

The Senate

Finance and Public Administration
References Committee

Recruitment and training in the
Australian Public Service

September 2003

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Introduction

Establishment of the Inquiry

On 21 March 2002, the Senate referred the following matter to the Finance and Public Administration References Committee for inquiry and report by 12 December 2002: *Recruitment and training in the Australian Public Service.*

In considering these terms of reference, the Senate specifically asked the Committee to examine and report on the following issues:

(a) Recruitment

- (i) the trends in recruitment to the APS over recent years;
- (ii) the trends, in particular, in relation to the recruitment to the APS of young people, both graduates and non graduates;
- (iii) the employment opportunities for young people in the APS;
- (iv) the efficiency and effectiveness of the devolved arrangements for recruitment in the APS;

(b) Training and Development

- (i) the trends in expenditure on training and development in the APS over recent years;
- (ii) the methods used to identify training needs in the APS;
- (iii) the methods used to evaluate training and development provided in the APS;
- (iv) the extent of accredited/ articulated training offered in the APS;
- (v) the processes used in the APS to evaluate training providers and training courses;
- (vi) the adequacy of training and career development opportunities available to APS employees in regional areas;
- (vii) the efficiency and effectiveness of the devolved arrangements for training in the APS;

(viii) the value for money represented by the training and development dollars spent in the APS;

(ix) the ways training and development offered to APS employees could be improved in order to enhance the skills of APS employees;

(c) Public Service Commissioner

(i) the role of the Public Service Commissioner pursuant to s.41 (1) (i) of the *Public Service Act 1999* in coordinating and supporting APS-wide training and career development opportunities in the APS; and

(d) any other issues relevant to the terms of reference but not referred to above which arise in the course of the inquiry.

Due to the complexity of the reference and the large volume of information received by the Committee after the end of the 2002 parliamentary year and in the first part of 2003, the Committee sought and received three extensions of time to report.

Conduct of the inquiry

The Committee advertised the inquiry in the *Canberra Times* and the *Financial Review* on 5 April 2002, and in the *Weekend Australian* on the following day. It called for written submissions to be lodged with the Committee by 10 May 2002. The Committee also wrote to relevant Commonwealth departments, agencies and authorities, trade unions, academics interested in public administration, large private sector employers and peak bodies, drawing their attention to the inquiry and inviting submissions.

The terms of reference and other information about the inquiry were also advertised on the Committee's internet homepage at <http://www.fpa.sen.aph.gov.au>.

A total of 51 submissions were received. A list of submissions is contained in Appendix 1. All submissions were made public documents and can be accessed on the Committee's homepage.

After initial consideration of the submissions, the Committee began public hearings on 14 and 15 August 2002 in Canberra. This hearing was followed by further hearings held in Canberra on 27 September and a final hearing on 11 November. Details of the hearings and the witnesses who appeared at them are contained in Appendix 2. The Hansard transcript of evidence taken at the hearings was made available on the internet.

During the course of the inquiry a number of APS agencies and other witnesses appearing before the Committee provided answers to questions taken on notice at hearings and/or supplementary questions, as well as further information provided at the request of the Committee. These were made available on the internet.

Agencies not providing evidence

Given the importance of learning and development for the APS, it was particularly disappointing to the Committee that some agencies chose not to provide evidence to its inquiry by way of submissions or in person at Committee public hearings. Most significantly, the Departments of Employment and Workplace Relations (DEWR) and Education, Science and Training (DEST) did not participate in the inquiry. In view of DEWR and DEST's key roles in employment and training, the Committee is extremely disappointed that their insights and experience were not available for consideration by the Committee.

By way of contrast, the Committee acknowledges those non-APS agencies, such as CSIRO and the ABC, that provided evidence to the inquiry. Their contribution was of significant value to the Committee's work.

Acknowledgments

The Committee expresses its appreciation to everyone who contributed to the inquiry by making submissions, providing other information or appearing before the Committee at public hearings.

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.

RECOMMENDATIONS

Recruitment in the APS

Recommendation 1

The Committee recommends that the APS Commission widely disseminate advice and guidance to agencies clarifying the flexibility with recruitment available under the legislation. This should include information on the exceptions that apply to requirements for advertising vacancies, Australian nationality and candidates who have accepted a redundancy benefit. (Para 2.89)

Recommendation 2

The Committee recommends that, to reduce barriers to mobility, the APS Commission provide clear guidance to all agencies on efficient, flexible and streamlined recruitment and selection processes. (Para 2.91)

Recommendation 3

The Committee recommends that the APS Commission provide clear guidance to all agencies on their responsibilities under the *Public Service Act 1999* regarding non-ongoing employees' entitlements and rights. (Para 2.103)

Recommendation 4

The Committee recommends that all APS agencies develop mandatory exit interview processes to monitor and report on retention and separation trends. The APS Commission should assist agencies in this process and also develop a set of standard questions to enable it to report on APS-wide retention and separation issues and developments. (Para 2.112)

Recommendation 5

The Committee recommends that all APS agencies, as a priority, develop a detailed analysis of their present workforce profile and a strategic action plan to meet their future workforce needs. (Para 2.116)

Recommendation 6

The Committee recommends that, as a priority, all agencies develop mentoring programs and activities to support new young recruits. (Para 2.124)

Recommendation 7

The Committee recommends that the APS Commission assist agencies to develop collaborative arrangements with industry to establish work experience arrangements for young people, especially in areas of key skills needs. (Para 3.64)

Recommendation 8

The Committee recommends that in its overall recruitment strategy the Government re-commit the Commonwealth to significantly increasing the number of trainees employed in the APS. (Para 3.66)

Recommendation 9

The Committee supports the APS Commission's initiative to establish an indigenous employment working group to assist development of recruitment and retention strategies. The Committee recommends that the APS Commission give priority to implementing and monitoring these initiatives and in particular improve information dissemination, awareness raising and communication strategies to indigenous people on employment in the APS. (Para 5.49)

Recommendation 10

The Committee recommends that the APS Commission have a dedicated budget to assist indigenous people to gain employment in the APS. The Committee also recommends that indigenous employees be provided with ongoing intensive support for career development and to improve retention rates. (Para 5.51)

Recommendation 11

The Committee recommends that all APS agencies develop a detailed recruitment strategy with a set of objectives for the next three years. Each agency should report annually to the APS Commission on progress in implementing its recruitment strategy. Agencies should also report on progress annually to the APS Commission. (Para 6.38)

Recommendation 12

The Committee recommends that the APS Commission present a detailed report annually, as part of the State of the Service report, outlining the progress made by each agency in achieving its objectives in recruitment. (Para 6.40)

Recommendation 13

The Committee recommends that the APS Commission assume a greater role in APS recruitment practices and in particular establish benchmarking of recruitment practices. (Para 6.40)

Recommendation 14

The Committee recommends that the government provide the APS Commission with such additional resources as are necessary to fulfil an enhanced role in guiding and monitoring APS recruitment strategies and practices. (Para 6.42)

Training in the APS

Recommendation 15

The Committee recommends that APS agencies review management processes to ensure that training outcomes are clearly and transparently linked to agency and individual goals. (Para 7.46)

Recommendation 16

The Committee recommends that the APS Commission enhance its advisory and reporting roles, including reporting to Parliament, by:

- **encouraging and supporting collection and analysis of APS-wide data on training and development; and**
- **analysing the costs and benefits of training at both an individual agency and whole-of-government level. (Para 7.26)**

Recommendation 17

The Committee recommends that centralised graduate and post-graduate training such as that offered by Australia New Zealand School of Government and other institutions, as well as the new Public Sector Management program, be promoted to employees across the APS. (Para 9.35)

Recommendation 18

The Committee recommends that all APS agencies demonstrate continuing support for employees' training and development aspirations by:

- **including a strong commitment to learning and development in corporate plans;**
- **developing structured training programs and career pathways built on accredited and articulated training where appropriate, publicise these to employees and to potential recruits in agency marketing strategies;**
- **providing sufficient funds and HR personnel to support integrated training for all employees; and**
- **reporting annually to the APS Commission on progress in achieving training objectives. (Para 9.60)**

Recommendation 19

The Committee recommends that the APS Commission present a detailed report annually, as part of the State of the Service report, outlining the progress made by each agency in achieving its training objectives. (Para 9.61)

Recommendation 20

The Committee recommends that all agencies include in their guidelines on training management a requirement that all training programs must include an evaluation phase, timetable and methodology. (Para 10.86)

Recommendation 21

The Committee recommends that agencies utilise experts with evaluation skills both in the design stage of training strategies and programs and during the post training evaluation stage. (Para 10.89)

Recommendation 22

The Committee recommends that agencies adopt the ANAO-APS Commission recommended minimum data set and performance indicators for training. The Committee also recommends that the APS Commission coordinate an evaluation of the effectiveness of these measures, to establish better practice principles and identify areas for refinement where necessary. (Para 10.95)

Recommendation 23

The Committee recommends that the Senior Executive Service in all APS agencies lead by example by undertaking training and demonstrating commitment to continuing professional development as a key factor in their employment. (Para 11.25)

Recommendation 24

The Committee recommends that the APS Commission provide greater leadership to facilitate coordinated cross-service training. Its aim should be to ensure efficiency in design and development of training programs, particularly for core APS-wide skills. (Para 11.40)

Recommendation 25

The Committee recommends that the APS Commission, in consultation with agencies, review the availability of training programs and opportunities in regional areas to ensure consistency with those available for APS employees in urban areas. (Para 11.44)

Recommendation 26

The Committee recommends that the APS Commission increase its efforts in coordinating and facilitating delivery of cross-service APS training programs in administrative law, record keeping, financial management and freedom of information requirements. (Para 11.80)

Recommendation 27

The Committee recommends that the APS Commission and APS agencies actively promote public administration as a major profession and develop measures to enhance a professional identity amongst APS employees. (Para 11.82)

Recommendation 28

The Committee recommends that the APS Commission be given enhanced powers and responsibilities to ensure greater coordination on ‘whole of service’ issues in recruitment and training. (Para 11.87)

Chapter 1

Background: structural and organisational changes to the Australian Public Service

1.1 The staffing profile of the Australian Public Service (APS)¹ as one of the major recruiters of labour in Australia has changed significantly in the last two decades. Those changes are outlined in chapter 2. These need to be seen and understood in the context of wider governmental, social attitude and economic changes that have occurred across this period.

1.2 In order to help make sense of the trends and shifts in the APS discussed in the chapters that follow, this chapter sketches out the structural and organisational factors that have reconfigured organisations and altered their recruitment patterns, both in the public and private sector in Australia and globally.

1.3 Three major trends have impacted on Australia's public sector employment experience:

- Significant global changes in underlying economic attitudes, including movement towards greater global competitiveness and deregulation of labour;
- Shifts in social attitudes including greater demands by the community on the public service; and
- Changes in the nature and distribution of employment, including the increasing use of part-time, casual and contract labour and the impact of technological changes on the location of work and the type of skills required.²

1.4 In addition, trends within the APS are also affecting the nature of public sector work. These include:

- an ageing APS profile with the likely departure of a significant proportion of its workforce (around 23 per cent) over the next five years; and

1 Staff employed within the Australian Public Service (APS) under the authority of the *Public Service Act 1999* (PS Act) form only a part of total Commonwealth public sector employment across Australia. Some staff employed in Commonwealth-owned companies, statutory authorities and government business enterprises are not employed under the PS Act. These staff and state and local government staff are not included in the statistics published in the Australian Public Service Statistical Bulletins that, in large part, provide quantification of the trends discussed in chapters 2 and 3. The proportion of staff employed under the PS Act varies between agencies. For example, 78 per cent of ANAO's employees are employed under the PS Act while the figure is 85 per cent for the Australian Tax Office (ATO) staff (one of the larger agencies), and 100 per cent for the Department of Environment and Heritage.

2 J Kaul, 'The Transformation of Australian Employment: Policy, influences and impacts', *Just Policy*, No. 23 September 2001, pp.42-43

- major shifts in the APS classification structure, with more than 50 per cent of recruits with tertiary qualifications, more rapid advancement of new recruits and greater mobility within and between the sectors.³

1.5 Beyond the employment environment, other equally significant changes have been altering the public sector environment. These include:

- increased expectations about accountability for performance and ethical behaviour;
- increased uncertainty and volatility of the operating environment;
- loss of trust in government;
- change fatigue/cynicism among public sector workers after two decades of reform; and
- the need to build workforce capability to deal with these challenges.⁴

1.6 These factors have transformed the public sector into one in which there is an emphasis on:

- new models of service delivery;
- collaboration with each other, with non-profit organisations and with citizen groups to deliver publicly supported programs;
- strategic use of modern technology to manage and deliver services;
- efficient use of resources and service delivery in the context of markets and quasi-markets that are influenced by global forces; and
- better management of human resources to deliver outcomes.⁵

1.7 As a result of these changes, both to the employment environment and to expectations about the public sector, significant public sector reforms have taken place in recent decades. Australia is just one of the many countries to have introduced public service and financial management reforms in their public sectors. Countries with whom Australia often compares itself, including Canada, the United Kingdom, the United States and New Zealand have adopted similar reforms. Examination of issues of central concern to the public sector including the appropriateness of service provision (by whom and at what level), accountability, economy, efficiency and

3 APS Commission and the ANAO, *Building Capability: A Framework for Managing Learning and Development in the APS*, A guide for senior managers, line managers, human resource practitioners, April 2003, p.5

4 A Tiernan and P Bishop, 'Innovation in Public Sector Education and Training: The New Public Sector Management (PSM) Program', *Institute of Public Administration Australia (IPAA)*, National Conference 2002, Innovation and Impacts Day Presentation, p.5

5 L R Jones, F Thompson and W Zumeta, 'Public Management for the New Millennium: Developing Relevant and Integrated Professional Curricula?', *International Public Management Review*, Vol 2, Issue 2, 2001, p.19; Tiernan and Bishop, op. cit.; [also cite the Weller et al volume on service delivery etc]

productivity, effectiveness, ethics, and social justice have led to moves towards a smaller public sector.⁶

1.8 The Australian Public Service Commission (the APS Commission) told the Committee:

Like the rest of the labour market the APS has been affected greatly by technological and social change. In addition, the APS has been affected by changes in the institutional and policy framework within which work is carried out in response to global competitive pressures. These pressures are by no means unique to the Commonwealth or to Australia — many comparable jurisdictions have grappled with and continue to grapple with similar pressures...There is clearly a degree of commonality in the reform drivers and experiences around the world.⁷

1.9 Recruitment and training in the APS must be considered, therefore, in the context of the transformation of the APS as a whole in response to the complex and volatile environment in which the public sector now operates.

Recent assessments of reforms to the APS

1.10 Given the considerable transformations that have taken place in the APS, the Committee was interested in how these changes are now viewed, and what challenges they are believed to present. While claiming that Australia has a strong system of public administration by international comparisons, Dr Allan Hawke, former Secretary of the Department of Defence, considered that recent changes had transformed the APS into ‘a loose federation of people and knowledge-based organisations seeking to attract and retain the best possible talent’.⁸ He considered it imperative that the APS address the changes in methods and general attitudes in the private sector and the wider community and the ongoing national and international trends referred to above. He highlighted the global employment phenomenon known as the ‘war for talent’ that he saw as being driven by three forces:

- an irreversible shift from the industrial to the information age;
- an intensifying demand for high quality talent – due, in large part, to an ageing population and a shrinking workforce; and
- growing propensity for high quality executives to switch from one employer to another.

1.11 Griffith University claimed that today’s business, management and marketing schools implied that private sector careers were considered ‘superior’ to those in the

6 *APS 2000: the Australian Public Service Workforce of the Future*, Interdepartmental Working Party convened by the Australian Public Service Commission, pp.8-11

7 APSC, Submission No. 15, pp.14-15

8 A Hawke, ‘Public Service: A Secretary’s View’, *Canberra Bulletin of Public Administration* No. 105 September 2002, p.23

public sector. It noted that this had ‘serious long-term consequences for Australian governance’ and suggested that strategies to *retain* staff were perhaps more important than those to *attract* staff.

Good governance requires that the ‘best and the brightest’ be attracted to public service...Our research and our experience of dealing with current public servants suggests that many are leaving the service, while others are contemplating career alternatives. Unless these trends are stemmed, this will have serious long-term consequences for Australian governance. There is an urgent need for further research to identify the reasons why the [public service] career maybe regarded as less attractive than it once was, and the strategies that could improve retention rates.⁹

1.12 Professor Glyn Davis defined two ‘waves’ of public sector change, each with significantly different implications for public sector resourcing. The first trend (known variously as corporate management, managerialism or the new public sector management) sought to improve efficiency while retaining many of the essential features of public administration. It therefore requires the retention of a permanent public service. The second and arguably more significant trend (contracting) puts competition at the basis of public life so that the traditional preference for government delivery of services no longer applies. This scenario goes beyond importing business practices to the public sector, to the delivery of government services by business according to contracts won through competition. Governments regulate markets but do not participate in them, employing a residual public service that sets policy but relies on others (perhaps the lowest private sector bidder) for service delivery. The implications are many fewer public servants and a narrower skill base.¹⁰

1.13 For a public sector faced with greater functional complexity now than ever before in its history, with the boundaries between public and private sectors blurred and the possibility of the core functions of policy advice and contract management forming the basis of regular public sector employment, many employees are likely to be attracted to careers spanning both sectors, ensuring that ‘the war for talent’ will be ongoing.

1.14 While noting the advantages offered by a contracting approach to human resource management (including flexibility, rapid responsiveness to new developments, and a capacity to buy in expensive skills), Davis considered that convergence with the private sector may not be appropriate when the tasks and costs are different. He noted that the consequences of convergence could be severe including:

- critical losses of institutional memory;

9 Griffith University (Brisbane), Submission No. 16, p.3

10 G Davis, ‘A Future for Public Service? Human resources management in a shrinking sector’, *Canberra Bulletin of Public Administration*, No. 89, August 1998, p.22

- transaction costs that are initially reduced, but whose savings may not endure over time if the necessary skills and systems to monitor and assess contract outcomes are not in place. For example, a template approach to contracting and a focus on short-term results is not conducive to letting contracts for new or changed outcomes; and
- reduced or unfulfilled community service obligations and a net social welfare loss.¹¹

1.15 Jones, Thompson and Zumeta consider that, while differences between managing in the public and private sectors may be a matter of degree rather than kind, they are significant. Jones, Thompson and Zumeta identify large areas of overlap between the sectors, noting that generic business management tools (for example, concerning economics, organisation theory, human resources, finance, accounting and information technology) are basic to public sector management. They also consider, however, that substantial overlap exists between the sectors regarding strategy, policy and marketing as well as in politics, negotiation, law and ethics.¹²

1.16 Further, they note that the information technology revolution is breaking down economies of scale and scope within organisations leading to the removal of the need for internal specialisation. For example, databases, telecommunications networks and expert systems can provide many if not all the benefits formerly provided by in-house staff in functions such as personnel, finance and accounting. To the extent specialist knowledge is required, it can be obtained through contracting. As a result, the trend is to organisations that are smaller, flatter and ‘organised around a set of generic, value-creating processes and specific competencies’.¹³

1.17 That the public sector has functions intrinsic to government based on ‘core values and operating principles’ is enshrined in the Public Service Act which strives for a balance between the advantages of markets and the realities of parliamentary accountability. As the Australian Public Service (APS) Commission noted:

The broad and abiding objective of these reforms has been to develop and foster a public sector that is effective, efficient and responsive while maintaining, despite fundamental change, those generally recognised values and institutional characteristics that are unique to the public sector and that are highly valued by the community, the Parliament and the Government.¹⁴

11 G Davis, ‘A Future for Public Service? Human resources management in a shrinking sector’, *Canberra Bulletin of Public Administration*, No. 89, August 1998, p.22

12 L R Jones, F Thompson and W Zumeta, ‘Public Management for the New Millennium: Developing Relevant and Integrated Professional Curricula?’, *International Public Management Review*, Vol 2, Issue 2, 2001, pp.20-21

13 *ibid*

14 APSC, Submission No. 15, p.15

1.18 In the view of Mr Pat Barrett, Auditor-General, attempts to maximise overall ‘value for money’ for the taxpayer in the provision of public services involve ‘consideration of issues other than production costs, such as citizen satisfaction, the public interest, openness, fair play, honesty, justice, privacy and equity’.¹⁵

1.19 The Recruitment Consulting Services Association (RCSA), a peak body for recruitment companies, told the Committee that ‘outsourcing has been a key force to reshaping the public and private sector’ with government now focused on core capabilities and outsourcing non-core capabilities, including human resource management, to specialists.¹⁶

1.20 O’Neill and Hughes noted the demise of the role of government as producer and provider of an extensive range of goods and services. The Public Service Act is considered by many to mark the formal end of the traditional career service model as the prevailing paradigm of public management in Australia.¹⁷

1.21 In such an environment, the Committee agrees with the ANAO that the APS is facing ‘an ongoing challenge’ in recruiting and retaining ‘high performing staff with the right skills, particularly as the distinction between the public and private sectors becomes less well-defined’.¹⁸

1.22 Many agencies have developed or are in the process of developing strategies to address the challenges posed above. To cite one example, the Defence White Paper, *Defence 2000 – Our Future Defence Force*, emphasises ‘that people are capability...that it is people who give Defence its competitive edge’.

The White Paper’s vision is of Defence as a high performing organisation with a flexible, adaptive and highly capable workforce able to meet the objectives set by Government.¹⁹

1.23 The Department of Defence (Defence) argued that it has been facing particular challenges regarding a range of pressures in recent years to develop cultures and organisational practices that embody the required standards and allow it to achieve the Government’s objectives. These pressures include:

- ‘increased operational tempo’;

15 Mr Pat Barrett, quoted in S Tongue, ‘The Digital Divide and the Underlying Rationale for Quality Public Service Delivery’, *Canberra Bulletin of Public Admin* No.105 September 2002, p.40

16 RCSA, Submission No. 9, p.6

17 D O’Neill and O Hughes, ‘Is there a new model of public sector human resource management?’, *Canberra Bulletin of Public Administration* No.89 August 1998, pp.30-36

18 ANAO Office, Submission No. 25, p.1

19 DOD, Submission No. 36, p.4

-
- ‘increased scrutiny of organisation and management standards by external regulators and media acting as arbiters of community values’; and
 - ‘perhaps most importantly, higher expectations of people’ who may ‘choose alternative employment on the basis of the quality of their relationship with their employer’.²⁰

1.24 In response, Defence has developed an integrated approach to people issues and workforce planning that has implications for recruitment and training, as well as the distribution of staff between Australia Defence Force and APS personnel. In particular, it cites the need for excellent leadership and people management, stating:

The major implication of these trends for Defence is that they put a premium on the quality of day to day leadership and management of people at all levels. Defence has begun the process of focusing on the quality of the day to day leadership and management of its people. The Secretary and Chief of the Defence Force are using the “Organisational Renewal Agenda” and the “Results Through People” approach to achieve this goal. The strategic importance of people is recognised in the whole of Defence Strategy Map –in the theme that Defence should create a climate where people can do their best. The “People Matter” quadrant of the “Defence Matters” balanced scorecard reports on factors affecting the ability of Defence’s people to contribute to the results sought by Government.²¹

1.25 Analysis of the situation for the APS as a whole, and of the strategies adopted by individual agencies, reveals a transformed and relatively fragmented APS. In undertaking its inquiry, the question for the Committee was whether current recruitment and training in the APS is delivering a public sector workforce resourced and skilled enough for its role ‘to assist government in thinking through and implementing [its] plans and policies’. The Committee is keenly aware that, as noted by Dr Allan Hawke, today’s APS ‘has an unparalleled breadth of functional responsibilities covering matters that would have been unthinkable or unheard of at Federation’.²² The Committee considers that both ongoing pressures and the fundamental nature of the changes experienced by public sectors in Australia and internationally in recent years mean that it is not possible to return to the public sector as it existed two decades ago. These pressures include:

- demographics (an ageing population, retirement of senior cohort leading to loss of corporate knowledge and skills, fewer young people entering the workforce, greater mobility and great lateral recruitment into the APS);
- changed economic and social attitudes and values (more competition for ‘the best and the brightest’, remuneration differentials between employers, poor

20 DOD, Submission No. 36, p.4

21 *ibid*, pp.4-5

22 A Hawke, ‘Public Service: A Secretary’s View’, *Canberra Bulletin of Public Administration* No. 105 September 2002, p.20

public sector image, changes in attitudes towards work, demands for mobility, flexibility and interesting work from employees, work/life balance issues and a strong preference for family-friendly workplaces); and

- exponential advances in information technology and communications that are contributing to community and government expectations for more efficient and effective services, and more accountable and open government.

1.26 To respond to these and other as yet unforeseen pressures, a more strategic and organised approach to workforce planning in the APS is required. At the same time, the APS must ensure it continues to provide excellence in delivering core services by recruiting and retaining suitably qualified staff, encouraging ongoing training in cross-APS skills and providing opportunities for learning and development in areas of emerging need across all APS agencies.

1.27 The Committee has sought to determine the implications for APS recruitment and training from the breaking down of the former nexus between policy and implementation and replacement of the traditional role of service delivery with a focus on policy analysis, funding and national regulation. Some of the issues the Committee faced revolve around the following general questions:

- What skills are required of employees in the new public sector?
- How can the APS attract and retain ‘the best and the brightest’ and make the most of the workforce so recruited?
- In light of the human resources reforms already undertaken and current trends in recruitment and training, is the APS on track to deliver a public sector workforce equipped to deal with the challenges of the future?

1.28 Against this background, the Committee examines in the next chapter APS recruitment trends in general. It then turns, in Chapters 3 to 5, to focusing on three particular categories of recruitment, namely, young people, indigenous people and graduates. In Chapter 6 the Committee assesses the effectiveness of devolution and the role of the APS Commission in recruitment and staffing matters. Chapters 7 to 10 set out evidence received and commentary on issues relating to training and development in the APS. Chapter 11 considers the effectiveness of devolution and the role of the APS Commission in training.

The Context of the Committee’s inquiry

1.29 The Committee’s findings come hard on the heels of two recent reports that relate to issues central to its inquiry. The first, prepared by the APS Commission’s Management Advisory Committee (MAC), deals with organisational renewal.²³ It calls for a more systematic and integrated approach to workforce planning and capability building across the APS, with alignment of recruitment and retention

23 Management Advisory Committee 3, APS Commission, *Organisational Renewal*, March 2003

strategies, and a more planned approach to people management.²⁴ As the Committee's inquiry has found, the MAC report also points to the challenges involved in organising and managing a more varied and demanding workforce, in responding effectively to the changing attitudes and expectations of employees, government and the community and in providing interesting work that will act as an incentive for people to remain in the APS.²⁵

1.30 Most importantly, the MAC report focuses on 'organisational inflexibility' as the main barrier to retaining corporate knowledge and expertise. Reflecting issues in evidence provided to the Committee, it emphasises the priority employees place on flexible working arrangements as critical to their decisions to join or remain in the APS. It urges development of more creative solutions to provide new opportunities for experienced and skilled staff to make a contribution to the work of the APS, so as to prevent loss of corporate knowledge and allow management of the phased retirement of the APS older workforce.²⁶

1.31 The second report, developed jointly by the APS Commission in collaboration with the Australian National Audit Office (the ANAO), comprises a framework for managing learning and development in the APS. It 'articulates the principles and characteristics of a framework for building capability'. The guide draws on the outcomes of recent audits of learning and development in the APS²⁷ and on the MAC report on organisational renewal,²⁸ as well as international and private sector trends.²⁹ It points to the need for improvements in organisational planning, integration, delivery and evaluation of learning and development in all agencies.

1.32 It is significant that both reports recognise the urgent need for action now to address the issues raised above and that both reflect many of the concerns raised in the Committee's inquiry. **The Committee considers that these documents provide a firm basis for agencies to develop practical approaches to recruitment and retention, and to apply the guide's principles to build workforce capability appropriate to their particular situations.**

1.33 In the context of increasing competition within and amongst sectors for high caliber staff, an issue with major implications for APS recruitment, in particular, of

24 Department of The Prime Minister and Cabinet, Media Release: *New Challenges for the Australian Public Service*, 20 March 2002, p.1

25 *ibid*

26 *ibid*, p.2

27 These include: *Management of Learning and Development in the Australian Public Service*, Audit Report No.64 2001-2002, and *Managing People for Business Outcomes*, Audit Report No.61 2001-2002)

28 Management Advisory Committee 3, APS Commission, *Organisational Renewal*, March 2003

29 APS Commission and the ANAO, *Building Capability: A Framework for Managing Learning and Development in the APS*, A guide for senior managers, line managers, human resource practitioners, April 2003, p.4

young people, is the ageing of the Australian workforce. The Committee notes that, as recently as 26 February 2003, Cabinet considered the challenge posed by an ageing workforce. According to media reports, the Treasurer urged Ministers to consider policy initiatives, such as incentives to reward ongoing participation in the workforce, with a view to reversing the trend to early retirement.³⁰ More recently, in the context of issues such as superannuation, it has been reported that the government has been considering ways to raise the retirement age;³¹ and the March 2003 report of the APS Commission's Management Advisory Committee (MAC), *Organisational Renewal*, highlights the ageing of the APS workforce as a 'challenge' requiring skilful and active management over the next decade.³²

1.34 Other qualitative evidence of the phenomenon is also available. For example, the Institution of Engineers stated:

There is an ageing of technical professionals in the Public Service just as there is an ageing of technical professionals in many industries as well, particularly former government agencies, power authorities, which are now privatised companies, and so on. We are seeing that as a common thread across all industries. It is certainly not APS related.³³

1.35 Chapter 2 discusses trends concerning the age of APS personnel in more detail.

30 'Costello urges workers to retire later', *The Age*, 26 February 2003, p.4

31 'Super crisis may delay retirement', *Herald Sun*, 12 March 2002, p.8

32 *Organisational Renewal*, Management Advisory Committee 3, March 2003, p.3

33 Mr A Yates, IOEA, *Committee Hansard*, 14 August 2002, p.40

Chapter 2

Recent trends and issues in APS recruitment

2.1 This chapter begins with a historical sketch of how APS recruitment has changed over the last two decades. It then sets out some of the main trends in Australian Public Service (APS) recruitment. This includes a brief overview of engagements to the APS, and a survey of some of the key features and trends in the area of recruitment: the ageing of the workforce, the use of non-ongoing as well as ongoing appointments, the shift toward a more highly skilled workforce, and the changes in patterns of retention.

2.2 Having outlined these major trends that have changed the face of the APS, the chapter then turns to what are regarded as the main policy issues that might be addressed to deal with APS recruitment issues in general. The chapter also provides the background for a more detailed analysis, in Chapters 3 to 5, of several major issues confronting the APS (namely the recruitment of young people, indigenous people and graduates).

History of changes to APS recruitment

2.3 Many changes that underpinned the reforms of the 1980s and 1990s had their genesis in the Royal Commission on Australian Government Administration, known as the Coombs Commission, which reported in 1976.¹ Prior to the changes, base level and graduate level recruitment was centralised and administered, in the first instance, by the Public Service Board (PSB). Subsequent to the abolition of the PSB in 1987, the conduct of recruitment became the responsibility of the then Department of Employment, Education, Training and Youth Affairs (DEETYA), while the Public Service Commission held responsibility for recruitment matters.

2.4 It was mandatory for departments to draw their base grade recruits and graduates from the centralised recruitment service until 1990, when the then Public Service Commission (PSC) introduced a provision enabling agencies to seek the approval of the Public Service Commissioner to undertake their own recruitment. The Clerical Assistant and Clerical Selections Tests were replaced by a single selection test to fill base level vacancies (Administrative Service Officer 1).

2.5 An aptitude test, the Public Sector Recruitment Test, and a biodata questionnaire (the Public Sector Recruitment Questionnaire) were introduced by the PSC in 1996. Together, these examined ten competencies identified as necessary for staff in the APS1–4 group.

1 Royal Commission on Australian Government Administration, Report, AGPS, Canberra, 1976

2.6 By the mid-nineties reform of the APS was well underway, and with it an overhaul of its human resource management arrangements. In 1995 the Management Advisory Board (MAB) report, *Achieving Cost Effective Personnel Services in the APS*, highlighted inefficiencies in public service recruitment practices and the need to reform recruitment arrangements. The report found that the average cost of recruiting an employee to survey participants was three times that of ‘best practice’. Further, it took 96 days to fill a position — three times that of best practice, with only 55 per cent selected for a long term vacancy staying in the job after six months, compared to 96 per cent in best practice.²

2.7 In June 1996 the *National Commission of Audit: Report to Commonwealth Government* argued that ‘the existing highly centralised and inflexible public service employment provisions did not meet the diverse needs of a modern public sector and represented a significant impediment to efficient program delivery.’ Key recommendations related to:

- re-engineering public sector business and contracting out functions where this was cost effective;
- confining legislation covering the public sector to the core fundamental principles and values underlying the operation of the public sector; and
- allowing employment conditions, including remuneration, to be set by individual agencies and subject to the same industrial relations processes applying in the community more generally.

2.8 The report also found that the cost of recruitment and selection (as well as management of attendance, payment of allowances, performance management and management of part-time work) was much higher in the APS than for private sector best practice. From a management perspective, arrangements for recruiting employees were seen as too process driven. It led to a series of reforms relating to financial management and reporting, employment and workplace relations and a focus on core business and client services.

2.9 In 1998 agencies were given the choice as to whether or not they wished to use the centralised recruitment service provided by Recruitment Services Australia (RSA). At the same time, as a result of administrative reforms, there was a change in advertising policy which opened up APS employment to the wider community.

2.10 Following a major overhaul of the legislation, the *Public Service Act 1999* (PS Act) came into effect on 5 December 1999. Its main objective was to remove much of the detail and prescription from the legislation and to provide a legal framework for APS employment that achieved a maximum balance between improved accountability

2 *Achieving Cost Effective Personnel Services*, Joint Publication of the Management Advisory Board and its Management Improvement Advisory Committee, Number 18, November 1995

and devolved responsibilities, so as to maximise the efficiency and effectiveness of the APS.³

2.11 Dr David Kemp, the then Minister assisting the Prime Minister for the Public Service, in an address to mark the commencement of the Act explained that:

Agencies will need to understand that removal of this prescription has also removed the detailed underpinning of the employment framework that was part and parcel of the old centralised approach. They should be aware that, where some of those detailed provisions have been removed, they will need to be replaced with agency-specific arrangements or the provisions will no longer operate...

It is the Government's expectation that agencies will develop flexible, innovative and creative local arrangements within the new framework.⁴

2.12 A key change was the devolution of recruitment which became the responsibility of each agency head. Section 20 (1) of the Act states:

An Agency Head, on behalf of the Commonwealth, has all the rights, duties and powers of an employer in respect of APS employees in the Agency.

2.13 As will be seen, the impact of devolution on both recruitment and training is a recurring theme in the Committee's report.

Trends in recruitment

2.14 The Committee notes that trends in recruitment reflect the impact of the broad changes affecting public sectors internationally. In particular, key issues affecting recruitment in the APS include:

- The need for more highly skilled personnel.
- The convergence of the public and private sectors. This involves the erosion of the concept of a 'career service', potentially reduced levels of corporate knowledge and skills and the consequences for the APS in terms of its future role.
- The changing expectations and attitudes of young people leading to lower recruitment and retention rates for young people in the APS. According to one witness:

...some of the reasons why people do not join or why people leave are not only specific to the Australian Public Service; the private sector is also experiencing difficulties in retaining youth and meeting some of the

3 APSC, Submission No. 15, pp.52-54

4 Dr David Kemp, Minister Assisting the Prime Minister for the Public Service, Press Release, 2 December 1999, p.7

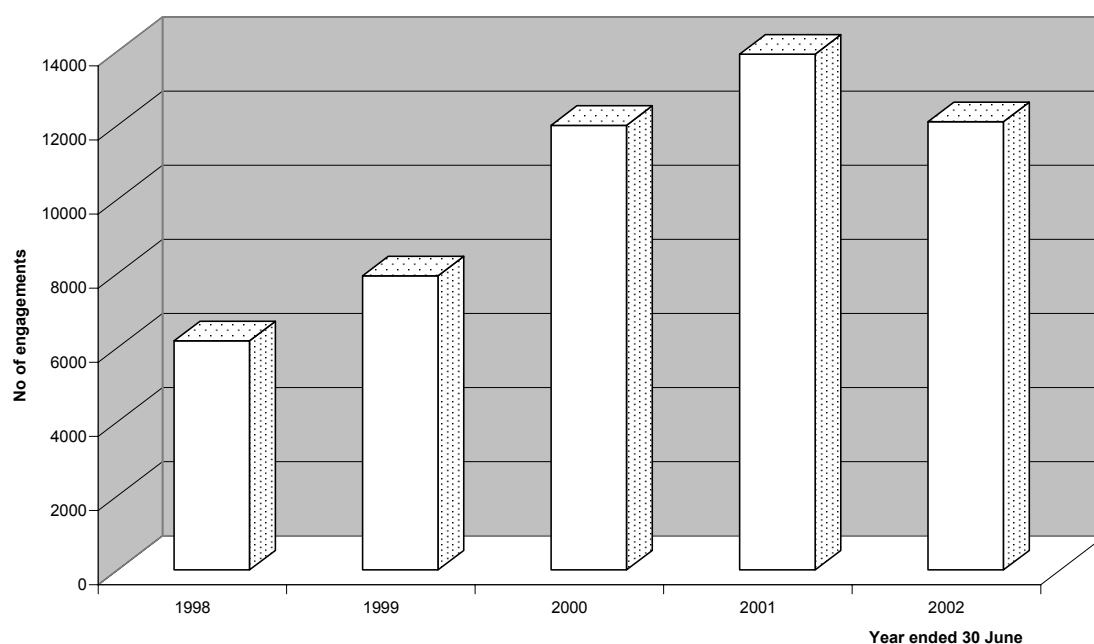
expectations and ambitions of youth. Partly, it is a balancing of expectations versus reality.⁵

2.15 This section begins with an overview of data on engagements to the APS, and then turns to the key trends that underlie the changing patterns of APS recruitment and retention.

Engagements

2.16 The number of engagements to the APS of ongoing staff in 2001-2002 decreased by 13 per cent from 13,916 to 12,093 (see Figure 1). This represents a return to levels similar to that experienced in 1999-2000 but is considerably higher than 1997-98 and 1998-99. The peak recruitment experienced in the previous year was partially attributable to increased recruitment activity by the Australian Taxation Office (ATO) associated with the introduction of the Goods and Services Tax (GST).⁶

*Figure 1: Total Engagements of Ongoing Staff to the APS 1997-98 to 2001-02*⁷



2.17 The Department of Defence recorded the highest number of engagements at 2,611 in 2001-2002 (or 22 per cent of ongoing staff). This represents an increase of 37 per cent from the previous year and is attributable to the increased national security demands facing Defence. Engagements also rose significantly in the Department of Agriculture, Fisheries and Forestry (AFFA), especially in the Australian Quarantine and Inspection Service (AQIS), and in the Australian Customs Service (ACS),

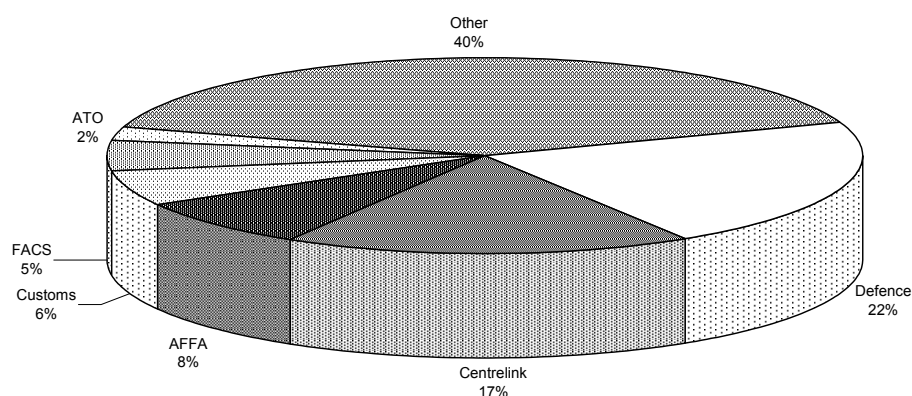
5 Mr M McArthur, RCSA, Committee Hansard, 27 September 2002, p.175

6 *Australian Public Service Statistical Bulletin 2001-02*, APS Commission, p.8

7 *ibid*, p.50

accounting for a further 8 per cent and 6 per cent of engagements respectively.⁸ On the other hand, engagements by Centrelink decreased by 1,133 to 2,114 in 2001-2002, representing 17 per cent of ongoing staff engagements during the year (see Figure 2).

Figure 2: Percentage of Total Engagements by Agency 30 June 2001 to 30 June 2002⁹



2.18 Appointments of lower classifications (that is, APS1 to APS5) have fallen over the past five years. The only notable exception in these categories concerns the APS4 classification, which increased from 10 per cent of all engagements in 1997-1998 to 28 per cent in 2001-2002.¹⁰

2.19 In 1997-1998, 76 per cent of all engagements across the APS were at or below the APS 4 level. This had fallen to 69 per cent in 2001-2002.

2.20 The move towards recruitment at a higher classification level continues a long term trend. In 1985-86, nearly 70 per cent of new entrants were engaged at base grade classifications equivalent to the current APS1, while only 2.3 per cent of recruits entered the APS at levels above the equivalent of APS6.¹¹

2.21 The change in agency classification profiles and, consequently, the number of recruits entering the APS at different classification levels is further discussed in the next two chapters in relation to both recruitment of young people and graduates.

