for the SES External Study and Mobility Program. The External Study Program enables officers to participate in a program of up to six months individual study or research within Australia; the Mobility Program encourages temporary work placements in Australia, in other parts of the Commonwealth, State or private sector for up to six months. The PSC funds the SES External Study Program to a maximum of \$15 000 per person. In the case of the Mobility Program, the PSC funds half of the salary cost of each placement, and up to \$3 000 of non-salary costs.⁶³

6.108 In the development of such programs the PSC is acting on its belief that 'all SES officers should undertake, on a regular basis, development activities directed at broadening or updating their skills beyond their own special discipline whether in a central agency or otherwise. However, development of the SES officers needs to be viewed as one important part of the management of SES careers'.⁶⁴

6.109 The PSC did acknowledge that another important method of continuing the development of SES officers is through mobility both within and between agencies. The PSC recognises that agencies are recognising the value of this method of development. However, as previously described, this form of mobility is still too rare.

6.110 In addition to these centrally coordinated programs, some departments, like DITAC and DPIE, indicated that they were considering the development of agency-specific SES training programs.⁶⁵ DFAT, too, indicated that it is considering the development of in-house training in the areas of people management, financial management and preparation for overseas postings.⁶⁶

6.111 The Committee views the provision of a variety of training and development opportunities as being vital to the increased effectiveness of the SES, particularly to ensure that the previously narrow skills base of these officers is broadened. Whilst recognising the right of departments to develop agency-specific

63. Evidence pp. S2165-66 and Public Service Commission, *SES Career Management - SES External Development Programs 1992-93*. (brochure)

64. Evidence p. S2165.

65. Evidence pp. S472 and S763-64.

66. Evidence p. S484.

SES training programs, the Committee would urge caution with this approach if centrally developed programs can meet the same needs.

6.112 In addition to the suggestions to improve mobility to ensure that the SES officers gain experience not only in the Canberra-based central agencies, but also in service delivery areas and in regional offices in other States, a number of other suggestions have been put to the Committee. These include providing opportunities for further study in fields outside their original area of expertise, and encouraging practical experience in both industry and community sectors.

6.113 The Committee accepts that in most cases the responsibility for training should rest with the departmental head. However, because of the special needs of the SES group, it seems more appropriate to have a central coordinating body to facilitate the arrangements for external placements in industry and the community. Coordinating appropriate management training to meet the development needs of the SES would also seem to be a role for a central agency, the PSC, in conjunction with academic institutions.

6.114 The Committee was interested to learn of the approaches to SES training and development overseas. In particular, Professor Pusey drew the Committee's attention to the situation in France, where the Ecole Nationale d'Administration serves as an elite academy to train public sector managers.⁶⁷ Separate institutions for public sector management training also exist in Canada and the United Kingdom.

6.115 The Committee sees merit in the development of academies for public sector management training and recognises that, rather than creating these as separate centres, as is the case in France, Canada and the United Kingdom, the sensible approach would be to encourage academic institutions and centres to work collaboratively with the public sector to develop public sector management training.

6.116 The Committee recommends that:

the Public Service Commission coordinate the provision of broader and more structured forms of training and development for Senior Executive Service officers;

67. Evidence p. 305.

- . tertiary institutions and centres with a proven record in public sector management develop programs to provide training specifically targeted to the needs of public sector managers;
- . appropriate resources be made available to these institutions and centres to develop such programs;
- . the Public Service Commission be given the responsibility of allocating these funds to such centres.

6.117 A further advantage with this approach is facilitating better relationships and understandings between the public sector and educational institutions, which in turn can create opportunities for sharing experiences, networking and two-way mobility.

Access to Training

6.118 In the same way that training across the Service is regarded as being 'patchy', so too SES training has attracted similar comment. The PSC's HRD Survey revealed that the average number of days training for SES officers was 4.72 days, whereas some departments, such as DPIE, only managed 1.6 days of training.⁶⁸ It also showed that only a small number of SES officers actually were receiving increased amounts of training.

6.119 Similarly the figures provided by the PSC reflected that only small number of officers have participated in the variety of training and development programs for the SES which they run. According to the PSC's draft Annual Report for 1991-92, 17 Fellowships were awarded to SES officers from 12 agencies. Only two officers, out of a potential 20 places, participated in the new SES Mobility Program in 1991-92. As reported in its draft Annual Report, the PSC is reviewing its marketing strategy and financial arrangements for 1992-93 in order to increase participation.⁶⁹ Even so it should be noted that programs with only 20 places provide limited opportunities for approximately 1 700 SES officers.

68. Evidence p. S763 and HRD Survey p. 3.

69. Public Service Commission, *Draft Annual Report 1991-92*, p. 23.

6.120 To ensure that all SES officers received equal access to training, it was recommended by the Australian Government Senior Executives Association that departments identify specific training budgets for SES and include the special training and development needs of SES officers in regional offices in that budget.⁷⁰

6.121 The Committee regards it as the responsibility of departmental heads to ensure that all staff receive adequate levels of training to perform their duties effectively but sees merit in the proposal to require departments to identify a special training budget for the SES and to report on the budget allocated for training SES officers in the department. As identified in Chapter 5, the introduction of staff Development Diaries and other such approaches would seem to be a useful tool to identify and pursue training needs of individual officers, within the goals of the organisation.

Remuneration

6.122 A further issue brought to the Committee's attention concerns the level and flexibility of remuneration and packages which are available to officers in the SES.

6.123 In relation to basic salaries, the Department of Finance's submission refers to the flexibility which currently exists whereby the departmental secretary can determine the pay rates of SES officers at any dollar amount within each band of the new three tier structure. The Committee notes with interest that, according to the Department, only 2% of SES positions are being paid at rates outside the old salary levels and that the proportion of SES being paid at the top of the band has increased from 66% to 72%. DoF concluded that, in making this decision, agency heads had chosen to sacrifice flexibility, including with respect to higher duties and leave arrangements, in favour of redesign of structures to deliver higher salaries within bands.⁷¹

6.124 The Australian Securities Commission was one of many organisations which submitted that there is a need for greater flexibility between the salary and non-salary components of the SES package. In its submission to the Inquiry, the ASC pointed out a number of issues which made it very difficult for it to recruit staff at the SES level.⁷²

70. Evidence pp. S1114-15.

71. Evidence pp. S1976-77.

72. Evidence p. S888.

6.125 According to the Mr Hartnell, Chairman of the ASC, flexibility in the package would enable his organisation to make more attractive offers to recruit the best people for the job. Mr Hartnell recommended that DIR calculate a cash value of all non-salary components of the SES package and introduce the flexibility for those components to be cashed out, the value transferred to other components in the package or the value transferred to other agreed components.⁷³

6.126 Support for greater flexibility in SES packages, to be able to compete more effectively against the private sector, came from several other sources, including the Australian Government Senior Executives Association.⁷⁴

6.127 The Department of Industrial Relations, which currently has policy responsibility for determining the salary and non-salary components of SES packages also provided the Committee with a range of options designed to introduce greater flexibility into SES salary and packages. The options include having no award and no contract; having a pay policy approach with individual contracts; having a paid rates award of the Industrial Relations Commission such as having a minimum rates award; or having the new style consent and certified agreements. The point, Mr Preiss emphasised, is that:

... to have a paid rates award in that area inhibits the flexibility in dealing with the situations that arise.⁷⁵

6.128 The Department of Finance, whilst not opposed in principle to greater flexibility for the salary and non-salary components of SES packages, reminded the Committee that superannuation and taxation (Fringe Benefits Tax) liabilities would have to be taken into account.⁷⁶

6.129 Flexibility to be able to reward high performers and to have flexibility in SES packages were both seen to be highly significant by the public servants who participated in the HRM Seminar held in July this year.⁷⁷

6.130 The Committee notes the calls for increased flexibility to determine levels of remuneration and to arrange more flexible packages. However, the Committee also recognises that the most recent workplace reforms, namely the

73. Evidence p. S889.

74. Evidence p. S1106.

75. Evidence p. 83.

76. Evidence pp. S1975-76.

77. HRM Seminar Transcript p. 61.

introduction of performance based pay and workplace bargaining could have an impact on this matter. The Agreement, announced by the Minister for Industrial Relations, offers a 2% pay rise for 160 000 public servants and a further 2.9% in two parts based on productivity gains in government departments and agencies.⁷⁸ As previously mentioned, performance pay will provide the potential for an additional \$10 000 to \$15 000 for SES officers depending on the Band level.

6.131 The introduction of both performance pay for the SES and workplace bargaining across the APS has the potential to address many of the concerns about inadequate and inflexible remuneration packages referred to above. The Committee recognises that it is too early to make judgements about the effectiveness or impact of these reforms on the productivity or efficiency of the SES officers. However, as expressed in Chapter 3, the Committee reaffirms its reservations about performance pay and the need for the tradition of comparative wage justice to be adhered to in a workplace bargaining context. Allowing a two year period before evaluating the impact of the reforms would seem to be an appropriate response.

6.132 The Committee recommends that:

the impact of performance pay on the effectiveness and efficiency of the Senior Executive Service be the subject of a review by the Public Service Commission two years after its introduction.

6.133 The Committee notes in Chapter 7 of this Report that workplace bargaining should also be the subject of a review two years after its implementation.

6.134 It is interesting to note that SES officers in DASET expressed some reservations about the introduction of performance pay. In relation to the results of a staff survey, Mr Blunn stated:

... many of them would say that their satisfactions are not necessarily geared to material things. They believe in being in the Public Service, they believe in what they are doing and they do not necessarily believe that that should be geared to a reward system such as is proposed.⁷⁹

78. *The Canberra Times*, 7 November 1992 and the Agreement p.6.

79. Evidence pp. 388-89.

6.135 Reservations about performance pay were also expressed by the Senate Standing Committee in 1990. That Committee not only found it difficult to ascertain agency views on the matter, but also indicated that performance pay should not be established until a cost-benefit analysis had been undertaken. It also expressed its concern that the system should be centrally managed and monitored, that payments should be made public and that it should be introduced into the SES and the feeder groups at the same time.⁸⁰

6.136 The Committee notes that the Government rejected the Senate Committee's recommendations that a cost-benefit analysis be undertaken and that the payments should be made public. As mentioned above the Committee too has reservations about performance pay, particularly the concepts of rewarding individual effort and measuring performance in purely financial terms.

