

## **CHAPTER 7: MANAGEMENT SYSTEMS AND PROGRAM EVALUATION PROCEDURES: PERSONNEL MANAGEMENT**

7.1 The first of the particular items in the Committee's terms of reference is management systems and program evaluation. The Committee has dealt in Chapters 3 to 6 with important issues that could have been brought under this heading. Other significant management issues can be conveniently dealt with under the two headings of personnel management and general management and evaluation. This Chapter deals with the personnel management issues raised with the Committee and Chapter 8 covers general management issues and evaluation. Some issues covered in Chapter 12 are linked to personnel management but fit more neatly under the fourth particular item of the terms of reference. The significant personnel management issues brought to the Committee's attention related to the postings process and the staff appraisal and promotions systems and these are covered below.

### **Postings**

#### *The posting process*

7.2 The posting process is DFAT's largest and one of its most important personnel management tasks. The Department is required to organise the rotation of approximately 2400 Australia-based staff with varying skills and areas of specialisation between Australia and 89 posts overseas. This results in several hundred postings of individual DFAT officers each year. The costs of maintaining an Australia-based officer overseas are very large, sometimes amounting to several times the officer's base salary, and there is constant pressure to minimise the number of Australia-based officers at DFAT's overseas missions. The importance of effective management of the complex and expensive posting process is obvious.

7.3 DFAT told the Committee that decisions on overseas postings are made by the First Assistant Secretary, Corporate Management Division on the advice of an Overseas Transfers Advisory Committee (OTAC), which draws its members from the Staffing Branch, the Division relevant to the post in question, the Executive Secretariat Branch, and officers responsible for staff welfare, overseas conditions and resources. The Family Liaison Officer, the Medical Adviser, and the Department's EEO Coordinator also attend OTAC meetings (Evidence, p. S52). According to DFAT:

Decisions of the OTAC take into account officers' preferences, staffing requirements in Canberra, career development needs, job requirements and classifications, qualifications and experience, the Department's EEO Program, language skills, equity considerations and special considerations relating to officers' personal circumstances (Evidence, p. S52).

7.4 The Department also commented that, through the use of the centralised deployment system which uses transfers rather than promotions for posting and placement decisions, "decisions [on posting and placement] can take into account not only

merit but also global staffing requirements, officers' career development needs and personal considerations such as schooling needs and medical disabilities" (Evidence, p. S52). DFAT's Deputy Secretary, Geoff Forrester, told the Committee "all our postings overseas are initially advertised as section 50 transfers so people go overseas at their substantive level" (Evidence, p. 201). Mr Forrester added that, where positions were not filled internally, they were advertised in the *Australian Government Gazette* as open to applicants from outside the Department. Occasionally, where there was a particularly difficult post which had not attracted the usual intense competition, he had had to "direct people to go" (Evidence, p. 202).

7.5 Three aspects of the postings process came to the Committee's attention. The first was the importance of the process to individual DFAT officers. Some officers have experienced difficulties, sometimes amounting to tragedy, as a result of particular postings. Several cases came to the Committee's attention in which officers had encountered very serious problems while posted overseas and they or other officers believed that DFAT had been remiss in making the posting or had not been appropriately supportive of its staff after difficulties emerged. It was also claimed by one witness that postings to undesirable locations have been used as a form of punishment (Evidence, p. 471). It is important to management-staff relationships in DFAT that officers generally perceive the postings process to be fair, effective and directed to the national interest. It is also clear that the costs of unsuccessful postings, both to individuals and to the Australian Government, are such as to justify attention to minimising the various kinds of failures that can occur.

7.6 The second postings-related issue brought to the Committee's attention was the importance of relating a pattern of postings to an officer's career. This is relevant to the generalist-specialist issue canvassed in Chapter 3. It is also relevant to the expectations that officers have on their recruitment to DFAT and to the types of officers recruited. The third broad aspect of the postings process raised with the Committee was the effectiveness and equity of the system. The Public Sector Union, in particular, referred to there being "a veritable cast of thousands involved in the postings selections exercises" (Evidence, p. S296) and expressed particular concern that heads of mission could veto a selection decision after it had been made (Evidence, p. 120).

#### *Difficulties associated with postings*

7.7 The difficulties associated with postings may be largely intractable. The central problem is that DFAT has a certain number of vacancies in Australia and overseas to fill each year and a certain number of officers either due to return to Australia or available for posting overseas. From the Department's point of view, the problem is one of matching vacancies to officers having as much regard as possible to officers' skills in relation to the required duties, to their preferences, and to their long-term development needs. From the point of view of an individual officer, each posting offers a particular set of opportunities and risks. These apply not only during the term at the post but afterwards as well in the effect posting has on the officer's career in DFAT.