8 *ibid*, p.8

9 *ibid*, pp.50-51

10 *ibid*, p.49

11 *ibid*, p.60

Changing recruitment methods

2.22 Recent research by the APS Commission suggests that human resources reforms have been successful in rendering APS recruitment processes more efficient. In 2000, according to the report *Building Corporate Capacity: the APS in Transition*, the average time to fill positions in the APS was 67.7 days. This was lower than for other public sector employers and 25 per cent lower than that found in the 1995 MAB study. Nonetheless, it remained about 20 calendar days higher than the All Industry median, although this was affected by a very low result from a small number of private sector organizations.¹²

2.23 The traditional recruitment approach screens applicants based on written applications, comments by referees and the interview process. Alternative approaches include dispensing with the interview process or use of an assessment centre. The assessment centre concept generally involves ‘a series of simulated exercises designed to gauge the performance of candidates in work situations’.¹³

2.24 For State of the Service reporting purposes, agencies are asked to report any changes to their selection processes during the previous two years. A quarter of APS agencies advised that in 2000-2001 they had made no changes, some stating that they had no agency-wide preferred or mandated approaches. Of the remainder, 15 per cent said that for some, if not most, non-SES selection processes, the interview process was no longer used. About 15 per cent of agencies reported that they had used assessment centres.¹⁴

Convergence of public and private sectors

2.25 As discussed in Chapter 1, the ability to recruit and retain high performing staff with the right skills provides an ongoing challenge for APS managers, particularly ‘as the distinction between the public and private sectors becomes less well-defined as public services are outsourced to the private sector and the public sector increasingly adopts private sector practices’.¹⁵

2.26 The fact that the APS is now in direct competition with the private sector for labour means that it needs to recruit and retain ‘people with different or enhanced skills sets to those traditionally associated with public administration’.¹⁶ The Institute of Engineers Australia, for example, claimed that lateral recruitment might be a means

12 *Building Corporate Capability: the APS in Transition*, 2000, PSMPC, p.37

13 APSC, Submission no. 15, p.26

14 *State of the Service Report 2000-01*, PSMPC, pp.64-65, 174

15 ANAO, Submission no. 25, p.1

16 *ibid*, p.2

of obtaining the required staff for some areas, for example, technology areas, provided remuneration in the APS was at the market rate.¹⁷

2.27 Griffith University told the Committee that the Australian School of Government (now ANZSOG) emphasises the importance of knowledge and skills associated with the delivery of public services for both public and private sector employees. It highlighted the move to portable skills and knowledge that would allow employees the flexibility to move between jobs within and across sectors:

This may become increasingly important as more flexible modes of employment brings the likelihood that people will transfer between sectors. There is a need for courses that can give graduates qualifications and technical expertise that will equip them to function in a range of diverse sectors at different times during their careers.¹⁸

2.28 Noting that ‘the composition and capability of an agency’s workforce – including access to appropriate knowledge and level of expertise – was the key to the efficient and effective delivery of quality public services’, the ANAO agreed that the future workforce was ‘likely to increasingly alternate between the two sectors’ and considered that workforce planning practices needed to accommodate this.¹⁹ The Committee considers workforce planning issues in more detail in Chapters 4 and 6.

An ageing workforce

2.29 The profile of the APS, like the wider Australian workforce, is ageing. There are now a greater number of workers in the older cohorts in the APS than there were a decade ago and the average age of employees is five years older than it was ten years ago. Reasons include the relative stability of the APS workforce combined with the higher levels of recruitment in the 1960s and 1970s, lower recruitment of younger employees in recent years along with higher levels of recruitment of older workers and a shift in the engagement profile. The APS workforce is generally older in comparison with the Australian labour force, with proportionally fewer employees at both the younger and older ends of the age profile. In June 2001, 68.3 per cent of ongoing SES employees and 46.1 per cent of ongoing Executive Level employees were aged 45 years or over, up from 58.9 percent and 35.1 percent respectively in 1992.²⁰

2.30 Certain technical professionals are particularly affected by the ‘ageing’ phenomenon. There is a ‘skewing of the age profile’ of engineers in the APS, with 50 per cent aged over 45. Because of the potential loss of much of this senior cohort of engineers in the coming decade, the Association of Professional Engineers, Scientists

17 IOEA, Submission no. 38, pp.1-2

18 Griffith University, Submission no. 16, p.3

19 ANAO, Submission no. 25, pp.1-2

20 GCCA, Submission no. 15, APS Commission, pp.8-12

and Managers Australia (APESMA) was particularly concerned at the apparent lack of strategies to ensure that corporate knowledge would be passed on to upcoming young professionals in a timely way. It told the Committee:

Our assessment is that there is a gap of some significance between the ages of about 30 and 45. In recent years, there has been a bit of an upturn in recruitment of young graduates, but that gap in the age profile is, I think, an important one for the future of the APS...I do not think it is being addressed in any significant way in the APS...²¹

2.31 In its view, salary disparities, the de facto breakup of ‘the public service’ and the loss of tenure for APS employees had contributed to the loss of the APS’ reputation as ‘an employer of choice’.²² The lack of opportunities for career development for engineers in the APS due to the changing role of the APS was a concern. APESMA stated:

These days I think that [engineers] would see themselves as having a career in their particular department or agency. Therefore they would see that their career opportunities are limited to a significant extent. I think that is just because—and I would not like to call them silos—there does not seem to be a lot of opportunity for people to move, particularly engineers, among departments. Perhaps that is also reflected in the fact that there are not that many engineering positions in the Australian Public Service any longer.²³

Ongoing and non-ongoing recruitment

2.32 Sections 22 (2) and (3) of the *Public Service Act 1999* provide that APS employees may be employed as either ongoing (the usual form of employment) or non-ongoing (when work is intermittent or of fixed duration). The Public Service Regulations 1999 (PS Regulations) state that the employment of staff for a specific term should, in most instances, be not more than 18 months, although up to three years is permissible. A merit employment process must be undertaken if a staff member is to be employed for more than 12 months. Regulation 3.5 of the PS Regulations allows for non-ongoing employees to be generally engaged for 1 month, while Regulation 3.6 allows for an extension of 18 months. However, it should be noted that this precedent is limited by the APS Agency’s Certified Agreement provisions relating to extra claims for non-ongoing staff.

2.33 The *State of the Service 1999-00* report noted that the introduction of the APS Employment Database (APSED) in that year would allow more consistent tracking of non-ongoing employment henceforth. The data, however, were not directly comparable with data collected previously on temporary staff. Bearing this in mind, it reported a slight decline in non-ongoing employees since 1999, from 10.9 per cent to

21 Mr J Vines, APESMA, *Committee Hansard*, 11 November 2002, p.224

22 APESMA, Submission no. 44, p.5

23 Mr J Vines, APESMA, *Committee Hansard*, 11 November 2002, p.226

9.0 per cent in 2001. This compares with 16.7 per cent of the APS who were temporary staff in 1985.

2.34 The 1999 report notes that two contributing factors to the decline in non-ongoing employees between 1999 and 2001 were the drop in the number of staff employed in industrial and trade occupations and the increased use of contractors and consultants for non-ongoing work.²⁴ The latest *State of the Service 2001-02* report notes a slight increase in non-ongoing staff, to 9.2 per cent of total APS staff at 30 June 2002, most of whom were male employees.²⁵

2.35 Non-ongoing employees are concentrated (60.1 per cent) at APS classifications 1-3, with the median length of service 6 months. A trend that has emerged in the last three years is engagement of a considerable portion (12.4 per cent) of SES Band 3 staff as non-ongoing. This is in marked contrast to the very small proportion (1-2 per cent) of staff at this level engaged as non-ongoing in previous years, although the numbers for earlier years may be underestimated.²⁶

Need for more highly skilled personnel

2.36 The inquiry provided evidence of an overall reduction in the size of the APS and a change in the nature of work in the public sector. The APS Commission told the Committee that ‘higher expectations for service delivery together with the greater focus on results’ required ‘an increasingly skilled and flexible workforce that can respond effectively to the needs of government’.²⁷ This has implications for recruitment at entry level. In the words of Defence, ‘it [i]s becoming harder for unskilled young people to win APS jobs’.²⁸

2.37 The trend to a proportionate increase in higher level jobs in the APS and away from lower level, unskilled positions first noted in the 1990 report *Youth Employment in the Australian Public Service*²⁹ has become acute since that report. The result is that unskilled young people have much greater difficulty gaining employment in the APS. It is clear that a shift in the level at which most recruitment occurs is underway. For example:

- In 1985–86, nearly 70 per cent of new entrants were engaged to base grade classifications equivalent to the current APS level 1. Only 2.3 per cent of recruits

24 *State of the Service Report 1999–00*, PSMPC, pp.44, 58

25 *State of the Service Report 2001-02*, APS Commission, p.7

26 *ibid*, p.8

27 APSC, Submission no. 15, p.19

28 DOD, Submission no 36, p.2

29 *Youth Employment in the Australian Public Service*, APS Joint Council, November 1990, p.5

in 1985–86 entered the APS at levels above the APS 6-equivalent level, and only 0.2 per cent of these were engaged at SES-equivalent levels.³⁰

- By contrast, in 2000-01, the most common point of entry was at APS level 4, with 28.4 per cent of ongoing engagements taking place at this level. Only 4.1 per cent of engagements occurred at APS level 1.

2.38 The APS Commission told the Committee:

The shift in recruitment classification reflects the dramatic shift in the classification profile over the last 20 years. In 1982 the proportion of APS employees at the equivalent of APS 1 or below (including classifications in the then Fourth Division – ie ‘Clerical Assistants’) was over 50 percent. Now, the APS 1 classification represents 2.04 percent of total ongoing APS employment.³¹

2.39 This upwards shift in the level at which employees are recruited reflects a shift in the type of work being conducted by the APS, with an increase in more highly skilled positions and the elimination of lesser skilled positions mainly due to the introduction of new technology. As the Department of Health and Ageing (DoHA) submitted:

With changes in technology and the nature of work in the APS since the mid-1980s, many of the lower-level jobs (for example, the large annual APS1 intakes) that were previously suited to school-leavers and other young people with limited work experience have disappeared.³²

2.40 The MAC report found the key drivers in the streamlining of classification structures to have been ‘functional change, multi skilling and technological advances’ leading to ‘greater flexibility and variation in how agencies gear their classification structures’.³³ The Public Service Commissioner, Mr Andrew Podger, elaborated:

Through the office structures implementation—or OSI—which involved flatter work structures, multiskilling and the greater use of information technology, there have been fewer employment opportunities at lower levels and in supporting roles. The disappearance of many routine and processing tasks and the outsourcing of functions have influenced the range of skills and competencies required by agencies.³⁴

2.41 In addition to the shift in skills and knowledge that has reduced the number of positions in which young people can be placed, the ability to recruit a significant number of young employees is related to the degree to which the business conducted

30 *State of the Service Report 1999-00*, PSMPC, p.60

31 APSC, Submission no. 15, p.22

32 DOHA, Submission no. 28, p.7

33 *Organisational Renewal*, Management Advisory Committee 3, March 2003, p.20

34 Mr A Podger, APSC, *Committee Hansard*, 14 August 2002, pp.4-5

by an agency suits the skills and experience of young people. The business of most APS agencies is not conducive to employing many younger, unskilled workers.

2.42 The declining recruitment rate for young people therefore reflects the more competitive job market leading to a much wider and better educated candidacy and the recruitment of employees with better qualifications and more experience.

2.43 Repeatedly, the majority of agencies told the Committee that the nature of their work was such that they were looking for more qualified, skilled and experienced staff, for example:

- Defence submitted that ‘the changing nature of APS work has seen a significant reduction in the number of entry level positions that previously provided opportunities for relatively unskilled people’.³⁵
- The Australian Maritime Safety Authority (AMSA) told the committee that its specialised skill and knowledge requirements mean that recruitment to most vacancies is targeted at people who are in second or third career transitions with extensive experience in the maritime or aviation industry’.³⁶
- DFAT submitted that when employment opportunities at entry level exist, these are made available to young people. However, this was subject to ‘operational demand’ and there was ‘relatively less work available in the department at the base administrative level than was previously the case’.³⁷
- The Department of the Environment and Heritage stated that, ‘as a policy agency DEH offers limited opportunities for young people’.³⁸

2.44 There are exceptions, however. For example, Centrelink maintains a slightly younger profile than the APS as a whole and recruits more young people. Centrelink, submitted that ‘in keeping with the nature of its customer service duties, the Centrelink classification profile is less oriented towards executive and middle management grades than are the APS or industry generally’.³⁹ Large call centres are one type of business conducted by Centrelink which ‘have a distinctive youthful employment pattern’.⁴⁰

2.45 Despite the fact that the APS profile is ageing overall and that the downward trend in the level of youth recruitment reflects the more highly-skilled nature of business conducted in agencies, the APS Commission pointed out that the age profiles

35 DOD, Submission no. 36, p.2

36 AMSA, Submission no. 34, p.1

37 DOFA, Submission no. 4, p.6

38 DEH, Submission no. 20, p.1

39 Centrelink, Submission no. 26, p.12

40 Centrelink, Submission no. 26, p.17

of agencies do not uniformly indicate this.⁴¹ For example, the Department of Environment and Heritage has a relatively mature workforce, while the Treasury has a higher proportion of young people.

Retention

2.46 The *retention* of APS personnel is a critical issue. It is also complex, due to differing retention and separation patterns between categories of employees.

2.47 Overall, the median length of service of APS employees, as reflected in retention rates, has increased from seven years in 1992 to nine years in 2002. There has also been a decline in the number of employees separating within five years of joining the APS.⁴²

2.48 However, the picture alters when retention and separation rates are disaggregated. The number of ongoing employees with between five and ten years of service fell from 28.5 per cent of employees in June 1996 to 15.8 per cent at 30 June 2002, indicating a decline in retention for this group.⁴³

2.49 The median length of service amongst young employees is shorter than in the past. In contrast, the median length of service for employees aged 50-54 years has increased from 12 to 15 years.⁴⁴ The CPSU highlighted the fact that the representation of employees with less than five years service has increased from 22.5 per cent in June 1998 to 32.8 per cent in June 2001.⁴⁵ The State of the Service 2001-02 report notes a further increase at 30 June 2002 to 36.5 per cent.⁴⁶ Significantly, employees with less than two years service more than doubled during the same period, from 8.6 per cent to 19.1 per cent.⁴⁷

2.50 A pattern appears to be emerging of an older generation of employees maintaining a long-term relationship with the APS, while younger employees appear less likely to be staying on for as long. This has major implications for the future employee profile of the APS. Some of the reasons for these retention patterns are discussed later in this chapter.

2.51 Graduates and indigenous employees also display different retention patterns and these are discussed in Chapters 4 and 5 respectively.

41 APSC, Submission no. 15, pp.11-12

42 *Organisational Renewal*, Management Advisory Committee 3, March 2003, p.27

43 *State of the Service Report 2001-02*, APS Commission, p.14

44 *Organisational Renewal*, Management Advisory Committee 3, March 2003, p.27

45 CPSU, Submission no. 42, p.16

46 *State of the Service Report 2001-02*, APS Commission, p.14

47 CPSU, Submission no. 42, CPSU, p.16

The rising age of new recruits

2.52 According to the APS Commission, younger employees spend longer periods in full time education before joining the APS workforce. This means that they enter at an older age and therefore have shorter periods of service during the ages 20-24.⁴⁸

2.53 With the decline in the presence of young people employed in the APS, efforts were made during the nineteen nineties to increase youth recruitment. In 1992, *A National Employment and Training Plan for Young Australians* was released. It included new traineeship funding for the development of entry-level training arrangements, and increased subsidies for additional existing traineeships. The Keating Government gave a commitment on behalf of the Commonwealth to increase the number of trainees employed in the APS to at least 25 per cent of base grade recruitment, supplemented by an additional 1500 trainees in the then Departments of Social Security and Employment, Education and Training. Subsequently, the Keating Government also committed itself in *Working Nation* to increasing the APS intake of trainees to 2500 by 1995-96. APS entry-level training was to be converted to a competency based system and traineeships were to be opened up to adults.⁴⁹

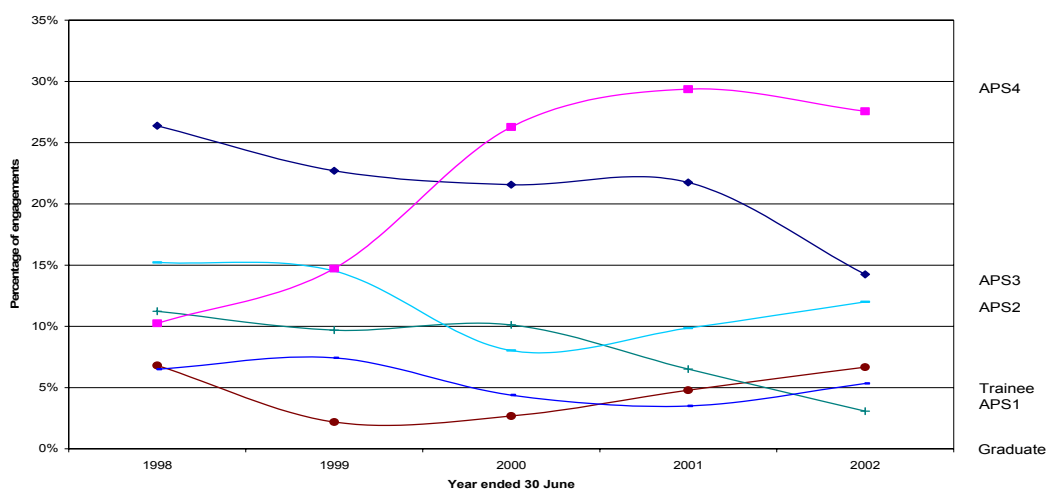
2.54 Despite these measures, the levels of trainee recruitment (a classification which includes graduate recruits under the Howard Government) have fallen as a percentage of all engagements from 17.6 percent in 1996 to 10 percent in 2002. The APS Commission submitted that, within the Trainee classification, there is evidence of increased proportions of graduates, with more widely fluctuating numbers of non-graduate trainees (although the data for 2001-02 shows a sharp reversal of this trend). It further noted that this substantial change from year to year in numbers of graduate/non-graduate engagements may be attributable to major recruitment campaigns run by individual agencies.⁵⁰ Recent figures on engagement at the lower levels, including of trainees and graduates, are shown in Figure 3.

48 APSC, Submission no. 15, p.12

49 *Review of Barriers to Youth Employment in the Australian Public Service*, Interdepartmental Committee, July 1997, pp.34-35

50 APSC, Submission no. 15, p.24

Figure 3: Percentage of Engagements by Classification Level 1996-97 to 2001-02⁵¹



A growing emphasis on work-life balance

2.55 Current analysis suggests there is a growing importance being attached by employees to workplace flexibility or work-life balance. A major OECD study examining work-life balance issues in Australia, the Netherlands and Denmark has indicated that a wide range of industrial measures are being adopted in different countries to enhance the ‘family-friendly’ nature of workplaces.⁵² It noted the progressive shift in Australian industrial relations, from a focus on ensuring full-time employment for single-income family ‘breadwinners’ to providing greater opportunity for flexible participation in employment by both men and women.⁵³ The report summarised evidence regarding the cost savings to employers of having flexible employment arrangements, as well as the arguments that flexible work practices are likely to broaden the potential recruitment base and increase staff morale.

2.56 A recent analysis of career progression in the New Zealand Public Service found that the one of the ‘main deterrents to public servants seeking a higher-level job were potential clashes with life outside the workplace’.⁵⁴ The OECD comparative study concluded that in Australia, ‘the role of government in ensuring family-friendly work practices is less than in the other two countries’.⁵⁵ Nevertheless, some agencies

51 *ibid*, p.49

52 OECD, *Babies and Bosses: Reconciling Work and Family Life*, Volume 1: Australia, Denmark and the Netherlands, 2002.

53 *ibid*, p.187

54 ‘Career Progression in the New Zealand Public Service’, Sally Washington, *Public Sector*, Vol 25, No 3, 2002, p.22

55 OECD 2002, *op cit*, p.16

in the APS, confronted with the issue identified in the New Zealand study, have chosen to use an emphasis on flexibility in the workplace as part of their recruitment strategy. This is discussed later in this chapter.

Current issues with APS Recruitment and retention

2.57 The previous sections have outlined some of the key features of APS staffing and recruitment in recent years. The Committee turns now to some of the issues that were identified during its inquiry and discusses some of the responses proposed to deal with these issues. Chapters 3 to 5 then look at recruitment issues specific to particular groups of employees: young people, graduates, and Indigenous people.

Use of innovative recruitment practices

2.58 The *State of the Service Report 2000–01* reported that agencies appeared to have taken a sensible approach to the development and use of alternative methods of selection, adopting new systems where they seemed to be appropriate to the particular capability requirement and labour market, but retaining more traditional arrangements where these appeared to be working satisfactorily. The report also stated that there was no evidence that alternative systems and methods undermine the principle of merit employment.⁵⁶

2.59 However, Dr West and Mr Gourley considered that there is still too much reliance on interviews as a means of assessing applicants for the APS. They considered interviews to be ‘one of the less reliable means of assessment’ and the continued reliance on interview as ‘a significant failing in the assessment of merit in the Service’.⁵⁷ In their view, interviews, especially if conducted by untrained people, are ‘particularly prone to the introduction of biases’ (including against youth).⁵⁸

2.60 They considered that an individual’s claims regarding employment are best tested against evidence of past behaviour and achievement, such as work samples, supervisor evaluation and referee reports; that other methods such as use of assessment centres,⁵⁹ cognitive tests and personality assessments also had validity; but that no single method should be relied upon solely because each could have biases. They stated:

Reliance on such techniques as work samples and referee reports will generally advantage older people with some work experience; younger people will be at a disadvantage. Therefore, and particularly for entry level

56 APSC, Submission no. 15, p.26

57 Dr J West and Mr P D Gourley, Submission no. 29, p.7

58 Dr J West, *Committee Hansard*, 27 September 2002, p.222

59 ‘The assessment centre concept generally involves a series of simulated exercises designed to gauge the performance of candidates in work situations.’ *State of the Service Report 2000–01*, PSMPC, p.65

recruitment, the use of written tests of ability and potential (such has been used in the past with tests for clerical and graduate recruitment) that are less likely to be affected by age bias will be important.⁶⁰

2.61 The Recruitment and Consulting Services Association considered that personality tests are particularly useful and relevant in the right circumstance, provided they are administered and interpreted by qualified people. It noted that they appeared to be used more during senior executive recruitment processes, but that ‘values based assessment’ is becoming more prevalent at ‘lower or on-hired blue collar or administrative level[s]’ and that this is appropriate in today’s society.⁶¹

...something the APS should look into if it has not already...is trying to align the values of the candidates and applicants to the mapping of the values of the client, rather than looking at personality in a very traditional sense. I think it comes back to...the whole of life experience that [young people] are looking for, which is far more predominant in today’s society.⁶²

2.62 The APS Commission noted that those interviewing indigenous job applicants must be aware of cultural issues when interviewing.⁶³ Ms Sally McMartin, Executive Officer, National People and Development Unit, ATSIC, told the Committee that selection processes, especially the formal interview, could be intimidating for many indigenous job applicants.⁶⁴

2.63 One witness, Mr R Henry, suggested that ‘a more standardized, structured approach to job titles and classifications across the APS would assist applicants and improve public understanding of the APS’. He also favoured moves to job competencies and targeted selection interviewing practices. He considered that, in terms of retention, it was more efficient to match applicants’ skills with job competencies, both in terms of recruiting suitable staff as well as for identifying training needs.⁶⁵

2.64 The Committee notes that the APS Commission published in August a kit on recruitment and selection processes for use by agencies.⁶⁶ The kit covers a range of approaches, and provides comment on when different approaches might be appropriate.⁶⁷

60 Dr J West and Mr P D Gourley, Submission no. 29, p.7

61 Mr C Cameron, RCSA, *Committee Hansard*, 27 September 2002, p.182

62 *ibid*

63 ‘Recruitment of Indigenous Australians in the Australian Public Service’, PSMPC, www.apsc.gov.au/publications01/indigenousrecruitment.htm, p.5

64 Ms S McMartin, ATSIC, *Committee Hansard*, 15 August 2002, p.114

65 Mr R Henry, Submission no. 1, p.3

66 APSC, *Recruitment and Selection Kit*, August 2003

67 EL1 Update, APS Commission, 26 March 2003

IT Professionals

2.65 The Australian Computer Society (ACS) considered it important that IT practitioners acquire appropriate qualifications, working experience and understanding because of the ‘enormous breadth and depth of knowledge and skill’ in the IT industry. It considered that it would be in the interests of the larger community as well as IT professionals themselves if recruitment guidelines for APS IT professionals were established. These should include the ACS Core Body of Knowledge, Code of Ethics and Code of Professional Conduct and Professional Practice.⁶⁸

Merit in employment

2.66 Section 4.2 (1) of the Public Service Commissioner’s directions states that agencies must put in place measures so that all eligible members of the community have the opportunity to apply for vacancies at the APS 1 classification or trainee classification. Likewise section 4.2(2) states that ‘subject to considerations of cost and operational efficiency’ an agency head must put in place measures so that all eligible members of the community have an opportunity to apply for all ongoing positions.

2.67 As stated in the 1995 MAB report:

Staff should be selected on the basis of merit. The merit principle, which comprises adequate publicity, assessment against realistic standards, absence of unjustified discrimination, and ranking on the basis of an assessment of ability, is central to the preservation of an impartial PAS in which staffing decisions are not influenced by favouritism and patronage.⁶⁹

2.68 The APS Commission advised that, by 2000, almost all ongoing employment opportunities (99.5 per cent) had been opened up to the public. In 1998, when the requirement for access to APS vacancies by those outside the APS ranks was introduced, only 27 per cent of ongoing employment opportunities had been openly advertised. Of exercises finalised in 2000, 43 per cent of opportunities were filled on an ongoing basis by applicants external to the APS, a substantially higher figure than the 20-30 per cent range of the previous three years.⁷⁰

2.69 Open competition for APS vacancies has implications, however, for the recruitment of young people in particular. For example, some positions at the APS 3 and 4 level that in the past would have been filled by promoting or moving ‘insiders’, have been filled by engagements.⁷¹

68 QDPW, Submission no.50, pp.1, 3, 4

69 *Achieving Cost Effective Personnel Services*, Joint Publication of the Management Advisory Board and its management Improvement Advisory Committee, Number 18, November 1995

70 Commonwealth Ombudsman, Submission no. 15, p.27

71 Commonwealth Ombudsman, Submission no. 15, p.23

2.70 According to Dr West and Mr Gourley, the onus on agencies to advertise all vacancies for application from outside of the Service is significant in terms of cost since the majority of vacancies are advertised for nation wide competition.⁷²

2.71 Discrimination on the grounds of age is outlawed in the APS, with young applicants required to compete with more experienced applicants. Agencies noted that merit based employment in the context of a more competitive job market therefore meant that younger people, with less experience and fewer qualifications, could be less likely to secure a position. For example, young applicants for positions in Defence were required to compete with all applicants, including experienced former ADF personnel looking for a career change.⁷³ This was significant given the results of the recent Defence Personnel Environment Scan 2020 that ‘the proportion of people aged 24 years and under will continue to decline, and that the core workforce between 25 and 54 years will steadily become older’.⁷⁴

2.72 Independent commentators also considered that the merit principle was a factor that limited the recruitment of young people into the APS. Mr Craig Matheson described the implications for young people of the merit principle in the new environment. Noting that changes in recruitment since the abolition of the Public Service Board ‘have seen the meritocratic ideology of the administration system finally triumph over the egalitarian ideology of the bureaucratic system and its structural embodiment in the ‘career service’ he argues that ‘the former chief beneficiaries of bureaucratic recruitment policies, namely school leavers, are now severely disadvantaged’.⁷⁵

Open advertising of APS vacancies

2.73 One question that came up during the inquiry was whether the open advertising of virtually all vacancies was an effective personnel management approach. Dr West and Mr Gourley supported the opening of base grade vacancies to the general public, but did not support the compulsory advertising opening of all vacancies. They considered that open advertising of all vacancies imposed increased costs on agencies, and, while this was also the case for base grade recruitment, in their view the added cost of openly advertising general recruitment vacancies was not compensated by the benefits achieved from the advertising.

2.74 More importantly, they supported the views of commentators such as Pfeffer⁷⁶ and Gladwell⁷⁷ that making all vacancies open to application from outside

72 Dr J West and Mr P Gourley, Submission no. 29, p.3

73 DOD, Submission no. 36, p.2

74 DOD, Submission no. 36, pp.2-3

75 ‘Staff selection in the Australian Public Service: A History of Social Closure’, Craig Matheson, *Australian Journal of Public Administration* 60(1):43-58, March 2001, pp.50-51

76 ‘Fighting the War for Talent is Hazardous to Your Organisation’s Health’, J Pfeffer, *Organisational Dynamics*, Vol 29, No 4, 2001, pp.248-259 (attachment to Submission no. 29)

organisations was a potentially flawed policy because of its detrimental effects on personnel management. At issue was the challenge of balancing the need to address the principle of open and competitive employment with merit-based selection.

2.75 On the basis that ‘great companies get the best out of people instead of always searching for different people’, focussing on recruiting talent from outside at the expense of improving performance management within agencies could leave internal workforces demotivated with consequential effects on performance and corporate memory. The concept of a career service was also greatly diminished through open competition for vacancies.⁷⁸

2.76 Dr West and Mr Gourley further noted that open competition for all vacancies was not typical of general employment practice and probably not paralleled by any other public or private organisation in Australia. They suggested that a comparison of the relative success of external applicants with the number of such applicants would be informative. If such a comparison indicated, for example, that significantly more internal applicants were successful relative to the number of external candidates, then current policy appeared to be out of step with reality and unnecessary.⁷⁹

2.77 In response, the APS Commission advised that, while there was a legislative requirement for Gazette notification and a competitive selection process for engagement of a person as an ongoing employee or for promotion of an APS employee, the legislation was flexible and provided for processes other than advertising to fill employment opportunities. Agency Heads were also able to close employment opportunities to the public on the grounds of cost or operational efficiency and orders of merit could be used to fill employment opportunities for 12 months from the date of the initial Gazette notification of vacancies.⁸⁰

2.78 Dr West and Mr Gourley noted two other impediments to a fully based merit system. These are the nationality requirement (section 22(8) Public Service Act) and the prohibition on the engagement of staff who have received a redundancy benefit (section 4.4 Public Service Commissioner’s Directions).⁸¹

Nationality requirement

2.79 Dr West and Mr Gourley submitted that Australian citizenship had ‘nothing to do with either the ability of a person to perform any kind of work or the inherent loyalty and commitment of particular individuals to the service of governments and

77 ‘The Talent Myth’, M Gladwell, *The New Yorker*, 27 July 2002 (attachment to Submission no.47)

78 ‘Fighting the War for Talent is Hazardous to Your Organisation’s Health’, J Pfeffer, *Organizational Dynamics*, Vol 29, No. 4, pp.248-259, 2001 (attachment to Submission no. 29)

79 Dr J West and Mr P Gourley, Submission no. 29, p.3

80 Answers to questions on notice, November 2002, Q.7, pp.9-10

81 Dr J West and Mr P Gourley, Submission no. 29, p.6

the country’,⁸² implying that citizenship should not be a requirement for candidates for APS positions.

2.80 According to the APS Commission, as in the case of advertising, the Public Service Act provides flexibility by allowing Agency Heads either to waive the requirement for Australian citizenship, or to ‘conditionally engage a non-citizen subject to confirmation of citizenship’. It notes, however, that the requirement is based generally ‘on the importance the government places on immigrants becoming citizens in order to express their commitment to and willingness to participate fully in the Australian community’. It is a recognition of the value of Australian citizenship and enhances its significance as a unifying factor in a multicultural society.⁸³

Engagement of APS employees in receipt of redundancy benefits

2.81 Dr West and Mr Gourley considered that there was no sensible rationale to support the prohibition on engaging persons who had received a redundancy benefit and that it was ‘an offence to the merit principle’ to permit a less meritorious applicant to be selected over one with stronger claims.⁸⁴

2.82 The APS Commission advised that the ruling was ‘intended to strike a reasonable balance between the interests of the Commonwealth as an employer and the rights of individuals who have received a redundancy benefit from the Commonwealth’ with a view to ensuring ‘that Commonwealth funds were spent responsibly’. The Committee understands that the prohibition was introduced to prevent ‘double-dipping’ in terms of benefits due to APS employees by former APS staff. Again, the APS Commission drew the Committee’s attention to the flexibility in the legislation and advised that the policy was subject to ongoing review.⁸⁵

Contract positions that become full time

2.83 Another problematic aspect of merit in employment practices related to appointment of contractors to positions that subsequently became full time. The RCSA proposed that it would be more cost effective if recruitment companies used to place the contractor also searched for the full time position. It suggested that the APS could advise companies that the contract position could become full-time, thereby enabling them to interview and select candidates accordingly.

2.84 It considered that, in the case of the successful appointment of a contractor, the requirement under the merit principle for positions to be fully advertised and a rigorous and expensive process of selection undertaken, had already occurred. This

82 Dr J West and Mr P Gourley, Submission no. 29, p.6

83 Answers to questions on notice, November 2002, Q.7, pp.10-11

84 Dr J West and Mr P Gourley, Submission no. 29, p.6

85 Answers to questions on notice, November 2002, Q.7, p.20

was borne out by the appointment, in many cases, of the contractor to the ongoing position. It stated that, in order to follow the merit principle:

the position must be fully advertised and a rigorous and expensive process of selection undertaken to make the appointment. In many cases the contractor wins the role. The RCSA understands that the APS is designed to ensure that all interested candidates can apply for the position. However our concern is that a detailed search was already undertaken to find the contractor who has already successfully filled the role.⁸⁶

2.85 The RCSA also considered that, as in the private sector, on appointment of a contractor to a full-time position with assistance of a recruitment supplier, the APS should pay a release fee to the agency to compensate it for lost earnings. It stated:

...the advantage of using a recruitment agency is that they can screen candidates for various positions and be job match appropriately rather than applicants going for a position that may not suit them. As recruitment agencies specialise in a sector they will build up a pool of applicants suitable for positions reducing the need to constantly advertising for every new position.⁸⁷

2.86 In response, the APS Commission said that it was not aware of subsequent engagement of contractors 'contrary to the legislative provisions' and that it did not intend to impose restrictions or require agencies to enter into any arrangement that would reduce the flexibilities in recruitment provided under the APS legislative framework.⁸⁸ It suggested that if recruitment agencies had concerns, it was up to them to make contractual arrangements with contractors to prevent them applying for ongoing engagement with the APS agency in the same capacity.

2.87 Staff selection directly by managers, in theory, allows selection of new recruits according to the skills and tasks required for particular jobs. However, not all agencies have taken advantages of the flexibilities available to them to recruit the best candidates, due in part to a lack of knowledge of the legislation, in part to a lack of experience in recruitment functions and in part as a result of particular agency circumstances.

2.88 In this regard, the Committee considers that the APS Commission should play a greater role in providing guidance to agencies on the flexibilities open to them regarding recruitment. For example, the Committee notes that the APS Commission responded to criticism from some submitters on specific aspects of recruitment (for example, the requirement to nationally advertise all vacancies, the requirement that APS candidates have Australian nationality and the prohibition on re-engagement of

86 RCSA, Submission no. 9, p.10

87 *ibid*, p.11

88 Answers to questions on notice, September 2002, Q.12, p.19

employees who have accepted a redundancy benefit) by drawing attention to flexibility in the legislation that provides for exceptions to these blanket rules.

Recommendation 1

2.89 The Committee recommends that the APS Commission widely disseminate advice and guidance to agencies clarifying the flexibility with recruitment available under the legislation. This should include information on the exceptions that apply to requirements for advertising vacancies, Australian nationality and candidates who have accepted a redundancy benefit.

2.90 The trend to a ‘stepping stone’ career composed of shorter periods of employment in individual workplaces and continual improvement of skills and experience resulting from this mobility is now well-documented. Given this, it is in the interests of agencies to have streamlined recruitment and selection processes, bulk recruitment rounds and standing orders of merit following recruitment actions, to ensure resource levels are maintained. Those agencies with the most flexible recruitment arrangements will be best placed to compete for staff.

Recommendation 2

2.91 The Committee recommends that to reduce barriers to mobility the APS Commission provide clear guidance to all agencies on efficient, flexible and streamlined recruitment and selection processes.

Appropriate management of non-ongoing employment

2.92 In the view of Dr West and Mr Gourley, it is imperative that the relevant provision of the Public Service Regulations governing non-ongoing employment, Regulation 3.5, is properly administered. This is because, while it is a ‘more robust and more specific legal regulation’ than the previous provision, in some respects it also allowed for longer periods of non-ongoing employment than was the case previously. They stated:

In these circumstances, it is imperative that the new law is administered scrupulously and that non-ongoing employment is not, as it has been in the past, used to recruit people where the work on which they are engaged is of an ongoing nature.⁸⁹

2.93 The CPSU drew the Committee’s attention to a recent Australian Industrial Relations Commission decision that allowed 178 non-ongoing Defence employees to be made ongoing employees. The CPSU stated that the case had implications for the application of the merit principle and also pointed to the need for more comprehensive employment statistics to be made available for public scrutiny on all forms of APS employment, including the use of agency hirees and contract staff and the operation of

89 Dr J West and Mr P Gourley, Submission no. 29, p.4

relevant sections of the Public Service Act. The CPSU recommended that the Committee consider examining advice from the APS Commission on the implications of the recent AIRC Defence decision for APS non-ongoing employees.⁹⁰

2.94 The Committee notes that consultants, contractors and ‘agency hirees’ (staff employed through a labour hire firm) are not engaged under the Public Service Act, and thus do not fall within the purview of this inquiry. It observes that the next *State of the Service* Report intends to report in detail in relation to agency hirees.

2.95 The CPSU also highlighted a recent dispute regarding the treatment of Centrelink non-ongoing employees by a private sector agency that was selecting on-going employees for Centrelink. The selection process resulted in a number of non-ongoing employees being excluded despite what appeared to be strong claims for on-going employment. As a result of CPSU’s dispute listing with the AIRC, Centrelink agreed to modify its selection process to allow for a separate process to consider the claims of current non-ongoing employees.⁹¹

2.96 According to the CPSU, not all non-ongoing employees are made aware of their rights and conditions of employment under the Public Service Act. A CPSU survey suggested that non-ongoing employees were either not aware of the restrictions on non-ongoing employment, or were not confident about raising concerns regarding this. It recommended that:

on employment non-ongoing APS staff be made aware, in plain English, of their rights in relation to circumstance in which non-ongoing staff can be employed, the length of their initial term, the circumstances when an extension can be granted and the maximum total term of employment.⁹²

2.97 The Committee understands that agencies are responsible for ensuring both that the requirements of the legislation are met, and that an employee is given information on his or her rights and responsibilities. The APS Commission is preparing a publication for agency use dealing with diversity and discrimination issues in outsourced recruitment. It is expected to be available by mid 2003.⁹³

2.98 Concerns surrounding the insecurity of employment arrangements under New Apprenticeship arrangements were also raised. These provided for staff to be employed for periods of 12 months only. The CPSU was concerned at the different treatment accorded New Apprenticeship Trainees compared with graduate recruits. It arises because the Trainees are not initially merit-selected as on-going employees but are subject to the successful completion of their New Apprenticeship. The CPSU

90 CPSU, Submission no. 42, p.22

91 *ibid*, p.19

92 *ibid*, pp.22–23

93 Answers to questions on notice, November 2002, Q. 8(1), p.23

recommended that the Committee examine a report by the APS Commission on options to enable New Apprentices to be initially engaged as on-going employees.⁹⁴

2.99 Dr West and Mr Gourley stated that temporary and non-ongoing categories of employment had always been difficult to manage. They observed that the recruitment of large numbers of non-ongoing employees would probably be detrimental to motivation, attitude and behaviour because individuals were left in uncertain positions.⁹⁵

2.100 Given that many agencies now outsource all or part of their recruitment function, an important issue is the extent to which private providers are aware of the APS values and workplace diversity principles and whether they were implementing them in undertaking recruitment on behalf of APS agencies. The Committee is aware of the APS Commission's reassurance in its Workplace Diversity report for 2000-01 that no agencies had grounds for concern in this regard.

2.101 However, it also notes that it is each agency's responsibility to ensure that all employees, including non-ongoing employees are fully aware of their rights and circumstances of their employment under the Public Service Act and of the restrictions on the use of non-ongoing employment. Given the concerns expressed by the CPSU to this inquiry, the Committee is concerned that agencies may either not be fully aware of their responsibilities in this regard, or are not providing adequate information either to their employees or to contractors undertaking recruitment on their behalf.

2.102 This appears to be another area in which the APS Commission should have provided clarification and clearer guidance to agencies. The Committee considers that the APS Commission could assist agencies in the management of non-ongoing employees by providing clear and detailed information, including information about entitlements, the circumstances under which appointment of non-ongoing employees is appropriate and the legislative framework, as a priority.

Recommendation 3

2.103 The Committee recommends that the APS Commission provide clear guidance to all agencies on their responsibilities under the *Public Service Act 1999* regarding non-ongoing employees' entitlements and rights.

Addressing the reasons for lack of retention

2.104 Retention of staff in the APS has long been recognised as an issue. *APS 2000: The Australian Public Service Workforce of the Future (APS 2000)*, a report prepared by a working party convened by the APS Commission in 1989, highlighted the cost of

94 CPSU, Submission no. 42, p.22

95 Dr J West and Mr P Gourley, Submission no. 29, p.4

recruiting and inducting new staff members and the need to increase retention rates to obtain a return on investment.⁹⁶

2.105 The Management Advisory Committee (MAC) report *Organisational Renewal* considered attraction, recruitment and retention issues in the APS. The aim was to provide advice to agencies on work force planning, leadership and learning and development strategies with a view to aiding retention, based on surveys of recent retirees and graduates who have recently left the APS.⁹⁷ The MAC concluded that, amongst other trends, increased movement into and out of the APS with more graduate recruits and young workers leaving within the first few years of entry was likely to continue. Wider demographic trends meant that competition for new entrants into the labour market would also increase, as would pressures to retain skilled employees.⁹⁸

2.106 The MAC described the likely departure of ‘a significant proportion’ of the APS workforce (around 23 per cent) in the next five years due to retirement of the ‘baby boomers’ cohort, as a challenge rather than a crisis. However, it urged APS agencies to actively management the situation through, amongst other things, more systematic workforce planning. This included:

- understanding their own workforce demographics and characteristics, noting the significant interagency variations on factors such as age
- identifying their particular current and future capability requirements and implementing an integrated human resource management strategy to make sure they are met; and
- implementing effective succession management to develop bench strength for key roles.⁹⁹

2.107 Despite this, the relative lack of concern on the part of the APS Commission at the decline in retention rates, particularly of graduates, surprised the Committee. The APS Commission noted that the recent decline in graduate retention rates ‘is from a cohort with relatively high retention rates, and its impact on career patterns can be overstated’.¹⁰⁰ Its view that gains in agency effectiveness, rather than a loss of efficiency, had resulted from devolution, with ‘agencies having both the imperative and the flexibility to design and structure their workforce strategies to meet their

96 *APS 2000: The Australian Public Service Workforce of the Future*, Discussion paper of the Interdepartmental Working Party convened by the Public Service Commission, 1989, p.16

97 Mr A Podger, APSC, *Committee Hansard*, 14 August 2002, p.9

98 *Organisational Renewal*, Management Advisory Committee 3, March 2003, p.2

99 *ibid*, pp.2-3

100 *Organisational Renewal*, Management Advisory Committee 3, March 2003, p.6

particular business capability and renewal requirements'¹⁰¹ gave further weight to this impression. According to the Commissioner:

There is some evidence of a greater loss rate of graduates than in the past. It is not a huge increase in loss but there is some increase there. It may simply be that young people these days are more mobile...¹⁰²

2.108 There are also indications that more frequent staff movements within and between agencies is affecting individual agencies' retention rates and, consequently, their corporate memory and consistency of skill bases. According to the ANAO, 'large internal churn factors' appear to be a real and ongoing phenomenon.¹⁰³ Referring to the ANAO's own experience, Mr Warren Cochrane stated:

Our churn factor—our turnover in total—has been very high over the last few years. That is a reflection of the fact that the market has been very healthy, firstly, and, secondly, most of our people are accountants, and well-qualified accountants, and the public sector has been going through enormous accounting reform, so our people have been in very strong demand. If you like, it is part of the internal churn factor in the Public Service that we are losing lots of people to other agencies.¹⁰⁴

2.109 On the face of it, this view is not supported by the MAC report which states that mobility rates (including promotions and transfers between agencies) overall have remained fairly constant throughout the last decade, partly due to a greater attention by agencies to internal career and skills development and, possibly, the increased use of broadbanding. However, it also notes that mobility rates amongst young employees are higher and that the rate of transfers increases for employees at higher classification levels.¹⁰⁵ Both these factors would be impacting on corporate memory and skills bases within individual agencies.