Succession Planning

6.137 A further matter which the Committee sought to explore concerns succession planning. The issue of succession planning is one which the Public Service is only now considering in any formal sense, yet it has been standard practice in numerous private sector organisations for many years. Succession planning is integral to a strategic approach to human resource development, yet is consistent with adherence to the merit principle. Information provided informally to the Committee by organisations in the private sector suggests that succession planning, as a human resource management strategy, facilitates more effective delivery of service, improves client satisfaction and provides a framework within which high achievers can aspire to promotion and advancement.

6.138 In recognition of the effectiveness of succession planning as a human resource strategy, the PSC is now drawing the attention of managers to this strategy in their recently released HRM Framework.

6.139 The Committee notes that linking succession planning with competency-based training and mobility would be a useful strategy. For example, an officer identified as having high potential in the feeder group for the SES would have his/her competency evaluated in line with departmental needs. Any shortfall in competencies would be addressed through training and external placements. In this way officers would be being prepared for positions which become available at the SES level.

80. Senate Standing Committee Reports, pp. vii-viii and pp. 83-90.

6.140 The PSC has not specified succession planning as having particular application to the SES - the HRM Framework refers to the strategy as having application across the full range of departmental activities; nevertheless, the Committee regards it as a useful strategy for the SES in order to provide some level of continuity. A major complaint which parliamentarians have often expressed concerns the frequency of movement amongst senior public servants and the consequent lack of continuity and productivity which occurs as the new incumbent becomes familiar with the requirements of a particular position. Having a form of succession planning in place may help to overcome some of the difficulties associated with frequent movement between jobs. It is not regarded as a strategy which circumvents open competition based on merit.

SES Productivity Measures

6.141 Finally, one interesting statistic which emerged during the current Inquiry was an attempt by the NSW Premier's Department to put a figure on the productivity gains identifiable as a direct result of the creation of the SES in that State.

6.142 In his submission to the Inquiry, the Director-General of the Premier's Department of NSW identified that savings of the order of \$1.4 billion had been achieved.⁸¹ He qualified this during a public hearing by claiming that these savings were largely as a result of productivity savings in agencies such as the Electricity Commission and the State Rail Authority. Mr Humphry also indicated that productivity cuts had been applied to each agency each year and the figure represents the aggregate of those.⁸²

6.143 The Committee would view with interest any attempt to quantify such a productivity improvement in the APS as a result of the creation of the SES.

81. Evidence p. S406.

82. Evidence p. 278.

Chapter 7

APS: BEYOND 2000

Introduction

7.1 The next decade will be a period of significant challenge and opportunity for Australia. The APS will have an important role in supporting the Government and the Australian community during this time of rapid change. The APS needs to be planning now, recruiting the right people, and developing and training existing staff so that a skilled workforce will be in place to meet future demands. Commonwealth departments and agencies will need to operate in ways that make it possible for the people who work in them to make their full contribution to an effective and efficient public service.¹

7.2 In the previous chapters, the Committee has made suggestions to improve the efficiency and effectiveness of human resource management in the APS. This Chapter examines further the effects of changes occurring in the workplace environment and future directions for HRM in the APS. HRM initiatives, both in the Australian and overseas public services and the private sector in Australia and overseas are presented to enable comparison with future strategies and enable the APS to identify best practice where practical. This Chapter also develops matters raised during the Inquiry which the Committee did not have the time to explore as well as drawing on information from *APS 2000* - prepared by an Interdepartmental Committee convened by the PSC, *Workforce 2000* - prepared for the Business Council of Australia, *Priorities for Competitive Advantage* - an IBM study conducted by Towers Perrin, the Canadian *Public Service 2000* and various other sources.

7.3 It should be noted at the outset, that the APS is recognised as a leader in human resource management practices - particularly in such areas as equal employment opportunity, equity practices and the application of information technology.²

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1. Interdepartmental Working Party, convened by the Public Service Commission, *APS 2000 - The Australian Public Service Workforce of the Future*, Canberra, November 1989, p. vii. (APS 2000)
 2. APS 2000 p. x.

Challenge of Change

7.4 Chapter 2 referred to the large number of changes which have taken place throughout the last decade.

7.5 Future change in Australia is likely to be driven by a number of forces including changing structures, demographics, technology and societal values. The APS will be influenced by and must be responsive to these changes if it is to meet the demands placed on it effectively.

7.6 The changes that are occurring necessitate new ways of organising work so as to offer employees development in a satisfying working environment which will attract and retain quality staff, while at the same time structuring work to reap the benefits of the new technologies.³

7.7 The Committee recognises that these changes will require the APS to undertake a number of new and innovative human resource initiatives aimed at balancing the needs placed on it by its staff, the Government and the global environment, and in so doing to adopt best practices from both the private and public sectors.

Structural Change

7.8 The previous chapters of this Report have already examined the changing APS structure, as a result of:

- . reduction in the size and cost of the public service;
- . increased devolution of responsibilities to line managers away from centralised control;
- . increased need for accountability; and
- . ensuring an effective and efficient Public Service by introducing management practices in line with the private sector, while maintaining existing levels of equity and probity.

3. APS 2000 p. 13.

7.9 In addition to these changes, the shape of the organisation is also changing. The traditional pyramid is being replaced by a barrel shape, as fewer junior staff are employed.⁴

7.10 The *APS 2000* study showed that in order to adapt to these changes, managers will increasingly need a new set of competencies. These include developing an increasing emphasis on interpersonal skills and the capacity to relate to people in the organisation as a means of being more effective, including in the use and application of specialist skills.⁵

7.11 Whilst the Committee notes that this is happening, more could be done by providing training to enable managers to further develop these competencies.

Devolution

7.12 As elaborated in Chapter 2, devolution of responsibility within agencies is already a feature of the APS and is expected to continue for the foreseeable future, at which time human resource management strategies will be increasingly linked to the organisation's corporate goals and plans.

7.13 The *APS 2000* report emphasised the fact that the future will involve human resource management responsibilities being increasingly devolved to chief executive officers and operational line managers. The report further stated that devolution to the regions will result in the need for appropriate management information systems and staff development and training programs.⁶

7.14 In this climate of devolution, the Committee reaffirms its view that organisations must link HRM with corporate goals so as to promote both the goals of the organisation and the importance of the HRM function within the organisation and that they must provide more training to the regions as they gain responsibility for additional functions.

7.15 The Committee recognises that devolution of responsibility to departments and line managers has resulted in the need for increased accountability to ensure that decisions are made in a consistent and equitable manner. The APS

4. APS 2000 p. 13.

5. APS 2000 p. 15.

6. APS 2000 p. 9.

will need to develop systems to ensure that adequate measures of accountability are in place. As previously mentioned this will include reporting HRM plans and actions in annual reports as well as increased coordination and review by the PSC.

7.16 The Committee is of the view that workplace bargaining does not preclude the APS' need to maintain a central agency which will be responsible for human resource management in the APS and to which agencies will have to report. The need for a central agency to retain a degree of coordination and control is also supported by the Canadian approach to public sector management. The Committee reaffirms its view that the PSC is best placed to play the leading role in centrally coordinating HRM across the APS.

Flexible Employment

7.17 Another structural change that is already occurring and is expected to gain increasing momentum is the greater use of flexible employment strategies.

7.18 The traditional concept of a career service is expected to change with increased initiatives in flexible employment. Flexibility will be ensured by employing part-time and temporary workers, using contractors and through self-service.

7.19 Chapter 3 of this Report explained that flexibility is also needed to meet fluctuations in demand and that this will be achieved through part-time and temporary workers. Some of these workers will be young people who have not yet entered the full-time workforce, others are women not wishing to work full-time because of child-rearing responsibilities, while others may be retired or semi-retired people not wishing to leave the workforce completely.⁷

7.20 In response to increased needs to work in a flexible environment, the APS will increasingly contract in and contract out consultants with specialist skills, which are uneconomical for the organisation to employ themselves on a full-time basis. Another form of contracting out that is gaining prominence is self-service. This occurs where the client performs as much of the service as is possible. Some APS agencies are already involved in self-service as is demonstrated by the Australian Taxation Office permitting the electronic lodgement of tax returns. The Committee expects this trend to grow with the service departments, in particular, adopting it widely.

7. APS 2000 p. 14.

7.21 The Business Council of Australia's survey points out that employment patterns are also changing. In the future, many employers will be managing two workforces. One of these will be the core workers, those who have survived the downsizing and restructuring efforts of the past few years and who will receive the benefits of increased remuneration, training, and possibly, job security. The other workforce will be sub-contractors, part-timers, and others supporting the enterprise on a highly flexible basis.⁸

7.22 The Committee views flexible employment as an effective EEO strategy and sees merit in the PSC and agencies further investigating flexible employment opportunities, particularly to make provision for workers with family responsibilities.

7.23 The Committee recommends that:

the Public Service Commission, in conjunction with departments and agencies, further investigate flexible employment strategies.

7.24 The Committee acknowledges that with the introduction of workplace bargaining there is likely to be greater use made of flexible employment arrangements.

Demographic Change

7.25 Another challenge facing the APS of the future is that Australia's future workforce will be older than the current one. Forecasts show that by the year 2000, the number of persons aged 65 and over is expected to increase by more than 25% to 2.4 million. The working age population, that is persons aged 15 to 64, is also likely to increase by 18% between 1989 and the year 2000.⁹ Research also shows that there is a continuing trend towards early retirements from the labour force.¹⁰

8. Business Council of Australia, Towers Perrin and Cresap Australia Pty Ltd, *Workforce 2000: A Survey of Human Resource Responses to a Changing Workforce and Business Environment*, Melbourne 1992, p. 8. (Workforce 2000)

9. APS 2000 p. 25.

10. APS 2000 p. 50.

7.26 Research shows that the average age of the Australian population is expected to increase from approximately 35 to 37 years of age and that whilst the median age of APS staff in 1978 was 25 years and in 1988 was 27, by the year 2000 it is forecasted to be 42 years.¹¹

7.27 The changing age structure of the Australian population will necessitate changes in policies and programs to service the needs of the older age groups as well as to take advantage of the wealth of experience and talent of what will be a healthier and more active older generation.¹²

7.28 However, it should be noted that some of the ageing workforce concerns of public sector are not echoed by the Australian private sector. The Business Council of Australia's survey - *Workforce 2000* - found that the private sector does not expect to face problems of an aged workforce because it is anticipated that downsizing will result in lower participation of older people:

Downsizing reduces the opportunities to employ all, especially those over 40 years of age, which suggests that the impact of an ageing workforce may in fact be delayed by the application of this policy. Potential problems associated with an ageing workforce such as lack of career progression/mobility, lack of flexibility, loss of experience, are all expected to improve in five years time.¹³

7.29 The Committee notes the need for plans to take account of the trend towards an ageing population. The Committee reaffirms its recommendation that the PSC and agencies develop mechanisms to ensure mobility, in particular, lateral mobility.