7.8 Several cases of problems with postings came to the Committee's attention. Two, which are summarised in Appendix III (Cases 24 and 25 in that Appendix), were raised by the DFAT Reform Group as indicative of mismanagement of postings by the Department. The Group claimed that inappropriate postings decisions had been made and that disastrous results had been covered up to protect officers of the former diplomatic stream. One claim in both cases was that officers were posted overseas who were not able to cope with the management requirements of the positions to which they were sent.

7.9 The Committee acknowledges that the cases cited by the Reform Group do indicate how seriously a poor posting decision can affect the officers concerned and the Australian taxpayer. It is worth noting that officers involved in both cases claimed to have been inadequately trained for the postings they secured. However, these cases do not indicate corruption in the posting or internal investigations systems as claimed by the Reform Group. There was no evidence that the postings process had been subverted and abundant evidence that DFAT had responded appropriately to the problems after they were detected. DFAT's disciplinary statistics show that several cases similar to those raised by the Reform Group, involving procedural breakdowns at posts, have been detected by the Department in the past decade.

7.10 The Committee noted that DFAT has significantly strengthened its pre-posting financial management training requirements since the resolution of the two cases cited by the Reform Group. It has also installed a computerised commercial accounting package which should improve and bring greater standardisation to post management. The element of multi-skilling implied in destreaming should mean also that officers at all posts will be able to call on more and better support from a larger number of their colleagues when they encounter difficulty in their administrative tasks. The Committee concluded that the range of significant management reforms implemented by DFAT in the past few years should reduce the rate of management failures at posts. It should be noted that the cases reviewed in this report do not by themselves represent an unacceptable failure rate in the thousands of selections for postings. Some failures will always be expected and the cost of seeking perfection would probably exceed the benefits.

7.11 No matter how careful the Department might be in its posting decisions and pre-posting training, cases will inevitably occur in which officers experience personal or other difficulties at posts which have grave effects on them and which have the potential to affect the Department in various ways as well. Three such cases were brought to the Committee's notice in submissions which it has decided not to publish. The cases are described briefly below in a way intended to protect the privacy of those involved but which permits lessons to be drawn from the cases.

*Case No. 1: Problem posting*

In one case, an officer posted overseas was accommodated in premises leased by the Australian Government. The officer signed the standard agreement undertaking to maintain the premises and to reimburse the Commonwealth for loss or damage to the premises and contents during the period of tenancy. The officer was accompanied on the posting by his or her spouse but the marriage broke down. At about that time, the officer was medically evacuated to Australia and was not present for the formalities normally carried out when departmental officers leave premises rented for them and the premises and contents are checked for loss or damage, although his or her spouse may have been. The Department subsequently received and paid a claim from the landlord for damage said to have been caused to the premises or fittings during the period of the officer's tenancy and sought to recover from the officer about half the amount paid to the landlord. The amount sought by the Department related to damage that it believed had been caused by the officer or spouse. The Department's attempt to recover from the officer the amount paid to the landlord in this case took place after the issue of outstanding staff debts and advances had gained considerable prominence in Senate estimates committee hearings.

The officer, who had since left the Department's employ and was seriously ill, refused to accept liability for the costs sought by the Department. The officer maintained that he or she had not been responsible for the damage claimed by the Department, other than normal wear and tear, that the undertaking he or she had signed was not enforceable, and that, if it was, the Department had not made a valid determination under it in relation to the reimbursement sought. The case was eventually decided in court proceedings in which an award favourable to the Department was made, based on findings that the undertaking was enforceable, that the determination was valid and that the departmental officer who made it had done everything reasonably possible to reduce the burden on the officer.

The person who drew this case to the Committee's attention stressed that the system of obtaining undertakings from officers placed very wide discretionary powers in the hands of those in the Department who made determinations under them. The exercise of those powers appeared to be subject to little in the way of the requirements of natural justice and due process and to little real review. The person also claimed that, in this case, Departmental officers had made gratuitous and offensive comments about the ethnicity of the officer's spouse, the Department had been unduly harsh in pursuing the debt in the circumstances and the Attorney-General's Department had given inadequate and erroneous legal advice.

*Case No. 2 - Problem posting*

Another case brought to the Committee's attention was that of an officer who, after a successful start to his or her career in the Department, sought and was posted to a responsible position in a newly-established mission. The officer suffered a nervous breakdown after some months in difficult circumstances at the post. He or she was eventually medically evacuated to Australia, was absent on sick leave for lengthy periods alternating with placements in various jobs within the Department over a period of several years and was then retired from the public service on invalidity grounds.