2.110 On the positive side, it is notable that retention rates are particularly strong amongst women in the APS.¹⁰⁶

2.111 The Committee 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. Conducting exit interviews with departing staff is one measure that should yield important information, particularly if they were to be mandatory and the results were reported on

101 *Organisational Renewal*, Management Advisory Committee 3, March 2003, p.1

102 Mr A Podger, APSC, *Committee Hansard*, 14 August 2002, p.8

103 *ibid*, pp.90-91

104 *ibid*, pp.95-96

105 *Organisational Renewal*, Management Advisory Committee 3, March 2003, pp.28-29

106 Mr A Podger, APSC, *Committee Hansard*, 11 November 2002, p.245

systematically. The Committee also considers that, while agencies have the discretion to design their own exit interview processes, a set of standard questions should be adopted across the APS to identify service-wide trends and allow comparisons to be made. The APS Commission should have a role in developing standard questions.

Recommendation 4

2.112 The Committee recommends that all APS agencies develop mandatory exit interview processes to monitor and report on retention and separation trends. The APS Commission should assist agencies in this process and also develop a set of standard questions to enable it to report on APS-wide retention and separation issues and developments.

Tackling the ageing workforce

2.113 A key finding of the Committee's inquiry concerns the way individual agencies and the APS as a whole have positioned themselves to deal with the demographic trends that will see the APS workforce continue to age over the next five to ten years. With a workforce already older than the average for the wider Australian workforce and proportionately fewer employees at both the younger and older ends of the profile, the peak in departures of 'baby boomers' during this period will place even greater pressure on agencies not only to fill gaps in corporate knowledge, but also to be able to continue to respond to new and complex demands.

2.114 The MAC report's view that the trends present a *challenge*, not a crisis,¹⁰⁷ presupposes appropriate and timely action on the part of agencies and bodies such as the APS Commission to address them.

2.115 The Committee is concerned that there is a lack of recognition and lack of momentum on this matter in some agencies at the present time. It appears that impromptu recruitment to fill short-term needs is the norm rather than the exception in many agencies, and that a strategic long-term vision to target areas needing more resources, and to provide flexibility to channel excess or additional resources to areas of emerging needs, is not yet a ubiquitous feature of the APS.

2.116 It may be that the potential impact of the situation has not yet hit home because, due to the different nature of staffing profiles across the APS, some agencies have not yet faced pressures on their own businesses. This is also the case for some OECD member countries. But research commissioned for the OECD's Public Governance and Management expert meeting on the Competitive Public Employer Project emphasised the critical need to plan ahead in the expectation that OECD

107 Management Advisory Committee 3, APS Commission, *Organisational Renewal*, March 2003, p.3

Member countries ‘will be forced to hire a remarkable number of new employees to replace current employees as they reach retirement age’.¹⁰⁸

2.117 The Committee supports the MAC’s view for ‘more systematic workforce planning’ based on an understanding of each agency’s demographics and characteristics and present and future capability requirements.

Recommendation 5

2.118 The Committee recommends that all APS agencies should, as a priority, develop a detailed analysis of their present workforce profile and a strategic action plan to meet their future workforce needs.

2.119 Given the need for reliance on mature-aged workers in the next decade, the Committee considers there is an urgent need for all agencies to:

- provide incentives for ‘phased retirement’; and
- put in place succession strategies so that agencies’ roles and functions can continue to be met efficiently and effectively.

2.120 The Committee notes that the APS Commission is preparing a kit for agencies on managing a mature aged workforce, including actions to provide for phased retirement such as:

- providing more flexibility in terms of working hours;
- changing the nature of work available (e.g. project work instead of managerial responsibility; mentoring);
- different salary packaging arrangements (so as not to affect superannuation entitlements);
- when appropriate, re-engaging those who have resigned; and
- ensuring OH&S issues have a high profile in terms of management.

The Need for Mentoring

2.121 One strategy put forward to aid staff retention, particularly of young recruits, was mentoring. A major difficulty with this proposal is that senior staff often lacked the time and capacity to become involved in mentoring programs. This problem appeared to be common to both public and private sectors. APESMA stated:

Other organisations have found there is a need to introduce a mentoring program to bring the young engineers up to speed. The other difficulty that they have found—and we suspect that it would probably be the case in the APS—is that the more senior engineers, who are the ones who should be

108 K Aijala, ‘Public Sector – an employer of choice?’ Report on the competitive public employer product, OECD, 2001, www.oecd.org/puma, p.4

doing the mentoring, are too busy to in fact do it. There are some examples in other organisations where they have brought back recently retired engineers to provide that mentoring service.¹⁰⁹

2.122 A conference held in Melbourne in November 2002 for major employers of engineers noted that mentoring was a priority if young engineers were to develop the skills needed to replace the senior cohort when they left the workforce. The summit recognised ‘the need to draw on external expertise and recently retired engineers to facilitate and deliver mentoring to the young professionals’. APESMA agreed to establish a database of ‘suitably experienced and recently retired engineers’ who could assist organisations in the development and delivery and mentoring programs.¹¹⁰

2.123 2.61 The involvement of mentors in Geoscience Australia’s graduate recruitment program was a key feature of that program. Geoscience explained:

Upon arrival at GA, senior level Mentors are made available to the Graduates with a view to ensuring that their Graduate year is not frustrated in any way. As well, an informal buddy system, utilising Graduates from earlier intakes, has now been put to good effect.¹¹¹

2.124 Several agencies referred to mentoring in the form of ‘on-the-job’ assistance.

- AFFA advised that the Australian Bureau of Agricultural and Resource Economics (ABARE), has introduced a scholarship scheme that targets promising students in their third or fourth year of study with a view to more effective assessment of aptitude and progress. It noted that this action also allowed some practical ‘bonding’ to take place via meaningful vacation employment and assistance with theses.¹¹²
- The Treasury said that a major contribution to staff development came from activities such as ‘on-the-job coaching, special projects, secondments, postings and other opportunities’.¹¹³

2.125 A key strategy to improve retention rates, particularly amongst young people, is mentoring and support from ‘buddies’ and teammates. The Committee strongly urges all agencies to develop mentoring, coaching and similar activities as a priority, particularly for new recruits in strategically important areas. A mutually beneficial strategy for agencies and their staff, mentoring, in fact, acts as a bridge between mature aged workers and new young recruits. For the former, it provides an alternative type of work that can act as an incentive for longer working lives, while facilitating the knowledge transfer that is vital to corporate knowledge retention. For

109 Mr J Vines, APESMA, *Committee Hansard*, 11 November 2002, p.229

110 Further information provided to the Committee, APESMA, 23 December 2002

111 RCSA, Submission no. 9, p.2

112 AFFA, Submission no. 19, p.4

113 The Treasury, Submission no. 21, p.3

the latter, it provides encouragement to continue in particular jobs and areas for longer, knowing that their performance is supported and, importantly, that they have been trusted to receive important corporate knowledge and that their contribution is valued.

Recommendation 6

The Committee recommends that, as a priority, all agencies develop mentoring programs and activities to support new young recruits.

The impact of leadership

2.126 In terms of a more highly skilled workforce, leadership skills are critically important to good governance. Good leadership is needed to develop government institutions. Moreover, good leadership assists staff retention, with OECD research reporting that close to half of all personnel seeking to change their jobs do so because of poor leadership.¹¹⁴

2.127 It has been argued that the most important role of public sector leaders is to solve the problems and challenges faced in a specific environment with a view to promoting certain fundamental values that can be called *public spiritedness*. Public sector leaders, therefore, are people ‘who can draw others into a strong spirit of public service geared to the needs of contemporary society, and thereby make their services to government and to citizens more effective’. In contemporary society, a new kind of leadership characterised by cooperation, open communication and recognition, with highly performing leaders who can act as role models for their staff is required.¹¹⁵

2.128 Leadership is also very important in relation to management capacity and organisational performance, with a focus on leadership providing an integrating role among various human resources management components including recruitment and selection, training and development, performance management, public service ethics, and succession planning.¹¹⁶

2.129 The Committee has noted the critical importance of leadership both if agencies are to deliver the outputs required of them, and if they are to attract new talented recruits. It will be imperative for senior executives to ‘get in touch’ with their workforce, understand its dynamics and the aspirations of individuals. Only in this way will employees feel valued and have an incentive to remain for longer than minimum periods.

114 K Aijala, Public Sector – an employer of choice? Report on the competitive public employer product, OECD, 2001, www.oecd.org/puma, p.16

115 *ibid*

116 *Public sector leadership for the 21st century*, OECD, 2001, www.oecd.org/puma, p.1

2.130 It is significant that recent reports and surveys have found that, while remuneration is important, it is not the primary factor in people's decisions to join and remain with employers. Of far greater importance are other factors such as flexibility, as discussed above. Another key factor, especially for young people, is expectations regarding leadership styles. The image of a conservative, hierarchical, old-fashioned public sector with out-of-date human resources management and practices deters high-quality staff. Prevailing community attitudes mean that potential employees, especially young people, seek a more open, communicative and cooperative culture with flat hierarchies that provide opportunities for recognition of effort, scope to display initiative and have some control over one's work, and to pursue personal goals and development aspirations.

2.131 The Committee considers that there is scope for the APS to improve its leadership record both to attract and retain high quality staff. The expectations described above, while not discounting the need for new recruits to reconcile these with the reality of work, need to be recognised and appropriate responses made.

Enhancing workplace diversity

2.132 In the increasingly competitive labour market of the future, the APS will need to develop strategies to deal with the 'war for talent' that is now underway. In addition to developing strategies to retain mature age workers for longer, there is a fundamental need for the APS to market itself as an 'employer of choice' with the next generation of workers.

2.133 One way in which the 'war for talent' may manifest itself is through an increasing premium being placed on recognizing and retaining the diverse range of employees in the organisation. A shortage of skilled employees means increased emphasis must be placed on strategies that ensure better management of human resources. These include policies of equal opportunity and workplace diversity, and incentives to prolong the career of older employees. The former have been enshrined in the APS for some time and are the basis of formal mandatory reporting by agencies. The latter has been the focus of government policy more recently in the context of consideration of the implications of Australia's ageing population, as noted in Chapter 1.

2.134 With increasing reliance on mature-aged workers likely to continue, agencies will need to consider a range of options as incentives to maximise their contribution and provide incentives for older workers to remain in the workforce. These include examining remuneration packages to address particular superannuation issues and more flexible and targeted working patterns, including more creative use of skills and opportunities for different roles, as well as options for part-time work and phased retirement.¹¹⁷

117 *ibid*, p.4

2.135 The Committee was advised that women made up about 52 per cent of the APS and that the recruitment rate of women was about 54 per cent. This suggested a possible small increase in the number of women in the APS with stabilisation likely at around 54 per cent. Retention rates amongst women in the APS were ‘particularly strong’. However, the APS Commission was not able to provide the Committee with information on the gender impact of the significant reduction in under-20s APS staff.¹¹⁸

2.136 Other evidence indicated no difference between the genders in the trend to an increasing older workforce. In terms of hours worked, it was also noted that the proportion of ongoing staff undertaking part time work, most of whom were women, is increasing.¹¹⁹

2.137 The increasing representation of women in the workforce is a significant issue for the APS and public sectors internationally. Equal opportunity policies have been in place in Australia since 1975 and workplace diversity programs and reporting are a requirement of all agencies under the *Public Service Act 1999* (PS Act).

2.138 The OECD recognises that promoting equal opportunity is one of the basic components of good governance.¹²⁰ It is also strategically important to ensure equal access to the public sector and to the labour market in general for all employees, to attract the highest quality staff to positions that best use their skills. In this respect, workplace diversity can improve agency performance through innovation, new perspectives and greater affinity with clients and the Australian public. Women place a very strong value on flexible employment conditions, and there is a very high rate of return from paid maternity leave to the APS.¹²¹

2.139 The Committee notes that, while there was continuing growth in the proportion of women at senior levels of the APS and that this was likely to be sustained, it would be some time before women made up half of either Executive Levels or the SES.¹²² It notes, however, their high rates of lateral recruitment (engagements) and of promotion to APS5-6 levels and above, in keeping with the fact that women have outnumbered men in graduate programs since the early 1990s.¹²³

2.140 The Committee notes that while strategies to improve opportunities for women have been relatively successful, it is less clear whether this has been the case for other equal opportunity target groups. One of these categories, indigenous employees, is addressed in Chapter 5. Rates of recruitment and representation of

118 Mr A Podger, APSC, Committee Hansard, 11 November 2002, p.245

119 APSC, Submission no. 15, pp.7, 10

120 APSC, Submission no. 15, p.18

121 *Organisational Renewal*, Management Advisory Committee 3, March 2003, p.25

122 *Workplace Diversity Report 2001-2002*, APS Commission, p.38

123 *Organisational Renewal*, Management Advisory Committee 3, March 2003, p.23

people with disabilities and people from non-English speaking backgrounds appear to have stalled.¹²⁴ Because it is up to employees to choose whether to identify as being in these categories, however, it is not possible to be clear about whether numbers of such employees are failing to rise. It is therefore difficult to assess whether these aspects of diversity of the workforce are being addressed effectively. The committee notes the APS Commission's plan to 'work with agencies to develop a framework that will enable them to better evaluate the effectiveness of their diversity programs'.¹²⁵ The Committee looks forward to the results of this work being able to improve the understanding of, and strategies to address, the full range of workplace diversity needs.

Flexibility

2.141 A second way in which the 'war for talent' will manifest itself is through the issue of work-life balance. There is likely to be an increased focus in agencies on retaining employees who are making a valuable contribution by providing opportunities for development and growth that suit their needs and those of the agency. The Committee strongly supports the concept of the APS and individual agencies as 'an employer of choice'. Some agencies such as Centrelink, Family and Community Service and Defence and, amongst non-APS agencies, the ABC and CSIRO, have developed innovative strategies to attract and retain staff. The aim is to embed a preference for employment in the public sector, and particular agencies, at least for periods of up to five years, in suitably skilled and qualified individuals.

2.142 The Committee considers the key to attracting and retaining both mature aged and young people is a *demonstrated commitment to flexibility* through practical, innovative and creative arrangements to allow individuals to balance their work and life commitments (including through part time work, part year tasks, telecommuting, phased retirement and mentoring). The Committee supports a focus on factors other than remuneration such as reward, recognition, a choice of lifestyle, the work environment, and family friendly policies with a view to attracting and retaining employees.

2.143 The Committee urges all agencies to develop innovative work/life balance conditions for their employees. It considers that inclusion of a range of flexibility provisions in Certified Agreements (CAs) is the most appropriate way to demonstrate agency commitment to these strategies and are a key means of positioning agencies as 'employers of choice'. It notes that the latest CAs negotiated by the Department of Family and Community Services (FACS) and the Department of Education, Science and Training (DEST) are examples of 'leading edge' agreements, with innovative menus of offerings providing flexibility across a very wide range of workplace conditions. The APS, in general, is highly regarded for its 'family-friendly' policies

124 APSC, *Workplace Diversity Report 2001–02*, State of the Service Series 2001–02, p.1

125 *ibid*

and the Committee considers that much more could be made of this in marketing the APS as an employer of choice.

2.144 Opportunities for flexibility demonstrate the trust and confidence management places in its employees and are recognition of a strong commitment by management to continued support for employees. The Committee is convinced that the return to agencies and the APS overall in terms of improved morale, increased productivity, reduced performance management issues (for example, excess use of stress leave or counselling), greater staff retention and loyalty far outweigh any initial costs that may result.

Change in attitudes and expectations of young people

2.145 In light of the many challenges facing the public sector and the breadth of responsibilities it faces now and into the future, young people constitute a key potential resource for the APS. An important factor that appears to be affecting the recruitment and retention of young people in the APS is a change in their attitudes and expectations concerning work. Detailed discussion of this phenomenon is presented in the next chapter along with analysis of trends and issues regarding recruitment of young people into the APS.

Chapter 3

Recruitment of young people in the APS

3.1 This is the first of three chapters that addresses a particular category of employees in the Australian Public Service (APS). In this case, it is the recruitment of young people.

3.2 Chapters 4 and 5 go on to examine the recruitment of graduates and indigenous people respectively.

Age of recruits

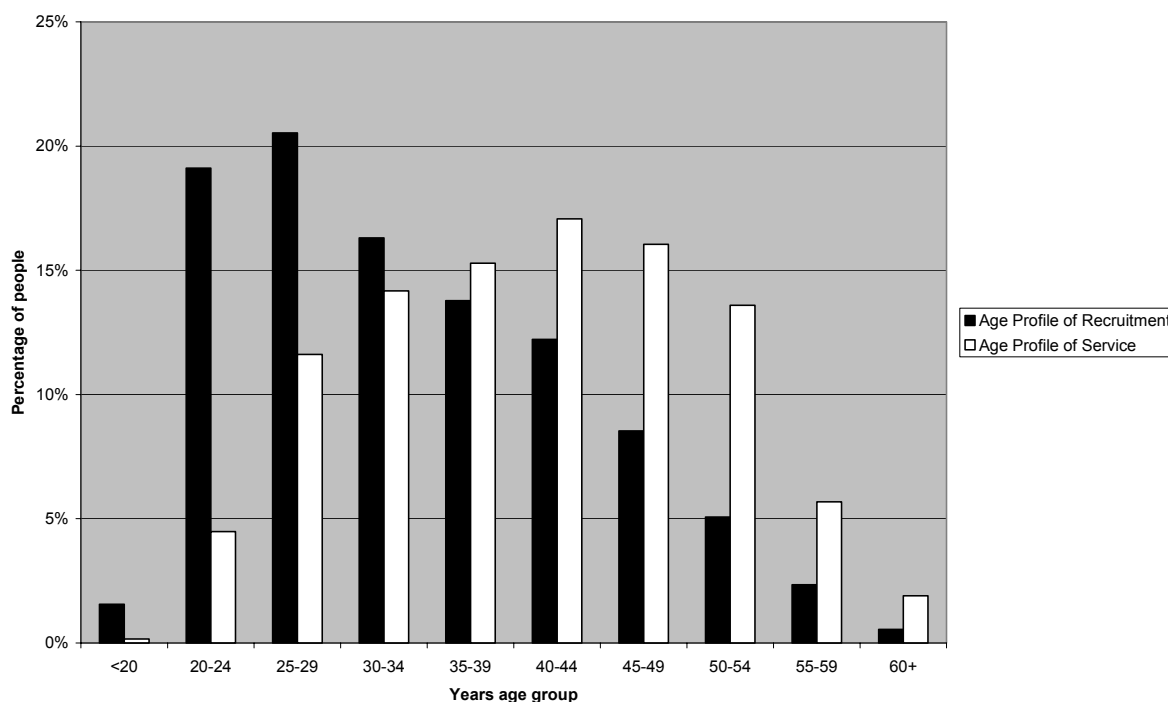
3.3 There has been a strong decline in the presence of young people in the APS for over a decade. Despite the present Government's commitment to review any structural barriers to young people entering the APS and other Commonwealth employment, it seems that shifts in employment patterns have inhibited youth recruitment.¹

3.4 The median age of recruits to the APS in 2001-02 was in the 30 to 34 years age group. This is lower than the median age for APS ongoing employees, which lies in the 40 to 44 years age group (see Figure 4).²

1 *Review of Barriers to Youth Employment in the Australian Public Service*, Interdepartmental Committee, July 1997, p.1

2 *Australian Public Service Statistical Bulletin 2001-02*, APS Commission, p.28

Figure 4: Age Profile of Engagements versus Age Profile of APS as at 30 June 2002³



3.5 According to the 2000–01 *APS Statistical Bulletin* the number of people aged less than 25 years employed in the APS as ongoing employees dropped 64.9 per cent (from 14,023 to 4,919 staff) between 30 June 1992 and 30 June 1999⁴. Numbers in this age group recovered slightly in the last few years (to 5,203).⁵ However, the APS Commission considered that it was too early to tell if a reversal in the lengthy period of declining youth employment in the APS was underway.⁶

3.6 The long term trend regarding recruitment of young APS recruits has been downwards. The *State of the Service Report 1999–00*⁷ compared ongoing engagements by age for 1985–86 and 1999–00 and reported a considerable decline in entrants under 25 years. In 1985–86 young people constituted almost 20 per cent of the service, whereas the 2001–2 report noted that young people constituted only 4.6 per cent of the APS (see Figures 5 and 6).⁸ In contrast, there was a considerable increase in the engagement of older people, with 29 per cent of ongoing engagements in 2001–02 being 40 years or over, compared with 13 per cent in 1985–86.⁹

3 *ibid*, pp.28 and 48

4 *Australian Public Service Statistical Bulletin 2000–01*, APS Commission, p.32

5 *Australian Public Service Statistical Bulletin 2001–02*, APS Commission, p.6

6 APSC, Submission no. 15, p.22

7 *State of the Service Report 1999–00*, PSMPC, p.63

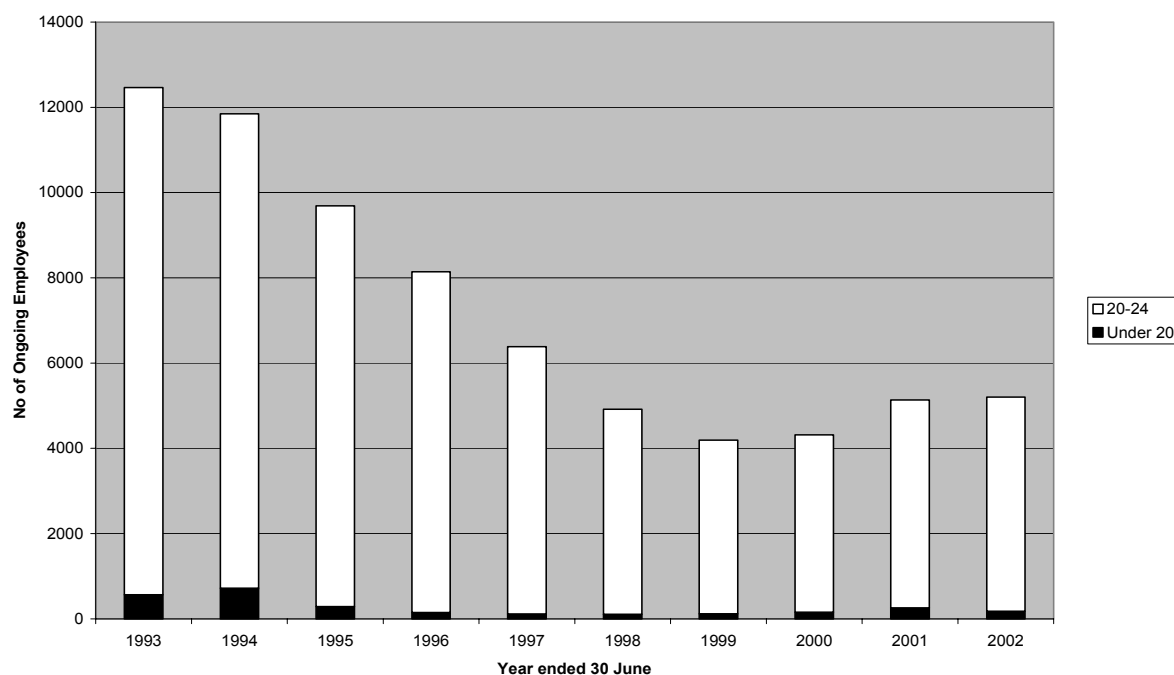
8 *Australian Public Service Statistical Bulletin 2001–02*, APS Commission, p.6

9 *ibid*, p.48

3.7 The Public Service Commissioner told the Committee that the dramatic rate of decline of young people entering the APS had slowed in the last two years (25 per cent of those engaged in 1996-1997 were aged 24 years or less compared with 22 per cent in 2000-2001). He was concerned, however, at the continuing declining numbers of recruits aged less than 20. Given the ‘war for talent’ scenario, Mr Podger was particularly concerned to ensure the APS was able to attract recruits other than graduates. He also drew the Committee’s attention to the implications of this trend for workplace diversity, in particular in relation to Indigenous recruits.

The latest data suggests that the numbers in the 20 to 24 age group have gone up again a little. But where the real reduction has been and continues to be is in the under-20s. I do not think that is a major problem in terms of our increasing reliance on people with higher levels of education and qualifications. Nonetheless, it is something to keep an eye on, given the demographics. If in fact the service is cutting out the capacity to recruit some people who will—with proper investment—end up being very good, it might be unwise in the longer run. At the moment, we are doing very well in recruiting people out of the universities, but, as competition for that increases—and the demographics suggest that competition will increase—it might be wise for the service to make sure it is also able to tap other sources of good labour...most acutely a problem in the Indigenous areas...So cutting back the lower levels and not recruiting from school could have some impact on our diversity, which we need to be careful of.¹⁰

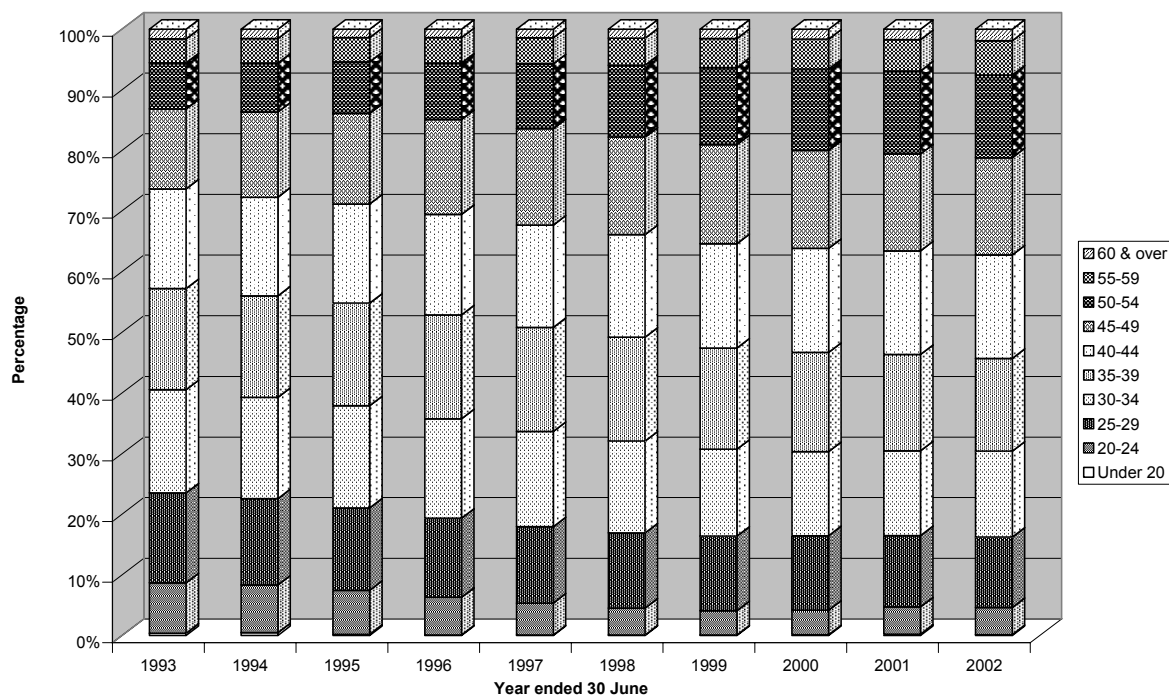
Figure 5: Ongoing employees aged under 25 between 1992-2002¹¹



10 Mr A Podger, APSC, *Committee Hansard*, 11 November 2002, p.245

11 *Australian Public Service Statistical Bulletin 2001-02*, APS Commission, p.28

Figure 6: Ongoing employees by age group 1992-2002¹²



Separation rates

3.8 APS Commission research has shown that, in fact, most resignations are by young people (22 per cent in 2000-2001). Almost two-thirds of the recruits in 1992 who were aged under 25 left the service by 2000, that is, within 10 years of engagement.¹³

3.9 The high separation rate for young people in the APS continues a long term trend (see Figure 7). The 1989 *APS 2000* report observed that there had been a sharp increase in the rate at which young people resigned from the APS since 1983 when the separation rate was much lower (6 per cent). In 1988, the APS lost 15 per cent of its under 20 workforce and 11 per cent of those aged 20-24. It concluded that such high separation rates meant that the 'situation is currently more serious than at any other time since 1981'.¹⁴ In each of the last three years, approximately 9 per cent of total ongoing staff aged under 25 left the APS, with males aged under 25 leaving at a rate of approximately 7 per cent and the separation rate for females rising from 9 per cent in 2000 to 11 per cent in 2002.¹⁵

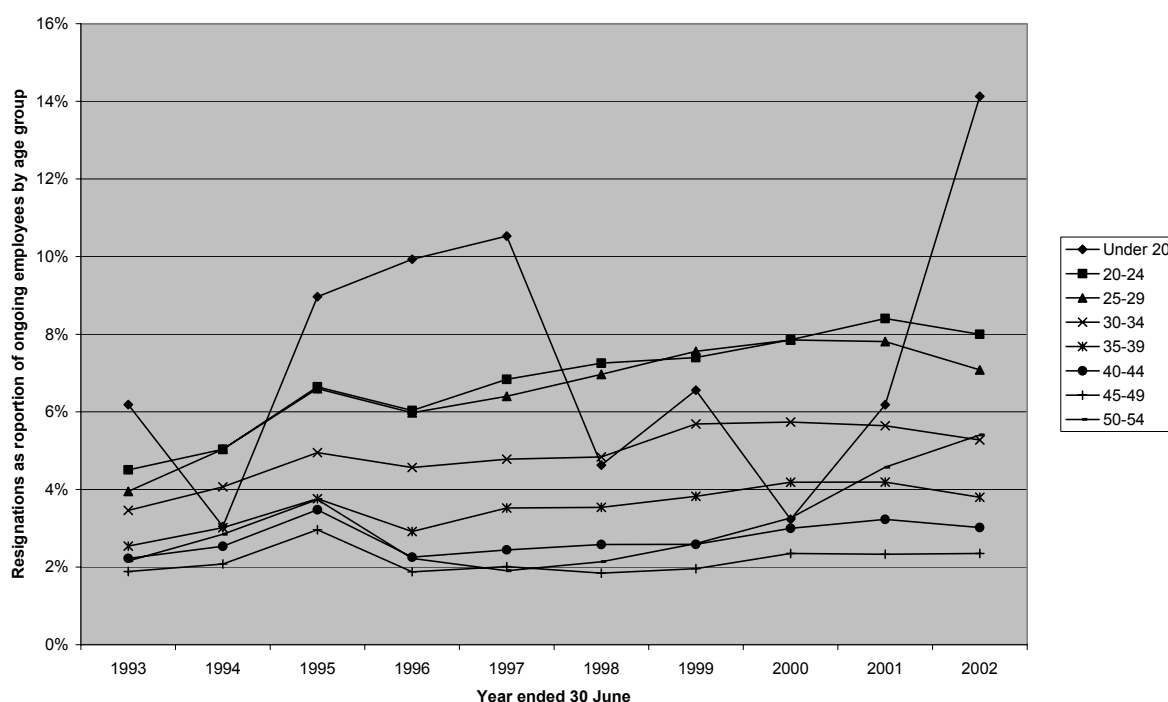
12 ibid

13 ibid, p.63

14 *APS 2000: the Australian Public Service Workforce of the Future*, Interdepartmental Working Party convened by the Public Service Commission, p.86

15 *Australian Public Service Statistical Bulletin 2001-02*, APS Commission, p.63

Figure 7: Resignations by age group as proportion of total ongoing employees by age¹⁶



3.10 Concerns about the decline in the employment of young people in the public service have been raised since the trend was first observed in the late eighties. The sharp decline in the employment of young people in the APS between 1985 and 2001 can be traced to the ongoing changes occurring in the workforce in general, and the APS in particular, during this period that have been discussed previously in this report. A number of studies relating to the employment of young people in the APS were produced over this time.

3.11 In 1988 the Joint Council of the APS, after examining recruitment trends, considered the effects and costs of policy alternatives to increase youth employment and possible implications of changes in recruitment practices. Broadly speaking, it considered that the same factors affecting the employment of young people in the APS underlay trends in the employment of young people in the workforce in general.

3.12 As a result of the above inquiry, in 1991 the APS Commission produced a report *Youth Employment in the Australian Public Service*, which looked at trends in youth employment, initiatives currently in place to encourage youth employment and other measures that might be adopted to increase youth employment. It stated that measures to increase youth recruitment should include better advertising and marketing (in particular, to improve perceptions of the service); the preparedness to select young people; removal of undue reliance on interview performance and de-

emphasis of experience, maturity and qualifications.¹⁷ The report also concluded that, in order to reduce attrition rates amongst young people, effective induction procedures, good supervision and job design that provided young people with varied and interesting work, and staff development programs, were required.¹⁸

3.13 In 1992 the Joint APS training council published *Off to a Good Start*,¹⁹ a report designed to provide the basis for developing new training structures in the APS for young people and new entrants. This contributed to the development of orientation programs and entry level training for people recruited into traineeships at base and above-base levels.²⁰

3.14 In September 1996 the Department of Finance prepared a paper entitled *Young Public Servants: Staff under 25. 1985-6 to 1994-5*. The paper found that a 74 per cent decline in young people employed in permanent positions over the preceding decade had occurred, and that resignation rates for young people were close to the overall resignation rate. The paper linked these figures to a reduced proportion of young people in the labour market; increases in school retention rates and participation rates in tertiary education; better educated and more experienced applicants resulting in the recruitment of older staff at base level; and changes in the types of jobs being done in the APS due to technological change and multi-skilling.

3.15 In 1997 an interdepartmental committee produced a report that made a number of recommendations to increase youth employment in the APS. Amongst other things, the recommendations related to data collection; development of youth employment strategies by agencies, further investigation of the use of base grade classifications (including advice to agencies from the then PSMPC on this issue), the use of apprenticeships, the development of scholarships and the provision for junior rates.²¹

3.16 Trends towards employment of fewer young people and to a more highly skilled, flatly structured workforce in the APS have increased and are unlikely to be reversed under current policies. As Mr Max Moore-Wilton, former Secretary of the Department of Prime Minister and Cabinet, stated:

it needs to be recognised that the APS will never again be in a position to provide thousands of job opportunities for unskilled young people through general entry as it did in the 1950s and 1960s. In future, entry into the APS

17 *Youth Employment in the Australian Public Service*, APS Joint Council, November 1990, pp. 1–14

18 *ibid*, p.16

19 *Off To a Good Start – Towards New Training Structures for Young People and New Entrants to the APS*, Joint APS Training Council, March 1992

20 *A Human Resource Framework for the Australian Public Service*, APS Commission, 1996

21 *Review of Barriers to Youth Employment in the Australian Public Service*, Interdepartmental Committee, July 1997

will be orientated largely towards skills and competencies required by our technology based society.²²

Factors influencing retention and separations

3.17 As foreshadowed earlier in this report, one factor that appears to be having a significant effect on the recruitment and retention of young people in the APS is a change in attitudes and expectations of the population as a whole, and young people in particular, concerning work. This change was identified in the *APS 2000* report which stated that, because young people were better educated, they not only expected, but demanded, a greater level of participation in decision-making and greater satisfaction from their work. That report also stated that there had been a shift in contemporary social values such that ‘the fulfillment and rights of the individual are accorded a higher priority than was true for earlier generations’ so that people were ‘less tolerant and accepting of autocratic and heavy-handed management’.²³

3.18 Evidence suggests this is a world-wide phenomenon. The OECD recognized that changed employee attitudes and values towards work are a key reason behind staff recruitment and retention difficulties being faced by public sectors in member countries. It noted that individual employees demand, to a much greater extent than before, conditions tailored to the individual – extending from job content, opportunities for development, career opportunities, work scheduling and salaries.²⁴

3.19 Young people leaving the APS gave the following reasons for their decision:

- existence of bottlenecks in the hierarchy preventing talented young people from progressing up the ranks;
- unrealistic career opportunities followed by slower promotion within the bureaucracy because of the number of applicants for senior positions relative to the number of positions available;
- unsatisfying and unchallenging work;
- the limited ability or willingness of the public sector to fast track progression or customise career growth for high performers;
- resistance to alternative approaches (a ‘we can’t do that’ mindset) that causes a deterioration in commitment and minimises enthusiasm; and
- expectation that a first employer may not necessarily be a life employer.²⁵

22 *Challenges facing the Australian Public Service*, Mr M Moore-Wilton, address to the Institute of Public Administration, August 1997, p.6

23 *APS 2000: the Australian Public Service Workforce of the Future*, Interdepartmental Working Party convened by the Public Service Commission, p.13

24 K Aijala, ‘Public Sector – an employer of choice? Report on the competitive public employer product’, OECD, 2001, www.oecd.org/puma, p.12

25 RCSA, Submission no. 9, pp.9-10

3.20 Regarding remuneration, the Graduate Careers Council of Australia (GCCA) provided comparative information about the median commencement salaries (first full-time employment) of graduates aged less than 25 across different sectors. This indicated that salaries in the public sector (Commonwealth and State governments combined) across all areas are, in total, higher than (for males), or equivalent to (for females), those in the private sector.²⁶

3.21 The Institution of Engineers of Australia (IEAustralia) supported this view, stating that, while public sector salaries are initially ‘superior’, disparities between them and those offered by the private sector begin to appear a few years into employment:

If you map the profile of age and salary of the private sector against the public sector, the public sector is a superior payer up to about year 4. At that point, the private sector becomes a better payer. So at that point there may be some incentive to leave the Public Service to go to the private sector to get increased remuneration. As I say, that is not the principal factor for people leaving.²⁷

3.22 However, IEAustralia noted that ‘challenges, followed by personal growth’ were the main reasons people remained in jobs, with remuneration ‘quite low down the ladder’.²⁸

3.23 The Management Advisory Committee’s report, *Organisational Renewal*, found that key intergenerational differences to work included ‘a strong commitment to individuals’ goal setting and career/skill development; a capacity to balance work and life; engendering a feeling of contribution and being trusted with some control over their work; and clear objectives, job expectations and performance feedback’.²⁹

3.24 Other research suggests that, increasingly, factors in addition to remuneration such as personal satisfaction, recognition and a choice of lifestyle are becoming important to people at all levels. Recruitment and Consulting Services Australia (RCSA) provided information on three separate studies that found that flexibility and diversity, opportunities for ‘work life balance’ and an organisation’s ‘family-friendly workplace’ were the key drivers of choice in employment. In the case of the last study, the RCSA claimed that family-friendly policies showed ‘a 400% return in the form of lower staff turnover and high productivity’.³⁰

26 *Gradstats*, December 2002, Table 4, p.7, www.gradlink.edu.au

27 Mr B Crews, IOEA, *Committee Hansard*, 14 August 2002, p.40

28 Mr A Yates, IOEA, *Committee Hansard*, 14 August 2002, p.40

29 *Organisational Renewal*, Management Advisory Committee 3, March 2003, p.7

30 RCSA, Submission no. 9, pp.6-7

3.25 The challenge organizations face in creating workplaces that meet the preferences of both the organization and the employees have been recognized both in Australia and internationally. It appears that, even if they accept such a responsibility, employers face difficulties in assisting employees to achieve a balance between work commitments and personal life.

3.26 The OECD notes that many member countries are addressing working conditions with a view to improvements aimed at motivating staff and providing opportunities for development. Incentives range from better remuneration to family-friendly policies, opportunities for training including educational leave, better working methods (including distance working), flexibility in terms of work time, organisational changes such as flat hierarchies, opportunities to display initiative and take decisions, and a culture characterised by open communication, cooperation, transparency and recognition.³¹

3.27 The APS *Workplace Diversity Report 2000-01* stated that both public and private sector employers recognized that initiatives to assist employees to achieve work, life and family balance were necessary for the workforce to achieve its full potential.³² 'Employee empowering policies' developed by the APS are widely acknowledged and attractive to potential APS recruits.

3.28 The RCSA also considered it significant that the Department of Finance and Administration used the slogan *Life is all about Balance* to promote its workplace.³³

3.29 The Committee examined whether the low retention rates in the APS for young people were also a result of other factors, such as lack of development opportunities and poor job design.

3.30 Mr M McArthur, Vice-President of RCSA, told the Committee of the 'frustration' experienced by some young recruits when work did not meet their expectations. He claimed that there needed to be a greater 'post-appointment focus' for young people, with better management and guidance to ensure they were channeled into areas of interest and had opportunities for variety.

