

**SENATE STANDING COMMITTEE ON
FINANCE AND PUBLIC
ADMINISTRATION**

REFERENCES COMMITTEE

**Reform of Australian Government
Administration**

SUBMISSION

SUBMISSION NUMBER: 10

SUBMITTER

Australian Public Service Commission



AUSTRALIAN PUBLIC SERVICE COMMISSIONER
STEPHEN SEDGWICK

Ms Christine McDonald
Secretariat
Senate Finance and Administration Committee
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Ms McDonald

Please find attached the submission from the Australian Public Service Commission (APSC) to the Senate Finance and Administration Committee inquiry into *Ahead of the Game: Blueprint for the Reform of Australian Government Administration (Blueprint)* issued by the Advisory Group on Reform of Australian Government Administration in March 2010.

The APSC has responsibility for 14 of the 28 major recommendations of the Advisory Group across a wide range of areas. A summary of key progress and actions against those recommendations is provided as an attachment to this submission.

A key message in the submission is that the APSC has undertaken research and given considerable thought to the future needs of the Australian Public Service. The focus on investing in our 'human capital' and supporting 'one APS' is central to the achievement of the reform agenda.

The APSC does not consider the information provided in the submission is such that it needs to be kept confidential.

Stephen Sedgwick
> 2 September 2010

The Australian Public Service Commission's (APSC) Submission to Finance and Public Administration Committee review of Reform of Australian Government Administration.

Introduction

The 2008-2009 Annual Report of the APSC noted in the Commissioner's Overview, that:

The APS needs to be well placed to implement a complex, extensive policy agenda for government in a fast-paced environment. It needs to meet expectations that it give robust, evidence-based strategic policy advice; generates innovative ideas; engages constructively with the community; practices fiscal rigour; and has in place strong performance regimes with the capacity to deliver cost savings.

This was an acknowledgement that our environment had changed considerably since the *Public Service Act 1999* had come into effect – reflecting for example, rapidly changing technology, the pace of change in society, changes in our international environment, rising citizen expectations, and an acceptance that even previously intractable problems should be addressed.

Moreover, as many have remarked, the issues for which an individual seeks assistance from Government are often, from their perspective, 'joined up'. What they seek is a whole of Government approach, as opposed to one segmented by different Agency responsibilities, and tailored to their circumstances.

The agenda to position the APS for the future was therefore, well understood within the APSC and we welcome the role envisaged for the Commission as recommended by the Advisory Group in the Report *Ahead of the Game: Blueprint for Reform of Australian Government Administration*. The Advisory Group recommendations are designed to strategically position the APS to respond well to these external demands. The Government has accepted the Group's recommendations, which are now being implemented.

Advancing the recommendations of the Advisory Group provides a unique opportunity for the Australian Public Service (APS) to reaffirm its position as a strategic and relevant regulator, policy adviser, provider and enabler of government services. It lays the foundation for an approach that is built around the needs and expectations of citizens (broadly defined), exploiting emerging information, communications and administrative technologies as they become available to ensure that the interventions and solutions that the APS recommends to, or implements on behalf of, the government of the day are targeted, efficient, effective and innovative.

Of fundamental importance is the emphasis placed on systematically planning for and building the capabilities of the APS workforce to ensure that it continually adapts to emerging needs and is resilient in the face of the unexpected. Strengthened arrangements to monitor, report and share good practice are also proposed. These include proposals to explore options to adopt diagnostic tools currently available in some other jurisdictions such as a Citizen's survey or Capability reviews.

Although most are to be progressed from within existing resources, the 2010-11 budget provided significant additional resources for the APSC to develop and implement Blueprint initiatives for which it bears responsibility. While remaining committed to the recommendations of the blueprint the government has signalled during the election that it will provide reduced funding

than originally planned, reflecting revised budget priorities. We will be discussing the implications of this for the timing and resourcing of the APSC's implementation of its responsibilities in due course.