New Technologies

7.30 Chapter 5 identified the need for additional Information Technology training. The Committee notes that the working environment is becoming technologically sophisticated and this trend is expected to continue. Communication and decision-making systems are increasingly more computerised.

11. APS 2000 pp. 26 and 69.

12. APS 2000 p. 25.

13. Workforce 2000 p. 29.

7.31 *APS 2000* identified some of the adverse effects of technology that will require particular consideration in the future. These include:

- a gender and age bias in technology to the extent that older people often find it harder to keep abreast of technology than do younger people, and girls at school evidence less interest in computers and information technology than do boys. Both of these factors will need to be addressed by the APS in its training and staff development practices;
- the APS may face problems in recruiting, developing and retaining personnel necessary to acquire, implement and maintain large information systems; and
- too much reliance on computer systems will have a deskilling effect.¹⁴

7.32 However, the Committee also recognises that technology will greatly assist in the provision of training and its introduction raises the possibility of home-based work. Improvements in technology will result in the breakdown of the distance barrier and, as a result, distant and regional offices can expect to receive a lot more training.

7.33 These same technologies may also help smaller agencies which would otherwise face significant cost penalties in trying to provide a sufficiently wide range of training and staff development opportunities to a small number of staff.¹⁵

7.34 The Committee anticipates that the APS will need increasingly to consider the people-effects of increased use of technology. Information Technology affects skills, personnel requirements, organisational structures and working patterns. The increasingly fast turnover of technology results in the need for greater training.

7.35 The Committee notes that those less well prepared by their education background and previous experience are adversely affected by technology and this issue will need to be addressed in a positive and affirmative manner.

14. *APS 2000* pp. 99-100.

15. *APS 2000* p. 18.

7.36 The Committee recommends that:

- training programs be developed to ensure that those less well prepared by their education and previous experience are assisted in developing competencies in the use of increasingly sophisticated computer applications.

7.37 As noted in Chapter 3, the Department Social Security has already introduced teleservice centres in some of its regional offices. This type of service provides additional employment options for some people with disabilities. This same concept has the potential to be implemented more widely to permit staff to work from their homes.

Societal Values

7.38 The change in societal values is reflected in the increased attention given to employment practices designed to promote equal access to the workforce. The three issues which are expected to dominate the move towards recognising these changing values include arrangements for home-based work and telecommuting, workers with family responsibilities and EEO.

Home-Based Work and Telecommuting

7.39 Advances in personal computer technology will make it possible for people to work from home, a concept which is called 'telecommuting'.

7.40 Some of the benefits of 'telecommuting' for the individual and the organisation include:

- significant productivity gains arising from savings on commuting time and costs, reduced absenteeism, and flexible hours which enable work to be scheduled to fit in with the individual's internal 'clock';
- wider choice of employees in terms of capacity to recruit and retain a better calibre of employee - resulting from attractiveness to employees of job flexibility in respect of

childcare, capacity to employ persons with disabilities, flexibility in scheduling of work and the significant cost and time benefits of not having to commute; and

savings on office costs.¹⁶

7.41 Obstacles to the introduction of 'telecommuting' to the APS include:

- the social dimension of work which is important to most workers - and many find they miss this when working from home;
- the nature of much work in the APS - involving as it does face-to-face contact;
- the fact that many organisations see themselves as already overloaded with change; and
- perceived difficulties in staff supervision.¹⁷

7.42 Scope for introducing 'telecommuting' to the APS may already exist in some central office environments for work such as policy development and research, keyboarding and data processing, systems development and strategic planning. In regional offices, work undertaken by social workers, inspectors and investigators, auditors and tax auditors and a wide range of field staff could also possibly be home-based. Of particular relevance for 'telecommuting' might be those employment categories where the APS tends not to be very competitive in the job market, such as accountancy, legal work, computer systems and engineering. The sort of job flexibility afforded by 'telecommuting' could make such work in the APS relatively more attractive.¹⁸

7.43 Implicit in 'telecommuting' is a more trusting attitude towards employees. Performance contracts, monitoring and good supervision are clearly all important to its success.¹⁹

7.44 Telecommuting has already been introduced overseas. For example, the Southern California Association of Governments, representing some 200 cities

16. APS 2000 p. 22.

17. APS 2000 p. 22.

18. APS 2000 p. 22.

19. APS 2000 p. 22.

and counties, has assumed in its current regional plan that by the year 2000 as many as 12% of the area's workforce could be telecommuters.²⁰

7.45 The Committee notes that the possibility of home-based work programs may increase under workplace bargaining. The Committee sees merit in this approach and urges individual agencies, acting on advice from the PSC, to develop strategies towards examining and gradually implementing home-based work if it meets the needs of their employees, the APS and the organisation, including its clients.

Workers with Family Responsibilities

7.46 Agencies will find that providing for the needs of workers with family responsibilities will increasingly be an attractive benefit in recruiting both women and men.

7.47 The current focus of agencies in this context is childcare. However, providing for the needs of workers with family responsibility for aged relatives is gaining prominence.

7.48 The importance of childcare has been widely discussed in the last few years. Supporters of the provision of childcare have drawn attention to the following:

- . the need to recruit and retain high quality staff and reduce staff turnover and related costs, and consequent disruption to the organisation;
- . the high cost of staff development and training, which can be reduced by lessening both staff resignation and the skills loss of parents who drop out of the workforce for significant periods to care for children;
- . the 'greying' of the population and the need to attract and retain young employees to feed into the management ranks of the future; and

20. APS 2000 pp. 21-22.

the productivity gains to be achieved from improved morale and loyalty to an organisation which shows that it cares for its employees, with consequent reductions in absenteeism and in travel time to and from off-site childcare arrangements.²¹

7.49 APS 2000 notes that:

... in the future, it will be the organisation that offers its employees the best quality of life, not the largest remuneration package, which attracts and retains the best staff.²²

7.50 The PSU whilst recognising some improvements, indicated that it would like to see a more enthusiastic approach to the provision of childcare.²³

7.51 The Committee supports the provision of childcare as an increasingly important development in working conditions. The Committee would like to see departments develop more initiatives towards the introduction of childcare including the establishment of on-site services; utilisation of existing community services and sponsoring new community services. Departments may consider a cost-benefit analysis to determine whether it should be on-site or off-site.

7.52 Similar issues to the ones discussed above also apply to aged or elder care. For example, in a recent study of Australian Taxation Office employees, 26% had raised 'elder care' as an issue.²⁴

7.53 The Committee also encourages agencies to give consideration to arrangements necessary for employees with aged care responsibilities as this is likely to become increasingly important in the near future.

21. APS 2000 pp. 19-20.

22. APS 2000 p. 20.

23. Evidence p. 117.

24. *The Australian Financial Review*, 19 November 1992.

7.54 The Committee recommends that:

- departments and agencies provide childcare and/or facilitate the provision of childcare;
- departments and agencies facilitate arrangements for employees with aged care responsibilities.

7.55 In making these recommendations, the Committee also acknowledges that increased provision of childcare and aged care may be possible under the Workplace Bargaining Agreement.

Equal Employment Opportunity

7.56 The current state of EEO in the APS and SES was discussed in Chapters 3 and 6 respectively.

7.57 The APS 2000 study noted that the role of women is changing as they become increasingly better educated and more committed to a career which many have to balance with their traditional role as a spouse and a mother. There has also been a change in the role of men, particularly married men, as their workforce participation rate has declined.²⁵

7.58 The Committee notes with interest that, according to recent research, in the future, the composition of the APS will better reflect the relative proportion of males and females in the Australian population.²⁶ The Committee found readily available information on future APS employment trends on Aboriginal and Torres Strait Islanders, people with disabilities and people with non-English speaking backgrounds difficult to obtain.

7.59 One of the issues that is expected to affect EEO policies or plans in the future is workplace bargaining. However, the impact of workplace bargaining on EEO is difficult to forecast. Some of the positive initiatives under workplace bargaining that will impact on EEO include:

- flexible employment;

25. APS 2000 p. 5.

26. APS 2000 p. 61.

- . home-based work; and
- . childcare.

7.60 However, as detailed in earlier chapters, some departments noted that increased focus on productivity has the potential to have a detrimental effect on equity issues such as EEO.

7.61 The Committee reaffirms its previous view that there should be no reduction in departmental efforts to implement EEO plans or policies.

Qualifications and Training

7.62 The qualification and staff development needs of APS officers are expected to change as the APS adapts to an ever-changing environment.

Qualifications

7.63 Education and qualifications are gaining more prominence with employers both in the private and public sectors.

7.64 The Business Council of Australia study *Workforce 2000*, pointed out that Australian companies prefer experienced workers, followed by recent apprentices and university graduates. By contrast, opportunities for employment are lowest for those with Year 10/11 education. Graduates from TAFE, those with Year 12 certificates and newly qualified tradespeople, are in a highly competitive situation.²⁷

7.65 The *APS 2000* study recognises changes in social values and rising standards of education. It states that these changes are bringing to the workforce a better educated staff.²⁸

7.66 Mr Chris Shrosbree, one of the participants at the Committee's HRM Seminar elaborated on the rising standard of education. He said that there is a

27. *Workforce 2000* p.24.

28. *APS 2000* p. 13.

marked change in the qualifications required for officers of the APS, particularly in the lower levels where it is increasingly necessary to have tertiary qualifications.²⁹

7.67 The Committee acknowledges that the APS will need to be better qualified with a larger proportion of the employees being tertiary qualified. It is also envisaged that employment positions will increasingly be advertised externally and will result in the APS, to a certain degree, importing specialist skills.

Staff Development

7.68 Information received by the Committee shows that staff development will be facilitated by ensuring job mobility, providing adequate feedback and counselling, increased training especially in the use of technology and identifying high-potential employees early.