3.31 This view has international parallels with public sector employment given a poor rating by young people in OECD member countries. The public sector 'is deemed dull, bureaucratic, old-fashioned and the prestige of the civil service low'. OECD research suggests that the solutions to improving the image of the public sector are related to its effectiveness, touching on quality of service, transparency, integrity

31 K Aijala, 'Public Sector – an employer of choice? Report on the competitive public employer product', OECD, 2001, www.oecd.org/puma, pp.22-24

32 ibid

33 ibid, p.7

and ethics, leadership, knowledge management, working conditions, interesting tasks and, finally, salary.³⁴

3.32 Surveys of graduates post-employment have found significant dissatisfaction (for example, 30 per cent of young people in some surveys) with the nature of work and the attitudes of supervisors. The Committee notes that exit-interviews, which could provide useful information from employees about to leave the APS, are not routine across the APS.³⁵

3.33 Some agencies pointed to changes in the attitudes and expectations of potential recruits. For instance, Defence's Personnel Environment Scan 2020 observed:

Young people have different attitudes towards careers than those of previous generations, their role in the workforce being shaped by technology, the Internet, corporate restructuring and outsourcing, globalisation and continuous change. Most will neither give loyalty nor expect it from a company, will change companies regularly and will focus on skills rather than location. Only one-third are likely to take steady staff jobs, the rest working part-time, freelance or under contract.³⁶

3.34 The National Capital Authority (not an APS agency) said that, despite, increased opportunities for young people at the NCA, a high turnover in lower level staff had occurred, possibly because of career development/enhancement and or lifestyle objectives.³⁷

3.35 The APS Commission provided anecdotal evidence suggesting a 'shift in work experience with the concept of a career for life with a single employer losing its currency among both employers and many of the young people joining the workforce'.³⁸

3.36 The *APS 2000* report made it clear that people are the 'key resource' of a modern organization. This was especially important for a smaller, more effective public sector for which giving good service was 'no longer a discretionary activity'. The report considered it critical for the APS to recruit the right people, then train, develop and grow them so that they can be used effectively. Further, it argued that the APS could ill afford not to retain staff due to the high costs of recruitment and

34 K Aijala, 'Public Sector – an employer of choice? Report on the competitive public employer product', OECD, 2001, www.oecd.org/puma, pp.11, 14-15

35 ibid

36 *Defence Personnel Scan*, DOD, pp.109–110

37 NCA, Submission no. 40, p.5

38 APSC, Submission no. 15, p.19

induction. It noted that ‘wastage was particularly critical’ where selection processes were not aligned to an organisation’s needs.³⁹

Reward mechanisms

3.37 The CSIRO, a non-APS organization, advised the Committee that, with a view to ensuring it attracts and retains talented staff, it was reviewing its reward mechanisms to ensure it ‘rewarded people equitably regardless of which part of the business they work[ed] in’. CSIRO recognized that it needed to be able to offer similar rewards to other organizations in order to compete for high quality staff. It advised that, because it was unable to compete with the private sector and overseas institutions in terms of salaries in some areas, for example, information technology, it promoted other benefits associated with working for CSIRO – including ‘the work environment, access to the best equipment, opportunities to use family friendly policies’. It advised that it had had recent recruitment success with this approach.⁴⁰

3.38 APESMA suggested that one strategy to address the disparity in middle-management engineers’ salaries between the public and private sectors would be to reintroduce cadetships coupled with vacation work experience for university engineering students, similar to programs that had previously been available. The aim would be to recruit ‘high-calibre and high-quality engineering graduates’. It likened the proposal to CSIRO’s current doctoral scholarships and postdoctoral appointments.⁴¹

3.39 The MAC report found that attention to reward and recognition strategies, including non-financial rewards (such as formal agency-wide schemes and more direct and informal acknowledgement of achievement within work groups) was needed.⁴²

Recruitment of young technical professionals

3.40 As noted previously, APESMA and IEAustralia expressed strong concern about employment prospects for young technical professionals in the APS. They suggested that some reasons as to why the APS was no longer an employer of choice for young professionals were:

- downsizing of the engineer component of the APS workforce;
- contracting out and privatising of many APS activities; and
- perceptions that engineers did not have the broader management or business skills required in the new environment.⁴³

39 *APS 2000: the Australian Public Service Workforce of the Future*, Interdepartmental Working Party convened by the Public Service Commission

40 Mr T Neidermeier, CSIRO, *Committee Hansard*, 27 September 2002, p.193

41 Mr J Vines, APESMA, *Committee Hansard*, 11 November 2002, p.228

42 *Organisational Renewal*, Management Advisory Committee 3, March 2003, pp.7-8

3.41 The loss of technical expertise and the potential future skills shortages that may follow the retirement of the senior cohort of professionals had serious implications for both the professions and the APS. APESMA considered there was an urgent need for an APS-wide review of the APS' engineering capability stating:

You could probably say that engineering in the APS is the forgotten profession, whereas 20 years ago it was seen as a key profession in terms of its role in government. Nowadays it is the forgotten, contracted-out profession, and I would suspect that in many instances the people managing the contracts probably do not even possess engineering qualifications. It is a bit of a time bomb, with the more experienced people leaving, a gap in the age profile and nothing much being done to prepare for the departure or loss of that corporate knowledge.⁴⁴

3.42 The Committee notes that a recent safety audit of Defence's ammunition and weapons systems by the Auditor-General found a shortage of skilled engineering staff. According to media reports, the audit found that organizational changes in Defence in recent years had led to significant reductions in the number of personnel experienced and skilled in ordinance systems engineering.⁴⁵

3.43 IEAustralia argued that it was in the APS' best interests to actively create the workforce it required, rather than rely on market forces to generate people with the required skills. The problem was also confronting state jurisdictions, some of whom, the Committee was advised, were addressing the issue through reintroducing cadetships, rebuilding internal technical expertise and expanding graduate recruitment. Some APS agencies appear to have recognised this as reflected in greater attention to internal career and skills development in recent years. The Committee considers this matter in more detail in chapter 8.

3.44 IEAustralia urged consideration of a range of actions by the APS, in addition to creating a larger technical workforce, including:

- introducing training and professional development that combined operational work (to gain subject matter expertise) with non-APS placements (to gain skills in collaboration);
- ensuring that graduate development programs included specialist cross-disciplinary skills such as risk management and contracting;
- applying the 'graduate development program' concept to more mature technology professionals;

43 Mr J Vines, APESMA, *Committee Hansard*, 11 November 2002, p.224

44 *ibid*, p.230

45 Defence audit finds shortages, *The Canberra Times*, 28 February 2003, p.3

- change existing APS technical professionals' career structures to reward staff for gaining deep competence (for example, Defence now provided for technical personnel to reach SES-equivalent levels);
- secondment of staff from non-government organisations to gain APS understanding; and
- training of mid-level technical professionals in skills specific to the APS (for example, the public service ethos, values and code of conduct, and balancing achieving outcomes with due process).⁴⁶

3.45 Other strategies suggested include mentoring (discussed previously), examination of remuneration (especially for those with more than 4 years' experience), a more concerted approach to training and development and consideration of retention of more engineering activity within the APS rather than continuing wholesale contracting out (for example, in non-defence areas such as purchase and management of significant technical projects).⁴⁷ The Committee considers learning and development in the APS in detail in chapters 5 to 9.

3.46 The public sector is heavily dependent on information technology (IT) and the government is committed to increasing online service delivery (see further discussion in chapter 4). The Australian Computer Society told the Committee that the APS offered an ideal opportunity for on-the-job experience for young IT graduates and suggested that a more structured apprenticeship/technology adoption scheme be considered across the APS.

3.47 It pointed out that the public sector required specific IT skill sets for certain functions and duties not covered by private firms and that APS experience would provide young IT graduates with 'a core of knowledge' required for today's IT professionals. They also had the potential to be a resource to help non-IT APS employees adopt IT more efficiently within the work place. It stated:

Young people, in general, have a strong inclination to advance IT skills in real life and provide a good source of workers keen to adopt technology in the work place.⁴⁸

Recruitment of non-graduates

3.48 Some agencies specifically target school leavers and non-graduates. Centrelink, for instance, attempts to enhance opportunities for young people through its youth employment strategy. This strategy requires Area Managers to mirror the community age profile, facilitate youth recruitment (including traineeships), use flexible youth employment options, and promote Centrelink as an employer with schools and youth organisations. For example, Area Tasmania has been improving

46 Institution of Engineers Australia, Submission no. 38, IEAustralia, pp.3-4

47 Mr J Vines, APESMA, *Committee Hansard*, 11 November 2002, pp.232-233

48 ACS, Submission no. 49, p.2

young people's employment chances by advertising for customer service trainees and initiating them in the less complex business environment of the Australian Passport Information Service.⁴⁹

3.49 Centrelink submitted that, currently, 25 per cent of its recruits were under 25 years. It expected that its relative share of jobs for this age group (six per cent) would tend towards the overall labour force figure of 19 per cent. The next major recruitment round for the *Australians Working Together* program would affect this trend with more highly skilled staff likely to be targeted.

3.50 Australian Customs Service is another agency that historically recruits non-graduates through the Customs Trainees program (formerly the Assistant Customs Officer program). Between 1998-99 and 2001-02, almost 32 per cent of the recruits into this program were aged 18-24.⁵⁰

3.51 A number of agencies, including Centrelink and DEST, are party to the New Apprenticeships program which provides an avenue for unskilled young people. The then PSMPC's *New Apprenticeships—consider the possibilities*, issued in mid-1998, outlined the initiative and provided background on the key elements of the National Training Framework and the operation of the New Apprenticeships program.

3.52 Dr P A Hilton raised concerns about the New Apprenticeship Scheme. In particular, these related to pay and conditions under the scheme within DEST. He cited the docking of pay for training that was not received, excessively low wages (eighty per cent of staff are at the APS 1 level), lack of formal training, lack of currency of qualifications provided, performance of identical work to that of colleagues who were being paid more, and the length of time required before an apprentice is able to compete for a permanent position.⁵¹ Concerns raised by the CPSU about the nature of the initial engagement of New Apprentices were noted in chapter 2.

3.53 Evidence of other programs aimed at creating employment opportunities for less-skilled young people was provided to the Committee. A Defence pilot program on Structured Workplace Learning, a vocational based work experience program for college students. Results of the pilot (conducted in May 2002) are being assessed with a view to implementing an ACT program, initially, and across other Defence regions at a later date.⁵² The AEC and Geoscience Australia considered that temporary employment positions provided employment opportunities for less-skilled young people.⁵³

49 Centrelink, Submission no. 26, p.17

50 ACS, Submission no. 11, p.2

51 Dr P A Hilton, Submission no. 39, pp.2-3

52 DOD, Submission no. 36, p.3

53 GA, Submission no. 12, p.3 and Submission no. 24, p.1

3.54 The APS Commission told the Committee that agencies were encouraged to make provisions for youth wages in employment agreements operating within agencies.⁵⁴ The APS Commission also noted that there could be scope to improve the use of the APS1 classification, providing an opportunity for a ‘modest lift’ in non-graduate youth recruitment. However, it pointed out that even agencies such as Centrelink, ‘with very structured on- the-job training and off-the-job training’ still recruited largely at the APS 2 and 3 levels.⁵⁵

3.55 The APS Commission also told the Committee that, given the apparent strength of graduate and skilled recruitment, it had no plans to intervene in the recruitment market nor to reintroduce a centralised scheme like the Administrative Trainee Program.

Conclusion

3.56 In light of the ageing of the APS workforce and the need to continue to rely on mature age workers over the next five to ten years, the Committee is concerned at the continuing decline in recruitment of young people to the APS, particularly those aged less than 20. The fact that most resignations are by young people, their high rates of separation overall and the decline in graduate retention rates are cause for alarm.

3.57 The Committee reiterates its view that the APS should be seen as the ‘first port of call’ for employment by young people, especially for those seeking their first employment and for young people in regional and rural areas. It 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 practical strategies so that agencies are seen by young people, especially young graduates, as employers of choice.

3.58 Strategies to improve the APS’ ability to attract young people include better publicity regarding APS careers in schools, elimination of any structural bias against youth in the selection test and the establishment of broad principles for youth employment plans with APS agencies.

3.59 The Committee considers that the APS Commission should play an important role in assisting agencies to develop collaborative arrangements with industry that might involve periods of work experience for young people.

3.60 The intergenerational differences summarised in the MAC report (regarding career/skill development, work/life balance, the nature of work including clear

54 APSC, Submission no. 15, p.24

55 Mr A Podger, APSC, *Committee Hansard*, 14 August 2002, p.5

objectives, job expectations and performance feedback) appear strongly embedded in the next generation of potential recruits to both the public and private sectors. Coupled with the view that strategies to *retain* rather than to *attract* staff are more important, it is clear that agencies need to ensure that workforce planning and actions to build capability not only take account of these differences but cater to them.

3.61 In essence, the Committee reiterates the need to market the APS as ‘an employer of choice’ with emphasis on the features most attractive to young people, that is, job security, opportunities for interesting work and training and development opportunities. Underlying these preferences is the basic motivation of people who join the APS. A sense of ownership and belonging, opportunities to make a contribution to their work area and the organisation’s purpose and the ability to balance work and life commitments are fundamental.

3.62 Agencies such as Geoscience Australia and Defence have developed good models to attract young people, but the Committee considers that the range of incentives could be expanded and that creative arrangements for particular groups of young people could be developed. It supports existing incentives and initiatives including:

- university and Careers Fairs information sessions involving senior officers and recent young graduate recruits;
- selection processes tailored to young people including psychometric testing, or, in the case of Indigenous young people, non-interview based selection;
- emphasising support for further study, including opportunities to gain eligibility for professional bodies,
- emphasising opportunities for varied and high-level experience; and
- use of buddies and mentors.

3.63 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.

Recommendation 6

3.64 The Committee recommends that the APS Commission assist agencies to develop collaborative arrangements with industry to establish work experience arrangements for young people, especially in areas of key skills needs.

3.65 The Committee also believes that the current Government should re-commit the Commonwealth to increasing the number of trainees that the APS recruits. As noted in Chapter 2, the Keating Government made a commitment on behalf of the Commonwealth to increase the number of trainees employed in the APS to at least 25 per cent of base grade recruitment. The Committee considers that it is timely and necessary for a similar commitment to be made now.

Recommendation 7

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

Chapter 4

Graduate recruitment in the APS

Recruitment trends

4.1 The number of graduates available for employment choosing to enter the APS during the past decade declined from 9.2 per cent in 1991 to 5.4 per cent in 2001.¹ By comparison, the number of graduates entering State government, local government and other governmental instrumentalities that are not part of the APS grew over the last decade, while the number entering the private sector in the last five years remained more or less static.²

4.2 The proportion of graduates entering the APS had fallen from less than five per cent in 1996 to less than four per cent in 2001, and the actual number of graduates recruited was 500 lower than the total number of graduate recruits in 1996. However, the proportion of new graduates entering the APS needs to be considered in light of the fact that the total number of new graduates each year has increased by over 50 per cent in the last decade. The GCCA told the Committee:

It is possibly contrary to popular perception that, leaving Defence aside, less than 5 per cent of new graduates are recruited by the APS. It is necessary to view older statistics to find the proportion of graduates entering the APS above 5 per cent.³

4.3 Regarding the reduction in graduates entering the APS both in real and percentage terms, the GCCA explained that it could not precisely determine the significance of these figures within and amongst APS agencies. On the basis of available data, it could not advise whether the lower number of APS graduate recruits was a consequence of a lowering of demand or due to different choices or changed career options amongst graduates.⁴

4.4 The GCCA was also unable to comment on whether APS agencies were experiencing a shortfall in graduates. It noted, however, the reduction in APS positions, overall, that would formerly have been available to graduates.⁵

4.5 The sharp decline in graduate trainees in 2001-02 compared with the previous year (down from 906 to 372) reflects fluctuations in line with major recruitment

1 Mr R Bartley, GCCA, *Committee Hansard*, 15 August 2002, p.147

2 GCCA, Submission no. 8, p.1

3 *ibid*

4 Mr R Bartley, GCCA, *Committee Hansard*, 15 August 2002, p.147

5 GCCA, Submission no. 8. p.148

campaigns of large agencies. For example, the ATO recruited approximately 870 graduates over two years or nearly 50 per cent of the 2000 and 30.4 per cent of the 2001 graduate intake. This contrasted with ATO's recruitment of only 19 graduates between 1992 and 1994.⁶

Retention trends

4.6 Information provided to the Committee by the APS Commission stated that graduate retention rates had been declining since the 1989-90 cohort but that the rate of retention varied considerably between agencies. It noted that of the graduates recruited in 1996, 61.4 per cent remained in the APS at June 2001 with 46.1 per cent employed in their original agency. Further, retention rates for graduates who remained in the APS for more than five years were similar to those of the mid 1980s.⁷

4.7 AFFA advised that, of the 110 graduates (excluding ABARE graduate trainees) recruited since 1997, 71 (65 per cent) remained, with the majority of the separations (20 female and 19 male) occurring in the first two years of employment. It attributed this to graduates returning to their home state or moving to other APS agencies and State Government bodies.⁸ Moreover, AFFA did not consider such an apparently high turnover of graduates to be a problem. Mr Bill Pahl, Chief Operating Officer, AFFA told the Committee:

I think that retaining two-thirds of our recruits over a five-year period is a pretty good effort. When we go through graduate recruitment campaigns, we find that a number of people have a very different view of what Canberra will be like compared with what it is really like when they arrive. For many, it is the first time they have left home.⁹

4.8 The Department of Environment and Heritage (DEH) advised that its graduate retention rate was about 48 per cent over an 8 year period from 1994-2001. DEH noted that this relatively low figure reflected the substantial decline in retention rates that had occurred in only the last two years and that retention rates had previously been much higher. However, DEH told the Committee that it had concluded from its study of graduate retention in December 2001 that, while a higher retention rate would be preferable, 'graduates were not leaving because there [wa]s something wrong with the work environment or culture' [emphasis added]. Mr Keith Fairbrother, Assistant Secretary for EA's People Management Branch said that:

...virtually no-one had left because they were unhappy with the department as a place to work or with the nature of the work. The majority had left because of their assessment of promotional opportunities. They were

6 APSC, Submission no. 15, p.24

7 *APS Statistical Bulletin 2001-02*, p.14

8 AFFA, Submission no. 19, p.3

9 Mr B Pahl, AFFA, *Committee Hansard*, 15 August 2002, p.98

assessing that there were better promotional opportunities in other government agencies. Only about 15 had left the Australian Public Service, so the effect of our graduate program—which is good for the service but not so good for us—is that we are a good recruiter to the Australian Public Service.¹⁰

4.9 In contrast, the Department of Foreign Affairs and Training's (DFAT) graduate retention rate was typically very high with only one recruit leaving the agency in the last two years. DFAT suggested that its focus on career development, ongoing training and development and the interesting and varied nature of work in that agency appeared to be the main reasons for its strong retention rate.

While we recruit people who already come with very significant professional skills, we also offer a career path that serves to develop them throughout their career over many years. So the return for the individual is very significant. That involves overseas experience as well as experience here in Canberra or at one of our state and territory offices. Because the department also deals with such a wide range of issues across the international agenda, people have very stimulating careers in which they can find themselves working on a very diverse range of topics throughout their career.¹¹

4.10 Geoscience Australia stated that it was pleased with its retention rate which was a result of 'strategic, high level coordination of the Graduate Program itself'. The program involved university information sessions conducted by SES officers and graduates from the previous year's intake, a careful selection process involving psychometric testing, and use of buddies and mentors.¹²

4.11 The CPSU expressed concern that, according to its survey of graduates, 68 per cent intended to remain in the APS for no more than five years. It considered that this indicated that graduates' career aspirations lay elsewhere. It noted that 'a significant number of respondents to a survey of graduates (36 per cent) reported that their level of work was inconsistent with their skills'. The CPSU submitted that such attitudes could be, in part, the result of poor targeting of graduate recruitment, advertising or promotional strategies.¹³

4.12 Further, the CPSU emphasised the considerable investment of public money in the APS Graduate Program and considered it imperative that the return from such expenditure was maximised and not lost through early departure of graduates. The

10 Mr K Fairbrother, DEH, *Committee Hansard*, 15 August 2002, p.138

11 Ms J Ryan, DFAT, *Committee Hansard*, 14 August 2002, pp.80-81

12 GA, Submission no. 12, p.2

13 CPSU, Submission no. 42, p.16

CPSU recommended that the Committee consider APS Commission strategies to improve the retention of graduates.¹⁴

4.13 Referring to its observation of declining retention rates for graduates, the APS Commission suggested that possible reasons for this included poor initial career choice, more attractive career options outside the APS or changing career patterns and expectations amongst young people.¹⁵

4.14 The MAC report investigated the career patterns of recent graduate entrants and mature age workers. It concluded that the apparent 'structural shift downwards' in graduate retention rates in the APS did indeed reflect 'different career attitudes of more recent generations of new entrants to the labour force'. In its view, a shift was underway from a 'predominantly career service to a labour market increasingly interested in employment in the APS of five to ten years within a broader career'.¹⁶

4.15 On the bright side, however, the report found that there was scope for maintenance or even improvement in graduate retention rates if agencies concentrated on workplace factors graduates considered important. So, while pressure on retention was unlikely to diminish in an increasingly competitive market, a focus on factors such as employment conditions, job security, interesting work and learning and development opportunities would assist agencies to attract and retain graduates.¹⁷

Graduate recruitment strategies

4.16 In light of the pressures being faced by the APS and the factors impacting on its corporate knowledge and skills base, recruitment of graduates into the APS assumes great importance.

4.17 As already noted, fewer employment opportunities at lower levels and in supporting roles, the need for an increasingly skilled and flexible staff and the fact the agencies appear to be recruiting above the base, are a consequence of the new demands and changed role of the APS. The Graduate Program is one of the key strategies that could build skills and capacity in the APS over the long term to cope with its present and future challenges.¹⁸

4.18 The need for the APS to market itself as an employer of choice to graduates is clear. The composition and qualifications of the bulk of the Senior Executive Service highlights the importance of graduates as potential leaders within the APS. Mr Gourley and Dr West observed that:

14 *ibid*

15 APSC, Submission no. 15, p.46

16 *Organisational Renewal*, Management Advisory Committee 3, March 2003, p.6

17 *ibid*

18 CPSU, Submission no. 42, p.16

almost all of the staff of the Senior Executive Service are degree qualified and very many have been recruited through base grade graduate entry as generalists.¹⁹

4.19 The trend to recruitment of new entrants into higher APS classification levels reflects the impact of a more competitive labour market and the higher skills required of entrants. As the work of agencies becomes more complex leading to changes in agencies' classification profiles, graduate recruitment becomes the main entry point. For example, the Department of Health and Ageing (DoHA) submitted that, because of the nature of its 'work, skills requirements, and classification profile, the Department has focused, for at least the past decade, on the Graduate (APS) level as its major entry level recruitment programme'.²⁰

4.20 As the report has already noted, the most common point of entry in 2000-01 was at APS level 4, with only 4.1 per cent of engagements at APS level 1 (down from 70 per cent in the equivalent base grade classifications in 1985-86).

4.21 Under these circumstances, the relative importance of each of the two traditional graduate recruitment schemes is also changing. These are, the 'general' APS wide recruitment campaigns and agencies' own employment campaigns, (for example, campaigns managed separately by the Department of Foreign Affairs, Treasury and the Australian Bureau of Statistics), designed to tap into particular skills areas or to attract graduates who would not normally apply for generally advertised vacancies.

4.22 The APS Commission advised the Committee that, previously, agencies used 'the general or shared employment campaigns to recruit their future core professional skills base'. However, it noted that, while there was anecdotal evidence that the APS had continued to recruit good quality graduates to meet current and expected skill needs, increased competition for the 'best and brightest' meant that agencies were 'addressing how best to manage graduate and skilled employee intakes to ensure that they have access to employees who, over time, will make a contribution to the leadership of the APS, as well a workforce that meets the needs of the organisation'.²¹

4.23 Further, the APS Commission advised that major recruitment campaigns run by individual agencies may be contributing to the substantial movement 'in year on year numbers of graduate/non-graduate engagements'. It noted that, 'since 1996, the levels of trainee recruitment have fallen as a percentage of all engagements (from 17.6 percent in 1996 to 9.7 percent in 2001) and that, 'within the Trainee classification

19 Mr P D Gourley & Dr J West, Submission no. 29, p.5

20 DOHA, Submission no. 28, p.5

21 APSC, Submission no. 15, APS Commission, p.24

there is strong evidence of increased proportions of graduates, with more widely fluctuating numbers of non-graduate trainees'.²²

4.24 The increasing tendency to 'laterally recruit' graduates into advertised vacancies suggested that the numbers of graduates within the APS were increasing. The APS Commission advised that, rather than graduates being the 'elite recruits' with most base grade recruits high school leavers, in many agencies (for example, DoHA and ABS), base grade recruitment is now 'dominated by graduates'.²³

Although the targetted recruitment of graduates within the Trainee classification represents a small proportion of all engagements to the base employment levels, there is also anecdotal evidence of a trend to recruit people who have tertiary qualifications to higher entry level positions (APS 3 and 4). Overall, given that recruitment to these classifications represented more than 51 percent of all engagements for 2001, this would suggest that there has been a substantial increase in the numbers of employees holding graduate qualifications within the service.²⁴

4.25 Increasing lateral recruitment of graduates meant that analysis of information about graduate trainees did not provide the full picture about graduate recruitment in the APS. Although graduate trainee numbers had not increased markedly over the past decade, the APS appeared to be 'relying far more on graduates' than it had done in the past.²⁵

4.26 The committee notes the different scales of the graduate trainee programs conducted by different agencies. (In the analysis below, in addition to excluding graduate recruitment into vacant positions, Indigenous trainees are also excluded unless otherwise indicated.) Quantification of graduate trainee recruitment provided to the committee included the following:

- Geoscience Australia has increased its graduate recruitment from two in 1999-00 to twelve in 2001-02 (the latter from a field of 120 applicants, with 4 successfully relocating from regional areas).
- Reflecting the increasing complexity of work, Defence graduate trainee numbers have increased from 42 in 1995 to approximately 150 graduate trainees in 2002 (excluding Defence Science and Technology Association's scheme which recruits over 50 graduate research scientists, engineers, IT specialists and technicians per year) into one of four separate programs:
 - the Graduate Development Program, a corporate level program with generalist, business analyst and people strategy streams, preparing

22 *ibid*

23 Mr A Podger, APSC, *Committee Hansard*, 14 August 2002, p.4

24 APSC, Submission no. 15, APS Commission, p.24

25 Mr A Podger, APSC, *Committee Hansard*, 11 November, 2002, pp.235, 244

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- graduates for a wide range of management, administrative and policy roles throughout Defence (69 participants);
 - Materiel Graduate Scheme, offered by DMO with a commercial stream and an engineering stream (43 participants);
 - Defence Signals Directorate Graduate Program, which offers a technology stream and a generalist (intelligence analyst) stream (31 participants); and
 - Infrastructure Graduate Program, in its first year and focussing on graduates with civil engineering, environmental science and facilities management (6 participants).²⁶
- Between eight and twelve graduates (with consistently high academic achievements) are recruited to the Department of Prime Minister and Cabinet each year.
 - DFAT recruits 20-30 ‘highly talented and resourceful’ graduate trainees annually (excluding Indigenous trainees) from a field of approximately 2500, and, in addition, aims to recruit about four graduates through a new Corporate and Financial Management Trainee scheme to help manage departmental assets and resources in Australia and overseas.
 - AFFA recruits 30-40 graduates (with even gender representation) and ABARE recruits between 10-15 graduate economists, annually.
 - EA recruits 20 graduates annually on average (excluding Indigenous trainees) from a field of approximately 1000 applicants, the majority of whom are female (consistent ratio of 2:1).
 - The Treasury has increased its number of graduate trainees to about 45 annually, compared with about 25 in earlier years.²⁷

4.27 The majority of agencies participating in the inquiry, in particular DFAT, DEH, ATO, the Department of Industry, Tourism and Resource (DITR) and Geoscience Australia, considered that graduate recruitment was the main avenue of recruitment for young people. Indeed, engagement of graduate recruits has contributed to an increase in the number of younger staff in some agencies. For example, the proportion of young people employed in Treasury has risen from 18.4 to 21.8 per cent over the past three years due to recruitment of graduates.

4.28 However, the GCCA advised the Committee that ‘the demographics of the graduate labour market (in the specific sense of new university graduates)’ had changed in recent years, with more graduates aged over 25 entering the labour market than was the case twenty years ago.

26 DOD, Submission no. 36, p.10

27 The Treasury, Submission no. 21, p.1

Anecdotally it would appear likely that the opportunities for mature graduates in the APS have improved, at the possible expense of opportunities for the under-25s.²⁸

4.29 Further, GCCA stated that, while the majority of graduates were still aged under 25, there was ‘an increasing mature student graduate output from universities’.²⁹

4.30 Information provided to the Committee on the age of graduate recruits included the following:

- Defence advised the Committee that the average age of graduate recruits was increasing, from under 25 to over 25.³⁰
- The median age of Environment Australia graduate recruits was 25;³¹
- Treasury advised that graduate trainees are usually recent graduates at the start of their professional careers, but older applicants are appointed, if competitive;
- The DITR pointed out its graduates had included ‘folk in their mid-forties’ in the recent past;³² and
- AFFA advised that, while it does not specifically target young people, AQIS’ major recruitment activity over the past year, reflecting the government’s priority action areas of border protection and quarantine measures, resulted in approximately 700 new staff most of whom were young people. This had contributed to the lowering of the average age of all AFFA staff, to 40.1 years.³³

4.31 The MAC report found that the prospects for training and career development in the APS are an important factor in attracting graduates.³⁴ It also considered that ‘the role played by some agencies as a training ground of particular expertise in demand across the Service should also be recognised’.³⁵

4.32 Like all recruitment arrangements, responsibility for graduate recruitment was devolved to agencies with the passing of the PS Act in 1999. Prior to this, a centrally administered system involving a single graduate selection test similar to the arrangements for base grade recruitment, was in place.

28 GCCA, Submission no. 8, p.2

29 Mr R Bartley, GCCA, *Committee Hansard*, 15 August 2002, p.149

30 DOD, Submission no. 36, p.3

31 AEC, Submission no. 24, p.20

32 DITR, Submission no. 5, p.3

33 AFFA, Submission no.19, p.2

34 *Organisational Renewal*, Management Advisory Committee 3, March 2003, p.6

35 *ibid*, p.7

4.33 Mr Gourley and Dr West stressed that it was important for each agency to ‘pull its weight’ and maintain strong graduate recruitment programs, rather than ‘poaching’ recruits engaged by other agencies, stating:

It would be highly undesirable for some to avoid the expense of recruiting and training generalist graduates and then use the money saved to pay higher salaries in an attempt to poach graduates from others who have taken a more responsible approach and recruited and trained to their needs.³⁶

4.34 The Committee notes that Centrelink maintains an IT graduate recruitment program but not a generalist graduate recruitment program. This reflects the fact that more than half of Centrelink’s National Support Office are IT specialists.

4.35 CASA, a non-APS agency submitted that, while it did not presently maintain a graduate recruitment program because of the infrastructure required to support even a small intake, such an initiative was currently under consideration as part of its People Management Strategy.

4.36 Some agencies have additional programs to enhance the possibility of their recruiting graduates, in particular, graduates with a good understanding of positions in that agency. For example:

- DITR is trialling a Year in Industry program for second and third year university students of Chemistry or Chemistry related study.³⁷
- Defence Materiel Organisation (DMO) offers a Vacation Employment Program to raise its profile as a prospective employer of engineering and commerce graduates, including up to 20 positions to 3rd and 4th year students in the 2002-03 summer break. This program also assists engineering students complete the mandatory 12 week work-experience component of their degree.
- Defence Science and Technology Organisation (DSTO) participates in university employment experience programs (such as Industry-based Learning). It offers vacation employment opportunities to 3rd and 4th year undergraduate students during which each student is allocated a research project for a 12-week period of paid employment (December to February).³⁸

Effectiveness of devolved graduate recruitment arrangements

4.37 No agency contributing to the inquiry indicated that they were dissatisfied with the devolved arrangements for recruiting graduates. On the contrary, a number of agencies, including DoHA, DEH, and Geoscience Australia indicated that they found the devolved arrangements highly effective.

36 Mr P D Gourley and Dr J West, Submission no. 29, p.5

37 DITR, Submission no. 5, p.3

38 DOD, Submission no. 36, p.3

4.38 DoHA stated that the devolved arrangements were much more effective in terms of meeting agency requirements for graduates. Better targeting of graduates allowed recruitment of people ‘with knowledge and active interest in health and ageing issues, and alignment with our corporate values’ which DoHA considered aided retention and maximized ‘return on investment.’³⁹

4.39 DoHA had formally evaluated its graduate program using both qualitative information and benchmarking against other public sector employers as well as private sector employers and European practice. The latter was achieved through its participation in HRM Consulting’s Australian Annual Graduate Recruitment Benchmarking study. Involvement in this study over a number of years allowed DoHA to compare its recruitment process on a range of measures. The results of the January 2002 benchmarking report showed that DoHA’s graduate recruitment process was relatively efficient, with a shorter recruitment time than most other organizations. This led to reduced costs and less chance that successful candidates would accept alternative offers, as indicated in DoHA’s acceptance rate of 88 per cent compared with the median 83 per cent.⁴⁰

4.40 Geoscience Australia advised the Committee that recruitment had been identified as a key corporate activity as a result of a number of pressures including ‘downsizing, outsourcing, cost saving, skill shortages and changing workforce demographics’. In this context, its graduate recruitment program had been particularly successful in recruiting ‘young graduates with high levels of technical, scientific and leadership potential’. It stated that:

the devolved arrangements for recruitment in the APS have been particularly beneficial to Geoscience Australia in relation to having the flexibility to design and implement a graduate program that meets the agency’s specific needs for a combination of scientific/technical and leadership skills.⁴¹

4.41 Geoscience Australia considered that its successful retention rate had been largely due to high level coordination of the program that involved:

- university Information Sessions (conducted by SES Officers accompanied by a Graduate from the previous year’s intake);
- interviews (with selection panel comprised of SES Officers);
- psychometric testing of applicants selected for interview (to assist determination of leadership potential);
- mentoring by senior staff (to facilitate their graduate year); and

39 DOHA, Submission no. 28, p.7

40 *ibid*, p.8

41 GE, Submission no. 12, p.1

- an informal buddy system, utilising Graduates from earlier intakes.

4.42 Defence also advised of coordinated action to attract suitably qualified and skilled recruits into its Business Analyst stream by creating a positive but realistic expectation amongst graduates about opportunities by:

- including both senior members of the Chief Finance Officer's staff and former business graduates in the Defence team at University Career fairs, to answer questions about the nature of work and career opportunities in Defence;
- emphasising support for further study, including opportunities to gain eligibility for professional bodies; and
- emphasising opportunities available in Defence for varied and high-level experience.⁴²

4.43 The ATO also advised that it had experienced difficulty in attracting business and finance recruits recently. It suggested that difficulties recruiting the *number* of graduates across the business disciplines such as law, accounting and commerce required in the year 2001 were due to ATO's strong emphasis on quality (recruits required a credit average).⁴³

4.44 On the other had, Treasury pointed out that an emphasis on graduate recruitment alleviated the difficulties it experienced in attracting suitable policy analysts at the APS 6 and EL 1 levels.⁴⁴

4.45 Defence stated that, in order to improve retention rates amongst participants in the Graduate Development Program, it was implementing a 'later-years development strategy including assistance to graduates to identify their career potential and the kinds of work to which they are most suited'.⁴⁵

4.46 The Defence approach may anticipate at least one concern that was raised with the committee regarding graduate recruitment in regional areas. Mr Robin Henry, a Human Resources Development Specialist based in Alice Springs, considered that, with regard to appointments to regional areas, graduates seemed to be recruited with little consideration of tasks, organisation and, in some cases, 'geographic fit'. He advised the Committee:

Some graduate administration assistants with whom I have discussed these issues have told me that they had absolutely no idea what type of work they would be doing in their new jobs and were totally unprepared... we need to

42 Answers to questions on notice, Q.10, pp.7-8

43 Answers to questions on notice, Q.10, p.4

44 The Treasury, Submission no. 21, p.2

45 Answers to questions on notice, Q.9, p.6

ensure we fully inform them about the jobs in which we intend to place them and perhaps do psychological assessments to determine job fit.⁴⁶

Areas for improvement

4.47 While agencies claimed that graduate recruitment arrangements were satisfactory, a number of organisations told the Committee that they had experienced difficulties with current processes.

4.48 The GCCA considered that there was a lack of cohesion and ‘presence’ for the APS in terms of graduate employment and that better awareness-raising and promotion of the APS as a graduate employer could be investigated.

There is considerable scope for APS to improve its ‘profile’ on campuses by developing both its branding and its broader marketing strategies in targeting university students. In particular the advantages of working within the APS could be more strongly emphasised.⁴⁷

4.49 The GCCA stated that the dissemination of information concerning graduate employment in the public sector was less coordinated, and therefore less effective, than under past arrangements. They indicated that, from the point of view of universities, the information about graduate employment provided through the RSA had been more consistent and also more equitable, in terms of the institutions receiving it.⁴⁸ The GCCA told the Committee:

When APS graduate recruitment was substantially coordinated from one office (RSA) it was easier for students to gain a sense of what was going on... A common observation is that APS graduate recruitment is ‘fragmented’. Some departments only advertise their graduate vacancies in newspapers and do not contact universities at all; others appear to contact universities electively. A few Departments use the hga.net on-line vacancy service and field applications through that medium. Some Departments use third-party recruitment consultants who do or don’t contact universities.⁴⁹

4.50 A recent survey of the job seeking behaviour of university students conducted by Careers and Employment from the University of New South Wales’ had found that ‘careers service websites were a primary source of information regarding graduate employment opportunities’. Careers and Employment suggested to the Committee that it would be useful if all APS agencies made relevant recruitment information available online, so that career services could provide links to the information in a systematic

46 Mr Robin Henry, Submission no. 1, p.4

47 GCCA, (Supplementary to Submission 8), Submission no. 46, p.2

48 Mr R Bartley, GCCA, *Committee Hansard*, 15 August 2002, p.148

49 GCCA, (Supplementary to Submission 8), Submission no. 46, p.2

way. It considered that, if this were the case, university career services could become ‘one-stop shops’ for information on graduate recruitment.⁵⁰

4.51 The Graduate Managers’ Forum (GMF) has emerged as a focal point for APS graduate recruitment, providing stimulus to the overall APS recruiting effort and developing the Graduate Links page on the Australian Job Search website. However, the GCCA noted that this group was not an official entity and that there were limits to what it could achieve, given its lack of specific marketing responsibilities and a budget.⁵¹

4.52 The CPSU also urged greater consideration of strategies to advertise and promote the Graduate Program.⁵² Citing survey results that students had come across the Graduate Program ‘by accident’, it suggested better advertising of the program at careers fairs and university career offices.⁵³ The CPSU further suggested that the information provided to universities should include descriptions of APS agencies and how to comprehensively address APS position selection criteria.

4.53 The GCAA noted that, while an overall presence was lacking, some agencies, in particular DFAT and Treasury, had directed significant effort towards promoting themselves as graduate employers and that this had resulted in attracting students.

4.54 Applicants too can be at a disadvantage in the devolved environment. The task of applying for positions is considerably more complex if difficulties in accessing information arise, and applicants may now need to participate in numerous application processes. As Mr Gourley and Dr West submitted:

From the point of view of applicants, they might now go through literally dozens of differently agency based assessments to join what is still called a career service. The effect on the perceptions of potential applicants that this creates can only be guessed at, not to mention its additional costs.⁵⁴

4.55 The Committee considers there is a fine line between a devolved system of recruitment and a fragmented approach. Mr Gourley and Dr West stated that, while the present arrangements optimised competition between agencies for good graduates, they minimised the possibility of coordination across the APS and the opportunity to present a unified position in the labour market against other competitors.⁵⁵ Dr West also told the Committee:

50 UNSW, Submission no. 2, p.1

51 GCCA, Submission no. 8, p.2

52 CPSU, Submission no. 42, p.17

53 *ibid*, p.15

54 Mr P D Gourley and Dr J West, Submission no. 29, p.5

55 Mr P D Gourley and Dr J West, Submission no. 29, p.5

Sometimes the competition in particular disciplines is very tough. However, [agencies] are each required to go out on their own and undertake extensive advertising campaigns, short-listing campaigns and recruitment campaigns against essentially very similar criteria for a graduate in that agency. There is an enormous cost there.⁵⁶

4.56 The Committee further discusses recruitment in the context of devolution in Chapter 6.

Chapter 5

Indigenous Recruitment in the APS

5.1 Indigenous employment in the APS is a priority area for the APS Commission. The APS Commission advised the Committee that an indigenous employment working group has been formed, with its findings expected to be published later in 2003. The group is looking at initiatives undertaken by a number of agencies in the last few years with a view to evaluating them and producing a 'better practice guide' for indigenous recruitment, including of indigenous graduates. The APS Commission told the Committee:

We would like to work with them to try and evaluate which strategies seem to be working the best, both from an attraction point of view but also more particularly from a retention point of view, and provide some good practice guidelines to other agencies...I guess it is a combination of, from our point of view, some good practice guides and certainly helping where we can with graduate recruitment on the indigenous side.¹

5.2 In further information provided to the Committee, the APS Commission said other areas being investigated by the working group included:

- informing agencies of the need for an indigenous recruitment and retention strategy in their succession planning (including the issue of access to 'mainstream' APS jobs);
- new indigenous cultural diversity awareness training programs (to be offered to agencies by the Commission);
- new career paths for indigenous employees without graduate qualifications;
- partnerships between agencies with specific indigenous program responsibilities, and other agencies (and within agencies between areas with such program responsibilities and other program areas), to foster career development to 'mainstream' areas of the APS;
- development strategies to meet the leadership and professional development needs of indigenous APS employees at a number of levels (to be offered to agencies by the Commission);
- collaborative ventures with other organisations offering leadership skills development, for example the Australian indigenous Leadership Centre;²
- facilitation of a network of indigenous staff.; and

1 Ms L Tacy, APSC, *Committee Hansard*, 14 August 2002, p.10

2 Answers to questions on notice, September 2002, Q.15, p.23

- examination, with a number of bodies, of additional programs focussing on learning and development and leadership that would be particularly targeted to indigenous employees.

5.3 In response to questioning, the APS Commission advised that it did not intend to set formal targets for indigenous recruitment. It considered that it was more important to determine trends and compare and evaluate agencies' experiences, with a view to determining what initiatives worked best and 'where they could be replicated', rather than setting formal targets.³ Regarding 'benchmarking', it intended to investigate whether better measures of the success of initiatives could be developed, and how agencies could be assessed against these.⁴

5.4 *APS Workplace Diversity* reports contain indigenous employment by agency. Questions had been raised about the quality of indigenous employment data due to problems concerning self-identification by indigenous staff. The APS Commissioner advised that some agencies (for example, the Australian Customs Service) had taken action to increase employees' understanding of the benefits of self-identification. It was expected that this would result in improvements to the quality of the data.⁵

5.5 Agencies differ in the extent to which their business focus provides particular opportunities for employment of indigenous people. For example, AQIS, an agency in the Department of Agriculture, Fisheries and Forestry Australia (AFFA) provides employment to a number of indigenous people in the Northern Territory and Queensland. Its efforts in forging good relationships with indigenous communities in northern Australia have recently been recognized. AFFA told the Committee that:

AFFA's staffing profile reflects the organisation's commitment to workplace diversity, and to promoting a workplace culture that respects and responds to the cultural diversity of the Australian community. For example, AQIS was recently rewarded with a certificate of commendation in the Australian Public Service Awards for Innovative Practice in Implementing Workplace Diversity. This award was received for the collaborative approach to quarantine that has been forged between AQIS and many indigenous communities across northern Australia - particularly in the NT, Torres Strait and Cape York - where AQIS employs many indigenous staff and is involved in collaborative ventures with a range of indigenous stakeholder groups.⁶

3 *ibid*, p.11

4 Mr A Podger, APSC, *Committee Hansard*, 11 November 2002, p.242

5 *Workplace Diversity* reports are the second of three companion volumes in the State of the Service series produced annually for calendar years, in accordance with the *Public Service Act 1999*. The others are the *State of the Service* reports and the *Australian Public Service Statistical Bulletins*.

