



13 OCT 2008

AUSTRALIAN PUBLIC SERVICE COMMISSIONER
LYNELLE BRIGGS

Submission No: 54-4

Ms Sharon Grierson MP
Chair
Joint Committee of Public Accounts and Audit
PO BOX 6022
House of Representatives
Parliament House
CANBERRA ACT 2600

Dear Ms Grierson

Following my appearance at your Committee's hearings for its current reference on "Effects of the ongoing dividend on smaller public sector agencies" in September, I would like to provide the Committee with further information as requested during the proceedings.

At Attachment A, I have provided a draft set of questions for the Committee to pose to Portfolio Secretaries' to gauge their views about the ongoing health of small agencies in their portfolios. As discussed with you during the hearing, I believe it would be appropriate to canvas these issues with Portfolio Secretaries directly.

Proposed question 2 refers to fixed costs. In their submissions and evidence, some agencies argued that overheads such as IT, property and security comprise a large share of their budget, meaning that a significant proportion of their budget is fixed. Therefore, they have a much smaller 'discretionary' budget on which to apply the dividend. The proposed question seeks to tease out the extent of this problem. However, agencies may well define their fixed costs differently, so the results will be hard to compare. You may care to consider approaching the Department of Finance and Deregulation, or alternatively the Productivity Commission, for a view on what would be a reasonable definition of fixed costs which could apply across all agencies for the purpose of your inquiry.

The Committee also sought assistance from the Commission in relation to possible analysis of the responses to the efficiency dividend questions that the Committee chooses to proceed with. I would be happy to have my officers work with the Committee Secretariat to analyse the data.

I have also attached for the Committee (Attachment B) a copy of questions the Commission asked of agencies in this year's *State of the Service* report. Those questions were focussed specifically on the impact of the increased efficiency dividend imposed as part of the Government's budgetary measures. The results from the agency survey will be made available to you once they are finalised.

I am able to provide you with further information about the Small Agencies' Forum that we discussed at the September 19 proceedings (Attachment C).

During proceedings, the Committee also raised the issue of the size thresholds used by the Commission in its Australian Public Service Employment database. The size thresholds have been in place for a number of years and are an internal classification we have adopted to assist undertaking analysis of key trends across the APS. I note the Australian National Audit Office has used data based on this classification in their publications.

I trust this information will be of assistance to your Committee.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Lynelle Briggs', with a stylized flourish at the end.

Lynelle Briggs

9th October 2008

Attachment A:

Possible Questions for the Joint Committee on Public Accounts and Audit:

Introduction:

The full set of questions below would be intended for Portfolio Secretaries.

1. Are any of your portfolio agencies struggling to be financially viable (in the broadest sense, rather than in accounting terms), given long term considerations and their overall capacity to continue to deliver on their key outputs?
2. For each small agency in your portfolio, can you please identify:
 - a. what proportion of their budget is “fixed” and what those fixed costs components are?
 - b. the proportion of their Budget that is affected by the efficiency dividend, excluding fixed costs?
3. Is the efficiency dividend impacting on the core functions of your small portfolio agencies? If so, can you please identify
 - a. the reduction in the quantity of those services for each small agency and/or
 - b. the impact on the quality of services delivered.
4. Is the efficiency dividend impacting on the overall health of small agencies in your portfolio, taking into account the ability of those agencies to invest in new technologies as well as in strategic human resource investments?

Attachment B: Questions included in this years' Agency State of the Service Survey

54. i. Please briefly outline what actions your agency has taken to adjust to the recent budget measures imposing an additional 2% efficiency dividend under the "Responsible Economic Management" package (e.g. there has been a freeze on non-ongoing employment, a reduction on the amount of travel undertaken by staff, the filling of vacancies must be approved by SES officers, none required—we can absorb it within existing arrangements).

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ii. Has the additional 2% efficiency dividend under the "Responsible Economic Management" package had any of the following impacts on your agency?

| | Yes | No |
|---|-----|----|
| a. Increased working hours of existing employees | 1 | 2 |
| b. Increased employees' average annual leave balances (i.e. employees are unable to take leave due to high workloads) | 1 | 2 |
| c. Reduced the agency's ability to offer flexible working arrangements | 1 | 2 |
| d. Reduced the agency's overall staffing levels | 1 | 2 |
| e. Other impact(s) [Please specify] | 1 | 2 |
| | | |

iii. In this tighter fiscal environment, what actions has your agency taken to ensure that the right people are in the right job (e.g. assessment of critical roles and existing personnel capability for these roles, formal succession plan being developed)? Please also indicate if your agency has not taken any additional action.

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55. a. Is managing excessive workloads an issue that has intensified for your agency in 2007–08?

- 1 Yes
- 2 No **[Please go to Comment Box J]**

b. Approximately what proportion of your workforce is affected by excessive workloads?

- 1 %
- 2 Unable to estimate

c. What segments of your workforce are particularly affected (e.g. classification levels, policy or programme people, ICT or finance people)? **[Please indicate if you are unable to specify which groups are affected.]**

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d. Please briefly outline what action(s) your agency has taken or is planning to take to address the issue of excessive workloads.

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e. Does your agency have any strategies that could assist the APS address the issue of excessive workloads?

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Attachment C: Information on the APSC Small Agencies Forum

The ACT Small Agencies HR Forum is a not-for-profit network of HR professionals. Members of the HR Forum are active in sharing and developing quality HR-related work between small to medium Government agencies.

The HR Forum was originally established in 1993 by the Commission and has steadily grown. Membership now includes 60 member agencies who represent a diverse range of Public Sector organisations.

For the Forum, a flexible approach to membership has been adopted. Whilst for the purposes of APSED, a small agency is defined as an agency up to 250 people, the Forum includes member agencies that may be larger in size. This reflects the fact that agencies that are larger than 250 may still have very similar HR issues and could benefit from belonging to the Forum to share issues.

The HR Forum functions as an independent entity, governed by a constitution. The Forum has a Management Committee, consisting of representatives from member agencies.

Membership is open to small to medium Government organisations that meet the definitions of a *public sector entity* in the Forum Constitution. This includes APS agencies, parliamentary agencies, State or Territory departments, authorities created under the executive power of the Commonwealth, States or Territories, and companies in which the Commonwealth, States or Territories have a controlling interest.

Membership to the Forum is renewed in June/July and subscription rates are based on the number of permanent staff based in the ACT. Interstate membership is available for member agencies not located in the Canberra/Queanbeyan region.

Subscription rates for the 2008-2009 financial year are:

| Agency size | Annual rate (inc. GST) |
|-----------------------|-------------------------------|
| 40 or less | \$ 215.00 |
| 41-99 | \$ 560.00 |
| 100-249 | \$ 910.00 |
| 250-450 | \$ 1,250.00 |
| 450 + | \$ 1,600.00 |
| Interstate membership | \$ 110.00 |

Membership benefits include, but are not limited to:

Forum seminars

Members' distribution email and newsletters

Shared learning and development events

Membership to the forum's management committee

Other initiatives (members are encouraged to make suggestions and identify opportunities).