The officer claimed to have received inadequate training for his or her role at the new post, inadequate briefing about the difficulties of living at the post, and that the allowances payable at the post in the period immediately after its establishment were inadequate. In particular, the officer claimed to have been barred from attending most of the prescribed pre-posting training because of work commitments. The officer also claimed that he or she had received little or no assistance from the Department after the breakdown and not to have been given proper advice on his or her entitlements.

The officer took civil action for damages against the Department but was unsuccessful. The judgement stated that there was sufficient evidence that the conditions at the post had precipitated the officer's breakdown and that the Department had not taken reasonable steps to prepare the officer for the difficulties that he or she would face at the post. However, the court held that the Department was not liable for damages because it could not reasonably have foreseen the officer's underlying predisposition to a breakdown of the type that occurred.

*Case No. 3 - Problem posting*

A third case raised with the Committee was that of an officer who had satisfactorily undertaken several postings although, apparently, the officer had some attendance problems. The officer was posted, at his or her request, to a difficult location where his or her work attendance, work performance and health deteriorated and where the officer's colleagues raised with senior management at the post concerns about the officer's health. The officer was counselled by superiors at the post but they did not act on suggestions from the officer's colleagues that the officer be medically evacuated without his or her consent. The officer subsequently died suddenly at the post.

Matters raised with the Committee in this case included:

- the Department's failure to be aware of problems experienced by the officer and the resulting inappropriate posting;

- . the appropriateness of actions taken by the senior officers at the post in the months prior to the officer's death and in the period immediately after the death;
- . the conduct of the departmental investigation of the death; and
- . possible victimisation of one of the officer's colleagues in retaliation for raising the concerns.

The Committee sought responses to the initial submission in this case from those who had been closely involved. It referred all the papers to the Ombudsman, who personally reviewed the matters concerned with the Department's handling of the case. The person who claimed to have been victimised in the case lodged a grievance with the Merit Protection and Review Agency and the Committee released the papers it had obtained to the Agency at that person's request.

#### *Lessons from the cases*

7.12 These cases are not representative of the vast majority of postings of DFAT officers. The incidents described above and in Appendix III occurred during a span of years in which there were several thousand postings, most of which appear to have been completed without serious difficulty. However, lessons can be drawn from exceptional cases. In particular, these cases show that many overseas postings with DFAT are far from the champagne trail of the diplomatic stereotype. For every posting that launches an officer into a round of cocktail parties and diplomatic receptions in Paris, London or Brussels, there are many that involve unglamorous work in uncomfortable and frequently dangerous corners of the world. The cases cited above indicate the range of problems that can occur. They do not prove that the rate of severe personal problems experienced by DFAT officers is unduly high but they emphasise the need to take reasonable steps to avoid any avoidable problems.

7.13 The cases illustrate the importance of ensuring that officers and their families are properly informed of conditions at the posts to which they seek appointment. The benefits of effective pre-posting information and review processes flow to the Department and the taxpayers who fund it as well as to individual departmental officers. They also show how difficult it can be to reverse an inappropriate posting decision. It is considerably more difficult and expensive to remove an officer from an overseas post against his or her will than it is to refuse the initial application for posting.

7.14 The Committee formed the view that DFAT's systems for dealing with personal problems experienced by staff have been deficient in the past. In this as in other areas of the Department's administration, there was an impression that a largely informal and paternalistic system of managing staff welfare had existed in the Department of Foreign Affairs. One easily rectifiable problem appeared to be inadequate provision for training and briefing of staff prior to posting. The importance of proper training and preparation

before posting should be self evident. It is true that those who suffered in two of the three cases outlined above and in the two Reform Group cases cited (cases 24 and 25 in Appendix III) experienced their problems in difficult postings for which they had volunteered and DFAT's officers must take some responsibility for their own welfare. However, the Department also has an obligation to prepare its officers for posting and to make careful judgements of their capacity to cope in particular posts. The Committee was inclined to the view that the Department has been less active in the past in meeting that obligation than would have been desirable.

