

Executive Summary

The purpose of this inquiry was to examine whether current recruitment and training practices and policies in the Australian Public Service (APS) are adequate to meet the challenges the APS faces. Those challenges include:

- an ageing staff profile, with a significant proportion of the APS workforce expected to depart in the next few years;
- increased staff mobility, where employees expect to spend less time in individual agencies and in the APS generally;
- increased competition for skilled workers, with implications for the remuneration necessary to recruit and retain quality staff;
- erosion of the concept of a ‘career service’ and the attendant potential loss of corporate knowledge;
- lower recruitment and retention rates for young people, graduates and indigenous Australians; and
- growing demands from the workforce generally for more flexible work arrangements.

In response to these challenges, and changes in the economy generally, the APS has undergone significant reform. Some of these changes, such as a shift towards more qualified recruits and specialised job classifications, reflect broader trends in the Australian workforce and economy over at least the last two decades. Another key change to the APS, namely the move away from a centralised system of recruitment and training to a devolved environment, is of more recent origin and stems from a major overhaul of legislation with the *Public Service Act 1999*. The impacts of devolution on the way the ‘new APS’ is managing recruitment and training challenges is a recurring theme throughout the report.

The Committee acknowledges that devolution over the last decade has led to greater flexibility and improved efficiencies in many areas of the APS. However, with devolution has come fragmentation which has impaired the effectiveness of recruitment and training strategies and practices of some agencies. In particular, it has weakened the capacity of some agencies to compete in the job market and also ensure their employees receive adequate on-going training.

One impact of this fragmentation was evident in the response of agencies to the Committee’s inquiry. The Committee is extremely disappointed that two key agencies, the Departments of Employment, Workplace Relations (DEWR) and Education, Science and Training (DEST), did not bother to make submissions. These two departments have a key role in promoting employment and training in the Australian workforce. As such, it is inexcusable that they should not participate in an inquiry of this nature.

In contrast, other agencies including some not covered by the Public Service Act were extremely helpful and provided important insights. The Committee appreciates their assistance.

However, this type of fragmented approach must be addressed, and the Committee argues that the APS Commission must be given a stronger leadership role to counter some of the negative impacts of devolution.

The Committee's findings correspond with and expand upon those made in other reports. In particular, the Committee supports the findings of recent reports by the Australian National Audit Office (ANAO) and the Management Advisory Committee (MAC), which provide a firm basis for agencies to develop practical approaches to recruitment, retention and training.

Recruitment

Changes to the APS and the economy more broadly have transformed APS recruitment needs and practices. The APS faces:

- a shift to higher classification levels, meaning there are fewer relatively unskilled jobs, and fewer opportunities for young people;
- higher mobility, resulting in higher required rates of recruitment and greater scrutiny of the speed and effectiveness of recruitment arrangements;
- a need for more systematic workforce planning; and
- the departure of many older workers in the coming years, which must be matched by an effective response across the whole APS.

The Committee believes many recruitment issues have been identified and understood, but is less confident that the APS as a whole is responding adequately. Employees, particularly young employees, are not being mentored adequately. A range of recruitment practices generally, and management of non-ongoing employment in particular, are not sufficiently understood. The Committee also sees staff retention and separation issues as an ongoing challenge that agencies will need to monitor and manage for some time to come. Agencies will need a better understanding of the factors behind retention and separation trends if they are to address these issues actively.

Devolution, together with the other demographic changes in the APS, presents special recruitment challenges in several areas, including amongst young people, graduates, and indigenous Australians.

Recruitment of young people

The inquiry has revealed that there has been a strong decline in the presence of young people in the APS over a decade. The number of APS ongoing employees aged less than 25 years dropped by over 50 per cent between 1993 and 2002. Although the rate

of decline has slowed in the last two years, it is too early to tell if the longer term trend has reversed.

Other factors suggest that the low number of young people in the APS is unlikely to improve in the short term if left unaddressed. The Committee is concerned to find that most resignations from the APS are by young people and that their retention rate has declined.

The Committee believes that the APS should be promoted as a ‘first port of call’ for employment for young people. The Committee acknowledges initiatives already taken by some agencies but considers that urgent action is needed across all agencies on two fronts, namely:

- generating more opportunities for employing young people, for example, through traineeships, scholarships and/or work experience arrangements in collaboration with industry and universities; and
- developing more positive strategies so that agencies are seen by young people, especially young graduates, as employers of choice.