6 AFFA, Submission no 19, p.3

Trends in employment

5.6 The APS Commission reported that the proportion of indigenous Australians in the APS had risen from 2.1 per cent in June 1993 to a peak of 2.7 per cent in June 1998, and was 2.4 per cent as of June 2003. The main agencies that provide services to indigenous people, such as ATSIC, DEETYA and DEWRSB, accounted for most of the increase.⁷

5.7 The APS Commission also reported that indigenous employment had improved at the middle and more senior levels in the APS. However, increases at these levels were offset by reduced numbers of indigenous employees at lower levels (APS 1 and 2), the levels with the greatest proportion of indigenous people.⁸

5.8 In the Committee's view, the drop in indigenous employees at these lower levels is significant. Given that the number of staff at these levels across the APS has contracted, the decline in indigenous employees suggests that a higher proportion of indigenous employees are separating relative to non-indigenous staff. As discussed in a later section, higher levels of separation by indigenous employees were previously masked by higher levels of engagements. This appears no longer to be the case.

5.9 The highest proportion of indigenous employees in the APS was in the APS 1-2 categories (3.6 per cent in 2001), and the lowest in the EL1 category (0.7 per cent in 2001). Representation in the SES was 1.5 per cent.

5.10 In agencies with more than 3000 ongoing staff, only Centrelink is near the average (2.2 per cent of total employees were indigenous). In those agencies with 1000 and 3000 employees ATSIC, as would be expected, had a very high proportion of indigenous staff (48 per cent). The Department of Education, Training and Youth Affairs (DETYA) and the Department of Employment, Work Relations and Small Business (DEWRSB) are above the APS average.

5.11 ATSIC has a target of 60 per cent indigenous people in its workforce. Strategies in place to achieve this include:

- Standardised selection criteria including requirements demonstrated knowledge and understanding of indigenous societies and culture, and demonstrated ability to communicate sensitively and effectively on matters relating to the delivery of services to indigenous people.
- Advertising of vacancies in indigenous media as well as the usual media outlets.

7 APSC, *Workplace Diversity Report 2001-02*, October 2002, pp.39-40 – see also: Mr Podger, APSC, *Committee Hansard*, 11 November 2002, p.235

8 APSC, *Workplace Diversity Report 2001-02*, October 2002, pp.39-40 – see also: Mr Podger, APSC, *Committee Hansard*, 11 November 2002, p.235

- Entry-level programs such as the Graduate Program, National indigenous Cadetship Project (NICP), Operative Development Program and Vocational Experience Program.
- Mentoring (particularly for new recruits), and a range of career development programs and training strategies for all staff.⁹

Strategies to increase recruitment of indigenous Australians

5.12 Agencies are able to develop their own strategies and initiatives to encourage the employment of indigenous Australians. However, a number of sections of the Public Service Act and the Public Service Commissioner's Directions are relevant to indigenous recruitment.

- Section 18 of the Act requires agency heads to establish a workplace diversity program;
- Clause 2.13 of the Directions requires agency heads to put in place measures to eliminate employment-related disadvantages on the basis of a number of factors, including being an Aboriginal or a Torres Strait Islander under the meaning of the *Racial Discrimination Act 1975*;
- Clause 3.2 of the Directions, requires agency heads to:
 - help prevent all forms of discrimination, consistent with Commonwealth law;
 - recognise the positive advantages of, and help make the best of the diversity available in the workplace and the Australian Community;
- Clauses 3.3 to 3.6 of the Directions set out requirements for measuring, evaluating, reporting and reviewing agencies' workplace diversity programs;
- Chapter 4 of the Directions allows agency heads to identify particular opportunities as open to indigenous Australians; and
- Chapter 4 of the Directions relating to merit in employment also states that agency heads have special provisions available to enable them to identify specific opportunities available only to indigenous applicants to encourage the engagement and promotion of indigenous Australians—this is considered to be a 'special measure' under Commonwealth Anti-discrimination law.¹⁰

5.13 Clauses 3.3 to 3.6 of the Directions note that agencies need to ensure that there are integrated career development opportunities for all indigenous staff, including those in positions with specialised duties and those recruited using specific employment opportunities.

9 ATSIIC, (Supplementary to Submission no 30), Submission no. 45, pp.3-4

10 *Recruitment of indigenous Australians in the Australian Public Service*, PSMPC, www.apsc.gov.au/publications01/indigenousrecruitment.htm, p.3

5.14 On 11 May 1999, the Government announced its new indigenous Employment Policy (IEP) aimed at addressing employment disadvantage faced by indigenous Australians. A main element in the policy is the payment by the DEWRSB of a subsidy to employers who provide worthwhile job opportunities to disadvantaged indigenous jobseekers. This includes APS agencies.

5.15 The central program used by APS agencies to improve indigenous Australian representation rates is the NICP which sponsors indigenous undergraduates studying at tertiary institutions.

5.16 The then PSMPC's *Workplace Diversity Report 2000-01* did not report on trends in the number of APS NICP cadets. It is therefore unclear as to whether the numbers of APS NICP cadets was increasing, static or declining. The CPSU considered that the examination of information from APS agencies on the trends in the number of National indigenous Cadets within agencies should be a priority.¹¹

5.17 Mr Henry considered that the levels and manner of engagement of indigenous people to the APS needed examination. He considered that there should be 'more emphasis on entry level traineeship-style recruitment, especially for those who identify as being of Aboriginal or Torres Strait Islander antecedents' and more effort into career development and management. He stated:

While we do have some vocational education and training positions, graduate administration assistants and the odd cadet position, I believe we could do much better with entry-level recruitment and subsequent career development and management.¹²

5.18 Mr William Towler, Executive Development Officer, National People and Development Unit in ATSIC, said that the NICP was an effective program, but that there were difficulties in getting the message across to indigenous people that they should apply for the cadetships. He considered that there were a range of problems requiring a variety of solutions to ensure that indigenous employment in both mainstream and indigenous-specific areas was increased.¹³

5.19 He emphasized that better understanding was needed amongst indigenous people of opportunities open to them for employment in the APS generally, as well as through special programs.¹⁴ The Committee notes that improvements appear to be needed in dissemination of information, awareness-raising amongst indigenous people and communication strategies.

11 CPSU, Submission no. 42, p.17

12 Mr Robin Henry, Submission no. 1, p.4

13 Mr W Towler, ATSIC, *Committee Hansard*, 15 August 2002, p.113

14 Mr W Towler, ATSIC, *Committee Hansard*, 15 August 2002, p.114

5.20 The APS Commission supported this view. It stated that a range of strategies should be used to increase indigenous recruitment to the APS include indigenous cultural awareness raising, workforce planning, trainee programs, schemes for non-ongoing APS employees to gain skills and experience, and targeted advertising.¹⁵

5.21 Centrelink provided information about that agency's recently developed 'indigenous employees action plan' that contained strategies regarding the recruitment, development and retention of indigenous people. It indicated that Centrelink's requirement for personal advisors provided an opportunity to recruit indigenous staff who could work with indigenous clients.

...there was quite a heartening result from our recent recruitment of personal advisers. Some of our most in need customers will be indigenous so we were trying to match the staff to the customer profile. In that respect, we have almost reached a point where 10 per cent of the 453 are indigenous recruits.¹⁶

5.22 ATSIC told the Committee that it also encouraged indigenous recruitment through its graduate program, the Operative Development Program and the Vocational Experience traineeship. Like a number of other agencies, it also advertised vacant positions in indigenous media, such as the Koori Mail.¹⁷

5.23 Commenting on an increase in active recruitment strategies for indigenous people across a number of agencies, Ms Lynne Tacy, Deputy Public Service Commissioner, told the Committee that, in addition to cadetships and graduate recruitment drives, DEWRSB had just announced a new contract management program for indigenous people.¹⁸

5.24 Centrelink, DoHA, Treasury, ACS, EA and DFAT provided information about their participation in the NICP.

5.25 DFAT told the Committee that it had participated in the NICP since 1994. After graduation, cadets were guaranteed an APS3 position in the department and were then encouraged to apply for positions as graduate trainees. Since 1993, DFAT had recruited 18 indigenous graduate trainees.¹⁹

5.26 Centrelink advised that, over the next two years, it aimed to progress efforts already underway to increase the number of traineeships it offered to indigenous people. The intention was to increase the number of scholarships and cadetships offered to indigenous recruits from ten each this year, to twenty each next year and

15 *ibid*, p.5

16 Ms C McGregor, Centrelink, *Committee Hansard*, 14 August 2002, p.18

17 ATSIC (Supplementary to Submission no 30), Submission no. 45, p.3

18 Ms L Tacy, APSC, *Committee Hansard*, 14 August 2002, p.10

19 Ms J Ryan, DFAT, *Committee Hansard*, 14 August 2002, p.75

thirty each the following year.²⁰ The scholarship and cadetship programs would be overseen by the Centrelink Virtual College (CVC) with a view to assessing their effectiveness and, in particular, improving retention of indigenous trainees and cadets.²¹

5.27 DEH advised that ten trainees were recruited in 2001-02 under its indigenous Career Development and Recruitment Strategy, with two based in Canberra and the others across the National Parks in Kakadu, Uluru Kata-Tjuta, and Booderee (Jervis Bay). The emphasis was on attracting indigenous staff who had the potential to expand their skills and progress to senior management levels. It noted that The Parks Australia Division needed to recruit people who could work in remote locations and appreciate the cross-cultural factors applying to parks with Traditional Owners and Joint Management Boards and that it also had obligations to provide employment and development opportunities to indigenous people.²²

5.28 Treasury advised that it had two indigenous cadets employed under indigenous Cadetship Program operated by DEWR, 'although the number of interested applicants with the appropriate skills [wa]s usually small'.²³

5.29 A number of agencies providing services to indigenous people, such as ATSIC, DEWRSB and DETYA, used identified positions where appropriate. The selection process for these positions needed to ensure that applicants have a demonstrated knowledge and understanding of Aboriginal and Torres Strait Islander societies and cultures and an understanding of the issues affecting those peoples. Applicants also needed to demonstrate an ability to communicate sensitively and effectively using appropriation negotiation and consultation skills.

5.30 ATSIC submitted that 'all positions within the APS that deal with indigenous communities or individual should be classed as 'identified positions'. It noted that, in addition to its own target of 60 per cent indigenous employees, some other agencies also had targets.²⁴

5.31 For some agencies, the proportion of indigenous employees reflected the nature of their work and the high level of involvement with indigenous communities. Although indigenous representation has declined slightly since 1997-98, Centrelink employed higher number of indigenous employees than the APS as a whole (3.6 versus 2.4 per cent). Further, in the two northern Australian areas with high

20 Mrs M Hamilton, Centrelink, *Committee Hansard*, 14 August 2002, p.18

21 Centrelink (Supplementary to Submission no 26), Submission no. 48, p.2

22 DEH, Submission no. 20, pp.1, 5

23 The Treasury, Submission no. 21, p.2

24 ATSIC, Submission no. 30, p.1

indigenous populations, the proportion of indigenous employees exceeded Centrelink's five per cent benchmark for indigenous representation.²⁵

5.32 While it is generally recognised that indigenous employees should, if possible, be employed in areas which involved service delivery to indigenous people, there is no cross-public sector protocol as to how to identify particular positions having the requisite degree of work interface or engagement with the indigenous community. Furthermore, there is no cross-APS protocol as to what criteria should apply to those positions.

5.33 ATSIIC argued that it is important that the drive to increase indigenous representation in the APS should not extend to improving their representation in indigenous specific jobs only, but also to increasing their representation in 'mainstream' positions.²⁶

Retention trends

5.34 The Committee notes that the Aboriginal Employment Development Plan places significant obligations on agencies to remove institutional barriers to indigenous recruitment and career development.

5.35 For indigenous people, even more so than for young people in general, the recruitment of large numbers of indigenous employees is not the only solution to increasing indigenous representation in the APS. As in the general case, retention is just as important as recruitment for indigenous people. Indigenous employees need to remain in the APS to improve both their skills and their chances of moving into more senior positions. This suggests that more support is needed for indigenous employees after they are recruited than is currently the case.

5.36 The 1997-98 ANAO report *Equity in employment in the APS* found that 21 per cent of APS agencies had achieved the APS-wide target of two per cent indigenous representation in 1994 and since that time agency composition had been relatively constant. This belied the higher turnover and higher levels of appointment of indigenous staff compared with non-indigenous APS employees.

5.37 The ANAO report also noted that decreasing levels of appointments in the APS overall indicate that 'future Aboriginal and Torres Strait Islander levels in the APS might decrease'. Further, that 'despite higher promotion rates for Aboriginal and Torres Strait Islanders, they were more likely to resign from the service than others'.²⁷

25 Centrelink, Submission no. 26, p.13

26 Ms S McMartin, ATSIIC, *Committee Hansard*, 15 August 2002, pp.108, 111

27 *Equity in Employment in the APS*, ANAO, Audit Report no.16, 1997-98, p.45

5.38 ATSIIC expressed its concern at the high separation rates for indigenous employees (down from 4.1 per cent in 1999-2000 to 3.1 per cent compared with 2.2 per cent for non-indigenous staff in 2000-01).²⁸

5.39 Other agencies agreed that higher levels of indigenous engagements had offset the over-representation of indigenous people in separations. The APS Commission supported the ANAO's conclusion that fewer engagements (indigenous people represented only 1.6 per cent of engagements in 2000-01) could lead to lower representation of indigenous people in the APS. It also stated:

The number of indigenous employees who leave within five years—or, indeed, within one year—is way higher than for non-indigenous employees. The other issue, which we have always known, is that indigenous employment has been particularly focused around particular agencies.²⁹

5.40 The CPSU echoed concerns at the possible continuing decline of representation of indigenous people in the APS if the trend to higher proportions of indigenous people in separations compared with engagements continues.³⁰

5.41 Given this, the APS Commission indicated its intention to focus initiatives in three areas:

- recruitment and possible alternative pathways apart from lateral recruitment at APS3 and above levels;
- retention, including possible support arrangements and 'whether better learning and development activities might provide a better career path' and so assist retention; and
- differences between and within agencies and whether partnership arrangements might be an option for improving indigenous employment.³¹

5.42 Mentoring strategies are also considered critical for indigenous employees. ATSIIC indicated that its mentoring program aimed to provide new employees, particularly indigenous staff, with role models who could assist and advise on career development and the APS code of conduct.³² The APS Commission has also developed a series of profiles of indigenous employees in the Public Service across different agencies with a view to setting up role models from amongst indigenous APS staff.³³

28 *ibid*, p.55

29 Mr A Podger, APSC, *Committee Hansard*, 11 November 2002, p.242

30 CPSU, Submission no. 42, p.17

31 Mr A Podger, APSC, *Committee Hansard*, 11 November 2002, pp.242-243

32 *ibid*, p.115

33 Mr A Podger, APSC, *Committee Hansard*, 14 August 2002, p.9

5.43 The need for support networks for indigenous employees was emphasized by the Public Service Commissioner who said:

A key issue there is the support that people receive not only in the workplace but also in family support and so on. There are particular difficulties, for example, in people recruited from country areas and regions to work in Canberra and so we do have some need for building networks and support.³⁴

5.44 The APS Commission's report *Recruitment of Indigenous Australian in the Australian Public Service* identified other ways in which a workplace could be made more supportive for indigenous employees. These included indigenous staff networks and community networks; promotion of the work of indigenous staff and work unity within the agency, cross-agency indigenous networks, support networks, mentoring arrangements, and identifying and eliminating any culturally inappropriate management or work practices.³⁵

Conclusion

5.45 The Committee supports the APS Commission's initiative to establish an indigenous employment working group to assist development of strategies not only to increase recruitment but, more importantly, to improve retention of Indigenous people in the APS. It notes the range of matters being investigated by the group but considers that there appears to be a fundamental need to improve information dissemination, awareness raising and communication strategies to indigenous people about employment opportunities in the APS.

5.46 In particular, opportunities available through the National Indigenous Cadetship Program appear not to be well-understood, nor does it appear that Indigenous people are aware that they are eligible to apply for general mainstream vacancies advertised in the APS.

5.47 The Committee considers the APS Commission and the indigenous employment working group could play a valuable role in providing appropriate and targeted information about employment opportunities to indigenous people in all areas of Australia.

5.48 The Committee also considers it important that, as proposed by the APS Commission, better measures of the success of initiatives to recruit and retain indigenous people are developed, with a view to assessing agencies against these.

34 *ibid*, p.10

35 *Recruitment of indigenous Australians in the Australian Public Service*, PSMPC, www.apsc.gov.au/publications01/indigenousrecruitment.htm, p.6

Recommendation 9

5.49 The Committee supports the APS Commission’s initiative to establish an indigenous employment working group to assist development of recruitment and retention strategies. The Committee recommends that the APS Commission give priority to implementing and monitoring these initiatives and in particular improve information dissemination, awareness raising and communication strategies to indigenous people on employment in the APS.

5.50 The Committee also strongly supports action by agencies to support indigenous employees so that they remain in the workforce. These actions include providing alternative career pathways, leadership development for different levels of Indigenous employees, facilitating networks of Indigenous employees, fostering partnerships between agencies with Indigenous employees to assist transition to ‘mainstream’ positions, learning and development activities that might provide a better career path and so assist retention; and mentoring strategies.

Recommendation 10

5.51 The Committee recommends that the APS Commission have a dedicated budget to assist indigenous people to gain employment in the APS. The Committee also recommends that indigenous employees be provided with ongoing intensive support for career development and to improve retention rates.

5.52 On a broader issue, the Committee is persuaded that APS selection processes are still too ‘interview focussed’ and notes, in particular, the disadvantage at which some candidates (including young people and indigenous people) are placed in such competition, as well as the possible impact on workplace diversity that may result from present processes.

5.53 The Committee is pleased to note that the APS Commission is preparing a kit that will outline a wide variety of possible recruitment and selection processes, with guidance on when different approaches might be used. It supports actions to ensure appointment of candidates based on a broader definition of merit that includes personal attributes and attitudes and a focus on achieving value for money to the organisation. The evidence suggests, however, that agencies need more assistance to be able to aspire to ‘best practice’ in recruitment and selection. The Committee believes that better practice in this area will benefit a range of prospective employees, including indigenous people, and through recognizing their potential will benefit the APS itself.

Chapter 6

Devolution and the role of the APS Commission in APS recruitment

6.1 Reforms to enhance public sector flexibility and devolution were initiated under the Hawke and Keating governments and have accelerated under the Howard government.¹ Underlying the changes was the government's desire to achieve greater flexibility in the allocation of staffing and financial resources with a view to ensuring that optimal benefit is extracted from public resources, in line with moves to a smaller public sector. Reduction of centralised controls and devolution of responsibility to line managers were introduced to ensure managers' authority matched their increased responsibilities. The question for the Committee has been what are the effects, and the effectiveness, of that devolution?

Effectiveness of devolved arrangements

6.2 The inquiry found that there was strong support for the devolved arrangements from most agencies. They considered devolution beneficial because of the flexibility it provided both in terms of streamlined processes and greater accountability and ownership, as well as better targeting of recruitment programs to meet agency priorities.

6.3 For example, the Department of Industry, Tourism and Resources (ITR) stated:

The devolved arrangements under the new *Public Service Act 1999* and the Public Service and Merit Protection Commission's change in focus from prescriptive direction to promoting good practice, have allowed greater flexibility in recruitment and increased organisational efficiency and effectiveness by allowing faster filling of some vacancies and a greater variety of recruitment options.²

6.4 The Department of Prime Minister and Cabinet (PM&C) stated that efficient and cost-effective recruitment processes are particularly important. This is because of the traditionally high staff turnover in PM&C due to the wish of many APS officers to gain experience in a central agency and exposure to Cabinet processes for a period of time only, rather than over the long term. PM&C considers that the more flexible arrangements possible under devolution have reduced the complexity of processes and

1 R Verspaandonk, *Changes in the Australian Public Service 1975-2000*, Parliamentary Library, Parliament House, Canberra, August 2000

2 DITR, Submission no. 5, p.3

provided time savings in completing selection exercises. PM&C outlined the process for filling vacancies under the new arrangements:

Where appropriate, the department will now keep active the list of candidates from a selection process and continue to use this list for recruitment actions, should the original candidate move on to a new opportunity. The department will also, on occasions, select employees on the basis of the applications submitted rather than conduct interviews, where there is a clear and demonstrable case to do so. The department is unaware of any diminution in the quality or fairness of the recruitment process.³

6.5 In the views of some witnesses, the former centralized arrangements had allowed oversight of the process only, rather than the outcomes in terms of engagement of suitable staff. Dr West and Mr Gourley, for instance, stated:

Few would contest that this devolution has brought many benefits. Most notably it has enabled decisions to be made much closer to the work place by people who know more intimately what is required; certainly more intimately than delegates in the Public Service Board when it was responsible for these decisions. They could do little more than ensure that proper process had been followed and for this a significant cost was sometimes incurred in terms of delays in making a decision.⁴

6.6 Agencies had also taken advantage of the new arrangements to develop training programs for particular needs. The Department of Industry, Tourism and Resources (DITR) advised:

The Department has been able to use the devolved arrangements for training to develop programs that meet its particular needs such as the Master of Management (Industry Strategy) program which the ANU runs for the Department. In this sense the devolved arrangements have been effective.⁵

6.7 The new arrangements have some disadvantages, however. Dr West and Mr Gourley indicated that overall recruitment costs had increased rather than reduced.⁶ A centralised system had the advantages of economies of scale, consistency of standards, more professional selection practices and less difficulty for small offices in remote areas. In particular, the previously centralized major avenue of APS recruitment (that is, to base levels of clerical/office based categories, including generalist graduates), gave rise to significant economies of scale as well as the opportunity for agencies to be able to obtain staff quickly ‘without incurring any direct costs’.⁷

3 PM&C, Submission no. 18, p.2

4 Dr J West and Mr P D Gourley, Submission no. 29, pp.8-9

5 DITR, Submission no. 5, p.7

6 Dr J West and Mr P D Gourley, Submission no. 29, p.9

7 Dr J West and Mr P D Gourley, Submission no. 29, p.9

6.8 The Australian Electoral Commission (AEC) said that duplication of processes across agencies and diseconomies of scale are a particular disadvantage to graduate recruitment.⁸ Similarly, Dr West and Mr Gourley told the Committee that they had observed duplication ‘particularly at the graduate, executive and senior executive levels...The agencies certainly all differ in their types of business but they are adopting very similar frameworks in the recruitment processes that they want to follow’.⁹

6.9 There was strong support for the use of bulk recruitment rounds and the establishment of orders of merit that could be drawn upon to fill vacancies arising within 12 months of gazettal. This was considered particularly useful for smaller agencies or those with a limited presence in certain geographic areas. Such agencies could further reduce their individual costs by pooling resources to purchase recruitment services.¹⁰

6.10 Mr Robin Henry, a former recruiter in the Australian Public Service, favoured decentralisation of recruitment processes along State and Territory lines. He suggested that, either professionally staffed agencies could provide recruitment services on a fee-for-service basis to agencies, or that recruitment for the whole of the APS could be outsourced to a national employment agency, such as Employment National.¹¹

6.11 The AEC also commented on the diminution of the concept of the ‘career service’ due to: recruitment for careers within particular agencies, rather than the APS; fewer staff with skills and experience that might apply across the APS and training in competencies specific to agencies, as well as enterprise bargaining that has ‘segregated mobility opportunities for ongoing employees’.¹²

6.12 On the other hand, the Australian Tax Office (ATO), one of the larger Commonwealth agencies, claimed that in-house recruitment was more advantageous for that agency than centralized recruitment because of the close links and shared corporate knowledge between staff in the business lines and recruitment staff. It considered that flexible recruitment arrangements were suited to the ATO’s ‘distinct recruitment cycle’ involving recruitment drives to implement particular government initiatives followed by natural attrition, as well as for seasonal recruitment required in relation to some ATO functions.¹³

6.13 Clearly, if agencies develop and conduct separate recruitment procedures, it is more difficult to ensure that cross-APS measures have been implemented. Some

8 AEC, Submission no. 24, p.1

9 Dr J West, *Committee Hansard*, 27 September 2002, p.216

10 Dr J West and Mr P D Gourley, Submission no. 29, p.10

11 Mr R Henry, Submission no. 1, pp.9-10

12 AEC, Submission no. 24, pp.250-251

13 ATO, Submission no. 22, p.5

commentators have expressed concern about the capacity of government to pursue objectives such as employment equity, without strong centralized management. Davis notes that ‘devolution improves local performance but comes at a cost for system-wide objectives’.¹⁴

Role of the APS Commission

6.14 The changes to the APS provide for agency heads to exercise greater management and employment powers balanced by increased accountability for the use of those powers. This includes the flexibility to determine recruitment practices that best meet each agency’s needs and, consistent with the legislative framework, both the authority and responsibility to make decisions relating to organizational performance.

6.15 Citing the legislative framework in which it operates, in particular the range of statutory functions of the Public Service Commissioner set out in section 41 of the Public Service Act, the APS Commission told the Committee that, as a consequence of the highly devolved environment of the contemporary APS, it had no direct or centralised role in the areas of recruitment and learning and development activities. Instead, its mission was ‘to foster the achievement of a high performing, ethical and client focused public service, promoting quality management of people and work’.¹⁵

6.16 The APS Commission described its approach as ‘generally one of ‘facilitating’, ‘supporting’, ‘contributing to’ and ‘fostering’...with ‘evaluation responsibilities and, to a degree, a coordinating, developing and promoting role’. It advised the Committee that its current output structure focused on:

- APS policy legislation and information;
- leadership performance and development in the APS; and
- employment related services and functions.¹⁶

6.17 Within this context, the Commission:

- offers a suite of development programs designed to meet current and emerging corporate learning and development needs across the APS, the context and issues that underlie these needs, and various associated issues such as preferred mode of delivery, timing and cost constraints;
- responds to training needs identified by external oversight, for example:
 - the need for contract management skills identified in the Joint Committee of Public Accounts and Audit report on *Contract*

14 Dr G Davis, ‘A Future for Public Service? Human Resources management in a shrinking sector’, *Canberra Bulletin of Public Administration*, no. 89, August 1998, p.24

15 APSC, Submission no. 15, p.17

16 APSC, Submission no. 15, p.18

Management in the Australian Public Service, tabled in November 2001, and

- the ANAO Audit Report No.12 1999-2000, *Management of Contracted Business Support Processes*;
- offers an APS-wide program for graduates;
- represents the Commonwealth on the National Board of Management and provided secretariat support to the PSM Course;
- in consultation with agencies, develops capability frameworks as a basis for assessing the learning and development needs of APS employees in key categories, including the SES and non-SES HR personnel; and
- through the Career Development Assessment Centre (CDAC), diagnoses the development needs of high-performing staff in the SES-feeder group.¹⁷

6.18 To refine its program offerings, the Commission conducts small, targeted surveys to gather information on the needs of specific levels or groups of agencies. It also seeks continuous feedback from participants and agencies on program relevance and quality:

The Commission conducts a ‘focus group’ exercise at regular (approximately 18 month) intervals to obtain the views of agency staff at all levels on their learning and development needs and other related factors relevant to the design of effective programs. Focus groups were conducted in mid 1999 and early 2001, and it is planned to conduct a similar exercise mid this year. The 2001 exercise involved 26 agencies.¹⁸

6.19 The role of the APS Commission was the subject of criticism in many submissions. People and Strategy (ACT) considered that the APS Commission ‘seemed to suffer from a lack of focus’ and that the need ‘to generate revenue to sustain itself’ (principally by operating as a broker for training activities) had detracted from its important role in making a strategic contribution to human resources issues as well as other useful roles, such as coordinating courses and facilitating contracts between APS departments and consultants.¹⁹

6.20 Geoscience Australia suggested to the Committee that a productive task for the APS Commission would be to benchmark the recruitment function across agencies. It advised that a benchmarking exercise with other APS agencies, key scientific organizations, private sector bodies and international best practice had provided a useful insight into best practice in the APS and private sector. It stated:

17 APSC, Submission no. 15, pp.31-34

18 APSC, Submission no. 15, p.31

19 People and Strategy (ACT) Pty Ltd, Submission no. 6, p.2

It would be useful if such benchmarking was undertaken regularly by a central body such as PSMPC to keep track of improvements made by APS agencies.²⁰

6.21 Dr West and Mr Gourley also argued that the APS Commission could play a greater role in auditing and examining recruitment in each agency to provide a check on the 'health of recruitment systems across the service'. They considered that the extra costs incurred under devolution should be addressed by the APS Commission.²¹

To a significant extent, the integrity and fairness of the system have owed a great deal to the centralised nature of policy and systems design and to centralisation of decision making that provided a check on adherence to proper process.²²

6.22 In response, the APS Commission acknowledged that the State of the Service report processes might provide an opportunity to evaluate agency performance in recruitment, including retention, training and so on. However, it considered that, in terms of recruitment, devolution had worked well, and that agencies themselves were 'best placed' to recruit according to their 'very different requirements'. Citing evidence from agencies about the suitability of the current arrangements, it did not consider the matter a priority. It noted, however, that, if there were evidence of major problems it would 'revisit [its] priorities'.²³

6.23 On the other hand, the APS Commission pointed out that it has been making efforts to improve its 'evaluation capacity' in other areas:

We have been increasing our evaluation activity very substantially over the last short period and we intend to take that further, but it has not at this stage focused on recruitment; it has focused on a number of other areas...For example, we are putting particular effort at the moment into the application of the values in agency systems and processes, which we see as being a particular priority in the coming period.²⁴

6.24 It also noted that recruitment is covered as part of an assessment of the performance of the APS in the State of the Service reports along with career development and 'a range of other factors to do with HR policies'.²⁵

6.25 The Australian National Audit Office (the ANAO) supported devolution so that agency decisions about recruitment and training needs would better match their activities. However, it considered that the APS Commission had a role to play in

20 GA, Submission no. 12, p.3

21 Dr J West and Mr P D Gourley, Submission no. 29, p.9

22 Dr J West and Mr P D Gourley, Submission no. 29, p.10

23 Mr A Podger, APSC, *Committee Hansard*, 11 November 2002, p.242

24 Mr A Podger, APSC, *Committee Hansard*, 11 November 2002, p.242

25 Mr A Podger, APSC, *Committee Hansard*, 11 November 2002, p.242

evaluating learning and development activities across agencies and in the development of cross-agency benchmarks. It considered that it would be possible to undertake moderation and provide leadership in this area, without interfering with agency management.²⁶

6.26 Other commentators also supported a central role for the APS Commission, but not one which resumed control of the recruitment function. Linda Colley writes:

...there should be some revitalisation of central HR agencies, not to resume their previous controlling roles, but to provide strategic guidance as well as those services where economies of scale make sense.²⁷

Outsourcing of recruitment

6.27 Using the flexibility available to them under the APS reforms, a number of agencies have outsourced their recruitment function in recent years. This has taken many different forms, with some agencies outsourcing the administrative aspects only, and others the selection process.

6.28 For example, outsourcing in DFAT has been limited to the labour intensive administrative aspects of recruitment, including manual assessment of applications for short listing and cognitive testing. Administration of bulk rounds and management of a temporary employment register has also been outsourced but strategic management of recruitment remained the responsibility of departmental staff. DFAT claimed that these changes have resulted in corporate management efficiencies and freed up 'valuable staffing resources for strategic human resource management'.²⁸

6.29 Centrelink has identified a panel of providers that would process future bulk recruitment rounds. It intends to use evaluation of existing major recruitment exercises to provide benchmarks for future evaluations, and expects that it will use bulk recruitment in future to address its business needs.²⁹

6.30 Other agencies with outsourced recruitment include ACS, the ATO and the Child Support Agency.

6.31 A major concern regarding outsourced public sector recruitment is whether private providers adhere to the principles of APS employment. The APS Commission advised that, in regard to workforce diversity, none of the agencies with outsourced human resources services or recruitment processes had expressed concerns that

26 Mr W Cochrane, ANAO, *Committee Hansard*, 15 August 2002, pp.90-91

27 Ms L Colley, 'The changing face of Public Sector Employment', *Australian Journal of Public Administration*, Australia 2001, vol. 60, no. 1, p.17

28 DFAT, Submission no. 4, p.5

29 Centrelink, Submission no. 26, p.19

outsourced providers are not ‘putting the APS values and workplace diversity principles into practice’.³⁰

6.32 The CPSU, however, referred to problems associated with provision of APS agency data to Comsuper resulting from loss of human resources management staff with specialist knowledge of Commonwealth superannuation arrangements. It considered that there is a risk that private companies would not have the capacity either to accurately process APS data and report accordingly, or to provide comprehensive and relevant employment advice to APS agencies, due to lack of direct experience with and knowledge of APS employment practices.³¹

6.33 From the perspective of private recruitment agencies, a number of problems with the current arrangements for contracting out of recruitment services were brought to the Committee’s attention. RCSA submitted that its members are concerned about suppliers who are not government-endorsed. It claimed that this demonstrated ‘inconsistency’ on the part of APS agencies in dealing with suppliers, and brought into question the value of obtaining government endorsement.³²

6.34 The APS Commission told the Committee that, under the Endorsed Supplier Arrangement (ESA) administered by the Department of Finance and Administration, all IT recruitment service providers required endorsement. DOFA is, however, unaware of any other endorsement arrangements for recruitment services. The APS Commission also said that the PS Act does not require government endorsed status for recruitment agencies either supplying APS employees or labour hirees.³³ It stated:

The Commission does not consider that there are any mixed messages about government endorsed suppliers in the area of recruitment. Recruitment in the information technology field is only a small proportion of total recruitment and the Commission is unaware of any problems with the recruitment of non-ongoing employees or labour hirees or consultants in the information technology area.³⁴

Conclusion

6.35 In the Committee’s view, the APS should be providing leadership in terms of recruitment activity in the Australian workforce. Devolution provides agencies with the scope both to generate employment opportunities to meet their business needs and for employees to achieve their goals in terms of productivity (within agencies and nationally) and continuing employment.

30 *Workforce Diversity Report 2000–01*, PSMPC, p.112

31 CPSU, Submission no. 42, p.22

32 RCSA, Submission no. 9, p.6

33 Answers to questions on notice, November 2002, Q.8(1), p.13

34 Answers to questions on notice, November 2002, Q.8(1), p.13

6.36 Getting the most out of the new environment, however, requires strategic vision, workforce planning intimately linked to capability requirements which themselves derive from corporate and business goals, and a strong commitment from management to human resources management and the continual development of the APS workforce. The Committee finds that many APS agencies lack these fundamental requirements at present. As a consequence, devolution has resulted in ad hoc responses to recruitment and training rather than development of projected workforce profiles based on business requirements. Even less in evidence is seamless translation of these needs into well-targeted recruitment action.

6.37 The Committee considers that under devolution more systematic planning and monitoring of progress against goals is required by agencies to help address these shortcomings. All agencies should be required to prepare a detailed strategy and set of objectives for both their recruitment policies and their training programs on a three yearly basis. The Committee is also of the view that in a devolved environment greater transparency is required in the recruitment and training area. All agencies should therefore be required to include their three-yearly strategies and objectives on recruitment and training in their annual reports, and report annually on progress to the APS Commission. This should enhance the external scrutiny of the actions being taken by agencies and help identify where improvements or adjustments are necessary.

Recommendation 11

6.38 The Committee recommends that all APS agencies develop a detailed recruitment strategy with a set of objectives for the next three years. Each agency should report annually to the APS Commission on progress in implementing its recruitment strategy. Agencies should also report on progress annually to the APS Commission.

6.39 To give a service-wide view of the progress of agency strategies, the APS Commission should report annually on the results agencies provide it on their recruitment and training efforts. Such a report should attempt to identify common trends, better practice, issues of concern and possible remedial solutions. It would also assist the Commission in establishing benchmarking in APS-wide recruitment practices, as recommended by the Committee below (Recommendation 12).

Recommendation 12

6.40 The Committee recommends that the APS Commission present a detailed report annually, as part of the *State of the Service* report, outlining the progress made by each agency in achieving its objectives in recruitment.

6.41 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. These include:

- **identifying areas of present need in terms of recruitment strategies and practices. This could be based on emerging national and international trends, audits of current practice, outcomes of surveys and/or consultation with industry, the community and informed commentators;**
- **undertaking ‘horizon scanning’, including through consultation with industry, and other commentators, with a view to anticipating trends on recruitment and workforce development, and promulgating advice throughout the APS;**
- **benchmarking recruitment practices;**
- **publicising examples of better practice and promoting these to avoid duplication and fragmentation of effort amongst agencies, and to ensure consistency and excellence in human resources management across the APS; and**
- **encouraging and promoting creative, innovative and focused solutions to problems, including through rigorous evaluation of recruitment strategies and through endorsement of programs meeting particular needs. These should include centrally delivered training, for example, to promote consistent strategies of leadership and management across the APS.**

6.42 The Committee is concerned that the fact that agencies are supportive of devolution of recruitment is causing the APS Commission to pay insufficient attention to recruitment matters. The fact that agencies support devolution does not mean there are no ways in which recruitment may be improved by the involvement of an agency with a whole-of-APS perspective.

6.43 The Committee considers that the APS Commission in particular should play a greater role in supporting and promoting agency recruitment, assisting the development of APS-wide strategies through, for example, the collection and analysis of management information, developing techniques for approaching problems common to all agencies and encouraging collaboration amongst agencies.

Recommendation 13

6.44 The Committee recommends that the APS Commission have a greater role in APS recruitment practices and in particular the establishment of benchmarking of recruitment practices.

6.45 The Committee recognises that an enhanced role for the APS Commission may require additional resources, but is of the view that the resulting improvements should be cost effective across the APS as a whole.

Recommendation 14

6.46 The Committee recommends that the government provide the APS Commission with such additional resources as are necessary to fulfil an enhanced role in guiding and monitoring APS recruitment strategies and practices.

Chapter 7

Training and identification of training needs

7.1 Since workforce skills are critical to the efficiency and cost-effectiveness with which agencies can deliver their outputs, agencies can improve their overall performance by making a sound strategic investment in learning and development for their staff.¹

7.2 The quality of staff training and development in organisations will also be a key consideration for both current and potential employees in a world of increasing competition for high quality staff. The ongoing competition for talent means that organisations providing integrated and effective training in leadership and management skills as well as specific task-related skills combined with career planning and succession systems, will have the greatest success attracting and retaining staff.

7.3 Thus training plays an integral role in not only lifting the performance of public sector organisations, but also in their ability to recruit and retain the people needed to achieve business goals.

7.4 In the following chapters, the Committee examines a range of APS training issues, namely:

- expenditure on training (Chapter 8);
- accredited and articulated training (Chapter 9);
- evaluating APS training (Chapter 10); and
- devolution and the role of the APS Commission in training (Chapter 11).

7.5 In this chapter, the Committee discusses the different types of training that occur in the APS and the different ways by which agencies identify their training needs.

Types of training

7.6 Learning and development covers a wide range of activities to improve the capabilities of people. Activities comprise not only technical skills and knowledge but also people's attributes, attitudes and behaviour. The 'better practice' guide for building capability in the APS recently released by the ANAO and the APS Commission listed activities that assisted acquisition of new capabilities as including 'on-the-job training, development opportunities, such as special projects, conferences,

1 ANAO, *Management of Learning and Development in the Australian Public Service*, Audit Report No.64 2001-2002, p.11

secondments, and mentoring, as well as formal classroom training'.² Appendix 2 to that report sets out a comprehensive list of 'possible learning interventions' including those appropriate for application 'on the job', through formal development and opportunities of a professional and community nature.³

7.7 The Committee accepts that different types of learning and development are appropriate for employees of the APS. They include:

- induction training;
- formal training in agency-specific skills and information;
- task-focussed training;
- accredited training (for example, through Registered Training Organisations (RTOs), the vocational education and training (VET) sector, universities, etc); and
- 'on-the-job' training.

7.8 Induction training is important both for junior staff commencing their first job as well as for more senior people joining the public sector from outside. The OECD considers this type of training important for staff retention and many member countries have formal programs in place. For example, Sweden 'places heavy emphasis on administrative know-how and routines specific to central government administration'.⁴

7.9 Training in agency-specific skills and knowledge is important in the case of skill shortages, and also where staff transfer from diminishing areas to expanding ones. There is also a noticeable trend to flexible training offerings – online, distance learning, programs suitable for a range of levels (e.g. to management and senior staff).

7.10 OLA considered that face-to-face learning had many advantages over online or traditional distance learning including cost efficiency and encouragement of broader perspectives amongst APS staff. It noted the difficulty for smaller agencies and agencies in regional areas to undertake face-to-face training. It considered that many skills requirements were shared by agencies and noted it had successfully delivered training to groups comprised of participants from many different agencies. Shared learning was most effective, in its view, when supporting materials were customised (for example, referring to special instructions or legislation) for participants.⁵

2 APS Commission and ANAO, *Building Capability: A framework for managing learning and development in the APS*, April 2003, p.8

3 APS Commission and ANAO, *Building Capability: A framework for managing learning and development in the APS*, April 2003, p.41

4 OECD report, pp.24 , 25

5 Open Learning Australia, Submission no. 7, p.5

7.11 People and Strategy (ACT) considered that better value for the training dollar would result from targeting training to those who need it, rather than to all groups of staff, which appeared to be the case. It considered that a reluctance to target training to individuals in the APS seemed to stem from ‘a perception that streaming people into appropriate development programs was counter to the merit principle or Equal Employment Opportunity’. It considered that training efforts focused on those who are most likely to change would result in a return on investment to the agency and the APS as a whole.⁶

7.12 Further, it argued that the focus should be on ‘longer term development for complex skills such as management and leadership rather than the ‘quick fix’ of a half day course’.⁷

7.13 The Department of Agriculture, Fisheries and Forestry Australia (AFFA) said that on-the-job training is given a high priority across all businesses as part of blended solutions for staff development. It considered that, in addition to being able to take advantage of the skill sets of experienced staff and transferring their knowledge to those less experienced, on-the-job training fostered a positive learning environment.⁸

7.14 AFFA also made the point that *reported* training expenditure does not reflect the *real* level of training and development activity because it does not include ‘on the job’ training. It advised that skills learned through work performance constituted a major part of training for AFFA staff and that performance agreements formally included components that provided for work of a challenging nature, opportunities for experience at higher-level meetings and activities to help build the communication and liaison skills of staff. It considered that development of such skills is vital to AFFA’s role as a negotiator, both internationally on trade, and nationally on resource allocation.⁹

Training needs analysis

7.15 Before examining the ways in which agencies identify needs, the Committee notes the general principles that should underpin training needs identification.