7.69 Views on mobility, feedback and counselling and training were expressed in *APS 2000*. The report stated that mobility can be a very important staff development tool. Most adult learning takes place on-the-job and tails off very significantly once a person has been in one job for more than a couple of years. This is expected to result in the need to develop new means of ensuring job mobility. Conversely, an increasing need for specialisation in some areas means that multiskilling may have to be balanced with the need for increased mobility. The report further stated that feedback or counselling are expected to be provided in the context of a mentoring relationship in which the supervisor or mentor takes a supportive interest in the subordinate's career development. It is anticipated that organisations will progressively introduce into senior manager's appraisal an explicit acknowledgement of their important role in contributing to the personal growth and development of subordinates. A manager's success in this area will be seen as a significant indicator of his/her ability as a senior manager. The report also foreshadowed that senior management training will increasingly concentrate on interpersonal skills, processes in information technology and the development of specialist skills.³⁰

7.70 The Committee notes the importance of mobility as a valuable mechanism for staff development. The Committee also notes that mentoring relationships are effective ways to ensure career development. The Committee encourages agencies to recognise the importance of mobility and mentoring relationships as a means of facilitating staff development. The Committee recognises that agencies have already implemented some of the senior management training

29. HRM Seminar Transcript p. 13.

30. APS 2000 pp. 15-17.

areas detailed in *APS 2000* and encourages senior staff to further pursue development in these areas.

7.71 The Australian private sector considers that high priority areas for training will be in developing better management, supervisory, teamwork skills, and facilitating multiskilling, now and over the next five years. The development of skills-related career paths will also be an emerging need over the next few years.³¹

7.72 The Committee notes that the APS has already taken steps towards developing better management, supervisory, teamwork skills, and introducing multiskilling. The Committee reaffirms its support for the development of skills-related career paths which are expected to receive greater attention in a competency-based training environment.

7.73 Growth in new technology will result in the need for staff to become ever more competent in its use. At the same time, technology will be used to ensure a better quality and more equitable staff development program through increased access by regions.

7.74 The Committee reaffirms its previous recommendation that agencies provide increased staff access to Information Technology training.

7.75 International studies show that the private sector expects to place greater emphasis on identifying high potential employees early.³²

7.76 The Committee encourages departments to identify high potential employees early and provide them with the requisite management training to fast-track their career. However, the Committee also notes that caution is needed in promoting young people too quickly - experience is also a valuable adjunct for managers.

31. *Workforce 2000* p. 22.

32. Towers Perrin, *Priorities for Competitive Advantage: An IBM Study Conducted by Towers Perrin*, p. 56.

Industrial Democracy

7.77 Organisations need to be well informed about the concerns and feelings of staff to effectively utilise human resources.

7.78 Employee surveys have recently been introduced into a number of departments and agencies in the APS, including Defence, DPIE, and the Australian Taxation Office.³³ As mentioned in Chapter 2, the Management Advisory Board's Task Force on Management Improvement has been conducting Service-wide surveys as a part of its consideration of personnel changes directed at improving performance in service delivery. The PSC also conducted a survey of the SES across all agencies in mid-1989; however, this exercise has not been repeated since.

7.79 It is recognised that conducting employee surveys is only one of a number of strategies designed to improve participation of employees in decisions which affect them. However, the Committee views the survey approach as an important mechanism for understanding and monitoring the improvements and changes occurring within the APS. For this reason, the Committee urges departments and agencies to conduct regular staff surveys to determine staff morale, likely turnover, satisfaction with conditions and areas for improvement. It will become a particularly useful tool under the Workplace Bargaining Agreement, where departments are being challenged to reduce absenteeism.

7.80 The Committee also urges departments and agencies to disseminate the survey results among staff and provide the opportunity for discussions on concerns and methods for improving human resource management.

7.81 The Committee recommends that:

the Public Service Commission conduct Australian Public Service staff surveys on a bi-annual basis and report on the changes occurring and the improvements made since the last survey.

33. APS 2000 p. 19.

7.82 In an environment that is already focusing on the need for client service, it is expected that employee participation will permit better client service. The submission from the Australian Council of Trade Unions pointed towards this trend for the future:

... empowerment of employees to participate fully in the activities of an organisation is an essential pre-condition if a service provider is to be responsive to the needs of its clients and to maintain a consistently high level of service.³⁴

7.83 The Australian Council of Trade Unions further suggested that industrial democracy would be promoted by further developing the links between industrial democracy facilitators and HRD staff and as part of the management curriculum, a curriculum which should express the benefits arising from industrial democracy and methods of implementing it.

7.84 The Committee recommends that:

- the Public Service Commission include industrial democracy as part of the curriculum for Service-wide management courses;
- agencies further promote an industrial democracy framework to facilitate greater employee contribution to organisational objectives.

Workplace Bargaining

7.85 Workplace - or enterprise - bargaining is the most significant reform that will radically transform the APS. It is intended to further increase the level of devolution within the APS and introduce increased measures of flexibility in pay, conditions and working arrangements. Earlier sections of this Chapter have already dealt with workplace bargaining's potential impact on childcare, flexible employment and home-based work.

7.86 The fundamental concept that underlies workplace bargaining is that management and employees agree on a set of common objectives and team effort is rewarded.

34. Evidence p. S2224.

7.87 Workplace bargaining is expected to provide individual agencies with the flexibility to reward staff for customer service, quality, innovation and productivity gains achieved while at the same time maintaining a coordinated Service-wide approach to determining core classifications, pay and conditions. Core pay rates will be reviewed periodically, having regard to market factors, recruitment/retention considerations and implementation of Service-wide efficiency measures.³⁵

7.88 The Agreement proposed by the Government in conjunction with the unions is drawn in the context of a merit based career service and sets out the framework for achieving ongoing improvements in productivity and efficiency and enhanced performance of the APS, with benefits shared by staff, agencies and their clients and the Government on the taxpayers' behalf.³⁶ The Agreement is to operate for a period of two years.

7.89 The Agreement impacts on a Service-wide and agency-wide basis. Service-wide reforms are aimed at the APS as a whole and involve negotiations between the Government and the unions. The Agreement also gives agencies flexibility for additional measures beyond the Service-wide agreement by permitting agency bargaining. The agency bargaining agreements involve negotiations between the secretary of the agency and the unions represented in the agency.

Service-Wide Reforms

7.90 The Service-wide reforms have been set out in the Agreement and include Joint Selection Committees, permanent part-time work, strategies to address absenteeism, improved handling of inefficiency in the APS, competency-based training, job security and redeployment and award rationalisation. The Agreement also includes performance appraisal and performance pay for Senior Officers and the SES.

7.91 The Committee has examined the implications for the APS of some of these developments in previous chapters of this Report. In its earlier recommendations, the Committee has expressed its support for:

increased use of Joint Selection Committees;

35. Department of Industrial Relations, 'Workplace Bargaining', in *APS Staff Bulletin*, August 1992.

36. The Agreement p. 1.

- . increased scope for permanent part-time work;
- . the introduction of competency-based training; and
- . the need for a Central Redeployment Unit.

7.92 However, the Committee is concerned that the Agreement does not go far enough towards developing practices on the improved handling of inefficiency in the APS. The Committee has recommended improved measures designed to streamline the inefficiency process in Chapter 3. In addition to this, the Committee has also expressed its reservations about performance pay.

7.93 The scope of the Inquiry did not extend to include detailed examination of absenteeism in the APS and the need for award rationalisation. These issues are discussed briefly below.

Strategies to Address Absenteeism

7.94 The Agreement proposes a Service-wide examination of the reasons for absenteeism and developing and implementing agreed measures to reduce absenteeism.

7.95 The Committee acknowledges and supports the need for the development of strategies to address the absenteeism concerns of agencies.

Award Rationalisation

7.96 The Agreement proposes that the parties will reduce significantly the overall number of awards and agreements applying in the APS.

7.97 The Committee acknowledges and supports the need for a reduction in the overall number of awards.

Agency Reforms

7.98 The Agreement provides for agency-level reforms to be considered by the secretary in conjunction with the union. The agreement will ensure that:

- . essential standards of employment conditions and Service-wide pay and classification structures will be maintained but there is scope for adaptation of these structures to address particular requirements in individual agencies;
- . arbitrary job reductions are not a viable basis for securing the ongoing improvements in productivity and efficiency sought under agency bargaining;
- . agreements are consistent with social justice objectives such as access and equity and equal employment opportunity, including for workers with family responsibilities;
- . productivity gains that may be distributed include a share of the savings in running costs, program savings and revenue enhancement as a result of the agreement and workplace reform;
- . gains may be distributed as improved remuneration and conditions packages encompassing any changes to salaries, reclassification, conditions and other cost increases; and
- . the Agreement will cover staff below the Senior Officer level; however management and unions may agree to include Senior Officers in the agreement provided that performance appraisal arrangements are maintained.

Agency Views on Workplace Bargaining

7.99 During the course of the Inquiry, the Committee has expressed its concern that increased focus on productivity and efficiency may result in a loss of equity and the quality of service delivered. Even officers from the Department of Industrial Relations shared these concerns. Mr Preiss stated that the Government will need to make a judgement about how to reconcile operational efficiency and changes that might result in the quality of service to beneficiaries.³⁷ He went on to say that whilst productivity and efficiency might be the focus of current attention, that is not to say that, as time goes on, enterprise or agency-level bargaining may not also have regard to other things which are more important to that enterprise and to the community.³⁸

37. Evidence p. 72.

38. Evidence p. 73.

7.100 The Committee would be concerned if workplace bargaining resulted in agencies focusing on productivity and efficiency improvements at the expense of equity and quality of service to beneficiaries.

7.101 Concern has also been expressed by those who see the development as a threat to the APS as a career service, fragmenting the APS and creating inequities particularly between policy departments and service delivery departments.

7.102 The potential for workplace bargaining to increase fragmentation of the APS was commented upon in several submissions to the Inquiry. DIR, for example, in its submission to the Inquiry expressed the following concerns:

It seems likely that workplace bargaining will bring about some greater degree of differentiation in industrial relations and pay and conditions in the Public Service. While it will obviously be important to ensure that agencies are able to recruit and retain a fair share of staff and through systems of individual and group incentives contribute to their motivation, it could be expected that some differences between agencies and categories of staff will emerge over time.³⁹

7.103 Mr Robson of the PSU expressed similar concerns:

... the fundamental question that has to be answered is whether by splitting the Public Service up into agencies and bargaining on pay with differential outcomes you destroy what are the fundamentally important things about the public sector ... its independence, its capacity to be a vehicle for access and equity, its capacity to provide good services, its capacity to have a properly structured career and properly trained people.⁴⁰

7.104 Some agencies were also concerned about determining what should constitute the 'workplace' or the 'enterprise'. Whilst some, like the PSC put forward the case that the APS as a whole should be the workplace, others like AG's have indicated that each of their three units will now be able to negotiate their own

39. Evidence p. S1695.

40. Evidence p. 109.

workplace agreements.⁴¹ However, portfolios with diverse responsibilities, like DASET, are faced with the dilemma of developing 22 separate enterprise agreements.⁴²

7.105 However, there are also agencies that advocate the introduction of workplace bargaining and support the impact that it will have on their organisations. Its supporters have praised the flexibility it will bring for the management of human resources and the fact that, in a climate of devolution, managers will have even more scope to manage their work units effectively and efficiently.