Strategies to improve the APS’s ability to attract young people include enhancing publicity in schools regarding careers in the APS, eliminating any structural bias against youth in the selection test and establishing broad principles for youth employment plans with APS agencies.

The Committee further considers that agencies would benefit from greater interchange with the private sector, as part of their broader recruitment and retention strategies, and to encourage cross-fertilisation of work and management practices.

The Committee also recommends that the government re-commit the Commonwealth to significantly increasing the number of trainees employed in the APS.

Graduate recruitment

With the shift towards a more specialised skilled APS, the recruitment and retention of graduates has become increasingly important. Graduate employees will assume even greater importance as the service grapples with the implications of the expected separation of large numbers of older APS employees over the next five years.

The need for the APS to market itself to graduates as an employer of choice is therefore clear. However, the Committee is disturbed by the recruitment and retention trends for graduate in the APS. In contrast to the growth in graduates entering State, local and other non-APS government bodies over the last decade, the numbers of graduates joining the APS has declined. Graduate retention rates have also declined, although this varies across agencies.

The Committee is concerned that the general satisfaction by APS agencies with graduate recruitment arrangements under devolution is not shared by others. The Committee heard a range of criticisms from non-APS organisations on the lack of

cohesion in approaches to graduate recruitment, poor information dissemination particularly to universities and the complexity of the application process for graduates. The APS Commission has also observed that some agencies are not addressing graduate recruitment and retention systematically or with a long-term focus.

The Committee sees this fragmented approach to the role of graduates in the APS as one of the side-effects of devolution. This needs to be addressed at a service-wide level by the APS Commission.

Indigenous recruitment and retention

The proportion of indigenous people in the APS has fluctuated at about two per cent over the last decade. The number of indigenous employees at the middle and senior levels in the APS has been slowly improving. But this improvement has been offset by reduced numbers of indigenous people at lower APS levels, which account for the largest proportion of indigenous employees.

In the Committee's view, the decline in numbers of indigenous employees at these lower levels is significant, particularly as it reflects the larger problem of higher separation rates for indigenous staff compared to non-indigenous staff. Retention strategies are therefore critical for strengthening the presence of indigenous employees in the APS.

The Committee is pleased to note that the APS Commission has formed an indigenous employment working group which is producing a better practice guide on recruiting and retaining indigenous people in the APS. The Committee recommends that the APS Commission have a dedicated budget to assist indigenous people to gain employment in the APS, and that indigenous employees be provided with ongoing intensive support for career development and to improve retention rates.

The Committee also considers that, since opportunities available through the National Indigenous Cadetship Program and mainstream entry to the APS appear not to be well-understood, there is a general need to improve communication strategies and awareness raising with indigenous people and their organisations about employment in the APS.

Training

The Committee's examination of training in the APS addressed a range of issues, in particular:

- identification of training needs;
- accredited and articulated training;
- training expenditure; and
- evaluation of training.

Most agencies are striving to link training priorities to their corporate planning processes so that training strategies reflect business needs. The ANAO reports that a large majority of agencies have invested considerable effort to this end. However, the Committee also notes that the APS Commission has identified problems that indicate training needs analysis, in many cases, is being driven more by individual than agency training needs. The ANAO also reports that some agencies training strategies are ‘intuitive’ and reflect short term considerations rather than longer term strategic needs.

Although most agencies see performance management as the most effective method for identifying individual training needs, it has had mixed results. While performance management systems have been instrumental in improving training outcomes in several agencies, in other agencies the process is seen as a mere paper exercise, particularly where funds or support from human resource management is lacking or performance management is still evolving. The Committee considers that it is important that training needs identification and the development of individual training plans occur within a broad framework informed by agency training strategies and linked to corporate planning.

Accredited and articulated training

The APS at the service-wide and agency levels offers employees a range of accredited and articulated training. This includes the Public Services Training Package, graduate level programs such as the Public Sector Management Course and, more recently, the establishment of the Australia New Zealand School of Government (ANZOG).

The Committee is pleased that the number of accredited and articulated programs available to APS employees has increased. However, the Committee is concerned that this expansion is to some extent uncoordinated and involves duplication. Several key agencies, such as the Department of Agriculture, Fisheries and Forestry, the Australian Taxation Office and the Department of Health and Ageing, have developed their own articulated programs rather than use programs sponsored by the APS Commission. The Committee believes it is appropriate that APS agencies tailor training arrangements to their own particular business needs. But it is concerned that some in-house training is duplicating programs that provide training on core APS-wide skills that are available across the service. This sort of fragmentation and duplication is another side-effect of the devolution of training that needs to be addressed by the APS Commission in conjunction with agencies themselves.