Key Recommendations

The focus on investing in our 'human capital' is central to positioning the public service to meet the changing external environment. Agencies have different capacities to respond to such developments and there is a range of experience and understanding to be shared. In response to the recommendations of the Blueprint, APSC has begun to strengthen its capacity to provide thought leadership, especially to smaller agencies, and to identify and promulgate good practice across the APS. As successive reviews of the public sector have emphasised since the Coombs Inquiry of 1976, the leadership cohort will play a critical role in more consistently embedding the culture and practice of a more contemporary approach to managing and developing our people. The Blueprint places a strong emphasis on the importance of quality leadership and makes a number of recommendations to strengthen APS leadership, including through revised governance arrangements (creation of the Secretaries Board, revised roles for secretaries and the establishment of the APS 200), proposals to strengthen talent management practices across the APS and proposals to develop new approaches to leadership preparation and learning and development in the APS. We strongly support these measures, noting that these are consistent with longstanding responsibilities of the APSC to assist APS leaders in these tasks, subject to the policies of the government of the day and the resources available to it.

In fact, the Advisory Group envisages a wider remit across the APS for the APSC. Amongst other things, it provides an enhanced role for the Commissioner in areas including the appointment, termination and assessment of Secretaries. The Advisory Group also recommends that the *Public Service Act* be amended to better reflect the longstanding understanding that Secretaries perform a range of roles. Along with the need to respond to and implement the agenda of the government of the day, these include a number of responsibilities to nurture and develop the capabilities of the APS to meet future challenges, both in respect of the specific agency and for the APS as a united institution – 'one APS'. This understanding would be further reinforced if any future performance appraisal arrangements were framed to include all of the responsibilities of Secretaries within their purview.

The Advisory Group has also recommended that the APSC introduce a number of monitoring and reporting tools that have been employed by comparable jurisdictions overseas such as Canada, the UK and New Zealand. These include the citizen survey and capability reviews, which provide government with a range of data regarding the drivers of citizen satisfaction with service provision and the preparedness of the major agencies to meet contemporary challenges, respectively. These additional tools may assist to establish how well the APS is responding to the underlying drivers. Work is in hand to assess the feasibility and cost of adopting such practices in Australia, for subsequent consideration by government.

Amongst other things, the concept of 'one APS' is a reflection of the benefits of collaboration and 'systems thinking' which helps to produce 'joined up' solutions to meet the needs of citizens. 'One APS' is also about identifying and removing systemic barriers to the movement of ideas and staff across agencies. It is also recognition that the APS is an institution united by a common set of values which is arranged and reconfigured in different combinations of functions from time to time, responding to changing government priorities as reflected in the Administrative Arrangements Orders.

The government has agreed with the recommendation of the Blueprint that responsibility for APS workplace relations matters should transfer to the APSC. The transfer took effect on 1 July. This will enable workplace relations matters to be considered alongside the other elements of the APS human capital framework. We will be discussing with government how best to give effect to recommendation to pursue greater commonality in terms and conditions across APS agencies. This recommendation is intended to improve pay equity, simplify Machinery of Government changes and other mobility across the APS and ensure a more consistent alignment of pay with work performed.

This is to be supported by a review over time of the APS classification system and work level standards. Work level standards were last promulgated on an APS-wide basis over 20 years ago and are due for revision and updating to reflect a contemporary capability framework. This will facilitate a clearer articulation of performance expectations for employees, allow the better identification of learning and developments needs of employees, support the introduction of modern talent management approaches and the active management of talent within agencies and across the APS. In each case this will present a timely opportunity for the APS to review existing practices and ensure that they meet contemporary standards of best practice.

A first step in the review of work level standards is underway in respect of the SES. The number of SES employees has increased by at least 50 per cent in each band over the past 15 years, whereas the total size of the APS has grown by 15 per cent over this period. A review is currently underway, chaired by Roger Beale AO, to establish the causes of this growth and to assess whether more systematic approaches should be adopted in future to provide greater consistency about decisions to create new SES positions. This review is expected to report before the end of 2010.