7.15 DFAT has recently implemented three significant changes which should improve its capacity to meet its reasonable obligations to its staff. The first, as noted above, is improved pre-posting training and preparation. It is now required that all staff proceeding on overseas postings complete a three-day financial management course prior to posting. Staff required to exercise financial delegations at posts are required also to undergo a five-day course on the Department's accounting system (Evidence, pp. 603, S1152). The second change is that DFAT now requires that officers serve for "a substantial period in one or two areas of the Department in Canberra or a State Office" prior to the posting (Evidence, p. S202). This clearly has the potential to improve the ability of officers to manage departmental systems at posts and to assist the Department in assessing officers' capacity to cope with postings. The third change is an apparently significant improvement in the extent to which DFAT officers can gain information on living and working conditions at particular posts and an apparently substantial increase in the support and information now supplied to officers and their families through a network coordinated by DFAT's Family Liaison Officer (Evidence pp. 176-183).

7.16 The Committee can only applaud the measures recently taken by DFAT to minimise the difficulties faced by its officers posted overseas but the question remains of whether more could be done. The Committee believes that pre-posting training and briefing is a critical requirement and should be given the highest priority by the Department. There is clear evidence that, at least until recently, DFAT's performance was deficient in this regard. It appeared to the Committee that DFAT's staff welfare function, although much improved, continues to be fragmented and managed at too junior a level in the Department.

7.17 The officer predominantly responsible for welfare matters, the Family Liaison Officer does not hold a senior management position. Although the incumbent told the Committee that she has ready access to any officer up to and including the Secretary, it seems unlikely that this position is well-placed to protect the interests of individual officers in particularly serious difficulties (Evidence p. 178). The Department has reinstated a position of departmental counsellor as an independent adviser on career and training needs. This is a useful development but one which, by definition, is located outside the line of command in the Department (Evidence, pp. S86, S202). The Department has a two-person Foreign Service Medical Unit "which promotes the health of officers and their families serving overseas", and a Welfare Unit which "deals with occupational health and safety issues" (Evidence, p. S86). These units have limited, specialised functions. DFAT also designates one senior Canberra-based officer as a part-time departmental ombudsman (Evidence, pp. S86-87). The ineffectiveness of this position in serious cases is evidenced by the fact that its various occupants were not

involved in any of the cases reviewed by the Committee and neither the persons involved nor the Department saw anything abnormal in this.

7.18 The Committee believes that the various measures taken by the Department to improve its responsiveness to staff welfare concerns could be strengthened if they were to be brought together and given greater standing in DFAT's senior management structure. **The Committee recommends that DFAT bring together its various staff welfare initiatives into a specific sub-program directly answerable to the appropriate Deputy Secretary position.**

#### *Postings in the context of careers*

7.19 It was common ground in the inquiry that entry to base-level policy and diplomatic positions in the Department is the subject of intense competition and the standard of recruits is extremely high. Concerns have been expressed that the successful applicants are of such high calibre that they might find that their duties in the Department, especially in the early years of their employment, fall short of their expectations (Evidence, pp. 472-3). This tendency might be aggravated by what appears to have been a strong traditional attraction in the former Department of Foreign Affairs to a practice of sharing desirable and undesirable postings between officers in a reasonably equitable way. While such an approach has some obvious advantages in terms of staff morale, it might, if applied too rigidly, lead to the loss of some of the more promising recruits as well as working against a desirable degree of specialisation.

7.20 The Committee expects that a typical career in DFAT increasingly would feature a succession of overseas postings and appointments in Canberra linked in a way designed to build on experience and to apply specialised knowledge to policy development. It should increasingly be the case that a career built around specialisation in, say, Australia's relations with Japan, should not need to include postings to, say, Africa or South America. This might reduce the extent of equity in the allocation between officers of desirable and undesirable postings. But, given a choice between this form of equity and the benefits to foreign policy development of a practice of encouraging the most efficient officers to specialise in the most important and most challenging areas, the Committee would opt decisively for the latter.

7.21 Such an approach might mean in the medium to longer term that DFAT obtains a smaller proportion of its policy and diplomatic staff through the annual intake of graduates and a larger proportion through separate recruitment of specialists. It might also mean that some officers who specialise in the practice of diplomacy without much regard to regional or policy specialisation will have very diverse posting records. Others, who choose to build their expertise in the affairs of a region or a specific policy area, might be posted to only a few countries or regions during their careers.

7.22 There are indications that DFAT has moved to emphasise the importance of patterns of postings in career development. A major statement on departmental staffing policy issued in March 1990 included the comment:



... officers serving overseas who return to Canberra will, wherever possible, be transferred to positions related to the work carried out overseas, so that the experience and skills acquired can be used effectively. Transfers, for example to broaden an officer's experience, will normally take place after this period has elapsed ... Management placement and posting decisions will take account of officers' preferences, but only as one factor in reaching conclusions as to who might best fill a particular position (Evidence, p. S202).