7.106 The Attorney-General's Department and the Australian National Audit Office have expressed their support for enterprise bargaining because of the flexibility it is expected to provide through increased remuneration and the ability to hire and fire staff. These agencies are concerned about their abilities to retain professional staff and the need for more effective management of underperformance, particularly in a user-pays environment. Mr Rose stressed the importance of enterprise bargaining by stating that:

Unless something dramatic changes in the wages mix, for example, and we are able to get into an enterprise bargaining environment fairly quickly, we are going to undo most of what we have done in rebuilding the professional areas of this Department over the last four years.⁴³

7.107 The DSS is also supportive of enterprise bargaining. Mr Volker mentioned that enterprise bargaining will provide scope for productivity gains. At the same time it is expected to permit increased use of teleservicing to suit the convenience of the individuals and provided it is acceptable to the unions.⁴⁴

7.108 Mr Barnes, Acting Director of Personnel Policy Division from the NSW Premier's Department, informed the Committee that presently, there are four enterprise agreements in the NSW public sector, with another 30-odd agreements

41. Evidence p. S955.

42. Evidence p. 380.

43. Evidence p. 445.

44. Evidence p. 410.

in the pipeline being negotiated at the moment.⁴⁵ Mr Humphry supported enterprise bargaining because of the possibility to negotiate conditions that are seen to be important by the employees, for instance, childcare.⁴⁶

Overseas Experience

7.109 The Committee notes with interest that both New Zealand and Canada have implemented some form of workplace or enterprise bargaining in their public service industrial relations framework.

7.110 The New Zealand Government introduced enterprise bargaining through the Employment Contracts Act which came into effect in May 1991. This has resulted in wage bargaining moving away from centralised decision making to the individual enterprise. According to commentators, the private sector has grasped it with enthusiasm but parts of the State sector, however, have resisted the change. The health and education sector in particular is demonstrating a notable resistance to abandon its centralised thinking.⁴⁷

7.111 Public sector pay levels for most Canadian federal public servants are also the outcome of collective bargaining agreements between management and unions. Treasury Board officials undertake collective bargaining with the unions and implementation of collective agreements is the responsibility of departments. It is a fully centralised system in that agreements apply to all employees in relevant classification structures across all departments.⁴⁸ The exceptions to the centralised system in Canada include small specialist agencies who have been granted responsibility for their own pay and conditions structures.⁴⁹

45. Evidence p. 265.

46. Evidence p. 267.

47. Marshall, S, 'Employment Contracts Act - Changes in the State Sector - A Comparison With the Private Sector', in *Public Sector*, Volume 15, No. 2, June 1992, p. 7.

48. Department of Industrial Relations, *Improving Productivity - A Challenge for the Australian Public Service*, A discussion paper prepared by a Committee of Heads of Australian Public Service agencies for the Minister for Industrial Relations, September 1991, p. 76.

49. *ibid.*, p. 77.

Role of the PSC

7.112 Because of the danger of fragmentation of the APS, the Committee recognises the need for agencies to receive advice and support on the introduction of workplace bargaining and believes that this advice and support should come from the agency with central responsibility for HRM in the APS, namely the PSC. This would be particularly appropriate if, as recommended in Chapter 2, the DIR responsibility for APS remuneration, structures, terms and conditions were transferred to the PSC.

7.113 **The Committee recommends that:**

- the Public Service Commission coordinate the introduction of workplace bargaining in the Australian Public Service;
- the Public Service Commission advise and provide support to agencies to assist them in implementing workplace bargaining.

7.114 Whilst acknowledging some of its potential benefits, the impact of workplace bargaining is yet to be felt by the APS. However, the Committee recognises the need for the impact of workplace bargaining to be evaluated in the context of its effect on agencies and the wider public service.

7.115 **The Committee recommends that:**

- workplace bargaining within the Australian Public Service be evaluated on an agency-by-agency basis two years after its introduction;
- the evaluation should be conducted by an external review body, ideally the Public Service Commission.

7.116 **The Committee also recommends that:**

- the Public Service Commission conduct a full evaluation of the impact of workplace bargaining on the Australian Public Service once agreements have been in operation for two years.

7.117 As was previously discussed in Chapter 3, the Committee reaffirms its support for continuing the tradition of comparative wage justice, even in a workplace bargaining context.

Focus of Human Resource Management

7.118 In the future the vision that emerges indicates that human resource management will increasingly be:

- . closely linked to corporate goals;
- . jointly conceived and implemented by line and human resource managers; and
- . focused on quality, customer service, productivity, employee involvement, teamwork and workforce flexibility.⁵⁰

7.119 The IBM study conducted by Towers Perrin indicated that a resounding 85% of all respondents believe that communicating business directions, problems, and plans to employees will be very important for gaining competitive advantage. Other important areas include the need to:

- . reward customer service and quality;
- . identify high-potential employees early;
- . reward innovation and creativity;
- . reward business and/or productivity gains; and
- . facilitate employee involvement.⁵¹

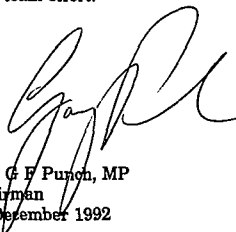
7.120 The Committee recognises that the APS is aware of and implementing some of the issues mentioned in the study including the focus on quality, customer service, productivity, employee involvement, teamwork and workforce flexibility. The Committee has previously acknowledged the need for further strengthening of

50. Towers Perrin, op. cit., p. 5.

51. Towers Perrin, op. cit., p. 56.

communication between management and employees; the need for employees to participate in decisions and the need to identify high-potential employees early. The Committee has also previously addressed the need for agencies to link their HRM plans with their corporate goals so as to recognise the importance of people management and involve line managers in this process.

7.121 The IBM study also alluded to the shift from an individual focus to a team focus in HRM. Most organisations feel that they have made more progress in dealing with the critical areas of individual performance and motivation and that they must now turn their attention to team or group efforts and performance.⁵² The Committee recognises that workplace bargaining has the potential to reward that team effort.



Hon G F Punch, MP
Chairman
16 December 1992

52. Towers Perrin, op. cit., p. 24.

APPENDIX 1

SUBMISSIONS

Submission
No.

1. Mr John Olsson, ACT.
2. Mr Alan Rushworth, NSW.
3. Mr Brian Pinchback, ACT.
4. Mr P Brothie, VIC.
5. Mr S S Schaetzel, Managing Director, North Shore Consultech Pty Ltd.
6. Professor Greg McCarry, Associate Professor of Law, University of Sydney.
7. Confidential.
8. Mr K E Park, NSW.
9. Mr P Chamen, NSW.
10. Mr Barrie Brennan, Department of Administrative, Higher and Adult Education Studies, University of New England.
11. Mr C W Ferndale, SA.
12. Mr R L McNamara, Department of Defence.
13. Mr G Bassett, Principal Consultant, CORE Consulting Services.
14. Mr C W Millar, Training Consultant, Carlyle Millar Pty Ltd.
15. Mrs J Simpson, NSW.
16. Mr K Banfield, SA.
17. Mr M Rositano, SA.

18. Mr S S Schaetzel, Managing Director, North Shore Consultech Pty Ltd.
19. Mr W J Forgan-Smith, Principal, Best Practice.
20. Dr Douglas Blackmur, Head, School of Human Resource Management and Labour Relations, Queensland University of Technology.
21. Mr Jim Macbride, TAS.
22. Miss Kathryn M Gunn, SA.
23. Mr Kanwal Josan, NSW.
24. Mr R P Hancock, Assistant Director, Recruitment Redeployment and Mobility, Department of Veterans' Affairs.
25. **Withdrawn.**
26. Mr Carl Harbaum, Chairperson, Federation of Ethnic Communities' Councils of Australia Inc.
27. Ms Marea Vidovich, Assistant Federal Secretary, Australian Nursing Federation.
28. Mr J C Taylor, Auditor-General, Australian National Audit Office.
29. Dr Nick Jans, Towers Perrin Forster and Crosby Inc. and Ms Judy Frazer-Jans, Frazer-Jans & Associates.
30. Dr J Barry Ritchie, Chief Executive, Mt Eliza Australian Management College.
31. Mr Peter E Crisp, NSW.
32. Mr Derek Walter, TAS.
33. Mr Ian R G Knop, Managing Director, Profile Management Consultants.
34. Mr Malcolm Jackman, Director of Sales, ADIA The Employment People.
35. Mr J F H Clark, Executive General Manager, Corporate Affairs, BHP.
36. Mr Peter Vaughan, First Assistant Secretary, Corporate Services Division, Department of the Prime Minister and Cabinet.

37. Mr B B Davis, Managing Director, Systems Consultants Limited.
38. Mr Peter Daly, VIC
39. Mr Geoff Miller, Acting Secretary, Department of Tourism.
40. Mr L B Woodward, Secretary, Department of Veterans' Affairs.
41. Mr John Cowen, VIC.
42. Mr A S Blunn, Secretary, Department of the Arts, Sport, the Environment and Territories.
43. Mr Jim Bailey, National Director, Australian Human Resources Institute.
44. Mr R G Humphry, Director-General, Premier's Department New South Wales.
45. Mr Marc Ferré, Chairperson, National Association of Overseas Professionals.
46. Mr N R Stevens, Secretary, Department of Industry, Technology and Commerce.
47. Mr Peter Varghese, Assistant Secretary, Corporate Services Division, Department of Foreign Affairs and Trade.
48. Mr Peter Robson, National Secretary, Public Sector Union.
49. Mr R N McLeod, Deputy Secretary, Budget and Management, Department of Defence.
50. Mr Denis Ives, Public Service Commissioner, Public Service Commission.
51. Mr D Volker, Secretary, Department of Social Security.
52. Mr Ivan A Deveson, AO, Chairman, The Seven Network.
53. Mr Geoff Miller, Secretary, Department of Primary Industries and Energy.
54. Ms Ann Forward, Director, Merit Protection and Review Agency.
55. Mr Mike Nicolaides, National Organiser, Metals & Engineering Workers Union.