Human Capital Framework

The APSC strongly supports work to develop a revised Human Capital Framework which provides a contemporary, holistic approach to the management of the APS workforce and recognises that the capability of APS organisations needs to be actively planned for and systemically developed. This approach is broader than the more traditional approach based on 'people management'. It requires and promotes professional management of individuals, consistent with good 'people management' practices but, in addition promotes proactive planning for and management of the capabilities of the workforce in the expectation that there will be a return from such an investment in either less costly or more effective government programs (or both) .

A new human capital framework will promote a shared understanding across the APS of best practice human capital management. It would promote the use of a common language anchored to the core components of human capital and include strategies and approaches across workforce planning, recruitment and induction, learning and development, performance management, and mobility. The introduction of a common human capital framework will increase visibility and accountability for human capital management across the APS, allow greater analysis of the factors impacting the APS workforce and, a greater ability to act on the findings and address systemic workforce challenges across the APS. This is consistent with contemporary best practice. This initiative will be progressed in cooperation with agencies at a pace consistent with available resources.

The inter-connectedness of each of the elements of the human capital framework will allow the APSC, subject to the available resources, to develop and deliver strategic advice, products and programs which respond to the requirements of APS agencies and, better support the overall management of the APS workforce. One such product will be a human capital priority plan to identify the systemic workforce challenges across the APS and recommend strategies applicable to the whole of the APS. A strength of the approach recommended by the Advisory Group that this Plan should be endorsed by portfolio Secretaries and the Commissioner. This will help to ensure that there is a good alignment with the imperatives that the APS faces.

In particular the development of a new APS human capital framework will help to promulgate a consistent approach to workforce planning. This will support the identification of the capability and capacity requirements of agencies, critical roles, and encourage the coordination and development of agency and APS wide responses to identified workforce needs. Workforce planning is by no means a precise exercise. The importance of this work lies in a systematic examination of alternative scenarios for the future evolution of the APS workforce and a consideration of the risks and consequences should workforce needs evolve along unexpected paths. The APSC can assist agencies by sharing expertise and information that it would be more costly (in aggregate) for individual agencies to seek to acquire separately. The identification of workforce capability issues that agencies hold in common may also lead to the development of more cost effective responses. The recent development of an ICT workforce plan following the Gershon review is a case in point.

The APSC accepts that it should strengthen its own capabilities to assist agencies to more systematically adopt contemporary human capital philosophies and practices and will pursue this objective within its resourcing envelope.

Internal Arrangements within the APSC to Deliver

To support and achieve this agenda, the APSC is currently refreshing and reinvigorating our skill requirements and profile and, corporate infrastructure.

Three major factors for the APSC in this new environment have been identified as:

- a rearticulation of the strategic priorities of the APSC to assist it to lead and shape the contemporary APS, having regard to the changing external environment and the insights contained in the work that informed the Blueprint;
- agency relationship management and engagement through partnering with agencies and enhanced client engagement;
- generating and disseminating insights based on analysis and robust evidence that add value to the decision making of APS agencies.

The Commission has taken steps to realign existing functions and develop new thought leadership roles and capabilities through a major restructure of the Commission. The restructure is intended to better position the APSC to respond to the opportunities to provide analysis, engagement and support to agencies as they respond to contemporary conditions.

The Commission has developed new strategic priorities to support and drive its implementation of the reform agenda and its ongoing business. These priorities are:

- building a unified citizen-centric APS by leading APS organisational and human capital strategies
- driving agency adoption of best human capital practices and assuring organisational capability
- developing outstanding leaders and shaping a cohesive leadership network
- instilling and enlivening APS ethics and values to inspire excellence
- investing in and building our own capability.

The Commission is implementing a revised organisational structure, which has been progressively implemented from 1 July 2010. The structure reflects a new business model and a significantly enhanced focus on stakeholder and client engagement.