7.16 An agency’s training needs must be based on the skills required to deliver its business outcomes and the current status of skill levels in the agency. Identification of existing skills and those required in an agency should occur at a corporate, section and individual level. In this way, the abilities required to deliver the overall business outcomes of an agency can be related to each individual’s skills and contribution to outcomes. The gaps in skills of individuals, sections and agencies can then be identified.

6 P&S (ACT), Submission no. 6

7 P&S (ACT), Submission no 6, p.4

8 AFFA, Submission no. 19, p.5

9 AFFA, Submission no. 19, p.5

7.17 The Australian National Audit Office (the ANAO) considers that both current and future skills requirements need to be considered to ensure that learning and development strategies and plans are fully aligned with agencies' corporate goals. ANAO audits had found that the most commonly used methods to identify future workforce requirements are training needs analysis, future scenario planning and consultation with senior executives. While recognising that indicators to measure learning and development effectiveness are 'difficult to articulate clearly', the ANAO considered that it is important to attempt to develop output (activity) and outcome (effectiveness) performance indicators. These are needed to inform and support the planning for, and delivery and assessment of, learning and development.¹⁰

7.18 According to the Public Service Education and Training Australia (PSETA), training needs analysis is best conducted as an integral part of an agency's business planning with systemic implications (for example, a shortage of finance managers) referred for whole of government consideration. PSETA stressed the importance of links to performance management and capability assessments. It stated:

The needs analysis should make a systematic assessment of short, medium and longer term skill needs of the organisation against all categories of staffing (eg entry level, junior, mid and senior staff; first line, middle and senior manager; junior and senior executive; deputy and chief executive and specialist occupational streams). The identification of training needs should link to performance review and development and special recruitment initiatives to provide a workforce capability assessment for the agency and the sector.¹¹

7.19 The Committee notes that identifying training needs not only requires the identification of areas in which skills need to be improved. It also requires agencies to consider which *forms* of training would best target skills shortages or the need to upgrade skills that have been identified. It notes that the ANAO found that while, in general, agencies have made an effort to tie their training strategies to business needs identified in corporate plans, the impact of this alignment is not always evident in practice. The report also found that training in many agencies is still planned in an intuitive way, rather than to reflect long term strategic needs.¹²

7.20 The next sections look briefly at the following issues:

- identifying needs at a corporate level and an example of a program that aims both to identify and address corporate level needs;
- performance management as a means of addressing skills needs; and

10 ANAO, *Management of Learning and Development in the Australian Public Service*, Audit Report No.64 2001-2002, p.18

11 PSETA, Submission no. 43, PSETA, p.3

12 ANAO, *Management of Learning and Development in the Australian Public Service*, Audit Report No.64 2001-2002, p.42

- workforce planning as a means of identifying future workforce requirements.

Identifying training needs at a corporate level

7.21 Identifying training needs at the corporate level is important for ensuring that training strategies provide staff with the skills required to fulfil business goals. Identifying needs at the corporate level should also enable senior agency executives to manage training activities strategically and identify priority areas for development. The ANAO report, *The Management of Learning and Development in the Australian Public Service*, highlighted the need to identify training needs at the corporate level aligned with agency business outcomes. The report identified four requirements for the effective alignment of training with corporate goals, namely:

- corporate planning which incorporated a commitment to learning and development;
- previous training experience informing training planning through ongoing reviews;
- identifying skills required by the organisation through the a number of means of identifying future workforce requirements; and
- implementing training performance information frameworks.¹³

7.22 According to the results of an APS-wide survey, conducted by the ANAO, 88 per cent of agencies indicated that they had included a commitment to workforce development in their corporate plans, while 60 per cent of agencies had separate learning and development strategies.¹⁴ The ANAO concluded that agencies, in most cases, have made a ‘significant effort’ to ensure that their training strategies are driven by business needs as defined in corporate plans.¹⁵

7.23 Agencies making submissions to this inquiry indicated that a commitment to training had been incorporated in corporate planning processes in a number of ways, including:

- DEH’s use of a multi-layer corporate model (the Corporate Learning and Development Program) to align business needs with individual learning and development, using the IiP process founded on individual PDSs. Other priorities for corporate-wide training have been IT training, contract management, project management and financial skills training, and education on the impact of changes in legislation (both DEH legislation and the APS employment and legislative framework).

13 ANAO, *Management of Learning and Development in the Australian Public Service*, Audit Report No.64 2001-2002, pp.35-41

14 ANAO, *Management of Learning and Development in the Australian Public Service*, Audit Report No.64 2001-2002, p.36

15 ANAO, *Management of Learning and Development in the Australian Public Service*, Audit Report No.64 2001-2002, p.18

- DFAT's integration of training and development strategies with corporate plans and thus business outcomes.
- Defence's reflection of its human resource strategies, including training, in its long-term security direction and capability enhancement framework, *Defence 2000—Our Future Defence Force*, and its Strategic Workforce Planning Review established to examine the role of workforce planning in delivering the capability outlined in the framework.¹⁶
- Centrelink's alignment of learning priorities with its business plan and objectives.
- ATO's strategic planning linking the achievement of essential business outcomes through its *People and Place* plan.¹⁷

7.24 With a view to improving learning and development strategies, the Department of Health and Ageing said major areas that it is addressing include stronger alignment of learning and development priorities with corporate goals and directions, and more systematic evaluation of the contribution of learning and development activities to business outcomes (return on investment). It considered that improvements in training at the strategic level would provide a sound basis for planning to enhance the skills of individual employees.¹⁸

7.25 The Committee found, however, some evidence that the integration of training needs analysis with corporate goals and broader training strategies could be improved. In its report, *Building Corporate Capacity: the APS in Transition*, the APS Commission stated that:

It would appear that generally agencies place greater emphasis on development of individuals than on developing the capability of the agency as a whole. Managers report that HR is better at helping them identify the learning needs of individuals, than at identifying the future needs of the agency and then translating these needs into effective learning and development plans. Managers indicated that performance needed to be lifted considerably in this area.¹⁹

7.26 The ANAO also found that learning and development strategies in some agencies are 'intuitive' and reflect short term considerations rather than longer term strategic needs.²⁰ The Committee considers that it is possible that an emphasis on individual training needs may lead some agencies towards such a short-term focus at the expense of broader agency requirements. To help overcome this tendency, it is

16 DOD, Submission no 36

17 ATO, Submission no. 22, p.9

18 DOHA, Submission no. 28, p.13

19 PSMPC, *Building Corporate Capacity*, 2000, p.14

20 ANAO, *Management of Learning and Development in the Australian Public Service*, Audit Report No.64 2001-2002, p.18

important that the identification of individual training needs occurs within a broader framework informed by agency training strategies and linked to corporate planning. The Committee discusses this point below in relation to performance management systems.

Aligning training with corporate needs – Investors in People Program

7.27 The Investors in People Program (IiP) is a program that was developed specifically to tie training and development within organisations to the delivery of business outcomes.

7.28 IiP is an international human resource standard based on 16 indicators designed to achieve ‘best practice in the management and development of people to deliver organisational goals, together with a framework for ongoing evaluation and improvement’.²¹ On achieving the standard, an agency is entitled to accreditation as an Investor in People.

7.29 The Committee understands that the standard, first developed in the UK, drew on the experience and best practice of successful organisations in all sectors of the economy. Its aim was to balance policy reforms associated with a more ‘commercial’ approach to human resources management (including recruitment, remuneration, promotion and tenure) with a workplace that was more fulfilling, more flexible, and more productive’.²² Now offered in over 20 countries, the standard is mandatory for all UK government agencies and covers about 40 per cent of that country’s workforce.

7.30 NATA Certification Services, the administrator of the program in Australia, summarised the thinking behind the program as follows:

Experts have long concluded that implementing programs that deliver sharply focussed training, genuine employee motivation, and a visible commitment from senior management, always results in a quantifiable improvement, whether in the public service arena, or in private enterprise.²³

7.31 NATA advised the Committee that, at the time of writing, 11 federal APS agencies had implemented the IiP and 5 had been accredited as ‘Investors in People’ on the basis of evidence of improvements in performance, efficiency and morale.

7.32 According to users, IiP delivered the following benefits:

- improved budget control, productivity, and quality;
- improved employee motivation, attitudes and flexibility;
- improved customer service;

21 NCS International Pty Ltd, Submission no. 27, p.1

22 NCS International Pty Ltd, Submission no. 27, p.1

23 NCS International Pty Ltd, Submission no. 27, p.1

- effective communications with employees showing better understanding of goals; and
- improved corporate image.²⁴

7.33 The Department of the Environment and Heritage (DEH), an accredited 'Investors in People' (IiP) agency, stated that IiP underpinned its strategic approach to learning and development and that its Performance and Development Scheme (PDS) 'was a prime factor in gaining IiP accreditation'. Through the PDS process, individual staff performance agreements are aligned to the work plans of the individual staff member's area. DEH also considered that IiP had been a catalyst for cultural change that provides 'more emphasis on individuals taking responsibility for directing their learning and development and greater awareness of the need to constantly update and acquire new skills'.²⁵

Performance Management Systems

7.34 A number of agencies stated that performance management is the primary and most effective means used to identify individual training needs. For example, the ATO stated that its Performance Management System is 'the most effective way to identify real training and development needs and priorities'. It considered the 'collaborative process between staff and their manager, using multi-source feedback' as the best way to identify individual training needs.²⁶

7.35 A performance management scheme attempts to align individual performance with organisational goals, thus providing a means by which individual performance can be assessed in an overall corporate context. Individual assessment also usually incorporates an assessment of training needs, which may take the form of an individual training agreement or and individual learning and development plan. The APS Commission found that 95 per cent of Certified Agreements containing performance measures included measures to identify learning needs.²⁷

24 NCS International Pty Ltd, Submission no. 27, p.2

25 DEH, Submission no. 20, pp.6-7

26 ATO, Submission no. 22, p.6

27 APSC, Submission no. 15, p.20

7.36 The 2001 Management Advisory Committee (MAC) report, *Performance Management in the APS—A Strategic Framework*, identified performance management as fundamental to improving the capability of APS agencies. This report stated:

There is an increasing emphasis on the importance of all staff having an individual performance agreement and that their agreement also links to a personal development plan or learning agreement.²⁸

7.37 While performance management is broadly recognised as a central cog in training needs identification, evidence to the Committee indicates that it varies across agencies. For example:

- The Department of Foreign Affairs and Trade’s (DFAT) Performance Appraisal system is integrated with a PeopleSoft Performance Management Module for automatic generation of a database of training needs that fed into a training calendar.²⁹
- Resourcing of training and development in the Australian Taxation Office (ATO) is based on directly linking performance outcomes with support for the delivery of strategic outcomes. According to the ATO, this strategic planning approach has ‘reduced the tendency for duplication’.³⁰
- The Department of Veteran’s Affairs (DVA) said that performance development and review processes are used to identify both corporate (implemented through DVA’s National Learning Strategy) and divisional (for example, Compensation Training Strategy) training needs.

7.38 This variation bears out the APS Commission’s observation that the development of performance management has been ‘evolutionary’ with agencies’ systems ‘at different levels of maturity’.³¹ Nonetheless, it considered that substantial improvements in learning and development arrangements, based on the implementation of performance development schemes, could be observed in a number of agencies in recent years.

7.39 However, the MAC report identified that further progress was required in identifying learning and development needs in individual development plans:

The use of Individual Development Plans or development components within performance agreements and assessment documentation is common

28 Management Advisory Committee report, *Performance Management in the APS – A Strategic Framework*, p.32

29 DOFA, Submission no. 4, p.10

30 ATO, Submission no. 22, p.6

31 Management Advisory Committee report, *Performance Management in the APS – A Strategic Framework*, p.31

but still needs to go further in relation to strengthening the linkages with strategic people management issues including training and development.³²

7.40 This finding reinforces the observation of the APS Commission, mentioned in the previous section, that agencies have tended to focus more on individual development than on building the capability of the agency as a whole.

7.41 The Community and Public Sector Union (CPSU) submitted that it had found serious problems with the identification of training needs through performance management schemes. The CPSU survey found that 88 per cent had an individual training plan in place. 85 per cent of respondents with an individual training plan in place reported receiving less training under individual training agreement arrangements than prior to their introduction.³³

7.42 Further, 54 per cent of respondents to the CPSU survey reported that they were not confident that the ITA scheme would deliver the training and skills development that is needed by employees. The CPSU told the Committee that:

...a large segment of APS staff believe that their individual training agreements are often little more than paper exercises. In other words, they are supposed to do them, so everybody sits down and does them but quite often the training agreed at the outset of the agreement is not actually delivered to them.³⁴

7.43 One of the reasons for the possible ineffectiveness of individual training agreements, according to the CPSU, is a lack of support and training from human resource services to employees to develop individual training agreements.

7.44 APESMA supported this view. APESMA claimed that, according to its members, opportunities to undertake agreed professional development are not always forthcoming.³⁵ It was suggested that, while training and development plans may be in place for staff, lack of agency funds meant that implementation of plans did not always proceed.

7.45 Given the key role of performance management in identifying training needs, the Committee is concerned that performance management remains at an evolutionary stage in some agencies. It strongly urges all agencies to review their performance management processes to ensure that individual training needs are aligned with agency business goals and corporate planning.

32 Management Advisory Committee report, *Performance Management in the APS – A Strategic Framework*, p.32

33 CPSU, Submission no. 42, p.7

34 Ms M Gillepsie, CPSU, *Committee Hansard*, 14 August 2002, p.30

35 Mr J Vines, APESMA, *Committee Hansard*, 11 November 2002, pp.226-227

Recommendation 15

7.46 The Committee recommends that APS agencies review management processes to ensure that training outcomes are clearly and transparently linked to agency and individual goals.

Identifying future workforce requirements

7.47 Chapter 6 referred to the need for the assessment of future skills, attributes and capacities required to deliver business outcomes as part of workforce planning.

7.48 The APS Commission concluded in *Building Corporate Capacity: the APS in Transition*, that:

The production of learning and development plans which are clearly linked to current and future workforce needs and which increase the emphasis on development opportunities in their broadest sense will be important strategies in further strengthening the performance of APS agencies.³⁶

7.49 One way of developing a capability profile of an organisation's workforce is through a skill's audit. The ANAO noted that, whilst not common in the APS, skill audits are useful in planning learning and development.³⁷ The APS Commission, however, disagreed, claiming that skills audits 'can be cumbersome and resource intensive to undertake and keep up to date'.³⁸

7.50 The Committee heard of other ways in which skills or capabilities may be assessed. The Australian Customs Service (ACS), for instance, uses a number of executive level networks to identify emerging development needs resulting from business changes. It has a network of Human Resource Advisors working with programs areas that provide advice on training issues.

7.51 A long term project in the ATO identifies capability sets for all ATO positions. The project incorporates processes to identify gaps in capabilities that need to be addressed through learning and development programs.³⁹ The ATO stated that while it does not usually conduct training needs analyses it had done so in relation to the implementation of the recent tax reforms. It stated that a significant result of its analysis was that training estimates made by change managers and system designers were often 'over-estimates'. It found that 'a thorough analysis comparing current tasks

36 PSMPC, *Building Corporate Capacity*, 2000, p.14.

37 ANAO, *Management of Learning and Development in the Australian Public Service*, Audit Report No.64 2001-2002, p.19

38 ANAO, *Workforce Planning - a Better Practice Guide*, p.29

39 ATO, Submission no. 22, p.6

with future tasks, using the input from people who knew the job well, provided more accurate (and achievable) estimates of real training task loads'.⁴⁰

7.52 DEH advised that it had recently commenced work on capability frameworks using the APS Commission model as a basis for development to suit future skills needs. The project would be integrated with workforce planning strategies for the future.⁴¹

40 ATO, Submission no. 22, p.6

41 DEH, Submission no. 20, p.8

Chapter 8

Trends in training expenditure

8.1 A major difficulty confronting the Committee is the lack of detailed information available on training and development expenditure in APS agencies. The Committee found that expenditure was neither comprehensively nor consistently recorded, nor did 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.

8.2 The limited data presented to the inquiry has hampered the Committee's ability to explore in any detail trends in APS training. The Committee has been forced instead to address some of the reasons for the poor state of data in this area. This chapter, therefore, reports the data provided to the Committee before discussing the impact of devolution on the availability of information on training and development in the APS.

Expenditure on training

8.3 In response to requests from the Committee a small number of agencies provided limited data on training expenditure. Table 1 contains total training expenditure annually from 1997-98 to 2001-02 for some agencies. Table 2 contains training expenditure per person annually from 1997-98 to 2001-02 for some agencies.

Table 1: Training expenditure per annum

AGENCY	1997-98 \$m	1998-99 \$ m	1999-00 \$ m	2000-01 \$ m	2001-02 \$ m
DFAT ¹			5.6	5.7	6.1
ITR ²	1.7	2.8	1.8	2.8	n/a
AGAL ³				0.3	0.2
GEOSCIENCE AUSTRALIA ⁴			0.3	0.5	0.4
AFFA ⁵		3.1	3.9	2.0	
TREASURY ⁶			0.7	0.7	0.7

1 DOFA, Submission No. 4, p.10

2 DITR, Submission No. 5, p.4

3 DITR, Submission No. 5, p.4

4 GA, Submission no. 12, p.6

5 AFFA, Submission no.19, p.4

6 The Treasury, Submission No. 21, p.3

AFP ⁷		19.0	17.0
ABC ⁸	3.6	3.7	
ATO ⁹	14.9	20.1	8.5
DEH ¹⁰			1.7
ATSIC ¹¹	1.3	2.0	1.5

Table 2: Training expenditure per person per annum

AGENCY	1997-98 \$	1998-99 \$	1999-00 \$	2000-01 \$	2001-02 \$
DFAT ¹²			1,615	1,787	1,982
ATO ¹³			780	990	450
DEH ¹⁴					1,382
ATSIC ¹⁵			1,036	1,113	1,077
DEFENCE ¹⁶					1,300
ITR ¹⁷	1,106	1,307	1,077	1,653	n/a
GEOSCIENCE AUSTRALIA ¹⁸			842	1,148	n/a
CENTRELINK ¹⁹				1,600	
ABC ²⁰			912		
ANAO ²¹			1,873	2,993	3,062

* 1998-1999 ITR data includes the expenditure on 501 staff from Geoscience Australia (then called AGSO) The data includes figures for ITR AND IPS but not AGAL.

- 7 AFP, Submission No. 31, p.7
- 8 ABC, Submission No. 32, p.6
- 9 ATO, Answers to questions on notice, p.5. The figures are for 'external training expenditure'.
- 10 DEH, Answers to questions on notice, p.8
- 11 ATSIC, Answers to questions on notice, p.10
- 12 DOFA, Answers to questions on notice, p.7
- 13 ATO, Answers to questions on notice, p.5
- 14 DEH, Answers to questions on notice, p.8
- 15 ATSIC, Answers to questions on notice, p.10
- 16 DOD, Answers to questions on notice, p.8. The 'fixed cost of providing the training units responsible for management development programs', and the cost of some significant programs such as the Graduate Development and Leadership Development programs, or the Defence Safety Management Agency and Procurement training are not included.
- 17 DITR, Submission No. 5, p.4
- 18 GA, Submission No. 12, p.6
- 19 Centrelink, Submission No. 26, p.5
- 20 ABC, Submission No. 32, p.6
- 21 ANAO, Answers to questions on notice, p.10

8.4 The inquiry's examination of training expenditure supports the findings of recent audits by the Australian National Audit Office (the ANAO). Its APS-wide survey of learning and development found that there was a 'paucity of data' on learning and development expenditures, with only 63 per cent of the 67 agencies surveyed able to provide data on organisation-wide expenditure.

8.5 Data limitations meant the ANAO could only *estimate*, rather than calculate, APS training expenditure. It estimated expenditure on learning and development in the APS in 2000-01 at about \$160 million. Using the limited data that was available, the ANAO reported that training expenditure per full-time ongoing staff member ranged from \$245 to \$3563 across agencies, with an average of \$1616. This comprised about 1.1 per cent of the cost of wages and salaries in the APS. (The ANAO noted that the inclusion of part-time or non-ongoing staff would reduce this figure.)²² It compared with average expenditure by both public and private sectors on training in 1996 of about 2.5 per cent of salaries. The comparable figure for leading United States companies is 3.5 per cent.²³

8.6 The ANAO found agencies lacked suitable recording systems for learning and development data, and that stand-alone databases rather than dedicated human resources management information systems were more commonly used.²⁴ In some agencies, devolution of responsibility for learning and development, or of data collection responsibilities to line areas, had impeded the collation of training expenditures in a timely fashion.²⁵

8.7 In the ANAO's view, a minimum data set for consistent use across the APS is needed for management and broader accountability purposes. Ideally, data would be collected cost-effectively as part of day to day management, based on common definitions and comprising, at a minimum, input costs and output measures. These should include expenditure on training, disaggregated into graduate training, external training, APS Commission training and other types of training.²⁶ The Committee discusses the issue of establishing minimum data sets in Chapter 10 on training evaluation.

8.8 Regarding the components of learning expenditure, the ANAO noted that, while information was available from some agencies on expenditure on formal study (34 per cent), and all agencies could provide information on the use of external providers, no information was available on other training delivery methods or on the

22 ANAO, *Management of Learning and Development in the Australian Public Service*, Audit Report No.64 2001-2002, p.62

23 ANAO, *Management of Learning and Development in the Australian Public Service*, Audit Report No.64 2001-2002, p.11

24 *ibid*, p.19

25 ANAO, Answers to questions on notice, p.3

26 ANAO, Answers to questions on notice, pp.3 and 10-12

cost of travel or attendees' salaries associated with learning and development. Comparisons of the relative efficiencies and cost-effectiveness of alternate delivery methods therefore, could not be made.²⁷

8.9 The ANAO also found that, because many agencies could not provide information on the numbers and location of staff devoted to learning and development, they were unable to quantify the administrative costs of this function. This meant they could not accurately cost their total investment in learning and development, nor identify whether it was being delivered efficiently and cost-effectively.²⁸

8.10 Information on staff participation in learning and development was also lacking. This meant that agencies could not make informed decisions about the efficiency and cost-effectiveness of the various delivery methods used.²⁹

8.11 The ANAO concluded that, due to the lack of data and absence of regular reporting against budget and achievement of goals, agencies are 'unable to monitor the efficiency and cost-effectiveness of learning and development'.³⁰ To help address the poor state of training information across the APS, the ANAO considered that the APS Commission should, among other things, regularly collect data.³¹ The APS Commission, however, considered that the costs involved in establishing a central data collection point could not be justified. It also indicated that there could be difficulties in mandating data collection in a devolved environment.³²

8.12 The APS Commission advised that, under devolution, expenditure on training and development across the APS is not collated since budgeting and accounting for such agency expenditures are now the responsibility of Agency Heads. It noted that, during 1998-99, around \$78.5 million was invested by 30 APS agencies (around 80 per cent of the APS at the time) in formal, off-the-job training that included costs of workshops and seminars, course fees, and internal and external presenters.³³

8.13 The Committee sought further information from agencies on training expenditure, disaggregated into the costs of external training and agency graduate programs, and an indication of the time employees spent on training. This information is collated in Appendix 1.

27 ANAO, *Management of Learning and Development in the Australian Public Service*, Audit Report No.64 2001-2002, p.63

28 *ibid*, p.64

29 *ibid*, pp.65-68

30 *ibid*, p.68

31 *ibid*, p.22

32 *ibid*, p.14

33 APSC, Submission no. 15, p.29

8.14 The Department of Health and Ageing (DoHA) said that it was difficult to make meaningful comparisons or identify trends in expenditure on training and development ‘due to different definitions of training and development; the use of a variety of funding sources and recording systems for the diverse range of programmes, courses and activities involved; and different approaches to treating direct (e.g. course fees) and indirect costs’.³⁴

8.15 The ATO also stated that expenditure on training ‘fluctuated over time’ according to specific support required for key business outcomes. It stated that major policy implementation, such as tax reform, ‘demanded an increased training budget on a sometimes massive scale’.

8.16 The ATO noted, however, that an agency’s training and development budget did not reflect the full extent of its learning and development activity. It emphasised that managers are ‘critical to the success of the learning activities of their employees’.³⁵ It considered that ‘organisational commitment to, and investment in, learning support in a range of ways in addition to the budgeted processes’ are crucial to the effective transfer of learning to the workplace.³⁶

8.17 Devolution at the internal agency level also appears to hinder the capacity of agencies to gather key training data. Mr David Anderson, First Assistant Secretary of the Strategic Development Division in the Department of the Environment and Heritage, Committee pointed to some of the data collection difficulties that his agency faces:

I think it is perhaps one of the problems of devolution that you do have trouble maintaining core central data. Even within our organisation, pulling together information on expenditure patterns becomes more difficult when you devolve it down to individual divisions, and particularly when they do not necessarily have a separate funding allocation. If training is covered as part of a normal departmental expenditure it does make it quite difficult to aggregate and compile data. As a general comment, we would agree that readily pulling data together can be problematic at times, and you need to put in very good procedures and databases to capture that.³⁷

8.18 Public Service Education and Training Australia (PSETA) agreed that tracking expenditure on training and development had been difficult under devolution in the absence of agency-specific IT systems to reliably capture and report this information. However, it considered that interim solutions, such as use of simple Excel spreadsheets that could aggregate data to agency level, would have been possible.

34 DOHA, Submission no. 28, p.10

35 ATO, Submission no. 22, p.4

36 ATO, Submission no. 22, p.6

37 Mr Anderson, DEH, *Committee Hansard*, 15 August 2002, p.130

8.19 PSETA argued that APS agencies' ability to report in detail expenditure on, say, information technology, but not on training and development, 'reflected the lack of perception of training and development as a significant organisational and government resource'.³⁸

8.20 People and Strategy (ACT) also claimed that lack of funds and lack of management support or poor management (for example, not enough knowledge of the scope of possible development opportunities) is impacting on training undertaken.

8.21 Whilst detailed figures are not available, it was suggested that expenditure on training in the APS had declined recently. People and Strategy (ACT) noted a steady but gradual decline in recent years, stating that 'when finances are stretched, training is often the first activity to be cut'.³⁹ It suggested three main reasons for declining expenditure, namely:

- devolution of training to smaller organisational units, resulting in reduced corporate or organisation-wide initiatives, and more piecemeal, smaller scale training programs to address localised needs;
- loss of corporate focus, potential duplication of effort leading to higher costs of designing new training materials and a loss of economies of scale due to the spreading of the training dollar across the organisation. For example, training that might have been delivered on-site to twenty people for less than \$5,000 (\$250 per person) could cost \$2,500 for four people (\$625 per person) if delivered externally; and
- an additional layer of cost due to outsourcing, resulting in less value for the training dollar and decreased training and development activity. Fees may now be required to both a human resources provider and a trainer, engaged through the human resources provider.

8.22 People and Strategy pointed to 1996 as the time when it observed a marked decline in training expenditure, following 'downsizing' (ie. staff cuts) in the APS.⁴⁰ The Committee notes that the ANAO compared training expenditure in 2000-01 with that in 1996. As noted earlier, this comparison showed that in 2000-01 training expenditure amounted to 1.1 per cent of the cost of wages and salaries, as opposed to 2.5 per cent in both the public and private sectors in 1996.⁴¹

38 PSETA, Submission no. 43, p.3

39 People and Strategy, Submission no. 6, p.1

40 People and Strategy, Submission no. 6, p.1

41 ANAO, *Management of Learning and Development in the Australian Public Service*, Audit Report No.64 2001-2002, p.11

Conclusion

8.23 The Committee is dismayed at the paucity of information available on training expenditure, training activity and outcomes measurement. Lack of comprehensive data and systematic performance information across the APS makes it extremely difficult to quantify the extent of any problems, particularly the cost of duplication and overlap in training.

8.24 The Committee considers the lack of appropriate human resources management information systems (HRMIS) in many agencies to record information on training and development to be a major weakness of present arrangements. Given investment by the APS Commission in SES learning and development, the lack of data on learning and development undertaken by the SES is also of particular concern.

8.25 The Committee is pleased to observe that some agencies, such as the ATO⁴² and the Department of Foreign Affairs and Trade (DFAT),⁴³ have commenced development of HRMIS partly to track the returns on investment from training. It endorses the inclusion of HRMIS recording systems as a key component of the framework set out in the recent APS Commission's 'better practice guide' to managing learning and development.

8.26 However, the Committee considers that the APS Commission should better target its facilitation efforts and enhance its advisory and reporting roles, including reporting to Parliament, by more active involvement in collection of data on learning and development. This includes:

- encouraging and supporting collection and analysis of APS-wide data on learning and development; and
- analysing the costs and benefits of training at both an individual agency and whole-of-government level.

8.27 An enhanced APS Commission role in data collection and analysis, combined with agencies collecting minimum data sets as recommended by the Committee in Chapter 10, would be a major step towards remedying information limitations in the training area. The Committee considers it essential for both the sound management of training programs and transparency purposes, that the APS Commission and agencies cooperate to address the current gaps in training data.

42 ATO, Submission no. 22, p.243

43 DFAT, Submission no. 4, p.13

Recommendation 16

8.28 The Committee recommends that the APS Commission enhance its advisory and reporting roles, including reporting to Parliament, by:

- **encouraging and supporting collection and analysis of APS-wide data on learning and development; and**
- **analysing the costs and benefits of training at both an individual agency and whole-of-government level.**

Chapter 9

Accredited and articulated training

9.1 Accredited training provides assessed, recognised and portable skills. Articulated training comprises sequential or tiered programs resulting in qualifications ranging from diplomas to certificates, graduate and post-graduate qualifications. Accredited training is the basis for articulation into further training and education, both within the vocational education and training (VET) sector and into the higher education sector. Articulation ensures efficient pathways through the formal education system and, amongst other benefits, encourages individual lifelong learning and supports sound success planning and career development.¹

9.2 The benefits of structured training have been recognised for some time. The Joint APS Council's 1992 report, *Off to a Good Start*, stated that structured training was 'not just the integration of off-the-job and on-the-job training'. Rather it was characterised by:

- a curriculum setting out agreed learning outcomes and objectives;
- systematic management of the learning (for example, through a coordinator, supervisor, management committee, group scheme, or a combination of these);
- monitoring and quality control (to provide feedback on progress); and
- assessment and certification.²

9.3 Scope for training to be credited towards a formal qualification encourages employees to commit to undertaking professional development. This is important since responsibility for ongoing professional development is in the interests of both individuals and their employers and, it can be argued, in a devolved environment is their joint responsibility.

9.4 Increases in staff productivity have been linked to the receipt of accredited awards and the subsequent improvement in employees' self-esteem and confidence combined with wider recognition of achievements.³

9.5 The development of opportunities for accredited and articulated training in the APS, then, promotes a focus on the attainment of skills and knowledge appropriate to APS employees' present and future work, encourages ongoing professional development and furthers a culture of lifelong learning amongst APS staff.

1 APSC, Submission no. 15, p.38

2 *Off to a Good Start: Towards New Training Structures for Young People and New Entrants to the Australian Public Service*, Joint APS Training Council, 1992, p.87

3 ATO, Submission no. 22, p.7

9.6 In this context, this chapter discusses a range of structured training programs available in the APS, namely:

- the Public Services Training Package (PSTP) framework (that is, accredited training and skill recognition based on nationally agreed and stated public sector skills linked to the National Training Framework (NTF));
- graduate level programs being developed for APS employees including the Public Sector Management (PSM) course; and
- examples of accredited and articulated training in APS agencies.

Accredited and articulated training in the APS

9.7 The NTF is the result of reforms resulting in a more integrated VET and higher education system. It provides the foundation for accredited and articulated training in Australia. The APS' link to the NTF is the Public Services Training Package (PSTP), which the APS Commission stated it helped to develop, promote and support. It considers that formal recognition through the NTF gives agencies and individuals the opportunity to build capability 'in a logical and targeted manner'.⁴ As at May 2002, agencies committed to accredited learning included Defence, Centrelink, the Australian Taxation Office (the ATO), Australian Customs Service (ACS) and a number of smaller agencies. This meant that over 60 per cent of the APS could access accredited training in the workplace, along with nationally recognised qualifications and articulation to higher education.⁵

The Public Services Training Package (PSTP) framework

9.8 The PSTP is the APS' key link with the NTF, consisting of a national training package describing the basic skills required for effective public servants. The PSTP framework consists of a flexible qualifications electives structure with links to endorsed training packages and competency standards. The aim was to provide qualification outcomes in as many public sector jobs as possible for APS employees across all Commonwealth and State government agencies. The PSTP was launched in October 2000 and is presently under review with re-endorsement expected by November 2003.⁶

9.9 The PSTP meets Australian Quality Training Framework (AQTF) standards. Courseware was developed by Public Service Education and Training Australia (PSETA) under APS Commission leadership with the support of the Department of Defence as the primary contracting agency.

9.10 The APS Commission told the Committee of its ongoing role regarding the PSTP, including the following:

4 APSC, Submission no. 15, p.35

5 *ibid*, p.36

6 *ibid*, pp.35-36

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- advising PSETA on areas not yet covered by the PSTP for inclusion in the framework;⁷
 - promoting the PSTP through maintenance of a network of VET contacts in agencies, holding regular VET network meetings where agencies can present information on their use of accredited learning, and providing information on the package and its use in different agencies;
 - identifying links between APS Commission programs and skills described in the PSTP;
 - encouraging training providers to link learning outcomes to accredited training;
 - providing advice to agencies regarding mapping and possible upgrading of existing training to meet nationally recognised qualifications; and
 - providing advice to accreditation and registration bodies on courses proposed for the public sector to ensure they meet PSTP skill levels and standards.

9.11 The APS Commission claimed that creation of the PSTP has encouraged private providers to develop learning resources based on the PSTP skill outcomes. It stated:

The Commission informs APS departments and agencies of services available from commercial providers of accredited training, especially that linked to the Public Services Training Package.

The Commission has encouraged training provision by alerting providers to opportunities, by providing information on training and education trends, by liaising between individual departments or agencies and potential providers and by circulating information on available accredited training provision.⁸

9.12 Open Learning Australia (OLA) was contracted to develop training materials for the PSTP. A consortium of agencies (ATO, Centrelink, Comcare, ACS, AFP, ATSIC) agreed to share the costs of developing the common set of print learning materials. OLA advised that, in the process of developing the materials, agencies not only worked together to build an industry approach to their education and training needs, but also engaged effectively with the education sector, allowing it to remain abreast of industry needs.⁹ As it has done for the PSM course (discussed below), OLA is investigating an interactive online format for the PSTP course.¹⁰ It is also contracted to provide PSTP face-to-face and distance learning programs nationally for Defence.

9.13 The APS Commission said that it had provided support not only for development of the training materials for the PSTP but also for their national delivery

7 ibid

8 ibid, p.37

9 OLA, Submission no. 7, p.4

10 ibid

to ensure that all APS agencies could access both the materials and their delivery without conducting a full tender process.¹¹

Articulation of the PSTP to other qualifications

9.14 The PSTP ‘allows recognition of existing skill and articulation of that recognition into further qualifications’. The APS Commission stated that it has encouraged articulation from the PSTP into the VET and higher education sectors. It cited a range of opportunities for articulation from the upper levels of the PSTP (diploma and advanced diploma) into other programs, including:

- into existing courses at the universities making up the consortium of seven universities that developed training materials for Commonwealth agencies;
- as credit or advanced standing for a range of existing Masters programs;
- into the PSM course, as part of a suite of courses leading to university qualifications in public sector management;
- into the graduate program in public administration and policy (leading to graduate diploma, masters and masters (honours)) being developed by the consortium of seven universities; and
- into OLA’s masters program in leadership and public policy, designed to build on learning outcomes from the PSM course.

9.15 The APS Commission claimed that these opportunities provided ‘powerful motivation’ for individuals and agencies to access PSTP qualifications and the articulation options available to them as a result. It told the Committee:

Training articulated into further education and training promotes seamless transition between skill streams and from VET to higher education. Among other benefits, it encourages individual lifelong learning and supports sound succession planning and career development.¹²

The Public Sector Management program

9.16 The Public Sector Management (PSM) program has been designed as the transition point from qualifications based on competency standards to university qualifications. It has been developed specifically for APS middle managers.¹³

9.17 It is a joint venture partnership between Commonwealth and State and Territory governments. Successful candidates are awarded a Graduate Certificate by

11 ibid

12 APSC, Submission no. 15, p.37

13 APSC, Submission no. 15, p.33

the university sector.¹⁴ The course is managed by a national board comprising representatives of each tier of government. As a national course it has a common curriculum and course materials. However, each jurisdiction has its own approach to course management and delivery, tendering separately for facilitators to deliver the program which has, up until now, been largely through intensive face-to-face workshops of up to 5 days duration.

9.18 The PSM program has recently been redeveloped. OLA was the successful tenderer and the redeveloped course was delivered in December 2002. OLA works with over 20 Australian universities and providers of vocational education to give learners access to a range of off-campus studies that can be credited towards formal qualifications in the fields of arts and humanities, business and commerce and the information technology and biological sciences. Within this framework OLA markets courses, enrolls students and collects fees while the academic institutions provide study materials and tuition.¹⁵

9.19 A key feature of the redevelopment was incorporation of the option for flexible online delivery in conjunction with online support. While this requirement has been met and the course is fully available as online courseware, the PSM board has not yet approved implementation of delivery online. Discussions are ongoing in relation to this matter and also in relation to making the PSM course available to candidates outside the PSM program. The Committee understands that there is in principle support for this proposal, provided the integrity of the course is kept intact.¹⁶

9.20 The new course has common themes of accountability, ethics and relationship management and emphasises:

- vision and strategic direction for the public sector;
- an integrated view of business planning and public sector accountability; and
- the ability to demonstrate leadership.¹⁷

9.21 The review and design process was intended to position the PSM course as the management development program of choice for the public sector.¹⁸

9.22 Packages such as the PSTP and PSM courses meet the ‘portability requirement’ of training by providing essential knowledge and attributes that would be useful in a wide variety of industries. OLA noted that other training frequently

14 A Tiernan and P Bishop, ‘Innovation in Public Sector Education and Training: The New Public Sector Management (PSM) Program’, *Institute of Public Administration Australia (IPAA)*, National Conference 2002, Innovation and Impacts Day Presentation – pp.1-2

15 OLA, Submission no. 7, p.2

16 Further information provided by Griffith University, 14 March 2003

17 *ibid*, p.2

18 *ibid*

undertaken as part of preparation for work in the public sector, such as in IT, also provides employees with skills that are easily transferable outside the public sector.¹⁹

9.23 The inquiry also heard evidence that agencies have responded to some of the developments in accredited and articulated training described above.

9.24 Learning and development strategies based on identified skills and knowledge requirements to achieve corporate goals and outcomes are included as key elements of most agencies' business planning. Development frameworks based on capability assessments for individual jobs, and structured around accredited programs and articulated training appear to be increasing. Systematic career planning pathways that include formal training arrangements based on articulated and accredited programs are also on the rise.

Leadership training

9.25 In light of the critical importance of good public sector *leadership* already noted in this report, the Committee was concerned that the APS Commission's statements regarding articulation from the PSTP to higher qualifications, particularly those focused on leadership, were not borne out by the evidence.

9.26 While the number of accredited and articulated programs available to APS employees had increased, agencies differed in their arrangements for staff to undertake accredited programs. These ranged from participation in external competency-based programs and training leading to the award of graduate certificates or diplomas with accreditation towards higher degrees, to training developed in-house and tailored to specific skills needs.

9.27 In addition, agencies differed in their use of the PSTP and PSM Courses. For example, *Centrelink* was not a heavy user of the APS Commission leadership and skill programs because of the key role played by Centrelink's Virtual College (CVC) in training and development of its own employees. APS values, code of conduct and leadership framework were, however, emphasised in its 2002—03 learning priorities.²⁰

9.28 The key role of leadership in the public sectors of the future has been recognised internationally. OECD countries have identified the need for more strategically focused leadership development to strengthen the professionalism and leadership in their public sectors.²¹ Griffith University told the Committee that 'several countries have set up systematic strategies for leadership development' and

19 *ibid*, p.7

20 Centrelink, Submission no. 26, pp.24, 29

21 K Aijala, Public Sector – an employer of choice? Report on the competitive public employer product, OECD, 2001, www.oecd.org/puma, p.16

that ‘some have established new institutions to support leadership and professional skills development for public servants’.²²

9.29 The University was, however, critical of the situation in Australia. It claimed that a fragmented and uncoordinated approach to leadership development is a major disadvantage of devolution. While supporting some aspects of the existing Australian system, Griffith University considered that there is scope for more centralised leadership development, suggesting that responsibility for this could lie with the APS Commission ‘within a strategic framework as agreed by the MAC’.²³ In the University’s view, such an approach should aim to provide APS employees with core skills and a whole-of-government of government perspective.

9.30 The Committee notes the example set by the United Kingdom in establishing the Centre for Management and Policy Studies as a foundation for its reform of the civil service. While serving as a centralised model for professional development, the Centre also provides programs that can be tailored to agency interests and extended to include other participants in the policy process including Ministers, ministerial staff, politicians and others.

9.31 In view of the concerns mentioned above, the Committee sees the recent establishment of the Australia New Zealand School of Government (ANZOG) as timely and highly relevant to the training needs of the APS. ANZOG is a collaborative initiative of five governments (Commonwealth, New Zealand, Victoria, New South Wales and Queensland) and ten universities and business schools, including Griffith University, the Australian National University and the University of Canberra. It has been developed as a ‘national flagship school’ to meet the demand for more than what is offered presently by individual institutions in public sector policy, leadership, financial management, human resources management and research.²⁴

9.32 Like the UK Centre for Management and Policy Studies, ANZOG aims to address agency needs for courses tailored to specific levels of government, individual agencies and categories of staff. Adopting a similar approach to that of the UK Centre, ANZOG’s postgraduate courses in public policy and management have a common core to ensure a strategic approach to professional development across the APS and assist APS staff to obtain core skills and a whole-of-government perspective.²⁵

9.33 The Committee notes that the APS Commissioner sees ANZOG as having the potential to provide APS employees with the skills and knowledge to address some of

22 Griffith University (Brisbane), Submission no. 16, p.2

23 ibid

24 Professor Allan Fels, AO, *The Australia and New Zealand School of Government*, seminar address, AO, 27 March 2003

25 Griffith University (Brisbane), Submission no. 16, p.2

the main leadership capabilities required in the APS, particularly in relation to improving whole-of-government capabilities.²⁶

9.34 The Committee also believes that ANZOG has the potential to become a key training vehicle for enhancing leadership development. The Committee considers it imperative that APS employees have access to leadership and management training based on a common foundation that imparts key skills and knowledge. It considers that the APS Commission and agencies should lend their support to leadership programs, such as those offered by ANZOG, and promote these to middle and senior level managers.