The Foreign Affairs and Trade Association, in its evidence to the Committee, appeared to accept the need for greater policy specialisation, noting that "the increasing complexity of policy issues, both domestically and internationally" has affected practices that "traditionally relied upon the 'generalist' officer" (Evidence, p. S506). The Association sought better guidance from the Department on its perception of the specialist-generalist balance in the career foreign service. Although this is a reasonable desire, it must be accepted that circumstances change over the span of a normal career and flexibility on the part of both the Department and individual officers is necessary.

#### *The mechanics of the postings process*

7.23 The Committee was told by one witness, Alistair Gaisford of the DFAT Reform Group, that the postings process could be used to punish officers who are out of favour with the Department's management. The Public Sector Union (PSU), which would be expected to take a close interest in such a practice did not raise this issue in its written or oral evidence to the Committee. The PSU instead raised two concerns: that postings selections exercises have involved "a veritable cast of thousands"; and that heads of mission have an effective veto over appointments to their mission (Evidence, pp. S296, 120). The particular case raised in relation to Mr Gaisford's general claim involved a transfer within the Canberra Office of DFAT rather than a posting. In any case, while the possibility of misuse of the postings system could never be excluded, the administrative law framework provides a range of remedies.

7.24 The involvement of a wide range of departmental officers and interests in the process (the PSU's cast of thousands) would be a powerful additional limitation on such misuse. For this reason, the Committee would not be inclined to support too radical a streamlining of the process. It is clear from the discussion above that there are numerous interests and issues associated with each posting decision. The decisions deserve careful consideration and it is most important that the process be open and above board. The involvement of representatives of the various interests in the process, while superficially cumbersome, is probably the most effective way of making the system open and of maintaining its integrity. The costs of this are not disproportionate to the importance of the decisions being made.

7.25 The Committee would expect that heads of mission be consulted on postings but that their contribution to the decisions be balanced against the other relevant issues. Clearly the concerns of a head of mission about possible appointments should be taken seriously. However, the overlap of his or her term with that of the other officers at the mission and the range of issues that need to be taken into account in each posting

decision argue against any full veto power. The present arrangements for posting decisions, as described to the Committee (Evidence p. S52), do not give heads of mission an absolute power of veto over appointments to the missions they head and thus it appears that the PSU's claim of a veto power involved an element of hyperbole. To the extent that the views of heads of mission are influential in posting decisions, the Committee urges DFAT to keep in mind the importance of balancing broader issues against those views.

### *Skills register*

7.26 Organisations with a frequent need to move their employees between positions often maintain a skills register from which potential candidates can be readily identified. This also enables shortfalls in skills to be identified and training and development programs to be tailored to organisational needs.

7.27 The Foreign Affairs and Trade Association (FATA) told the Committee that, while efforts have been made in recent years to attract graduates with management and economic skills, "recruitment at all levels would be greatly facilitated by a Departmental skills register, based on short and long term Divisional needs" (Evidence, p. S508). The Committee's survey of the *Statement of Service* publication showed that it provides DFAT with the basis for a skills register. However, the *Statement of Service* is not well adapted to identifying groups of officers with particular skills nor is it easy to compile from it aggregate data on trends and stocks of particular skills. The list can only be accessed alphabetically, officers are not required to provide an entry in the publication and the entries they do provide are not prepared in a completely common format and are not checked.

7.28 The Department told the Committee that it ensures the recruitment of appropriate staff by advertising positions both within and outside the Department. It favours that approach over the maintenance of a skills register because, although a register would indicate that officers hold certain necessary skills, they might not be available to fill vacant positions if "already on posting or else doing another important job elsewhere in the Department" (Evidence, p. S674). However, DFAT recently advised all staff by circular that it saw merit in posts maintaining a skills register of spouses/family members of A-based officers at posts to "seek to ensure that those with appropriate qualifications are kept informed of any potential positions which might not come to their attention through local newspapers or noticeboards" (Evidence, p. S1113).

7.29 The Department already maintains the *Statement of Service* publication which could easily be adapted to form a skills register. The large number of postings decisions made each year and the need to cope rapidly with developments in various regions and policy areas mean that DFAT must have a significant need for information on the various skills of members of its staff. **The Committee recommends that the Department adapt its *Statement of Service* publication into a skills register by seeking basic information on postings, educational qualifications and other skills in standard format from all members of its staff and by maintaining that information in a sortable format.** Staff privacy could be protected by making publication of all or part of each entry subject to the discretion of each officer.