- 56. Mr Brian Fisher, Executive Director, Australian Bureau of Agricultural and Resource Economics.
- 57. Mr G Barnwell, Assistant Commissioner, Corporate Planning and Resources, Trade Practices Commission.
- 58. Mr W R Ellis, First Assistant Secretary, Corporate Management Division, Department of Transport and Communications.
- 59. Mr T A Barton, General Secretary, Trades and Labor Council of Queensland.
- 60. Mr S T Sedgwick, Secretary, Department of Finance.
- 61. Mr A G Hartnell, Chairman, Australian Securities Commission.
- 62. Confidential.
- 63. Confidential.
- 64. Mr Brendon Kelson, Director, The Australian War Memorial.
- 65. Mr Peter Daly, VIC.
- 66. Mr W R Clark, General Manager, Corporate Affairs, Coca-Cola Amatil.
- 67. Mr A D Rose, Secretary, Attorney-General's Department.
- 68. Ms Lisa Ray, Chairperson, Personnel Operations Program.
- 69. Mr Brian Lewis, Federal Secretary, Australian Government Senior Executives Association.
- 70. Mr William F Schleiger, ACT.
- 71. Mr Graham Semmens, Assistant General Manager, Employee Relations and Development Branch, Department of Administrative Services.
- 72. Ms Kay Robinson, NSW.
- 73. Ms Pamela Rosenberg, Executive Director, Disabled Peoples' International (Australia) Limited.
- 74. Mr John Kennedy, NSW.

75. Mr T P Boucher, Commissioner of Taxation, Australian Taxation Office.
76. Mr D J Hawkes, Public Service Commissioner, Public Service Commissioner for the Northern Territory.
77. Dr A F Lysons, Department of Management, James Cook University of North Queensland.
78. Mr M J Costello, Secretary, Department of Industrial Relations.
79. Dr Jenny Stewart, Research Fellow, The Australian National University.
80. Mr David A Lamond, Lecturer in Management, Macquarie University Graduate School of Management.
81. Mr Brian Pinchback, ACT.
82. Mr Geoff Miller, Secretary, Department of Tourism.
83. Mr M J Morris, Lecturer in Management Studies, School of Commerce, Charles Sturt University.
84. Professor Michael Pusey, School of Sociology, University of New South Wales.
85. Mr C S de Bruine, ACT.
86. Mr S T Sedgwick, Secretary, Department of Finance.
87. Confidential.
88. Mr Brendan Preiss, Deputy Secretary, Department of Industrial Relations.
89. Mr S T Sedgwick, Secretary, Department of Finance.
90. Mr Peter McIlwain, Director, Information Services and Liaison Unit, Public Service Commission.
91. Miss Kathryn M Gunn, SA.
92. Mr Paul Hickey, Deputy Secretary, Department of Employment, Education and Training.
93. Ms Sheila Ross, Industrial Relations and Personnel, Department of Social Security.

94. Mr J C Taylor, Auditor-General, Australian National Audit Office.
95. Mr A S Cole, Secretary, Department of the Treasury.
96. Mr Norm Holcroft, Resource Management Improvement Branch, Department of Finance.
97. Confidential.
98. Mr Mark Kilner, Assistant Commissioner, APS Entry and Advancement Branch, Public Service Commission.
99. Mr M Kilner, Assistant Commissioner, APS Entry and Advancement Branch, Public Service Commission.
100. Mr Marcus L'Estrange, VIC.
101. Mr R G Humphry, Director-General, Premier's Department New South Wales.
102. Mr Geoff Ballis, NSW.
103. Mr S T Sedgwick, Secretary, Department of Finance.
104. Mr D Volker, Secretary, Department of Social Security.
105. Ms Rosaleen McGovern, Principal Adviser, Corporate Services Division, Department of Foreign Affairs and Trade.
106. Ms Ann Forward, Director, Merit Protection and Review Agency.
107. Mr Denis Ives, Public Service Commissioner, Public Service Commission.
108. Mr A D Rose, Secretary, Attorney-General's Department.
109. Mr A D Rose, Secretary, Attorney-General's Department.
110. Ms Cathy Santamaria, First Assistant Secretary, Corporate Management, Information and Territories, Department of the Arts, Sport, the Environment and Territories.
111. Ms L Evans, Assistant Secretary, Personnel Management and Services, Department of Employment, Education and Training.
112. Ms Lindy Hinde, Secretariat, Public Service Commission.

- 113. Mr M J Jacobs, Acting Auditor-General, Australian National Audit Office.
- 114. Mr Peter McIlwain, Director, Information Services and Liaison Unit, Public Service Commission.
- 115. Ms Lindy Hinde, Secretariat, Public Service Commission.
- 116. Ms Lindy Hinde, Secretariat, Public Service Commission.
- 117. Mr M J Jacobs, Acting Auditor-General, Australian National Audit Office.
- 118. Mr I McLauchlan, Executive Director, Australian National Audit Office.
- 119. Mr Peter Moylan, Industrial Officer, Australian Council of Trade Unions.
- 120. Mr Noel Tanzer, Secretary, Department of Administrative Services.

WITNESSES

TUESDAY, 21 JULY 1992 - CANBERRA

Public Service Commission

Mr Edmund Attridge
First Assistant Commissioner
Management Selection and Development Division

Ms Jennifer Anne Colwill
Assistant Commissioner
HRD Policy and Projects Branch

Mr Brian Joseph Gleeson
Assistant Commissioner
SES Career Management Branch

Mr Doron Gunzburg
Assistant Commissioner
Middle Management Policy Development Branch

Mr Richard Harding
Assistant Commissioner
People Management and Deployment Branch

Mr Denis John Ives
Public Service Commissioner

Mr Peter Kennedy
Deputy Commissioner

Mr Mark Kilner
Acting First Assistant Commissioner
Human Resource Policy Division

Ms Julie Ann West
Acting Assistant Commissioner
APS Entry and Advancement Branch

Department of Industrial Relations

Mr Patrick Dennis Gourley
Acting First Assistant Secretary
Corporate Development Division

Mr John Brendan Preiss
Deputy Secretary

Ms Meryl Annette Stanton
First Assistant Secretary
Government Authorities and Defence Division

Mr Ralph Bernard Yates
First Assistant Secretary
Australian Public Service Pay and
Conditions/Pay and Structures Division

Public Sector Union

Ms Patricia Ranald
National Industrial Officer

Mr Peter Robson
National Secretary

Department of Finance

Mr Patrick Joseph Barrett
Deputy Secretary

Mr Bruce Arnold Cutting
Assistant Secretary
Resource Management Improvement

Mr John Verdon Galloway
Assistant Secretary
Resource Policies and Management Branch

Dr Louise Helen Margaret Morauta
Assistant Secretary
Public Service Employment Branch

Mr Stephen Thomas Sedgwick
Secretary

MONDAY, 17 AUGUST 1992 - CANBERRA

Public Service Commission

Ms Maureen Cane
First Assistant Commissioner
Human Resource Policy Division

Ms Jennifer Anne Colwill
Assistant Commissioner
HRD Policy and Projects Branch

Mr Brian Joseph Gleeson
Assistant Commissioner
SES Career Management Branch

Mr Doron Gunzburg
Assistant Commissioner
Middle Management Policy Development Branch

Mr Richard Harding
Assistant Commissioner
People Management and Deployment Branch

Mr Denis John Ives
Public Service Commissioner

Mr Peter Kennedy
Deputy Commissioner

Mr Mark Kilner
Assistant Commissioner
APS Entry and Advancement Branch

Ms Michalina Stawyskyj
Director
EEO Policy and Program Unit

Merit Protection and Review Agency

Mr Alan Edgar Doolan
Associate Director
Corporate and Policy Services

Mr Peter Forster
Associate Director (Operations) for
Australian Capital Territory

Ms Ann Margaret Forward
Director

Ms Helen Lu
Senior Officer

MONDAY, 31 AUGUST 1992 - SYDNEY

Premier's Department New South Wales

Mr Trevor John Barnes
Acting Director
Personnel Policy Division

Mr Richard George Humphry
Director-General

Ms Pamela Rutledge
Director
Senior Executive Service Unit

Citizen

Professor Michael Reginald Pusey

Australian Securities Commission

Mr Anthony Geoffrey Hartnell
Chairman

Ms Rosemary Oxe
Consultant

TUESDAY, 1 SEPTEMBER 1992 - CANBERRA

Department of Foreign Affairs and Trade

Mr William John Farmer
First Assistant Secretary
Corporate Services Division

Miss Margaret Rosaleen McGovern
Principal Adviser
Corporate Services Division

Mr Ian William Porter
Assistant Secretary
Personnel Branch

Ms Penelope Ann Richards
Assistant Secretary
Resources Branch

Department of the Arts, Sport, the Environment and Territories

Mr David Anderson
Assistant Secretary
Portfolio Coordination Branch

Mr Anthony Stuart Blunn, AO
Secretary

Mr Leslie Howard Neilson
Assistant Secretary
Corporate Operations Branch

Ms Catherine Santamaria
First Assistant Secretary
Corporate Management, Information
and Territories Division

Department of Social Security

Mr James Cameron Moore
Acting First Assistant Secretary
Resource Management Division

Mr John Regan
Assistant Secretary
Training Branch

Ms Sheila Ross
Assistant Secretary
Industrial Relations and Personnel

Mr Derek Volker, AO
Secretary

Department of Employment, Education and Training

Mr Kenneth James Douglas
Director
Recruitment Services

Mrs Lavina Evans
Assistant Secretary
Personnel Management and Services Branch

Mr Graham Gall
Acting Assistant Secretary

Mr Paul William Hickey
Deputy Secretary

Mr Roger Donald Peacock
First Assistant Secretary

Attorney-General's Department

Mr Alan Douglas Rose
Secretary

Mr Christopher John Rose
Manager
Executive Branch

MONDAY, 19 OCTOBER 1992 - CANBERRA

Department of Administrative Services

Mr John Mellors
Acting Executive General Manager

Mr Graham Semmens
Assistant General Manager
Employee Relations and Development Branch

Mr Noel John Tanzer
Secretary

Department of Veterans' Affairs

Mr Peter Gregory O'Connor
National Program Director
Corporate Services

Mr Lionel Barrie Woodward
Secretary

Australian National Audit Office

Mr Michael John Jacobs
Acting Auditor-General

Mr Ian Douglas McLauchlan
Executive Director

**Mr John Meert
Executive Director
Executive Support Branch**

Centre for Australian Public Sector Management

**Professor Patrick Weller
Professor of Politics and Public
Policy and Director, Centre for
Australian Public Sector Management**

Management Advisory Board/Department of the Prime Minister and Cabinet

**Mr William James Blick
First Assistant Secretary
Government Division**

**Mr Martin Charles Brian Bonsey
Assistant Secretary
Parliamentary and
Government Branch**

**Dr Michael Stockton Keating, AO
Chairman
Management Advisory Board
and Secretary,
Department of the Prime Minister
and Cabinet**

EXHIBITS

Public Service Commission:

1. Public Service Commission, *Managing Our People, A Framework for Human Resource Management in the Australian Public Service*, July 1992.
2. Public Service Commission, *Standard of Conduct*, 1992 (pamphlet).
3. *Public Sector Management Course, A management course developed for Australia's public sector middle managers*, Prospectus.
4. Joint APS Training Council, *Off to a Good Start, Towards New Training Structures for Young People and New Entrants to the Australian Public Service*, March 1992.
5. Overview of the Inefficiency Process (chart).
6. Public Service Commission, *Equal Employment Opportunity, A Strategic Plan for the Australian Public Service for the 1990s (Draft)*, January 1992.