Recommendation 17

9.35 The Committee recommends that centralised graduate and post-graduate training such as that offered by Australia New Zealand School of Government and other institutions, as well as the new Public Sector Management program, be promoted to employees across the APS.

Training for business purposes

9.36 The inquiry received evidence of accredited training programs tailored to specific business purposes. Many APS agencies are now linking their in-house courses designed to provide qualifications and skills specific to their business needs to accredited programs, competency standards and the NTF with the aim of ensuring quality assurance and continuous improvement.²⁷ Examples of certificate level programs developed for this purpose include the following:

- AQIS employees can complete accredited or partially accredited programs offered by ANTA based on competency standards developed by PSETA. These included:
 - Certificates II and III in Quarantine Inspection – the former is mandatory for all new field staff,
 - Certificate IV in Government –conversion of AQIS’s existing Certificate IV in quarantine and export inspection to Certificate IV in Government is underway, and
 - Middle Management Development (MMD) – based on PSETA competencies, linked to a Diploma in Government qualification but not a nationally accredited program;
- The Australian Maritime Safety Authority (AMSA) offers:

26 APSC, *State of the Service Report 2001-2002*, p.146

27 DOD, Submission no. 36, p.9

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- formal management training tailored to specific business needs (by arrangement with tertiary institutions including University of Adelaide and Australian Maritime College),
 - the AMSA Tertiary Training Scheme, a new articulated structured tertiary academic training and development to meet specific business needs that will be compulsory for all marine surveyors and will lead to tiered postgraduate qualifications in maritime policy and administration, and
 - structured non-academic training targeted at skills required for specific vocations, for example, specialist aviation and maritime search and rescue training;²⁸
- the Australian Federal Police (AFP) College, an RTO offers Diploma and Certificate IV courses and is in the process of aligning internally accredited programs to the framework through the PSTP package;²⁹
 - the Australian Taxation Office (ATO) offers a suite of accredited programs; and
 - Defence's Learning Services Network is a registered training organisation (RTO) within the national VET system.
 - Most Defence training is nationally accredited through either higher education or VET awards. Where possible, VET is purchased from contractors in the NTF because it is considered sensible, in light of 'the breadth, depth and complexity of APS jobs in Defence, coupled with location of workforce', to use resources of national systems where these meet its needs.³⁰

9.37 According to PSETA, promotion of accredited and articulated training has been a priority of the national vocational education and training (VET) system and of aware human resource managers in the public sector for some time. It advised that, for many lower level public sector staff, accredited training undertaken through the Public Services Training Package (PSTP) constituted the first formal recognition of skills.³¹

9.38 Nonetheless, PSETA claimed that unaccredited training is still the norm in jurisdictions.³²

28 AMSA, Submission no. 34, p.3

29 AFP, Submission no. 31, p.7

30 DOD, Submission no. 36, p.9

31 PSETA, Submission no. 43, p.4

32 PSETA, Submission no. 43, p.4

Centrelink

9.39 Centrelink is one agency which is relatively well advanced in terms of accredited and articulated training, having attained systematic accreditation of its learning and development programs.

9.40 Centrelink's policy is that staff learning is to be 'business and competency based and accredited, supported by learning plans and delivered innovatively'.³³ To this end it uses nationally recognised qualifications for orientating, developing and progressing its large customer service staff.

9.41 It told the Committee that it had become an important APS organisation in the national VET system and that it is now 'adopting a standard accredited induction and training model for all new ongoing recruits'. It considered this enhanced its attraction as an employer and the prospects, particularly in regional areas, for young people.³⁴

9.42 The new competency-based national induction program, presently being finalised, would include e-reference skills and should result in a systemic improvement in staff technical skills.³⁵ Centrelink emphasised that the approach being used both to implement the *Australians Working Together* (AWT) initiative and in the new induction program, balanced training required for new government initiatives and essential ongoing organisational and skill training. It included certificate level training for AWT employees delivered through structured on and off-the-job learning.³⁶

9.43 The CVC is the vehicle through which career pathways and accredited training is provided to Centrelink employees. It is an RTO comprising an in-house team of specialists offering Centrelink employees access to nationally recognised learning and qualifications. It is presently upgrading standards to meet the new ANTA national registration and reporting standards based on the AQTF. This is particularly important for Centrelink to be able to provide more off-the-job training for its employees.

9.44 Centrelink has developed a 'career pathways vision' which, it claims, will position the organisation as an employer of choice, enhancing career equity across regions, and offering new and existing employees learning opportunities for marketable skills and qualifications in the community services, business and IT work streams.³⁷

9.45 In practice, typical career and qualification pathways are plotted within and across the three work streams (customer services, business services and IT) and up

33 *ibid*

34 Centrelink, Submission no. 26, pp.20, 22, 24, 31

35 Centrelink, Submission no. 26, pp.5, 32

36 Centrelink, Submission no. 26, p.32

37 Centrelink, Submission no. 26, p.5

into managerial and SES positions, with links to certificates and other qualifications. The framework is underpinned by a new 'Learning Management System' (LMS), a single organisation-wide system that will record staff learning and development operations and systematise learning needs analysis. It will provide for mandatory ANTA performance reporting, have stronger links to external training providers and incorporate a broader range of accredited training programs for existing employees.³⁸

9.46 Centrelink offered seven nationally recognised qualifications, including certificates and diplomas. With 3000 enrolments (up from 270 in 2000) it was far in advance of other agencies in terms of its role in the VET system and in national competency-based training systems.³⁹

9.47 Centrelink's processes could have wider application across the APS, both in terms of determining needs and identifying a possible sequence of accredited and articulated programs, as well as the establishment of organisation-wide IT systems to support learning and development programs.

Other agencies

9.48 Other agencies had taken advantage of the PSM and PSTP courses but some had not advanced far in terms of other accredited training. For example, the Department of Environment and Heritage told the Committee that its participation in accredited training had been 'small-scale', with the PSM Course the major activity over the last decade. It had recently become involved in competency training for rangers and trainees.⁴⁰

9.49 Some agencies found that the PSM and PSTP courses did not meet their needs and had developed other comprehensive learning and development strategies. Their objective has been to develop an integrated set of courses tailored to the needs of their employees and delivered in a flexible manner so as to maximise opportunities for staff participation. The Department of Agriculture, Fisheries and Forestry Australia (AFFA) and the ATO are two such examples.

9.50 AFFA is currently developing a training program that will provide opportunities for all staff, from graduates to the senior executive. The intention is for the program to contain elements that would be accredited nationwide and count towards an MBA.⁴¹ AFFA advised that, while it offered all APS Commission training programs, including the PSM course, it wished to provide an alternative program for AFFA employees. In addition to its Graduate Development Program, AFFA had concentrated its efforts (including undertaking needs analysis and examining methods

38 Centrelink, Submission no. 26, pp.5, 20, 22, 31

39 *ibid.*, p.20

40 DEH, Submission no. 20, p.8

41 AFFA, Submission no. 19, pp.7, 8

of delivery) on middle management and leadership programs and it expected that a pilot of the leadership program would commence in April 2002.⁴²

9.51 The ATO considered that competency-based approaches are appropriate for generic and clearly identified skill sets, for example, for the purposes of skills portability. However, in its experience, the rate of change in the ATO's work is such that, by the time a training response is developed using competency-based approaches, changes in the work environment have made the competencies redundant, resulting in a negative return on investment.⁴³

9.52 The ATO told the Committee that the need for 'urgent and widespread inductions and skill upgrades to meet business needs' following recent tax reforms, could not be met through the suite of accredited programs that existed at the time. It had therefore 'abandoned any form of the traditional 'shopping list' of available training programs, either from internal or external sources'. Instead, it developed a suite of accredited programs in specific skills areas (including certificates in fraud control investigation, assessment and workplace training and government (for graduate staff), that it now offered 'selectively' to staff.

- These programs (for example, at Certificate IV level in Government) provided staff with a range of career-related development opportunities, including for career needs not required for current positions.
- In addition, the ATO facilitated the requirement for staff to meet professional obligations, for example, to maintain CPA registration.⁴⁴
- It also offered a 'manager development' program to the large number of external managers who joined the ATO as a result of the Tax Reform initiative. The program was for both the purposes of APS induction, as well as to fill skills gaps.⁴⁵

9.53 DoHA also provides opportunities for staff to complete accredited programs internally, while participating in the PSM Course and other external programs. Its internal programs included the Department's Corporate Public Health Postgraduate Programme (CPHPP), conducted in-house by a consortium of universities, as an accredited programme leading to the award of Certificate Graduate Certificate, Postgraduate Diploma or Master of Public Health.

9.54 Externally, DoHA provides opportunities through:

42 Further information provided by AFFA, 24 March 2003

43 ATO, Answers to Questions on Notice, Q.21, p.22

44 ATO, Submission no. 22, p.9

45 ATO, Submission no. 22, pp.7 and 8

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- cadetships, including Health Economist cadetships (an accredited post-graduate Diploma in Health Economics) and Indigenous Cadets (NICP candidates sponsored to complete an accredited tertiary course of study);
 - the PSM Course, leading to the award of a post-graduate Certificate in Public Sector Management through part-time study; and
 - DoHA's Studybank Scheme, providing access to paid leave to undertake part-time study in areas identified as meeting the needs of the Department and/or the APS.⁴⁶

9.55 The Committee considers it significant that AFFA, the ATO and DoHA – some of the larger APS agencies – have decided to develop their own articulated training programs rather than taking advantage of the APS-wide opportunities for articulation being developed with the APS Commission's encouragement. These include the PSM course and the graduate program in public administration and policy noted above. To the extent that agencies are developing their own programs relating to broader skills and knowledge requirements, rather than those needed for specific business outcomes, it could be argued that devolution has gone too far.

9.56 The Committee is particularly concerned at possible dissatisfaction with programs developed with APS Commission encouragement, for example the PSM course. It is concerned that individual agencies have felt the need to develop separate programs to impart skills to their employees that are necessary for all APS employees, for example, on leadership development.

9.57 The Committee returns to these issues in the context of considering the role of the APS Commission in Chapter 11.

9.58 The Committee considers that agencies should promote structured training as part of a broader promotion of their commitment to training and development for their employees. As mentioned in Chapter 7, the Committee believes that training strategies need to be strongly linked to wider corporate and business planning processes. This helps demonstrate to staff the importance and value agencies place on training, as well as adding focus to the role of training in the culture and business activities of agencies.

9.59 It also improves the transparency around training and provides a framework in which progress against training objectives can be evaluated. As with recommendations 11 and 12 in relation to recruitment in Chapter 6, the Committee considers that agencies should report annually to the APS Commission on progress in achieving training objectives, and the APS Commission in turn should report on the progress of each agency as part of the *State of the Service* report.

46 DOHA, Submission no. 28, pp.11, 12

Recommendation 18

9.60 The Committee recommends that all APS agencies demonstrate continuing support for employees' training and development aspirations by:

- **including a strong commitment to learning and development in corporate plans;**
- **developing structured training programs and career pathways built on accredited and articulated training where appropriate, publicise these to employees and to potential recruits in agency marketing strategies;**
- **providing sufficient funds and HR personnel to support integrated training for all employees; and**
- **reporting annually to the APS Commission on progress in achieving training objectives.**

Recommendation 19

9.61 The Committee recommends that the APS Commission present a detailed report annually, as part of the *State of the Service* report, outlining the progress made by each agency in achieving its training objectives.

Chapter 10

Evaluating APS Training

It is important to recognise that with learning and development there may well be no defined end. It is quite likely that strategies would be adjusted in an evolutionary way – but, ideally, as the result of an evaluation.¹

10.1 Evaluating performance is vital for managing the work of any organisation. It is particularly important for agencies spending public money, for not only ensuring that money is spent effectively and efficiently but also providing transparency to the parliament and public on how such money is used.

10.2 In the training realm, evaluation should be an important mechanism for assessing the impact of programs on performance, gauging their cost effectiveness or value for money and providing information for fine tuning current approaches and planning future strategies. In the ANAO's view:

A major goal of learning and development evaluation is to improve current learning and development processes in order to achieve maximum business impact. Through evaluation, agencies can also assess the efficiency and cost-effectiveness of their learning and development strategies. These results then form an important part of the information base for management decision-making and future learning and development planning and delivery.²

10.3 This chapter examines the extent to which training and development is evaluated in the APS, the methods used in evaluation and the results. As the chapter will show, the Committee's inquiry has revealed that a significant gulf lies between the evaluation role in training 'better practice' *theory* and the *reality* of how it is applied in the APS.

10.4 This state of affairs reflects a number of shortcomings, some of which relate to the inherent difficulties involved in evaluating the results of training activities. The chapter therefore turns to the challenges that face training evaluation and considers proposals to refine current methods. The chapter also discusses the processes used by agencies to evaluate training providers and training courses.

1 *Building Capability: A Framework for Managing Learning and Development in the APS*, A guide for senior managers, line managers, human resource practitioners, Joint ANAO-APS Commission Guidelines, April 2003, p.29

2 ANAO, *Management of Learning and Development in the Australian Public Service*, Audit Report No.64 2001-2002, p.87

Training Evaluation in the APS

10.5 As noted in earlier chapters, the ANAO report, *Management of Learning and Development in the Australian Public Service*,³ provided a major assessment of training in the APS. It included a critical examination of how agencies are evaluating training strategies, expenditure and outcomes.

10.6 The ANAO report provides the most comprehensive overview of APS training evaluation and critical perspective of shortcomings in evaluation methods currently available.⁴ The Committee uses its findings as a starting point for identifying practices and problems in this field, before examining the perspective of agencies and others on the matter.

10.7 The ANAO was highly critical of the overall state of APS evaluation of training – or ‘learning and development’ in its terms. It criticised the state of play on three levels: strategic, methodology and data collection.

10.8 At the strategic level, the ANAO concluded that APS agencies were not evaluating their training programs in a way that could demonstrate a link between training results and business outcomes or performance. Agencies ‘were unable to demonstrate the efficiency and effectiveness of their investment in learning and development and its contribution to organisational effectiveness’.⁵ In other words, the agencies under review were generally unable to show how their training programs had helped achieve ‘business impact’ or outcomes.

10.9 A major reason for this shortcoming, according to the ANAO, was at the levels of evaluation methodology and data. The two are interlinked. Because the methods used to evaluate training outcomes are fairly unrefined and focused at the individual level, even when collected the data is of limited use for evaluating training outcomes at a business level.

10.10 In terms of methodology, the ANAO found that evaluation of training programs concentrated mainly on participant evaluation and satisfaction of training courses.⁶ It did find that some agencies also assessed training results in the context of regular individual learning development agreements or performance communication

3 ANAO, *Management of Learning and Development in the Australian Public Service*, Audit Report No.64 2001-2002

4 The ANAO audited agencies at two levels: first, it conducted an APS-wide survey of all APS agencies with 100 or more staff; and second, it subjected five agencies for more detailed examination – Australian Bureau of Statistics, Department of Family and Community Services, Department of Foreign Affairs and Trade, Department of Health and Ageing and Department of Veterans’ Affairs.

5 ANAO, *Management of Learning and Development in the Australian Public Service*, Audit Report No.64 2001-2002, p.13

6 ANAO, *Management of Learning and Development in the Australian Public Service*, Audit Report No.64 2001-2002, pp.13, 84-85, 88

schemes,⁷ although it remains unclear the extent to which these results (which often have limited circulation due to the confidentiality surrounding them) feed into formal training evaluations. Both approaches mean that the evaluation methods that agencies most commonly use are targeted at the *individual* level, rather than at the higher business-unit or agency levels.

10.11 The ANAO concluded that:

Evaluation of learning and development has been mainly limited to participant satisfaction with courses rather than with cost-effectiveness considerations. Evaluation at the current level does not support the development of comprehensive learning and development strategies that target priority needs to ensure the right people, have the right skills, at the right time.⁸

10.12 In drawing this conclusion the ANAO recognised that a ‘general lack of appropriate performance targets and data’ constrains agencies from doing comprehensive training evaluations.⁹

10.13 One constraint relates to technical difficulties in retrieving information from human resource management (HRM) databases. However, the problem here seems to be as much to do with the failure to collect key data, as it is do with any other shortcomings in database technology. The ANAO said that less than two-thirds of the agencies it surveyed could provide data on aggregate training costs, while only a third could supply data on staff training days. It noted that the more detailed the training data it requested of agencies, the lower the response rate.¹⁰

10.14 A major gap in evaluation data concerns the return on investment (ROI) and value for money of training programs. Having noted the difficulty of quantifying the value of training outcomes, the ANAO observed:

The ANAO found that only 63% of agencies were able to provide aggregate data on the cost of learning and development. The ANAO considers that even fewer agencies would be able to quantify the value of their learning and development outcomes. However, eight of the surveyed agencies advised that they evaluate the ROI of their learning and development.¹¹

10.15 Some agencies undertook value for money assessments of programs. Yet this approach seemed to depend on subjective judgements, such as assessments of value based on participant and supervisor feedback, and comparisons between in-house and

7 *ibid*, p.78

8 *ibid*, p.13

9 *ibid*, p.13

10 *ibid*, p.82

11 ANAO, *Management of Learning and Development in the Australian Public Service*, Audit Report No.64 2001-2002, pp.84-85

external programs or with other agencies.¹² None of these approaches appears to involve rigorous assessment of the return on investment or value for agencies in terms of business outcomes.

10.16 As emerges in several places later in this chapter, assessing the value of training, particularly return on investment, has proven problematic for not only APS agencies but private sector organisations too and human resource management practitioners generally.

Agency perspectives on training evaluation

10.17 This section examines agency views of their training evaluation efforts and experience in the light of the ANAO's overall assessment of APS approaches. It surveys the main evaluation methods employed by agencies, noting both better practice and critical assessments of those methods where appropriate.

10.18 In general, APS agencies told the Committee of their training activities and evaluation methods but had little to show in the way of meaningful findings or the link between training and 'business impacts'. This reflected the general lack of both evaluation at the strategic level and reliable data, two shortcomings highlighted in the ANAO audit. It was most starkly revealed by several agencies that highlighted their training efforts but omitted any reference to evaluating their training activities.¹³

10.19 Consistent with the ANAO conclusion that agencies are unable to demonstrate the contribution training has made to organisational effectiveness, few if any agencies pointed to the results flowing from their training programs. In their evidence to the inquiry, the Committee detected a sense that by describing their training *activities* agencies believed that the benefits for business *outcomes* were self-evident.

10.20 The Department of Industry, Tourism and Resources (DITR) proved an interesting exception to this rule. Although it conceded that calculating the value for money in dollars of its training is 'hard to quantify', it went onto assert that 'there is no doubt that money spent on training and development within DITR has produced a dividend including:

- better skilled staff;
- better motivated staff;
- the remedying of identified skill deficiencies;
- the meeting of identified skill required to undertake certain tasks;
- a Department better able to serve the needs of the Government; and

12 *ibid*, p.85

13 For example: GE, Submission no. 12; PM&C, Submission no. 18; AEC, Submission no. 24; and AMSA, Submission no. 34.

- a Department better able to serve the needs of the public.’¹⁴

10.21 The Committee considers that these ‘dividends’ are the sort of general outcomes to be expected from sound training programs. They also represent broad performance indicators against which data should, to some extent, be collected. Some of the means by which such data could be gathered and assessed include:

- **skills audits of staff;**
- **monitoring of error rates;**
- **feedback from ministerial offices and other departments about the timeliness and accuracy of agency advice; and**
- **surveys of staff attitudes and client views of staff professionalism.**

10.22 Although DITR did not substantiate its training dividends with quantitative and qualitative results, it was able to point to a well-developed evaluation framework that would have the capacity to identify the outcomes listed above. However, as the sections that follow will show, few agencies appear to have an evaluation framework that would enable them to report on training outcomes in the manner that DITR has attempted.

10.23 Agencies spoke in varying degrees of detail about their evaluation approaches and methods. All agencies reported using participant satisfaction evaluations of individual courses, while some also employ reviews of particular training programs, multi-level evaluation and the use of performance measures and other instruments.

Participant satisfaction

10.24 The principal method of training evaluation used by agencies is based on participant satisfaction of and reaction to individual programs. Several witnesses referred to this method colloquially as ‘happy sheets’ as they gauge the reaction of participants to the content, style of presentation and relevance of the course undertaken.¹⁵

10.25 The APS Commission described the general criteria against which training is measured, a format that appears typical of this style of evaluation:

Participants are encouraged to complete a participant’s evaluation reaction sheet at the end of each program. These are summarised and analysed to inform the on-going quality management of existing learning and development programs. They identify:

- Extent to which the objectives of the program are met;

14 DITR, Submission no. 5, p.7

15 Ms Hamilton, Centrelink, *Committee Hansard*, 14 August 2003, p.22; and Ms Andrews, PSETA, *Committee Hansard*, 15 August 2003, p.141

- Levels of relevance and quality; and
- Effectiveness of presenters.¹⁶

10.26 The APS Commission indicated that it intended to extend the criteria to include an assessment of training materials and the mode of learning.

10.27 While the focus on participant satisfaction is commonplace, the approach to capturing this information varies. At the 'high tech' end of the spectrum, DFAT uses its PeopleSoft Training Module to capture participant evaluation of training workshops on-line. DFAT claimed that compliance is high because its training database requires a workshop evaluation to be completed before it records an officer's participation as finished.¹⁷

10.28 In its audit, the ANAO noted both the strengths and weaknesses of this form of evaluation. Participant satisfaction provides a fairly easily acquired source of data that can inform training planning, but its usefulness can suffer if the evaluation tool is limited and not all participants complete their evaluations.¹⁸

10.29 In this regard, DFAT's requirement that staff complete evaluation reports for training to be recognised provides a solid data set with high completion rates that training managers can access easily. Similarly, the adoption of on-line training (eg. Centrelink's Virtual College) would seem to offer the potential, where relevant, for agencies to use on-line participant evaluation to improve completion rates and data capture.

10.30 The ANAO also reported the view of one agency, the Australian Bureau of Statistics (ABS), on the advantages of participant evaluation:

ABS indicated that low level evaluation from participants and supervisors is relatively easy and cheap to obtain and useful for immediate fine-tuning of programs. ABS also found that evaluating and/or reviewing the content, delivery and relevance of individual programs is also relatively straight forward and useful for medium term strategy.¹⁹

10.31 On the other hand, participant evaluation is limited in what it can measure and tell agencies about the impact of training programs. This form of evaluation only involves a limited number of participants. This is because it often only relies upon the feedback from a small field of responses from participants and sometimes their immediate supervisors.

16 APSC, Submission no. 15, p.34. See also DFAT, Submission no. 4, p.11

17 DFAT, Submission no. 4, p.10

18 ANAO, *Management of Learning and Development in the Australian Public Service*, Audit Report No.64 2001-2002, p.84

19 ANAO, *Management of Learning and Development in the Australian Public Service*, Audit Report No.64 2001-2002, p.84

10.32 Participant evaluation provides essentially a snapshot of a particular course or program from the single perspective of those receiving the training. Unless it is extended to include different perspectives from the participants' managers – on the workplace results following training – and agency executives – on business line and/or agency results, it can only provide relatively subjective information on one-dimension of the training.²⁰

10.33 The second limitation of participant evaluation is that it stops short of measuring what really counts – the skills that staff have learnt and how these are applied back at the workplace to improve productivity. One APS training practitioner put it bluntly:

Evaluation of these [training] programs inevitably involves only one step ... ie. distributing a questionnaire at the end of the session to gauge participant satisfaction. Any additional evaluation activity, without an assessment component, is virtually fruitless since it misses the whole point of the exercise – learning.²¹

10.34 To measure on-the-job application of learning and new skills requires a longer timeframe of evaluation than participant satisfaction provides. The report considers the implications for longer term approaches later in the chapter.

Program reviews

10.35 Some agencies referred to the role evaluations and reviews play in providing feedback to fine tune training activities. DFAT's Training and Development Section, for instance, produces an annual report for the department's senior executive. The report reviews activities and proposes a forward training plan that identifies changing priorities, emerging skills gaps and resources.²²

10.36 Treasury also said that its training calendar and individual courses are reviewed regularly using evaluation feedback to keep them 'well targeted and provid[ing] value for money'.²³

10.37 CSIRO, a non-APS agency, hired an international consultant to conduct a wide-ranging review of learning and development in the organisation, leading to the development of a new learning and development strategy.²⁴

10.38 None of these agencies, however, provided detail on the methods used in these reviews or the data and results that helped them refine their training programs.

20 *ibid*, p.79

21 R Henry, Submission no. 1, p.7

22 DFAT, Submission no. 4, p.11

23 The Treasury, Submission no. 21, p.3

24 CSIRO, Submission no. 33, p.3

Multi-level evaluation – the ‘Kirkpatrick model’

10.39 Several agencies such as the ATO, Department of Health and Ageing (DOHA)²⁵ and Department of Industry, Tourism and Resources (DITR)²⁶ attempt to use more complex frameworks of evaluation based on the ‘Kirkpatrick model’. This model has four levels of analysis:

- Level 1 Evaluation Reactions
- Level 2 Evaluation Learning
- Level 3 Evaluation Transfer
- Level 4 Evaluation Results

10.40 In addition, DOHA has added return on investment as an extra level of assessment.

10.41 DITR has also adapted the Kirkpatrick model for its evaluation framework. DITR employs the following range of approaches for assessing its training initiatives:

...following the Kirkpatrick Model, reaction surveys, post course evaluation forms, follow-up activities designed to extrapolate the degree of change that may have been brought about by the training experience. For example, the Learning Integration Strategy designed for the Department’s Pathways program allowed for each individual to be followed up 1-3 months after the training intervention in order to assess how and to what degree it had changed behaviours.²⁷

10.42 Other avenues by which DITR evaluates its training effort include ‘organisational health’ survey data to track trends, feedback from staff, managers and agency networks and localised staff attitude surveys.

10.43 Based on evidence to the Committee, it seems that the use of sophisticated evaluation methods that go beyond participant satisfaction is limited to a few agencies, and that those agencies employ such approaches selectively.

10.44 For instance, DOHA told the Committee:

Most, if not all, training and development short courses offered in-house are evaluated at least at Level 1. More substantial programmes that represent a significant investment are evaluated at higher levels. For example a major evaluation of the Department’s leadership and management development

25 DOHA, Submission no. 28, p.11

26 DITRA, Submission no. 5, p.5

27 DITR, Submission no. 5, p.5

programmes conducted over the period 1996 to 2000 covered Levels 1 to 4, and included an assessment of value for money.²⁸

10.45 In DOHA's case, the implication seems to be that longer term training programs or strategies warrant the higher cost involved in more systematic evaluations, whereas it may not be cost-effective to adopt such an approach to training courses of limited application.

10.46 On the other hand, the ATO indicated that there are complex methodological issues that hamper the extent to which programs can be assessed. It said that it applies level 1 and 2 evaluations routinely but has found level 3 and 4 evaluations harder to do. According to the ATO, 'at levels 3 and 4, it remains a challenge to define performance indicators, collect the data on these indicators and convince management that it is a worthy investment of effort and funds'.²⁹

10.47 Later in the chapter, the Committee explores some of the complex technical challenges for training evaluation that the ATO's experience highlights.

10.48 The Committee is pleased to note, however, that in spite of these obstacles the ATO reports making some headway on evaluating the business results (ie. Level 4) flowing from its training and development. The ATO is targeting training at business problems or opportunities and following up with post-training assessments of the problem or opportunity to see if things have changed.

10.49 Data is also being collected on some of the results from the ATO's strategic outcome-driven approach to training. For example, an annual survey of client perceptions includes indicators to measure the perceived professionalism of ATO staff.³⁰ Such data would enable the ATO to track the degree to which staff professionalism had changed following training, although tracing the causal link may be blurred by other factors such as changes to tax law, work loads and so on.

10.50 Within the AFFA portfolio, the Bureau of Rural Science has also used results from client attitude surveys to trace changes in performance attributable to its training effort.³¹

Performance measures

10.51 Key performance measures can provide a framework by which changes in operational effectiveness and output can be gauged following training. AFFA, for example, stated: 'Evaluating effectiveness [of on the job training] often involves the use of key performance measures – measures you can see, eg. faster and more reliable

28 DOHA, Submission no. 28, p.11

29 ATO, Submission no. 22, p.7. See also *Committee Hansard*, 14 August 2002, p.72

30 ATO, Submission no. 22, p.7

31 AFFA, Submission no. 19, p.7

output from the operator after they have been trained, higher ratings on employees' job satisfaction questionnaires etc'.³²

10.52 However, such an approach requires a cycle of performance measurement that records an officer's capacity *before* and *after* training. AFFA saw this approach as essential:

It is critical that a person's performance is evaluated prior to training, immediately after training and then again three to six months later.³³

10.53 In this regard, individual performance management systems are a mechanism that can complement or substitute, to some extent, for evaluations of specific training programs. Some agencies such as Veterans' Affairs indicated that individual performance development schemes are used to identify whether training is meeting staff needs. The onus of such an approach falls on both the staff member and his or her manager, assisted by appropriately skilled human resource management staff, where required, to monitor the degree of change following training. This approach has the benefit of building on an existing management framework, but would require a system by which training data could be extracted and compiled across business areas and assessed at the agency-wide level. However, as noted in Chapter 8, most agencies lack the human resource management information systems capable of this sort of data management.

10.54 Another performance related approach that some agencies have started to adopt is called '360 degree evaluation and feedback'. Defence described it as an emerging tool. This approach involves superior, peer, subordinate and self evaluation to provide assessment on performance from multiple levels within an organisation.³⁴ Such an approach could complement performance management frameworks for assessing training results and help overcome some of the limitations described earlier of participant evaluation, with its single focus on self evaluation.

10.55 The APS Commission also saw evaluating training results in the workplace as the key point of focus with managers having an important role to play. Mr Kevin Isaacs, Group Manager for the Commission's Leadership, Learning and Development Group, indicated:

Often the proof of the pudding in evaluation of learning and development is what people do with what they have learnt when they go back into the workplace. Often that does not tend to manifest until there has been some period of time in the workplace. So, again, agencies and the participants'

32 AFFA, Answers to questions on notice, no.16, p.9

33 AFFA, Answers to questions on notice, no.16, p.9

34 DOD, Submission no. 36, p.11

line managers are in the best position, we think, to evaluate how their participants take their learning and apply it.³⁵

10.56 Measuring the longer term effects of training is particularly important. Often training courses can stimulate an immediate positive response or ‘afterglow’ in trainees leading to a marked improvement in work application and enthusiasm for the job. This can lead to a spike in productivity but can taper off as daily routines, habits and the pressures of work reassert themselves.

10.57 That is why tracking post-training performance over a period of time is needed to gauge the longer term benefits of training and the investment in it. It is, however, considered by some to be one of the more intractable difficulties facing the field of training evaluation. The Committee considers this problem later in the context of the challenges for evaluating training.

10.58 This sort of difficulty aside, it also needs to be said that tracking the longer term effects of training requires planning and a commitment to evaluating training *strategically*, ie. over the medium to long term, rather than the short term focus reflected in the reliance on the individual participant satisfaction method. Again, the Committee is mindful of the ANAO’s view that a lack of planning for evaluation stands as one of the main barriers to effective training evaluation in the APS.³⁶

Value for money

10.59 Agencies provided a range of responses to the question of the value for money represented by training dollars spent. The APS Commission pointed to the tender process it employs for selecting its panel of approved training providers as designed to promote value for money. It also said that the evaluation process for its own courses encompassed value for money considerations by asking participants and agencies whether courses delivered quality for the price charged. The Commission saw it as significant that, while the administration costs for its courses had been stable, agencies were spending more money on Commission courses. This implied that agencies viewed the Commission’s courses as representing value for money.³⁷

10.60 The ATO appeared to be the only agency focusing on value for money and return on investment at a business outcomes level. It stated:

The ATO has used a systemic approach to ensuring that [value for money] is achieved. At a corporate level, training and development expenditure is clearly linked to the achievement of essential business outcomes through the ATO’s People and Place plan. At the level of individual employees and managers, the manager will only approve learning plans where they agree

35 *Committee Hansard*, 14 August 2002, p.13

36 ANAO, Answers to questions on notice, no.5, p.2

37 APSC, Submission no. 15, p.41

the skills and knowledge to be acquired are important to meeting current and future workloads.³⁸

10.61 In addition, the ATO indicated it was developing guidelines to keep its training and development programs within industry benchmark standards. The ATO also reported the current development of a human resource management information system (HRMIS) to help track return on investment, a capability it hopes to have in the future.³⁹ DFAT likewise said that it intended to explore approaches for measuring return on investment and the long term value of its training expenditure.⁴⁰

10.62 Several agencies, on the other hand, pointed to the difficulties in attempting to measure value for money or return on investment. Both DITR⁴¹ and DOHA were hesitant to try to quantify the value their training represented, with DOHA citing data capture and definitional issues as particular problems.⁴² DVA also illuminated a major difficulty in analysing the value of training for agency outcomes. It stated:

Value for money is best demonstrated when a learning process results in a direct improvement in client service. It is often difficult to make that direct connection, however, clearly identifying [learning] needs through the performance development and review process and delivering [training] quickly has helped the department.⁴³

10.63 The limited information that agencies have on value for money and return on investment match the ANAO's findings discussed earlier. In the next section, the Committee discusses some of the deeper methodological constraints that training presents for assessing the value and return on training investment.

Challenges to evaluating training

10.64 Whilst the Committee is concerned to find that evaluation in the training area is not as advanced as program evaluation generally in the APS, it is aware of the challenges the training field poses for evaluators.

10.65 The Committee notes that the above shortcomings in APS approaches to training evaluation reflect, up to a point, the state of the art in this field and its limitations. One witness told the Committee that in the literature on training evaluation methods are largely limited to two approaches: participant responses and

38 ATO, Submission no. 22, pp.243-244

39 ATO, Submission no. 22, p.243

40 DFAT, Submission no. 4, p.13

41 DITR, Submission no. 5, p.7

42 DOHA, Submission no. 28, p.13

43 DVA, Submission no. 13, p.5

occasional reviews of particular programs or initiatives.⁴⁴ These are the same basic approaches that APS agencies pursue.

10.66 The underdeveloped state of these evaluation tools reflects the fact that the training field generally has struggled to build more sophisticated evaluation methods. One departmental witness observed that ‘the whole issue of evaluation of education or training outcomes is notoriously difficult’.⁴⁵ Ms Andrews, the Chair of PSETA, said that ‘it is an area in the professional literature that is a bit vexed’.⁴⁶

10.67 Ms Andrews noted that the human resource industry, particularly in the US, has attempted to develop models to measure return on investment and tools to assess training outcomes but that these remain ‘complicated and unproven’.⁴⁷ In contrast, the ANAO told the Committee that ‘there is a whole consulting industry’ in position to assist APS agencies establish return on investment processes for training.⁴⁸

10.68 Measuring the longer term results of training was another critical area Ms Andrews highlighted as requiring attention. In her view:

The one outstanding gap in evaluation of training and development is the longer term effect. Until a reliable human resource information technology system is in place from which analysis over time of individual employee’s training exposure against career progression can be extracted, the best that can be done is specific studies of a particular cohort.⁴⁹

10.69 This point highlights some of the IT and data management barriers to not only longitudinal evaluation studies but also to more integrated approaches to assessing training dividends for organisations. It suggests that evaluating the multiple impacts of training for organisations may be some way off in terms of modeling and IT systems to support such an approach.

10.70 In contrast to the critical perspective that some training practitioners provided the Committee, most agencies did not refer to problems or shortcomings in their discussion of evaluation and methods for training and development. The few agencies that did reflect critically on the area provided interesting insights on the challenges training poses for evaluators and agencies. For example, in talking of the methodological and data capture difficulties it has experienced, the ATO observed that:

44 PSETA, Submission no. 43, p.3

45 Mr Hickey, Centrelink, *Committee Hansard*, 14 August 2002, p.22

46 Ms Andrews, PSETA, *Committee Hansard*, 15 August 2002, p.141

47 PSETA, Submission no. 43, p.3 and *Committee Hansard*, 15 August 2002, p.141. The ABC indicated it was still piloting ROI models for evaluation purposes before implementing them broadly. ABC, Submission no. 32, p.7

48 *Committee Hansard*, 15 August 2002, p. 92

49 PSETA, Submission no. 43, p.3

This is an area with which the ATO, in company with many public and private sector organisations, continues to struggle.⁵⁰

10.71 Likewise, AFFA also referred to the limited methodological resources available to human resource management practitioners. AFFA made the point that:

A training and development program is considered successful if it assists to promote job satisfaction, reduce turnover and minimise poor performance. Measuring and evaluating these aspects across the APS is difficult. There are not many tools available across the APS to help see where organisations are receiving value for money for training and development activity. Evaluation tends to be ad hoc... AFFA would like to see some effort targeted towards better evaluation tools for the APS.⁵¹

10.72 CSIRO pointed to a variety of methods it uses to evaluate training but noted that it too had not followed a 'consistent, systematic approach'.⁵²

10.73 One of the difficulties agencies face is in defining activities that constitute 'training' or 'learning and development' for evaluation purposes. It is clear that, in addition to formal courses, programs and strategies, there are diverse informal practices that contribute to the overall learning and development effort of agencies. Some of those practices, such as on the job transfer of skills and experience and informal mentoring, are by their nature harder to track and assess than discrete courses and programs.

10.74 The Department of Family and Community Services (FaCS) emphasised the role of casual learning in its response to the ANAO audit. FaCS stated it was important, when considering training approaches, to take account of:

...the move away from formal learning and development activities to those of a much more on the job nature, such as coaching. These less formal activities are far harder to quantify, both in terms of time and cost involved.⁵³

10.75 FaCS went onto point out that not only is it the nature of some training activities that is hard to assess but that some of the *objectives* of learning and development strategies are also inherently difficult to evaluate. In the context of the ANAO's criticism of current evaluation practices in the APS, FaCS noted:

FaCS agrees that this is an area of deficiency. However, it believes that the [ANAO] report does not give sufficient consideration to the fact that

50 ATO, Submission no. 22, p.7

51 AFFA, Submission no. 19, p.6

52 CSIRO, Submission no. 33, p.4

53 ANAO, *Management of Learning and Development in the Australian Public Service*, Audit Report No.64 2001-2002, p.16

learning and development activities are often aimed as much at effecting cultural change as they are at assisting to achieve specific business outcomes. Measurement of this aspect would be difficult.⁵⁴

10.76 FaCS's concerns about measuring cultural change programs highlights a more general point that some types of training are relatively easy to evaluate while others pose significant challenges. Training in agencies such as Centrelink and the ATO to improve skills and accuracy in processing tasks (eg. data entry) is relatively straight forward to evaluate as it involves easily quantifiable outcomes (eg. lower error rates, higher and faster output and so on). Evaluating training aimed at improving policy advice to ministers, for instance, involves more detailed qualitative assessment.

10.77 The ANAO told the Committee that its audit of learning and development had shown that 'most agencies do assess participant satisfaction, but then moving on to higher levels of evaluation, such as uptake and changing skills in the workplace or addressing corporate objectives, is far more difficult'.⁵⁵

10.78 Ms Hamilton, the Dean of Centrelink's Virtual College, illustrated the increasing degree of difficulty agencies face the higher the level of evaluation they seek to measure:

we do a couple of levels of evaluation of our training programs, the first—the happy sheets, if you like—gauge the reaction and the second ask how much learning has actually been taken on board, which is tested in the workplace by on-the-job assessment. Then there is behavioural change. Here we are getting into a really difficult area: has the training resulted in change to behaviour in the workplace? Then we are looking at the organisational level. So we are conscious of this and we have checked around other agencies; we have great liaison with other agencies in the APS, particularly large ones such as Defence, Tax and the Bureau of Statistics. Very little formal work is going on in this area.⁵⁶

10.79 Ms Hamilton's observation reinforces the point that across the APS considerable scope exists for more work to be done on developing and trialing evaluation methods in the training sphere. It also indicates that there is scope for collaboration and cross-fertilisation of thinking and approaches in this endeavour, regardless of the devolved environment for training generally.⁵⁷ The Committee now turns to examine some of the avenues where progress might be made in improving how agencies approach and undertake training evaluation.

54 *ibid*, p.16

55 *Committee Hansard*, 15 August 2002, p.92

56 *Committee Hansard*, 14 August 2002, pp.22-23

57 Regarding inter-agency sharing of ideas and cross-fertilisation, see DEH, *Committee Hansard*, 15 August 2002, p.132

Scope for improvement

10.80 The Committee considers that there is considerable scope for agencies to approach training evaluation in a more systematic and rigorous fashion. The difficulties involved in training evaluation notwithstanding, there is a sense that agencies in many cases 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. As the ANAO observed:

The ANAO acknowledges a difficulty for agencies in evaluating the effectiveness of learning and development activities is in assessing their longer term impact. To compensate, agencies have focused on evaluating what is tangible and measurable. The ANAO observed that agencies are striving to achieve improved organisational performance from their investment in learning and development, but are generally not actively assessing this through their current evaluation methodologies.

10.81 The Committee is pleased to report, nonetheless, that several agencies indicated an eagerness to see more work done on evaluating training, particularly by way of inter-agency collaboration and with guidance from the APS Commission. In terms of the latter's role, the Commission and the ANAO released in April 2003 a joint publication, *Building Capability: A framework for managing learning and development in the APS*.

10.82 The Committee considers that the framework provides, among other things, a key tool for agencies when it comes to refocusing their approach to evaluating training. It offers a framework by which training evaluation might be done with more rigour than has been the case, as well as a toolkit of options for matching evaluation methods to types of training. The Committee draws on the framework in the areas for improvement that follow.

10.83 If evaluation is going to play a strategic role in guiding agency training and help to capture the longer term results of training activities, it is crucial to incorporate the evaluation method and timetable in the initial design of programs and strategies. As the ANAO-APS Commission state:

It is... important that evaluation is programmed in from the start. Proper consideration should be given on what to evaluate, when and how.⁵⁸

10.84 Programming evaluation into training programs at the outset is particularly important if results are to be gauged over time. As noted already, better practice suggests that an assessment of skills or other capabilities should happen *before* training commences to provide a baseline against which any change can be measured by subsequent evaluations.