Expenditure and other data problems

Another critical issue of concern to the Committee is the lack of detailed information available on training and development expenditure in APS agencies. The limited data available on APS training hampered the Committee’s ability to both explore trends in training expenditure and assess the value for money of current approaches. The Committee found that expenditure is neither comprehensively nor consistently recorded, nor do agencies undertake systematic cost-effectiveness evaluation of their training investment. The ANAO has also found that data on training in the APS is

weak and suffers from gaps in several areas. In the Committee's view, this is a serious deficiency that needs to be remedied.

The Committee recognises that there are several reasons for the poor data on APS training. These include the devolution of data collection to line areas within agencies, the difficulty in costing different types of training and the underdeveloped state of human resource management information systems. Nevertheless, the Committee agrees with the ANAO and APS Commission that establishing and collecting a minimum data set is an important basis upon which agencies can assemble a clearer picture of training expenditure. The Committee also believes the APS Commission should take a more assertive role in encouraging and supporting collection and analysis of APS-wide training data.

Limited evaluation

The paucity of data on APS training is compounded by the limited extent to which agencies evaluate their training activities. Most agencies are unable to draw a link between training results and business outcomes or performance. Few can quantify the value for money that their training budgets are producing. This partly reflects broad problems in measuring and evaluating the results of training activity. It is also symptomatic of the lack of data on APS training in general.

Moreover, the Committee detected a sense that, in their evidence to the inquiry, many agencies assumed that the benefits for agency outcomes would be self-evident by merely describing their training strategies and actions. The Committee also found that agencies have gone for the easy option with assessing training results, relying on participant satisfaction without investing the effort and resources in more thorough analysis of their training initiatives.

The Committee recommends a number of measures to improve evaluation of training. These include agencies building evaluation into the planning stage of training programs, utilising evaluation experts in the design of strategies and post-training evaluation stage and collecting minimum data sets and detailed performance indicators. As with other areas of training, agencies also need to adopt a strategic approach to evaluation by measuring the long term results of training, particularly in terms of their impact on business outcomes.

Devolution and the Role of the APS Commission

The Committee found that there was strong support for the devolved arrangements from most agencies, in respect of both recruitment and training. Agencies considered devolution to be beneficial because of the flexibility it provides, as well as allowing better targeting of recruitment programs to meet agency priorities. Many agencies also considered that devolution has brought benefits in the form of more effective training and development delivered in an agency-specific context, tailored to agencies' specific needs and culture and linked to agency goals and outcomes.

There were, however, also concerns expressed about the impact of devolution, both by some agencies and by other parties. There was concern that overall recruitment costs had increased rather than reduced, and that there was fragmentation of training strategies across the APS, with a resulting risk of duplication of programs and higher than necessary training costs.

In the devolved environment, the Committee considers that central agencies such as the APS Commission, the ANAO and the Ombudsman have complementary roles in encouraging and promoting more effective strategies and approaches to recruitment, learning and development in the APS through a range of interventions.

To give a service-wide view of the progress of agency strategies, the APS Commission should present a detailed report annually, either separately or as part of the *State of the Service* report, outlining the progress made by each department and agency in achieving their objectives in recruitment and training.

The Committee recommends that the APS Commission have a greater role in APS recruitment and the establishment of benchmarking of recruitment practices. It considers that additional resources should be provided to fulfil an enhanced role for the APS Commission in guiding APS recruitment strategies and practices.

Witnesses both within and outside the APS highlighted some of the shortcomings of devolution in relation to training. In addition to the lack of consistent data on training expenditure, other issues include:

- perceived limited commitment from the SES to training;
- the fragmentation of training strategies across the APS and the related risk of duplication of programs and therefore higher than necessary training costs; and
- delivery of training to regional areas.

The APS Commission should provide greater central leadership to facilitate coordinated training and promote collaboration and high quality learning across the APS.

There are also particular areas of training in which the APS Commission clearly should have a major role. It should increase its efforts in coordinating and facilitating delivery of centralised training programs in areas such as administrative law, record keeping, financial management and freedom of information.

The Committee concurs with the view of the ANAO, amongst others, that there is scope for the APS Commission to undertake ‘a more catalytic role’ in learning and development across the APS. To help it fulfil such a role, the APS Commission should be given enhanced powers and responsibilities to ensure greater coordination on ‘whole of service’ issues in recruitment and training.