## Other personnel management issues

### *Appraisal*

7.30 Because of the need to make numerous posting and promotion decisions in relation to officers located in many, widely-dispersed workplaces, there is a long tradition of assessment of staff in the foreign affairs field. DFAT claimed in its submission to the Committee that there is no civilian department in the Australian Public Service with a longer tradition of formal staff assessment and appraisal (Evidence, p. S42). The length of a tradition, however, is not necessarily correlated to the effectiveness of practices adopted under it and the effectiveness of the various appraisal systems that have been used in DFA/DFAT may have been variable. In this, as in other areas, DFAT has taken recent action apparently directed at improving the system.

7.31 A major deficiency in the system that long applied in DFAT was the extent to which some assessments were kept secret from those who were subject to them. Although there was a formal annual assessment system in which officers were able to comment on appraisals of them, there also existed in the Department of Foreign Affairs until the late 1980s, a system of confidential files, called "X-files", in which material containing appraisals of officers was also held. Officers did not have access to their X-files and were not necessarily aware of the existence of particular documents commenting on their performance or perceived attributes. The X-files were available for use in the promotion and postings process. The PSU, with some justification, described this system as "infamous" in its submission to the Committee (Evidence, p. S297).

7.32 In 1989, the Department replaced the X-file system with one in which officers now have access to their personal files, now called "CP files". The system has been examined by a member of the Privacy Commissioner's staff who is said to have indicated that it was satisfactory (Evidence, pp. S1002, 509-10). The Committee believes that this change was necessary and long-overdue. It was followed by the establishment of a formal staff appraisal system described by the Department as:

shift[ing] our appraisal systems away from the grading of performance and towards the developmental needs of officers. Rather than a "report card" on the officer, it sought to focus on setting goals, performance feedback and performance improvement (Evidence, p. S42).

However, despite some training effort and other encouragement, the new appraisal forms were not used as frequently as the Department had hoped (Evidence, p. S42).

7.33 In November 1991, DFAT replaced the new appraisal system with a system of "development diaries" which are said to allow for "an honest exchange between supervisor and staff member, separated from a promotion process" (Evidence, p. S42). The development diaries also provide for a limited form of upwards assessment in the form of a checklist completed by the supervisor in each case, ostensibly after discussion with subordinates, which comments on the supervisor's own performance (Evidence, pp. S129-30). The Foreign Affairs and Trade Association, in both its written and oral evidence, stressed the value of regular and formal staff appraisal and argued that the process is

unlikely to be effective unless it is mandatory (Evidence, pp. S509, 208). The Association and the PSU both expressed scepticism to the Committee about the effectiveness of the separate appraisal system for SES officers and both urged the implementation of some form of upwards assessment (Evidence, pp. S306, S509, 208).

7.34 The reservations expressed by both bodies were in similar vein to concerns expressed by this Committee in its two 1990 reports on the development of the Senior Executive Service. In particular, the difficulties of implementing effective performance appraisal and the need for central direction of the process should not be underestimated. The Committee commends DFAT's apparent determination to improve its appraisal system below SES level and **recommends that, in its response to this report, the Government report on the effectiveness of the development diary system with particular regard to whether there is scope for making the essential components of the system mandatory and whether there is scope for extending the system to SES officers.**

7.35 The proposals for upwards assessment, advanced separately by the two staff associations, offer potential for a useful further step in the appraisal process. The checklist for appraisers already provided in the development diary could readily be converted to a simple and effective system of upwards assessment. All that would be required is provision for the appraiser's self-assessment to be countersigned by the person being appraised in each case, for that person to be permitted to comment on the appraiser's self-assessment if he or she wishes, and for this section of the diary to be inspected by the appraiser's supervisor. **The Committee recommends that completion of the appraiser's self-assessment in DFAT's development diary to be made mandatory with a requirement that it be countersigned by the person being appraised, with provision for that person to comment if he or she wishes, and a requirement for review by the appraiser's supervisor.**

#### *Promotions*

7.36 DFAT's promotions system is related to the postings and appraisals processes. The general practice followed below SES level in the Department is to advertise vacant non-specialist positions in "bulk rounds" at each of the seven above-base Administrative Service Officer and Senior Officer grades. The vacancies are open to applicants from public service departments other than DFAT and, in some cases, to persons from outside the Australian Public Service. The Department aims to complete a bulk round at each level each year but the usual gap between each round at each level is somewhat longer than a year because of the administrative complexities and delays involved in processing between 200 and 500 applications in each round (Evidence, pp. S53, S83). Specialist vacancies, mostly in the electronics, computing, economics and legal areas are frequently advertised separately from the bulk rounds. All SES vacancies are required to be advertised and are open to applicants from within or outside the public service (Evidence, pp. S53-4).