Public Sector Union:

7. Table showing Backgrounds of Departmental Secretaries.

Public Service Commission:

8. *Evaluation of the use of Section 42A of the Public Service Act in the Australian Public Service*, August 1992.
9. Public Service Commission, *SES Career Management, Senior Executive Service Statistics - 1991*, June 1992.

10. Public Service Commission, *Managing Our People, Equal Employment Opportunity, Summary of Consultations on the Draft Strategic Plan for the Australian Public Service for the 1990s*, August 1992.
11. Public Service Commission, *SES Career Management, Guidelines for Departments and APS Agencies on Senior Executive Service Appointment, Promotion, Transfer, and Temporary Performance*, June 1992.
12. Public Service Commission, *SES Career Management, A Guide for SES Selection Advisory Committees 1992*, Third edition June 1992.

Merit Protection and Review Agency:

13. Letter from Merit Protection and Review Agency Promotion Appeal Committee to a Department, dated 21 July 1992.

Premier's Department New South Wales:

14. Premier's Department, Office of Public Management, *Senior Executive Service*, October 1989.
15. Premier's Department, *SES Administrators Manual*, December 1991.
16. Premier's Department, Office of Public Management, *Human Resources Manual*, 1991.
17. Premier's Department, Office of Public Management, *Part-Time Work*, December 1990.
18. Premier's Department, Personnel Policy Division, *Guidelines for Entry Level Recruitment*, June 1992.
19. Premier's Department, Office of Public Management, *Competitive Tendering and Contracting Out - Guidelines*, 1991.

Department of Employment, Education and Training:

20. Department of Employment, Education and Training, *Corporate Plan 1991-1994 and Our Corporate Directions 1991-1994*.

Department of Administrative Services:

21. Department of Administrative Services, *Corporate Plan 1991-92 to 1993-94* (folder).
22. Department of Administrative Services, *An Accountability Framework for the Department of Administrative Services*.
23. Department of Administrative Services, *Code for Handling Conflict of Interest*, October 1991.

Management Advisory Board/Department of the Prime Minister and Cabinet:

24. Australian Public Service Management Advisory Board - *Membership and Operations*.
25. Department of the Prime Minister and Cabinet, *Secretaries to Commonwealth Government Departments Statistical Data*, October 1992.
26. Department of the Prime Minister and Cabinet, *Nominal SES/SOS Staffing Statistics*, 10 September 1992.

APPENDIX 4

BRIEFINGS, INSPECTIONS AND SEMINAR

In total the Committee was briefed by and inspected seven organisations and co-hosted a seminar. Details are listed below:

Date	Organisation
23.06.92	Public Service Commission, Canberra
30.07.92	Centre for Australian Public Sector Management, Brisbane
06.08.92	ANZ Banking Group, Melbourne
06.08.92	APS Recruitment Office, Melbourne
19.08.92	Management Advisory Board/ Management Improvement Advisory Committee Task Force, Canberra
31.08.92	APS Recruitment Office, Sydney
07.10.92	Philippines HRD/HRM Managers Training Program, Canberra

A seminar was also held on 22 July 1992 in Parliament House, Canberra. The seminar, 'Meeting the Human Resource Management Challenge of the 90s,' was co-hosted by the Royal Institute of Public Administration Australia (ACT Division).

APPENDIX 5

CHRONOLOGY OF SIGNIFICANT LEGISLATIVE AND ADMINISTRATIVE REFORMS IN THE 1980s AND 1990s¹

- 1980 The *Public Service and Statutory Authorities Amendment Act 1980* provided amongst other things for the Public Service Board (PSB) to make determinations relating to terms and conditions of employment, excluding superannuation, and maternity and long service leave. The determination powers enabled the PSB to more quickly implement changes in conditions of employment.
- 1982 The *Public Service Act Amendment Act 1982* provided for the abolition of the four tier divisional structure of the APS; this came into effect in 1984.
- 1983 White Paper, *Reforming the Australian Public Service: A Statement of the Government's Intentions*, detailed the Government's specific policy proposals on the reform of the machinery of government. The reforms proposed in the White Paper addressed the following themes:
- reassessment of the roles of central agencies;
 - stronger and more effective central management;
 - improvements in the allocation of resources; and
 - development of personnel policies providing an equal opportunity for all Australian citizens to compete for positions in the APS.
- 1984 The Financial Management Improvement Program and Program Management and Budgeting were introduced.
- The *Public Service Reform Act 1984* provided for a number of important changes including the clarification and reinforcement of Ministerial control and responsibility for the Public Service and:
- the creation of the Senior Executive Service (SES) to replace

1. Adapted from Public Service Commission submission, Evidence pp. S686-97.

the 2nd Division and develop the managerial and policy advisory abilities of the senior ranks of the Service;

- . the provision of a clear statement of the merit principle and incorporation of anti-discrimination provisions in the Public Service Act;
- . the requirement that departments develop, maintain and implement equal employment opportunity programs and implement industrial democracy plans;
- . the transfer of responsibility for advice to the Government on staff numbers from the Public Service Board to the Department of Finance;
- . the transfer of responsibility for creation, abolition and reclassification of positions to Secretaries of departments;
- . provision for the introduction of permanent part-time employment and Joint Selection Committees; and
- . introduction of Australian citizenship as a requirement of appointment.

The Merit Protection (Australian Government Employees) Act 1984 established the Merit Protection and Review Agency as a grievance and appeals body independent of the Government, the PSB and departmental management.

1985 *The Public Service and Statutory Authorities Amendment Act 1985* included inefficiency as grounds for redeployment and retirement action and introduced revised provisions for the engagement of temporary staff under the Public Service Act

1986 *The Public Service Legislation (Streamlining) Act 1986* gave effect to a series of reforms announced by the Prime Minister in September 1986 including simplified and streamlined provisions relating to discipline, promotion, promotion appeals and higher duties.

Many of the PSB's powers were either devolved or delegated to Secretaries of departments, including the authority to appoint staff to certain classifications in the APS.

1987 The introduction of the *Australian Public Service Redeployment and Retirement (Redundancy) Award 1987* allowed for a voluntary retrenchment package based on length of service.

The *Administrative Arrangements Act 1987* resulted in the abolition of the PSB and the establishment of the PSC as its successor.

A part-time Management Advisory Board was also established.

Operational aspects of base grade recruitment, such as testing and referral of applicants for base grade clerical and clerical assistant vacancies (the principal entry points to the APS) were devolved to the Department of Employment, Education and Training.

Twenty-eight departments were reduced to seventeen; a two-tiered ministry was created.

1989 A new national wages policy based on the Structural Efficiency Principle was introduced. The SEP links wages policy to improvements in efficiency, multiskilling and improved career paths for employees.

Middle management training funding of \$10m per year for three years was approved, to commence in 1990/91.

A Joint APS Training Council was established.

Further Steps Forward - EEO into the 1990s launched the EEO strategy for the 1990s. The four-part strategy aimed to accelerate the implementation of Equal Employment Opportunity policies and practice in the Public Service into the 1990s. The strategy comprised:

- greater accountability to Ministers for EEO action and achievements through regular quarterly reporting by heads of agencies;
- increased management awareness of EEO, through senior executive and middle management training and other initiatives;
- a focus on EEO efforts in the regions, that is, in capital cities, regional centres and remote areas; and

the development of a strategic plan for EEO achievement in the Australian Public Service for the 1990s.

1990 Guidelines for SES performance appraisal were issued by the Department of Industrial Relations. The agreement under the Structural Efficiency Principle reached between the government and the unions stated that they agreed on the introduction of a performance pay system for Senior Officers and the implementation of performance appraisal.

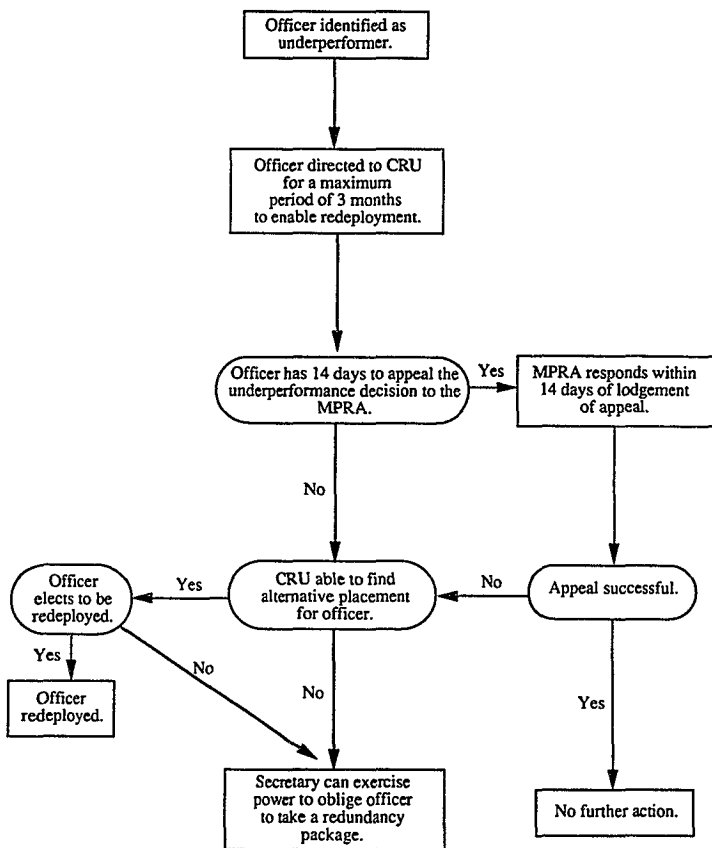
1991 The *Prime Minister and Cabinet Legislation Amendment Act 1991* amended the Public Service Act to reflect the restructure of the Senior Executive Service into three Bands and the introduction of the SES (Specialist) category.