Leadership Preparation and Talent Management

A particular feature of the new APSC structure is the establishment of a Strategic Centre for Leadership, Learning and Development. The Centre has particular responsibilities to progress a number of the recommendations of the Blueprint concerned with nurturing the leadership of the APS. These recommendations include a review of certain core learning and development requirements for the APS; the provision of consumer information (or quality assurance services) to APS purchasers of learning and development interventions; revised arrangement to procure, broker or accredit core programs; and the promotion of talent management, possibly through personalised interventions to accelerate the development of potential future leaders of the APS. The Centre will be working with its Advisory board to progress these matters in coming months. This work will include the development of funding models to support elements of this work (for example, personalised talent management activities).

However the establishment of this Centre also responds to stakeholder feedback in support of greater thought leadership from the APSC in these areas that is demonstrably independent of the Commission's roles as a provider of training and similar services. The Centre will be managed separately from the provider roles of the Commission and its activities will be oversighted by an Advisory Board comprising five members of the Secretaries Board and two private sector members¹. This will help to ensure that the perspectives of the Centre are well informed and that the priorities of the centre align with those of the APS leadership and the Human Capital Priority Plan.

¹ The members of the Strategic Centre for Leadership, Learning and Development Advisory Board are:
 Mr Stephen Sedgwick (Chair)
 Mr Chris Blake
 Dr Jeff Harmer AO
 Ms Robyn Kruk AM
 Mr Finn Pratt
 Ms Ann Sherry AO
 Dr Ian Watt AO

Progress of the 14 APS Reform initiatives for the which the APSC is responsible, as at 20 September 2010

No.	Title	Progress to 16 September 2010
2.2	Conduct a Citizen Survey	<ul style="list-style-type: none"> The Commission is undertaking a feasibility study for government consideration. This has regard to the experience of other jurisdictions (especially Canada and New Zealand) and existing agency surveys.
4.1	Revise and embed APS Values	<ul style="list-style-type: none"> The Commission developed a discussion paper on revised APS Values and circulated it to stakeholders and the wider APS for comment in June 2010 Comments are being assessed with a view to circulating a further draft for consideration in due course
4.2	Articulate the roles and responsibilities of Secretaries	<ul style="list-style-type: none"> Work has commenced on developing a paper (in consultation with PM&C)
4.4	Strengthen leadership across the APS	<ul style="list-style-type: none"> The Secretaries Board was established in May 2010 and meets monthly The APS200 was established in July 2010 and the inaugural APS200 event was held on 10 August 2010
4.5	Improve Talent Management across APS	<ul style="list-style-type: none"> The Commission established the Strategic Centre for Leadership, Learning and Development to develop an APS-wide talent management approach and, APS-wide learning and development strategies
7.3	Expand and Strengthen Learning and Development	<ul style="list-style-type: none"> The Centre is oversighted by the Leadership, Learning & Development Advisory Board to provide guidance on its approaches
5.1	New APSC with responsibilities to lead the APS	<ul style="list-style-type: none"> The Public Sector Branch was transferred from the Department of Employment, Education and Workplace Relations to APSC as part of machinery of government changes A new organisational structure has been implemented and work has begun to position the Commission to take on a more integrated and coordinated role

6.1.1	Ensure employment bargaining arrangements support one APS (bargaining framework)	<ul style="list-style-type: none"> Options are under development for consideration by government
6.1.2	Ensure employment bargaining arrangements support one APS (classification, WLS & capability frameworks)	<ul style="list-style-type: none"> See 6.1.1
6.2	Assess the size and role of the SES	<ul style="list-style-type: none"> The SES cap is operational. A review on size and growth of SES is underway.
7.1	Coordinate workforce planning (human capital framework)	<ul style="list-style-type: none"> A draft human capital framework and workforce planning framework are under development
7.2	Streamline recruitment and improve induction	<ul style="list-style-type: none"> Planning is in early stages
7.4	Strengthen the performance framework	<ul style="list-style-type: none"> Research is underway
7.5	Encourage employees to expand their career experience	<ul style="list-style-type: none"> Nil progress to date
8.1	Conduct agency capability reviews	<ul style="list-style-type: none"> The APSC is developing options for agency capability reviews for consideration by government