7.37 Until its recent adoption of a selection process which precludes most appeals against promotions, DFAT had a relatively high rate of appeals to the Merit Protection and Review Agency against its promotion decisions. The Department, in its written

submission to the Committee, pointed to the large numbers of applicants for its vacancies and commented:

When such large numbers are inevitably disappointed at the end of each promotion round it is not surprising that some become disenchanted with the promotion system. The competitiveness of the process, and the consequent judgements that have to be made about the relative merits of individuals help to explain complaints in some quarters that the promotion system is not based solely on merit and that to be promoted requires a high-level departmental patron (Evidence, p. S83).

The Department rejected such allegations and said that its promotion processes were strictly in accordance with public service legislation and guidelines, transparent and meticulously documented (Evidence, p. S84).

7.38 Written and oral evidence from the DFAT Reform Group alleged nepotism and corruption in the Department's selection and promotion systems. One specific claim to that effect, that only one outside applicant had been appointed to an SES position in the Corporate Management Division in the past 50 years, was refuted by the Department which was able to name four persons who had secured such an appointment from outside DFAT in recent years (Evidence, pp. 479, 626). Another specific Reform Group claim, that officers with experience in ministerial offices have been unduly favoured for promotion probably confuses cause and effect. Ministers and departments both have an incentive to ensure that officers seconded to ministerial staffs are good performers. It is not surprising that good performers with the added benefit of the wide policy experience available from secondment to ministerial staff would have good promotion records.

7.39 The PSU and FATA, who together represent a large proportion of DFAT's staff, did not complain about bias or lack of integrity in the promotion system. Both mentioned the intensity of competition for vacancies in DFAT and stressed the importance of minimising delay in the bulk promotion system. This, with the Department's evidence, persuaded the Committee that the major causes of complaints about promotions in DFAT are in fact the level of competition and the delays that occur in each promotion round rather than problems with the integrity of the system.

7.40 Recent changes implemented by DFAT, in any case, have reduced the scope for malpractice in promotion selections. Bulk round selections for vacancies at levels between Administrative Service Officer Class 2 and Administrative Service Officer Class 6 are now made by joint selection committees appointed under the Public Service Act. These committees are chaired by a nominee of the Merit Protection and Review Agency and include a nominee of the relevant staff association. This external involvement makes the system more transparent and should help to assure its integrity. It also reduces costs by limiting the scope for appeals against promotion decisions. The adoption of joint selection committees is, however, a recent development and there are indications of problems prior to the change.

7.41 A 1987 book by a former senior diplomat, Dr JWC Cumes, contained among numerous criticisms of the Department's management examples of alleged bias on the

part of promotion selection committees under the previous system, facilitated by inappropriate practices adopted by the committees (Cumes 1988, pp. 142-163). Dr Cumes drew attention in his attack on the Department to a comment in the memoirs of Peter Henderson, Secretary to the Department of Foreign Affairs from 1979 to 1984. In explaining his preference for giving oral references on job applicants, Mr Henderson commented:

In these days when candidates for positions in the Public Service can get hold of copies of references it is only the bold or even the foolhardy who is completely frank in writing them (Henderson 1986a, p. 193).

A disturbing case, which occurred shortly before the change to joint selection committees and came to the Committee's notice during this inquiry, lends support to the view that DFAT has had problems in the past with its management of promotions.

*Case No. 4: Problem with the promotion system*

A submission to the Committee from a person claiming to have been victimised in his or her employment as a result of reporting management problems in DFAT led the Committee to review the papers associated with the person's failure to secure a position in a departmental bulk selection round for a relatively junior position in the administrative service officer grades. The selection round had occurred not long before DFAT adopted the joint selection committee approach.

The Committee established that the person who raised the matter had been one of the applicants recommended for transfer or promotion by the Selection Advisory Committee in the selection round. The Committee made its recommendation after taking into account comment by the person's referees indicating that he or she was "forthright", "could be very aggressive in achieving [an] objective", and "got on famously with some people and not with others". Apart from these comments, which were heavily qualified when read in context, the applicant's referees were supportive of his or her application. In recommending that the Committee's selections, including that of the applicant in question, be approved, the Staff Selection Sub-Section drew attention to the referee's comments and recommended that the applicant be counselled about this aspect of his or her performance after being placed in the new position.