The Act also made a number of other changes including those relating to the role of the Public Service Commissioner in the termination of SES officers on probation and the extension of SES fixed-term appointments.

1992 The Draft Strategic Plan on EEO in the Australian Public Service was released.

The Workplace Bargaining Agreement for the Australian Public Service and performance pay for SES and Senior Officers were endorsed by the Australian Industrial Relations Commission.

MANAGEMENT OF UNDERPERFORMING OFFICERS
Improved Inefficiency Procedures



APPENDIX 7

Department	Age	Education	Employment	PMC DoF Treasurer IC/EPAC
1 DAS	Noel Tarrar	61 B.A. (OLD) - Public Admin & Psychology	1968-81 Public Service Board, FAS PMC 1981-86 DepSec DSS 1986-89 Sec DVA 1989- Sec DAS	YES
2 DASET	Anthony Blunn	56 ANU LL.B. (Melb.)	1967-79 Commonwealth Public Service 1979-80 FAS DoF 1980-81 DepSec Business & Consumer Affairs 1981-83 DepSec Capital Territory 1983-87 DepSec Housing & Construction 1987- Sec DASET	YES
3 A-G's	Alan Rose	48 B.A. (OLD), LL.B. (OLD) LL.M. (LSE)	1967-71 PMC 1971-73 Queensland University 1974-79 PMC 1979 LSE 1979-86 FAS PMC, DepSEC PMC 1986-87 Sec Community Services 1987-89 AssocSec, Attorney-General's 1989- Sec Attorney-General's	YES
4 DoD	Tony Ayers	59	1961-67 Victorian State Public Service 1967-69 Dr Wallers ACT 1969-71 SenAdm Prime Minister's 1971-73 AsstSec, FAS, Office of Environment 1974-76 Chair Children's Commission 1976-77 FAS PMC 1977-79 DepSec, UnderSec PMC 1979-81 Sec Aboriginal Affairs 1981-86 DrGen DSS 1986-87 CEO Efficiency Scrutiny Unit 1987-88 Sec DHHS 1988- Sec DoD	YES
5 DEET	Greg Taylor	Economics Degree	1985 FAS PMC 1985-86 Dep Sec PMC 1986-89 Chair IC 1989-92 Sec DEET	YES
6 DoF	Savva Sadgrock	42 Masters - LSE	? Treasury 1985 PrivAdm PMC 1985-88 SenECad Hawke 1988 PrivAdm PMC 1988 DepSec DoF 1991 Chair IC 1992 Sec DoF	YES
7 DFAT	Peter Wilenski	53 University of Sydney Oxford Harvard Clerken	1967-71 FA Office 1972 Treasury Office 1972-74 PPS to Whitlam 1975 Sec Labour & Immigration 1980-82 OECD 1983-84 Sec Education & Youth Affairs 1983-87 Chair PSB 1987-88 Sec DTC 1988 Ambassador to UN 1988 Sec DFAT (Highlights only - see Who's Who for more detail)	NO
8 DHHS	Stuart Hamilton	B.A. (Hons) Telemedia Oxford B.Ec ANU	1975 APS Admin trainee, secondments included PSB, P 1976 P.C. RACA 1978-83 PMC 1983-85 FAS PMC 1985-86 DepSec Community Services 1987-88 DepSec PMC 1988 Sec DCSH	YES

9	DILGEA	Cris Conybeare	48	B.A. (Hons) (Syd) M Phil (London)	1965 External Affairs 1973-75 Alt Exec Dir Asian Dev Bank 1975-80 DFAT 1980-81 Chief Review of ABC 1983-86 FAS PMC 1986-88 PPS to Hawke 1988-90 Dep Sec PMC 1990- Sec DILGEA	YES
10	DIR	Michael Costello			1970 Customs & Excise 1971 DFAT 1981-86 PPS to Hayden 1980's 2 periods with ONA in PMC 7 DepSec DFAT 1992 Sec DIR	YES
11	DTAC	Neville Stevens	41	B. Ec. (Hons) (Adelaide)	1971-75 Treasury 1975-81 PMC 1981-85 DirHead PMC 1985-90 DepSec DTAC 1990- Sec DTAC	YES
12	DPME	Geoff Miller	50	B.Ag.Ec (Hons) (UNE) M.A. (Stanford)	1977-81 Dir BAE 1981-83 DepSec PI 1983-88 Dir EPAC 1986-87 Sec PI 1987-88 AssocSec DFAT 1988 Sec DPME	YES
13	PMC	Michael Keating	52	B.Com. (Hons) (Melb) Ph.D (ANU)	1976-78 OECD, Paris 1978-82 FAS PMC 1982-83 DepSec DoF 1983-86 Sec DEIR 1986-92 Sec DoF 1992- Sec PMC	YES
14	DSS	Derek Volkar	53	B.A. (GLD) LSE	1956 Labour & National Service 1974 AsstSec DIR 1975 FAS Labour & Immigration 1978 DepSec Immigration & Ethnic Affairs 1981-86 Sec DVA 1986- Sec DSS	NO
15	DTIC	Graham Evans	49	Melbourne ANU M.A., M.L.P.P., Dip. Ed John Hopkins	1958-61 DFAT 1982-83 AsstSec Treasury 1983-86 PPS to Hawke 1986 DepSec PMC 1986-87 Sec Resources & Energy 1987-88 Sec DPME 1988- Sec DTC	YES
16	Treasury	Tony Cole	45		1983-86 Head, Keating's Office 1987 Treasury 1987-88 FAS PMC, DepSec PMC 1988 Chair, IC 1988 Sec Treasury	YES
17	DVA	Lionel Woodward	50	ANU B.A. - Psychology & History	1981 Dept of Navy 1980-81 PSB 1982 DepSec Immigration & Ethnic Affairs 1985-86 Chair InterD Adv & Dyp Chie on F&I Member Steering Com on F&I IN APS 1985 Chief of Defence Prod. DoD 1986-88 Dir Aerospace Technologies of Aust Pty Ltd 1987 Head Defence Logistics, DoD 1988 Sec DVA	NO
18	ATO	Trevor Boucher	56	U. B. (Melb)	1956-68 ATO 1969-80 AsstCom ATO 1980-77 FA Com ATO 1977-84 2nd Com ATO 1984- Commissioner ATO	NO

**SECRETARIES
TO
COMMONWEALTH GOVERNMENT DEPARTMENTS
STATISTICAL DATA**

**DEPARTMENT OF THE PRIME MINISTER AND CABINET
OCTOBER 1992**

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TABLE 1: YEAR OF CURRENT APPOINTMENT

Year	Name / department
1986	Volker (DSS)
1987	Blunn (DASETT)
1988	Ayers (DoD) Evans (DTC) Hamilton (DCSH) Miller (DPIE) *
1989	Rose (A-G's) Tanzer (DAS) Taylor (DEET) Woodward (DVA)
1990	Conybeare (DILGEA) Stevens (DITAC)
1991	Cole (Treasury) Keating (PM&C)
1992	Costello (DIR) Miller (Tourism) Sedgwick (DoF) Wilenski (DFAT)

* Also Secretary to Tourism

TABLE 2: YEAR OF FIRST APPOINTMENT AS SECRETARY

Year	No. appointed	% appointed
1975	1	5.88
1979	1	5.88
1981	2	11.76
1983	1	5.88
1986	4	23.52
1988	1	5.88
1989	2	11.76
1990	2	11.76
1991	1	5.88
1992	2	11.76
TOTAL	17 *	100.00

* Figures based on 17 individuals not 18 Secretary positions as Miller is Secretary to DPIE and Tourism

TABLE 3: LOCATION IMMEDIATELY BEFORE FIRST APPOINTMENT AS SECRETARY

Organisation	No. appointed from organisation	% appointed from organisation
Prime Minister & Cabinet	5	29.41
IAC/IC	3	17.64
Task Forces/Research	2	11.76
Finance	1	5.88
Economic Planning Advisory Council	1	5.88
Business & Consumer Affairs	1	5.88
Foreign Affairs & Trade	1	5.88
Industry, Technology & Commerce	1	5.88
Social Security	1	5.88
Defence	1	5.88
TOTAL	17	100.00

**TABLE 4: YEARS SPENT IN
THE DEPARTMENT OF THE PRIME MINISTER AND CABINET**

Years in PM&C	No. of Secretaries	% of Secretaries
16	1	5.88
10	2	11.76
5	3	17.64
4	2	11.76
3	1	5.88
2	1	5.88
1	1	5.88
0	6	35.29
TOTAL	17	100.00

**TABLE 5: PERCENTAGE OF CAREER IN
THE DEPARTMENT OF THE PRIME MINISTER & CABINET**

% of career in PM&C	No. of Secretaries	% of Secretaries
0	6	35.29
1-10	3	17.64
11-20	5	29.41
21-30	0	0.00
31-40	0	0.00
41-50	1	5.88
51-60	1	5.88
61-70	1	5.88
71-100	0	0.00
TOTAL	17	100.00

TABLE 6: EDUCATIONAL QUALIFICATIONS

Qualification	No. with qual.	% with qual.	Major subjects	Institutions
Teaching	2	11.76		Melbourne Teachers' College
Medicine	1	5.88		Sydney
B.A.	9	52.94	Political Science, Public Administration, History, English Literature, Psychology, Philosophy	Melbourne, Sydney, Queensland, Oxford, ANU, Tasmania
LL.B.	3	17.64		ANU, Melbourne, Queensland
B.Ec./B.Comm.	6	35.29		Sydney, ANU, Melbourne, Adelaide
B.Ag.Ec.	1	5.88		New England
M.Sc. (Econ)	1	5.88		London
M.A./M.Phil/MPA/MPP	6	35.29	Public Policy & Administration (domestic & international), International Affairs, International Economics, Resource Policy	London, Johns Hopkins, Stanford, Harvard, Carleton, Melbourne
LL.M.	1	5.88	International Politics, Administrative Law	London
Ph.D.	2	11.76		ANU, Stanford
TOTAL	32*			

* Many individuals have more than one qualification

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