Formal approval of the promotion or transfer was delayed by routine administrative requirements and during the period of the delay the person wrote to a senior officer in DFAT raising matters relating to the management of an overseas post. The letter alerted the senior officer to the fact that the person was an applicant for promotion or transfer and he or she reviewed the selection documentation. Based on his or her reading of the selection papers, on the applicant's letter and on unspecified "current knowledge of [the applicant's] abilities and personal qualities as a result of [a] post liaison visit", the senior officer exercised his or her delegation in promotion/transfer matters to deem the applicant unsuitable for promotion or transfer to the vacancies in question.

Almost a year after applying for the position, the applicant was sent a short formal letter stating that his or her application had been unsuccessful. He or she was not informed of the adverse material that had been taken into account in the making of that decision.

The Committee sought comment on this case from the senior officer and the Department. The senior officer responded:

A senior officer has a duty to satisfy himself/herself that decisions being made by officers at lower levels are correct decisions, whether they be related to personnel, financial, allocation of resources, policy or operational or any other reason. ... In this case, since I felt that a group of junior officers had made a recommendation to an Assistant Secretary which was wrong, and that Assistant Secretary had agreed to that recommendation, ... I overruled that decision. ... My reading of the documents by the Selection Committee and by the officer submitting the papers to [the Assistant Secretary] suggests that there were doubts in some minds as to the suitability of [the applicant]. My view was that neither the Committee nor the Branch Head had given adequate weighting to the doubts of referees. In all these circumstances I instructed that the Department not commence the process (Submission 53A).

DFAT responded:

DFAT's current practice differs significantly. It is to provide all applicants for promotion to vacancies in the Department with a copy of all assessment documentation relating to their application soon after decisions are made and announced. ... SACs are also required to bring any adverse comment on an applicant to the attention of the applicant before the SAC makes its recommendations. The applicant then has an opportunity to respond. This procedure implements paragraph 55 (dot point 5) of the PSC Staff Selection Guidelines.

If [this] case arose now, the decision maker would be required to give [the applicant] an opportunity to comment on adverse information he or she was proposing to take into account in the decision before a decision was made (Submission 20zc, emphasis in original).

7.42 The issue in this case is not whether the final decision was correct. The Committee has no basis for judging the applicant's suitability or otherwise for the position in question. The Committee does not mean to imply either that the senior officer should not have acted when he or she believed that the applicant was unsuitable. However, it is very disturbing that a decision with serious effects on a person's life and career was made on the basis of adverse information about that person which was not disclosed to him or her, or, it appears, tested in any other way.

7.43 The Department claims that its current procedures would prevent this happening by implementing the relevant Public Service Commission guidelines but those guidelines were issued at least two years before the events outlined above. The principle that applicants who are in serious contention for a position should be allowed to respond to adverse comment on them was embodied in public service personnel procedures long before the case in question and represents no more than the application of common sense and decency. It appears that there was a lengthy and regrettable delay in DFAT's implementation of acceptable personnel management procedures in this area. An alternative, not completely excluded by the wording of DFAT's response, is that the standard public service procedures were generally applied in DFAT at the time in question but could be over-ruled in that Department by senior officers. In any case, there is no way of knowing how common it was for promotion decisions to be based on untested adverse information in the years before the Department's belated enforcement of proper procedures.

7.44 The Committee accepts the Department's statement that selection procedures have been improved and delays in the promotion process and the level of competition are now the major problems with the promotion system. Nothing can or should be done about the latter. However, the Committee urges that the Department take all possible measures to minimise delays. In particular, it should ensure that it meets its own target: the completion of one selection round at each grade at least once per year. A relatively small investment in good organisation of this process could be expected to substantially reduce staff dissatisfaction with the promotions process.

#### **DFAT's personnel management record**

7.45 It is notable that DFAT has recently reformed its systems in many of the areas of personnel management raised with the Committee. The Committee was left with the strong impression that the reform was necessary and overdue. There are strong indications that an insular and paternalistic management culture in the former DFA was jolted into modernity by the general public service changes of the 1980s. As far as the



Committee could determine, DFAT has now recognised the need for change and has acted, generally successfully, to improve its personnel management systems.

7.46 The Committee has little basis for comparison of standards of personnel management in DFAT with those applying in other departments and agencies. Such a comparison would be relevant to any definitive assessment of the Department's management performance. The Committee can say, however, that the evidence presented to it did not suggest that DFAT's current performance was seriously deficient. Particular instances of inadequate management performance were raised but some such cases can be expected in any large organisation. The number of cases did not seem excessive in comparison to the scale and complexity of the Department's operations and DFAT's responses in each case appeared satisfactory to the Committee.