58 *Building Capability: A Framework for Managing Learning and Development in the APS*, p.29

10.85 The Committee considers that agencies should include in guidance on training management the requirement that evaluation approaches and timetables are an integral part of the initial planning for any training program.

Recommendation 20

10.86 The Committee recommends that all agencies include in their guidelines on training management a requirement that all training programs must include an evaluation phase, timetable and methodology.

10.87 One area where training areas could build their capacity to evaluate programs is by working closely with evaluation experts. Ms Andrews claimed ‘people who design and implement the training programs are usually not program evaluators’.⁵⁹ The lack of input from evaluation experts may in part account for the lag in training evaluation compared with other areas of public sector management that have been working with program evaluation for at least a decade. It also suggests that there is room for human resource management areas to better integrate training with other arms of the human resources field.

10.88 The Committee considers that there is scope for agencies to utilise staff with evaluation skills in the design stage of training strategies and programs, as well as when it comes to conducting evaluations themselves.

Recommendation 21

10.89 The Committee recommends that agencies utilise experts with evaluation skills both in the design stage of training strategies and programs and during the post training evaluation stage.

10.90 As discussed in Chapter 8, agencies need to capture more data to provide a fuller picture on the extent of training in the APS generally. Collecting more and better information on training factors is also clearly necessary if agencies are going to build their capacity for evaluating training more rigorously. In their joint guide on managing learning and development, the ANAO and APS Commission emphasised that:

Evaluation requires the collection of meaningful data on the inputs, outputs and outcomes of programs. Return on investment or value for money assessments are based on an assessment of the value of outcomes compared to the value of inputs. An area where there is scope for agencies to improve is in the collection and reporting of input data.⁶⁰

10.91 The ANAO-APS Commission framework provides a recommended minimum data set that, while not pretending to be comprehensive, is proposed as ‘a starting

59 *Committee Hansard*, 15 August 2002, p.141

60 *Building Capability: A Framework for Managing Learning and Development in the APS*, p.29

point in tracking inputs and outcomes'. The data set comprises the following five key criteria:

- Number of days formal (classroom, conferences, seminars) training per person per year (direct and indirect costs);
- Expenditure on formal learning and development as a percentage of running costs (including salary and on-costs);
- Expenditure on outsourced providers;
- Expenditure on learning and development consultants; and
- Qualitative reviews (by key stakeholders such as the executive, management and others) on changes in organisational and individual capability and performance.⁶¹

10.92 To help agencies assemble a clearer picture of training results, the ANAO-APS Commission also suggest a reasonably detailed range of performance indicators for evaluating training. A strong feature of this framework is that it also includes methodology options for different performance indicators. The indicators address the key elements that make for a sound training framework. These involve:

- relevance;
- appropriateness;
- reaction;
- capability acquired;
- performance on the job; and
- outcomes of learning and development.⁶²

10.93 The Committee recommends that agencies adopt both the recommended minimum data set and performance indicator set as complementary approaches for capturing key information and identifying the sort of factors that need to be measured. The Committee understands that agencies may wish to trial the suggested approaches to test the fit between agency needs and the generic data and indicators that are recommended. The Committee also recommends that agencies should share information, through the auspices of the APS Commission, on their experience with using these approaches and identify areas where further refinement is required and better practice is evident.

10.94 The Committee emphasises that establishing minimum data sets is a critical measure for overcoming the paucity of information on training highlighted in Chapter 8. As recommended in that chapter, the Committee believes that the APS Commission should adopt a key role in the process,

61 *Building Capability: A Framework for Managing Learning and Development in the APS*, p.29

62 *Building Capability: A Framework for Managing Learning and Development in the APS*, pp.32-35

building on the positive steps taken already in developing with the ANAO recommended minimum data and performance indicator sets.

Recommendation 22

10.95 The Committee recommends that agencies adopt the ANAO-APS Commission recommended minimum data set and performance indicators for training. The Committee also recommends that the APS Commission coordinate an evaluation of the effectiveness of these measures, to establish better practice principles and identify areas for refinement where necessary.

Evaluating training providers and courses

10.96 The Committee now turns to examine how agencies evaluate external training providers and the courses they offer. There are two key stages in this area of evaluation: the selection stage and the post-training evaluation stage. Most agencies employ roughly the same approaches for both stages, particularly the latter stage where agencies rely on the participant evaluation methods described earlier in the chapter for quality control purposes.

10.97 For selecting external providers and courses, most agencies follow standard Commonwealth tender processes and/or consult the Commonwealth Panel of Providers administered by the APS Commission. With tenders agencies tend to employ standard criteria which encompass the need to demonstrate value for money, subject matter expertise and leading skills but also include measures that reflect each agency's particular business needs.

10.98 For example, the ATO stated that 'key criteria in evaluation of [external] panel providers include the ability to assist the ATO in meeting business outcomes, use of up-to-date practices and theory in design of products, and willingness to build the internal capability of the ATO'.⁶³

10.99 DOHA, by contrast, includes in its standard criteria for determining value for money a requirement that the provider demonstrates an 'understanding of cultural, community and organisational sensitivities relevant to the assignment'.⁶⁴

10.100 For the Commonwealth Panel of Providers, the APS Commission said that the key criteria used in the most recent tender process required:

Demonstrated subject matter expertise and capacity to successfully design and develop, tailor, deliver and evaluate high quality, innovative and leading edge contemporary learning and development programs for APS agencies

63 ATO, Submission no. 22, p.8

64 DOHA, Submission no. 28, p.12

on time and within budget for one or more areas for which the Tenderer is tendering.⁶⁵

10.101 The Commission employs both an independent evaluation team to assess applications and a probity auditor to oversee the process.

10.102 The Committee heard criticism of some aspects of the tender process. People and Strategy argued that agencies are issuing requests for tenders that are too formal, complex and prescriptive. In their view, this practice has lowered rather than raised the standard of tenders, reduced competition because it favours larger training firms over small to medium sized firms and increased costs for agencies.⁶⁶

10.103 In response, the APS Commission stated that it did not believe that its tender process is overly formal or prescriptive. It did emphasise that the tender process has to conform with government procurement processes and ensure that tenders undergo 'robust assessment'. It cited an independent probity auditor's report on the tender process, which concluded that tender 'documents provide good opportunity for a fair and competitive open tender process to be conducted. Accordingly the probity of the process to date and that reflected in the documents has been of a high standard.'⁶⁷

10.104 The APS Commission also reported that of its panel of 100 selected consultancy firms, 94 are medium sized businesses (with 20 to 25 employees) and 6 are small sized businesses (with fewer than 20 employees).⁶⁸

10.105 The Committee notes that the APS Commission's response, while confined to its own tender process rather than covering other APS agencies, highlights the importance government agencies must place on probity of process in tenders. This may appear to some private sector firms as overly formal or too much red tape. But given that public funds are involved, the Committee considers that it is appropriate that agencies err on the side of conforming with government procurement guidelines, rather than risk compromising the tender process.

10.106 Where companies do experience difficulties with tenders, the Committee would encourage the companies and agencies involved to negotiate any issues of concern. It notes that in cases where firms have had compliance issues with the APS Commission process, the Commission has been prepared to negotiate, in its terms, 'reasonable compromises' on a case-by-case basis.⁶⁹ The Committee encourages other agencies to adopt a similar approach, and to seek the APS Commission's advice where required.

65 APSC, Submission no. 15, p.39

66 People and Strategy (ACT), Submission no. 6, pp.2-3.

67 APSC, Answers to questions on notice, Q.10

68 *ibid*

69 *ibid*

Chapter 11

Devolution and the role of the APS Commission in training

11.1 This chapter discusses both the impact of devolution on, and the role of the APS Commission in, training across the Australian Public Service (APS). It will be recalled that Chapter 6 details the impact of devolution on recruitment within the APS. In some cases, themes common to both chapters emerge.

11.2 In the Committee's view, the management of training and development across the APS can be improved. Both agencies themselves and the APS Commission have responsibilities for designing and implementing training initiatives. It is therefore important that the appropriate balance between the two is achieved.

Devolution and formal role of APS Commission

11.3 Under the *Public Service Act 1999* (PS Act), devolution applies equally to learning and development as it does to other strategic human resource management activities. Each agency bears the primary responsibility for the targeting and effective delivery of learning and development to its employees to ensure that business and government goals can be delivered efficiently and effectively.

11.4 Section 41 of the PS Act sets out the following learning and development related roles for the Public Service Commissioner:

- to coordinate and support APS wide training and career development opportunities;
- to facilitate continuous improvement in people management throughout the APS;
- to contribute to and foster leadership in the APS; and
- to develop, promote, review and evaluate APS employment policies and practices.¹

11.5 The APS Commission told the Committee it aimed to complement and augment agency learning and development activities, with key focuses on (i) leadership development; and (ii) building the human resource management capability of agencies.²

11.6 The Senior Executive Service (SES) is central to the corporate leadership of the APS and the promotion and upholding of APS values. A major initiative of the

1 APSC, Submission no. 15, p.28

2 *ibid*

APS Commission has been the articulation of the capabilities required for high performance by senior executives. These are now applied to all SES selection processes, form the basis for the Commission's SES development products, and are used in assessing the strengths and development needs of high performing Executive Level 2 staff.³

11.7 With respect to human resource management, the APS Commission has developed the Human Resource Capability Model to articulate the skills required of highly effective HR people in the APS – those who can effect organisational change, build agency capability and strengthen the impact of HR on business outcomes.⁴

11.8 The APS Commission has also stated that it provides a wide range of development products on a fee-for-service basis in response to the capability development demands of APS agencies. It also helps connect individual agencies to its panel of consultant providers who can assist with in-house learning and development programs. Training includes programs covering core skills such as financial management and policy development, a series of development offerings tailored for new graduate entrants to the APS, and a range of products for SES and feeder group learning and development, mostly on a fee-for-service basis.⁵

11.9 This chapter now turns to a brief commentary on:

- agencies' assessment of the impact of devolution on learning and development;
- the key issues identified by the Committee in relation to training generally; and
- specific cross-APS skills areas in which scope to further development was identified.

11.10 The chapter concludes with the Committee's vision of the role for the APS Commission in learning and development across the APS.

Agencies' views

11.11 As was the case for recruitment, many agencies consider 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. Large agencies, such as the Department of Health and Ageing (DoHA) and the Australian Taxation Office (ATO), stated they are also able to take advantage of economies of scale in providing in-house training to their Canberra-based workforce.⁶

3 ibid, pp.44-45

4 ibid

5 ibid

6 DOHA, Submission no. 28, pp.12-13

11.12 Some agencies told the Committee that the devolved arrangements for training has benefited agencies engaged in the traditional delivery of public services more than those whose main tasks are policy formulation and regulation. Centrelink considers that its Virtual College provides a structured, accredited training framework focused on the skills and attributes required for face-to-face customer service delivery in which 87 per cent of its staff is engaged. It considers that such an arrangement would not work as well for policy departments whose skills emphasis is more likely to be met through graduate recruitment and the associated management and leadership activities.⁷

11.13 The ATO considered that devolution is the ‘most supportable strategy’ for training. It claimed that, in the past, APS staff experienced difficulty applying learning obtained from centralised programs on return to work. It considered that the most cost-effective training is that designed and delivered at, or close to, the workplace because such work-related training is most likely to be applied on return to work. It noted, however, that this strategy presumed collaboration amongst agencies ‘to ensure efficiency in the design and development of programs and processes of mutual interest, or which overlap[ped] departments’. It suggested that the APS Commission could play an important role in facilitating collaboration amongst agencies.⁸

11.14 The Department of Agriculture, Fisheries and Forestry (AFFA) considered the opportunity to design, develop and deliver training specifically to meet its own needs particularly important because of both the diverse skills and knowledge requirements of the agency and the widespread location of its employees. It advised that the technical nature of many jobs in AFFA meant that its staff are ‘relatively low users’ of APS Commission programs.⁹

11.15 It was not clear to the Committee whether devolution was in itself responsible for giving agencies these opportunities, or whether a diminished role for the APS Commission has forced agencies to be more involved in training. The Department of Foreign Affairs and Trade, for example, commented:

As a result of the need to provide language training, DFAT-specific pre-posting training, consular training and a comprehensive Graduate Trainee program, the department has traditionally maintained a largely self-managed suite of in-house training programs... The devolution to departments of responsibility for training has therefore had little impact on the way DFAT manages its training.¹⁰

7 Mr P Hickey, Centrelink, *Committee Hansard*, 14 August 2002, p.22

8 ATO, Submission no. 22, p.9

9 AFFA, Submission no. 19, p.9

10 DFAT, Submission no. 4, p.12

11.16 Thus in at least this case, the devolution that took place in 1999 was not responsible for giving the agency the ability to customise training to meet its own needs.

11.17 Some agencies, while happy with aspects of devolution, were concerned about some of its impacts on training, as were many other parties that gave evidence to the inquiry. The following section deals with issues that were raised regarding devolution generally and the role of the APS Commission in training in particular.

Key training issues

11.18 In the Committee's view, there is a danger that the purported benefits from devolution could be outweighed by some of its limitations.

11.19 Witnesses both within and outside the APS highlighted concerns about some of the shortcomings of the devolved arrangements as they currently operate. These include the lack of consistent data on training expenditure (addressed in Chapter 8) and the need for minimum data sets and performance indicators (addressed in Chapter 10). Other issues are discussed in this chapter and 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.

Engagement of the SES

11.20 The Committee was concerned to hear that Senior Executives were often the most reluctant to participate in training activities, despite their need to set an example to staff and indicate agency commitment to training. The APS Commissioner expressed his disappointment that 'not sufficient of the senior staff of the Public Service have been going to the courses that we run'.¹¹ If true, it is also at odds with the APS Commission's focus on the SES as the lead-group for cultivating APS Values and setting a leadership example.¹²

11.21 Clearly, agencies whose senior staff show a commitment to learning and development, both in terms of specific business outcomes as well as learning more broadly so as to develop individuals' and organisational capability, will have more success in establishing positive attitudes to learning and development amongst more junior staff.

11.22 Crucial to effective training in an organisation is commitment from senior management to a learning and development agenda. The Committee finds that, in

11 Senate Finance and Public Administration Committee, *Estimates Hansard*, 29 May 2003, p.478

12 APSC, Submission no. 15, p.44

general, training has not received the priority accorded other functions, such as financial management, since the PS Act was introduced.

11.23 The Committee is also concerned that an apparent lack of commitment to learning and development in some agencies has resulted in undesirable outcomes both for agencies and their employees. These include training agreed through performance management assessments not taking place due to lack of funds; lack of resources, or inappropriate or unqualified personnel allocated responsibility, for human resources management; and cuts to the ostensibly dispensable training budget, especially in times of budget restraint.

11.24 The Committee is firmly of the view that the SES are central to the corporate leadership of the APS and the promotion and upholding of APS values. The apparent reluctance of senior executives to participate in training activities is of great concern to the Committee, especially in light of the APS Commission's focus on SES training. The Committee urges all senior staff to lead by example by undertaking training and demonstrating commitment to continuing professional development as a key factor in their employment.

11.25 The Committee makes further comment on leadership training later in the chapter.

Recommendation 23

11.26 The Committee recommends that the Senior Executive Service in all APS agencies lead by example by undertaking training and demonstrating commitment to continuing professional development as a key factor in their employment.

Fragmentation

11.27 A number of agencies raised concerns about the negative impacts of decentralization and fragmentation of training. One issue was that the loss of cross-APS standards and skills might decrease mobility of the workforce. The Department of Veterans' Affairs submitted:

There is ... a risk of duplication in some of the work undertaken by the PSMPC and by agencies, particularly in development programs. PSMPC programs provide a good option for smaller agencies who do not have the resources to provide their own development programs. However, agencies that have their own development programs may become out of step in development opportunities thus reducing mobility across the APS.¹³

11.28 The idea that devolution may disadvantage smaller agencies was taken up elsewhere. The Commonwealth Ombudsman indicated he wanted:

13 Department of Veterans' Affairs, Submission no. 13, p.5

to draw to the Committee's attention the problems involved in providing adequate training to staff from a small agency's perspective.¹⁴

11.29 Other agencies were concerned that devolution, while providing better flexibility, had also increased costs:

It must be acknowledged that devolution has in places increased costs because there is a reduction in economies of scale and through the inevitable duplication across agencies eg. Graduate recruitment, generic APS training.¹⁵

11.30 Even agencies supportive of devolution thought there could be improved co-ordination in certain areas:

Improvements to training and development in the APS that could be considered include:

- Improved coordination of training and development across areas of common interest in the APS, such as administrative law, record keeping, financial management, relationship with government etc.¹⁶

11.31 The ANAO, in its audit of the *Management of Learning and Development in the APS*, found that there was scope for the APS Commission to promulgate better practice in learning and development in the APS, suggesting that 'greater collaboration between agencies in the provision of training could be one such area'.¹⁷

11.32 Griffith University, which is engaged in several public sector training initiatives, observed that devolution has had unintended consequences for *both* the APS and those providing training and development services:

While generally supportive of the principles of devolution of decision-making authority to agency heads, Griffith's experience suggests that a fragmented approach to education and training can have some perverse consequences. Lack of information sharing and coordination between agencies can lead to duplication and overlap in professional development initiatives. Moreover, the practice of individual agencies tendering training contracts to university and other providers inhibits the kind of collaboration that could produce genuinely innovative programs that would serve the needs of the public services more broadly than just one agency.¹⁸

14 Commonwealth Ombudsman, Submission no. 23, p.2

15 AES, Submission no. 24, p.1

16 AFFA, Submission no. 19, p.9

17 ANAO, Answers to questions on notice, p.3

18 Griffith University (Brisbane), Submission no. 16, p.2

11.33 In Griffith University's view, fragmentation not only impedes collaboration within the APS and training industry but might also raise barriers within the APS as agencies customise their skills to particular portfolio needs at the expense of developing service-wide 'core skills': 'Rather than supporting whole-of-government approaches, this specialised, fragmented and uncoordinated approach may reinforce silos'.¹⁹

11.34 Open Learning Australia had a particular concern with the impact of devolution on training in regional areas. The frequent need for more than one trainer to deliver training in regional areas resulted in greater costs and possible loss of quality due to a high turnover of trainers. It considered that, with centrally led training delivery, specific regional training needs could be addressed within a framework of shared resources. Locally based presenters could maintain dialogue with metropolitan institutions, for example, through OLA Approved Learning Centres. Advantages included not only financial savings but improved standards of presentation due to linking to centres of learning such as universities, and greater retention of knowledge in regional areas if presenters remain locally based. The use of common learning materials and common presenter's guides, provided either online or in printed formats provided 'quality benchmarks' and a firm basis for such an approach.²⁰

11.35 The Committee is persuaded that a range of difficulties resulting from a lack of coordination and information-sharing amongst agencies has put increased pressure on training delivery in agencies. These include:

- duplication and overlap in training between agencies;
- losses in economies of scale;
- the need to spread 'the training dollar' across individual organisations;
- an extra layer of costs (for example, to fund a human resources provider as well as trainers); and
- replacement of corporate or organisation-wide initiatives with more piecemeal, smaller scale training programs to address localised needs.

11.36 The Committee is concerned at the claim by Public Service Education and Training Australia (PSETA) that good quality human resource management expertise existed in Australia, 'but not in [APS] agencies'.²¹ This is discussed in more detail later in the chapter. PSETA was also concerned at the potential for a breakdown in communication between training practice and research due to devolution. It noted that innovative programs that served the needs of the whole APS rather than just one agency were less likely to result from individual agencies tendering training contracts

19 Griffith University (Brisbane), Submission no. 16, p.2

20 OLA, Submission no. 7, pp.6-7

21 Ms Andrews, PSETA, *Committee Hansard*, p.143

to university and other providers. It considered that high quality training is critical to improved APS performance.

11.37 The Committee also takes the view that, to the extent that agencies are developing their own programs relating to broader skills and knowledge requirements rather than those needed for specific business outcomes, devolution has gone too far.

11.38 Some agencies are much more advanced in their development and delivery of structured training frameworks than others. It appears to the Committee that there is an urgent need for more collaboration between agencies to ensure more consistency and quality in training at the level of individual agency, as well as a greater corporate APS focus profile in individual agencies. Of particular concern to the Committee is the possible trend to ‘silos’ and the raising of barriers within the APS as agencies customise their skills to particular portfolio needs at the expense of developing service-wide ‘core skills’.

11.39 The APS Commission argued that ‘some degree of duplication and fragmentation...is unavoidable and, indeed, necessary if individual agencies are to maintain the level of independence and agility required of them to deliver on their organisational objectives’.²² It considered that the cost of infrastructure required to monitor duplication and fragmentation and the PS Act limitations would be too great and, moreover, not in keeping with devolution.

11.40 The Committee accepts the APS Commission’s view that some degree of duplication and fragmentation was unavoidable and even necessary. But it considers that much more should be done, especially in relation to core cross-APS skills, to coordinate training amongst agencies, encourage collaboration between agencies and monitor duplication and fragmentation with a view to improving cohesion across the APS and consistency in learning efforts and standards.

Recommendation 24

11.41 The Committee recommends that the APS Commission provide greater leadership to facilitate coordinated cross-service training. Its aim should be to ensure efficiency in design and development of training programs, particularly for core APS-wide skills.

Training in regional areas

11.42 There were different views expressed about training for regional PS employees. As noted above, AFFA suggested that the widespread location of its staff is a reason to support the agency choosing to develop its own customised training activities. The AFP²³ and ATO²⁴ indicated that devolution had not disadvantaged their

22 Answers to questions on notice, Q.9, p.24

23 AFP, Submission no. 31, p.10

24 ATO, Submission no. 22, pp.8-9

regional staff in terms of training. Both agencies said that regional staff enjoyed the same access to training opportunities as staff in central locations.

11.43 On the other hand, regional staff were also identified as potentially benefiting from an expansion of APS Commission operations. The Department of Environment and Heritage has even more decentralized staffing than AFFA. They argued:

DEH would like to see the PSMPC extend its current activities to provide more opportunity for training and career development for regional staff. Increased online learning and development opportunities would be very valuable in helping to minimize the isolation and reduce the time and cost of accessing learning and development in the APS.²⁵

11.44 On balance, the Committee considers that the provision of training for employees in regional areas should be a key focus of the APS Commission. It welcomes programs developed by individual agencies for their regional employees and notes that some programs allow for flexible online delivery in conjunction with online support, including the redeveloped Public Sector Management (PSM) course.

11.45 However, it considers that centrally led training has advantages financially and, more importantly, in relation to quality and standards of presentation. Agencies with identified concerns in their regional training activities should seek to work with the APS Commission to develop remedial strategies. Where scope exists for collaboration with other APS agencies with similar concerns, the Committee urges the APS Commission and agencies to work together to identify common training needs and develop joint strategies to address them. Links with centres of learning such as universities are also important.

Recommendation 25

11.46 The Committee recommends that the APS Commission, in consultation with agencies, review the availability of training programs and opportunities in regional areas to ensure consistency with those available for APS employees in urban areas.

Cross-APS skills

11.47 In addition to the general concerns about APS commitment to training, and the fragmentation of the learning and development framework, particular areas of cross-APS skill needs were discussed by participants in the inquiry, with suggestions being made that they are areas in which the APS Commission can and should play a greater role.

11.48 The AFP suggested that there are some types of training better centrally delivered, others devolved:

25 DEH, Submission no. 20, p.9

Centralisation of the development and delivery of ‘core business’ training activities promotes national standardization and consistency in outcomes.²⁶

11.49 The ABC made a similar suggestion:

The ABC business has much in common with many areas of the APS and would welcome the opportunity both to participate in and to work on the development of commonly available programs, including the development of competency frameworks. Areas of common interest include management development covered by the Public Service Training package, finance, administration, archives and library service and other areas which support the ABC core business areas.

However, in many areas of the ABC, including all the core business areas, radio, television, new media and broadcast technology, the ABC is best placed in Australia to develop and deliver appropriate training programs
...²⁷

11.50 This chapter therefore turns to the areas that were identified during the inquiry as needing further cross-APS development.

Leadership development

11.51 The Committee is particularly concerned that devolution appears to have resulted in a fragmented and uncoordinated approach to leadership development. The report has already emphasised the importance of good leadership to good governance, management capacity and organisational performance. This issue is highlighted in the literature both in Australia and internationally.

11.52 The Committee is persuaded that more centralised and better quality training in leadership and management is needed to ensure employees across the APS develop core skills and a whole-of-government perspective. It is not convinced that existing programs such as the Public Sector Management (PSM) course and opportunities for articulation into graduate and postgraduate level qualifications described by the APS Commission meet this need.

11.53 The Committee considers that the UK’s Centre for Management and Policy Studies (CMPS) provides an excellent model. In its view, the recent establishment of the Australia New Zealand School of Government (ANZSOG) is pertinent and timely, and has discussed this in more detail in Chapter 9.

11.54 The Committee considers that the APS Commission should encourage greater agency use of its assistance to identify high-performing staff (through the Career Development Assessment Centre) with a view to enhancing future leadership in individual agencies.

26 AFP, Submission no. 31, para.47

27 ABC, Submission no. 32, p.11

11.55 Several witnesses suggested that the APS Commission could play an important role in facilitating collaboration amongst agencies to ensure more efficient design and development of programs and processes of mutual interest, or which overlapped departments. The Committee agrees. This should include a focus on applying learning obtained from centralised programs back in the workplace.

Contract management

11.56 For contract management, APS employees need to be able to negotiate and liaise with potential contractors. They also need to understand risk management and have a sound knowledge of the accountability, transparency and information disclosure requirements regarding contracts. The ANAO emphasised that the ‘solid’ pace of change within the APS over the last few years placed even greater pressure on APS managers to ensure that staff were equipped with appropriate and adequate skills, especially in the spheres of contract management and accounting.

11.57 The inquiry elicited considerable criticism of the ability of relevant APS staff to design and manage outsourced contracts and therefore to deliver required products to government. IEAustralia suggested that a lack of contract management skills could lead to a focus on contractual *terms* rather than *outcomes*; risk allocation with a view to minimal agency risk rather than to the most able risk manager; choice of the lowest priced option rather than that offering the best value for money; increased risk for contractors in the absence of relevant information in tender documentation; and exploitation by contractors that take advantage of lack of knowledge amongst APS negotiation teams.²⁸

11.58 Citing a 2001 survey that revealed that about 25 per cent of APS officers involved in IT contract management lacked sufficient technical expertise to develop and assess tenders effectively, IEAustralia suggested that the APS would become ‘less of an informed regulator, purchaser or policy developer’ in areas requiring technical expertise unless these skills deficits were addressed.²⁹

11.59 In a similar vein, the Australian Institute of Purchasing and Materials Management Ltd considered that, because of the lack of procurement skills amongst APS staff, standards of procurement are declining and would continue to decline, unless mandatory rules are in place. It opposed the decision in 1998 to downgrade from ‘mandatory’ to ‘best practice’ the requirement for staff undertaking procurement functions to meet ‘appropriate Commonwealth procurement competency standards’.³⁰ It repeated the recommendation of the Joint Statutory Committee of Public Accounts

28 Institution of Engineers Australia, Submission no. 38, p.4

29 Mr B Crews, IOEA, *Committee Hansard*, 14 August 2002, pp.36-37

30 Mr D Messer, AIPMM, *Committee Hansard*, 15 August 2002, pp.118-119

and Audit that this decision be reversed and called for mandatory competency standards to be reinstated.³¹

11.60 The Association of Professional Engineers, Scientists and Managers Australia (APESMA) also expressed concerns about the capacity of relevant APS staff to manage contracts effectively, in particular, those relating to technical areas. Noting that the government is a large purchaser of materials and services, it is concerned that ‘a reasonable proportion’ of those managing technical contracts in the APS did not have engineering qualifications and stressed the importance of ‘informed buyers’, particularly in relation to engineering services and projects.³²

Human Resource Management

11.61 Crucial to improving the APS image with a view to attracting and retaining high quality staff is a commitment from senior management to better human resource management strategies that are more integrated with corporate goals and business planning.

11.62 In terms of the major shifts in culture and practices undergone by the APS over the last two decades, the inquiry was told that human resources management had received little attention. Learning and development has not received the priority afforded other business drivers, especially in APS agencies having senior managers from specialist backgrounds.³³

11.63 The Committee was also told that, under devolution, the role and demands made of human resources managers had changed and that there was an urgent need for better skills and training for these staff. In 1998, Davis had noted that a consequence of devolution would be the need for line managers to become skilled in areas once handled by professionals, including many human resource management functions. He referred to the likely contraction of the role of human resource professionals to that of providers of ‘internal consultancy services’ comprising advice on process and indirect rather than direct support.³⁴

11.64 PSETA noted that, because human resource management staff had often joined the field from the payroll or personnel strands of agencies, they often lacked the knowledge and skills relevant to training and recruitment. It was suggested that loss of recruitment skills in the APS has led to the involvement of inexperienced staff

31 AIPMM, Submission no. 14, p.7. See also Joint Committee, *Report 369 - Australian Government Procurement*, June 1998, p.49.

32 Mr J Vines, APESMA, *Committee Hansard*, 11 November 2002, p.225

33 Ms J Andrews, PSETA, *Committee Hansard*, 15 August 2002, p.143

34 ‘A Future for Public Service? Human resources management in a shrinking sector’, G Davis, *Canberra Bulletin of Public Administration*, No. 89, August 1998, p.24

in interviewing and recruitment and that this had been compounded by lack of advice from agency human resource management areas.³⁵

11.65 This means that, in practice, while financial management disciplines and other drivers considered essential to delivering an agency outputs are closely adhered to, there can be a lack of will to ensure an appropriate focus on learning and development.

11.66 Davis noted that even the former Finance Secretary Michael Keating, an advocate of the ‘corporate management’ approach to the APS, conceded that there was a ‘risk that some traditional personnel functions, such as staff training and development, might be lost amid the emphasis on financial management’.³⁶

11.67 The Committee heard that in some areas of the APS ‘training’ is considered ‘a soft skill’ that could be targeted in times of budget cuts. This lack of understanding of human resources management issues may lead in turn to a misunderstanding of the strategic importance of learning and development for agency productivity and retention of staff.³⁷ It is vital that human resource management skills are developed across all APS agencies. The APS Commission, with its focus on values-based management, is well-placed to be involved in ensuring this takes place.

Procurement training

11.68 Another area in which the APS Commission should play a useful role is coordination of procurement and acquisition training, including links to accredited programs and providers. The Australian Institute of Purchasing and Materials Management (AIPMM) suggested that establishment of a framework of training for these functions would address the present variation between agencies concerning this type of training.

...the acquisition of training services seems to be very much on a department to department or agency by agency basis. As such, there is no coordination role and you will get variances in quality in terms of the training. If the commission was to look at establishing an agreed framework for training systems for acquisition training so that there would be registered courses in the VET sector and competency standards working through RTOs and allowing departments to make a decision as to the relevance of that training that would address the variations we get. So it could establish a framework, basically relying on the VET system for the provision of

35 PSETA, Submission no. 43, pp.2-5

36 ‘A Future for Public Service? Human Resources Management in a Shrinking Sector’, *Canberra Bulletin of Public Administration*, No. 89, August 1998, p.24

37 Ms J Andrews, PSETA, *Committee Hansard*, 15 August 2002, p.143

training and qualifications arising from that but allowing the departments to make a decision on the detail of it.³⁸

11.69 AIPMM considered that procurement training is a critical issue for the APS because of the volume of purchasing occurring and contracts being let in the new public sector environment. It recommended the urgent establishment of a clear framework and mandatory rules for the functions of procurement and acquisition needed to be established urgently if competency standards were not to continue to decline.³⁹

11.70 It claimed that there is considerable variation between agencies concerning procurement training and that an agreed framework that included registered courses in the VET sector and competency standards achieved through RTO would address this variation. It suggested that the APS Commission could coordinate such a framework, stating:

...the acquisition of training services seems to be very much on a department to department or agency by agency basis. As such, there is no coordination role and you will get variances in quality in terms of the training. If the commission was to look at establishing an agreed framework for training systems for acquisition training...it could establish a framework, basically relying on the VET system for the provision of training and qualifications arising from that but allowing the departments to make a decision on the detail of it.⁴⁰

Freedom of Information and administrative decision making

11.71 A focus on greater accountability, performance and transparency has seen the workings of government come under increased scrutiny through a raft of administrative changes including through parliamentary committees, freedom of information legislation and broader and more accessible means of judicial review of administrative decisions. Scrutiny by specialist bodies such as the Auditor-General and the Ombudsman's Office as well as the media, has also substantially increased in recent times.⁴¹

11.72 The Ombudsman told the Committee that many investigations and systemic reviews conducted by his office had found that there is 'a lack of training and awareness of good administrative procedures by Government officials...across most agencies'.⁴²

³⁸ Mr T Williams, AIPMM, *Committee Hansard*, 15 August 2002, p.120

³⁹ Mr D Messer, AIPMM, *Committee Hansard*, 15 August 2002, pp.118-119

⁴⁰ Mr T Williams, AIPMM, *Committee Hansard*, 15 August 2002, p.120

⁴¹ 'Public Service: A Secretary's View', A Hawke, *Canberra Bulletin of Public Administration* No. 105 September 2002, p.21

⁴² Commonwealth Ombudsman, Submission no. 23, p.1

11.73 He noted that training in Freedom of Information (FOI) legislation is one of the areas needing attention. Interviews conducted for the June 1999 report *Own Motion Investigation into Freedom of Information (FOI) Act in Commonwealth Agencies* found that only half of the FOI practitioners surveyed had undergone some form of formal FOI training. A more recent review of DoHA's Complaints Resolution Scheme found that 'the lack of appropriate training was a major factor in the scheme's poor handling of complaints'.⁴³

11.74 The Committee notes that a revised version of *A Good Practice Guide for Effective Complaint Handling* is in preparation. Significantly, the report [Guide?], which aims to provide a framework of the essential elements of an effective complaint handling system, will also reflect 'the need for contemporary, regular and appropriate training for APS staff' in FOI.⁴⁴

11.75 The Administrative Review Council (ARC) also drew the Committee's attention to the need for training of APS officers in administrative procedures. Such training is important because, according to the ARC, 'at one time or another, most Australians will experience administrative decision making by an APS officer'. This is because primary decision making responsibilities have largely been delegated by Government to APS officers, with internal review of decisions also undertaken within the APS. Critically, the ARC notes that decisions are frequently made on the basis of complicated and changing legislation.⁴⁵

11.76 The ARC considered that the quality of decision making is heavily dependent upon the effectiveness of the training in administrative procedures provided to APS employees. In its report *Internal Review of Agency Decision-Making* the ARC found inadequacies in the training available for those involved in internal review processes and recommended development of training strategies on an agency basis.⁴⁶

11.77 Although the ARC has not yet undertaken a comprehensive analysis of the training available for primary decision makers, the report mentioned above noted the importance of training for these officers and also recommended development of training strategies for these officers. It suggested that training should focus on client contact skills, effective explanation of decisions to clients and training in legislative arrangements, especially in the case of complex legislation.⁴⁷

11.78 The ARC advised the Committee that it is presently inquiring into the use of rule-based or expert systems in a number of federal and state government departments. It noted that the use of such systems could give rise to training issues

43 *ibid*

44 *ibid*, p.2

45 ARC, Submission no. 17, p.1

46 *ibid*, p.2

47 *ibid*, p.3

because, while their use could result in ‘increased accuracy, consistency and efficiency in decision making’, officers would still be required to explain the operation of relevant legislation and policy changes to applicants, particularly where applicants are not entitled to benefits or are no longer entitled to benefits or to the same level of benefits. Further, it noted that the use of rule-based systems could diminish the skills of decision makers and result in loss of corporate knowledge of alternative, and more complex or rarely used, paths through the legislation.⁴⁸

11.79 Finally, the ARC noted that there is a need for widely available training that embraced senior managers as well as more junior staff. It noted that ‘a consistent need for training and support’ for members of the administrative tribunal and for tribunal presiding officers to provide leadership, training and support had been expressed in consultations concerning preparation of the Council’s 2001 publication, *A Guide to Standards of Conduct for Tribunal Members*.

11.80 The Committee is disturbed to find that, despite the support and advice on training and development provided by the APS Commission to agencies and the range of programs provided under its auspices, there are concerns that agencies lack skills and expertise in many areas and that their training agendas are fragmented and underdeveloped.

11.81 The Committee considers that the APS Commission should play a much more strategic role in coordinating and facilitating delivery of centralised training program. Key areas identified during the inquiry are administrative law, record keeping, financial management and freedom of information. The Committee considers that a range of delivery options could be used, including interactive internet training. This is not to discount, however, the benefits that derive from shared learning and the more immediate, personal and focused responses available from face to face training.

Recommendation 26

11.82 The Committee recommends that the APS Commission increase its efforts in coordinating and facilitating delivery of cross-service APS training programs in administrative law, record keeping, financial management and freedom of information requirements.

11.83 The Committee also considers there is a critical role for agencies and the APS Commission to promote public administration as a profession. This should include agency support for employee membership of, and involvement in, professional associations.

Recommendation 27

11.84 The Committee recommends that the APS Commission and APS agencies actively promote public administration as a major profession and develop measures to enhance a professional identity amongst APS employees.

Conclusion: A greater role for APS Commission

11.85 The APS Commissioner, Mr Andrew Podger, recently expressed the view that, having bedded down the new devolved framework since the introduction of the Public Service Act in 1999, the time has come for the APS Commission to move into a new phase. The Committee shares the APS Commissioner's view that the APSC should now start 'to take advantage of the new framework to see if we can help agencies to take full advantage of it'⁴⁹ and in particular that 'we need to have more structured learning and development arrangements'.⁵⁰

11.86 The Committee has concluded that, while devolution may have delivered some benefits, particularly in the area of recruitment, there are risks that need to be more effectively addressed. It also believes that training in some particular cross-APS skills could be delivered more effectively. The APS Commission should have a role in both these areas.

11.87 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, particularly by 'better targeting its facilitation efforts and enhanc[ing] its advisory and reporting roles, including reporting to Parliament, by the collection and analysis of APS-wide data on learning and development'.⁵¹ The ANAO noted that this would require the cooperation of all APS agencies and possible Ministerial direction to ensure full coverage and cooperation.⁵² The Committee hopes that this will be forthcoming, and that the recommendations made in this report will contribute to an APS that is better equipped to meet the recruitment, retention and development challenges facing it over the next decade.

11.88 However, the Committee also believes that the APS Commission needs to have increased authority to promote and coordinate 'whole of service' approaches. This is particularly necessary for striking the right balance between the responsibilities that both agencies and the APS Commission have for designing, implementing and reporting on not only training initiatives but also recruitment strategies. The Committee is concerned that under devolution the APS Commission's capacity to promote initiatives that address service-wide imperatives, such as core skills and

49 Senate Finance and Public Administration Committee, *Estimates Hansard*, 29 May 2003, p.487

50 Senate Finance and Public Administration Committee, *Estimates Hansard*, 29 May 2003, p.473

51 ANAO, *Management of Learning and Development in the Australian Public Service*, Audit Report No.64 2001-2002, p.14

52 *ibid*

workforce planning, has been diminished. The Committee is firmly of the view that this situation needs to be addressed.

Recommendation 28

11.89 The Committee recommends that the APS Commission be given enhanced powers and responsibilities to ensure greater coordination on ‘whole of service’ issues in recruitment and training.

Senator Michael Forshaw

Chairman

APPENDIX 1

List of Submissions

Sub No.	Author
1.	Mr Robin Henry
2.	University of New South Wales
3.	Defence Community Organisation
4.	Department of Foreign Affairs and Trade
5.	ITR Human Resources
6.	People and Strategy (ACT)
7.	Open Learning Australia
8.	Graduate Careers Council of Australia
9.	Recruitment and Consulting Services
10.	Mr Colin Platt
11.	Australian Customs Service
12.	Geoscience Australia
13.	Department of Veterans' Affairs
14.	Australian Institute of Purchasing and Materials Management
15.	Public Service and Merit Protection Commission
16.	Griffith University
17.	Administrative Review Council
18.	Department of The Prime Minister and Cabinet
19.	Department of Agriculture, Fisheries and Forestry
20.	Department of the Environment and Heritage
21.	Department of the Treasury
22.	Australian Taxation Office
23.	Commonwealth Ombudsman
24.	Australian Electoral Commission
25.	Australian National Audit Office
26.	Centrelink
27.	NATA Certification Services
28.	Department of Health and Ageing

Sub No.	Author
29	Dr Julie West & Mr P D Gourley
30	ATSIC
31	Australian Federal Police
32	Australian Broadcasting Corporation
33	CSIRO
34	Australian Maritime Safety Authority
35	Australian Prudential Regulation Authority
36	Department of Defence
37	Civil Aviation Safety Authority
38	Institution of Engineers
39	Dr P A Hilton
40	National Capital Authority
41	Personnel Operations Program
42	Community & Public Sector Union
43	Public Service Education and Training Australia
44	The Association of Professional Engineers
45	ATSIC (Supplementary Submission)
46	GCCA (Graduate Careers Council of Australia) (Supplementary Submission)
47	Mr P D Gourley and Dr Julie West (Supplementary Submission)
48	Centrelink (Supplementary Submission)
49	Australian Computer Society
50	Department of Public Works, Queensland
51	Australian Computer Society – Special Interest Group

APPENDIX 2

Public Hearings

CANBERRA : Wednesday 14 August 2002, Parliament House

Australian Public Service Commission

Mr Andrew Podger, Public Service Commissioner

Ms Lynne Tacy, Deputy Public Service Commissioner

Mr Peter Miller, A/g Group Manager, Policy and Employment Group

Mr Kevin Isaacs, Group Manager, Leadership, Learning and Development Group

Community and Public Sector Union

Ms Margaret Gillespie, Assistant National Secretary

Mr Graham Rodda, ACT Regional Secretary

Centrelink

Mr Carmel McGregor, National Manager, People Management

Mrs Margaret Hamilton, Dean, Centrelink Virtual College

Mr Paul Hickey, Chief Executive Officer, Business Capabilities

Australian Institute of Engineers

Mr Bill Crews, Deputy Chief Executive

Mr Michael Evans, Member, Canberra Division; and Chair, National Committee on Quality in Engineering

Mr Athol Yates, Senior Policy Analyst

Department of Defence

Mr Felix Blesser, Acting Deputy Head, Defence Personnel Executive

Mr Martin Gascoigne, Director, Education and Training Capability Development

Mr Jason Brown, Director General, Safety Compensation and People Development Branch

Mr Ken Jorgensen, Director, Training Systems Policy

Australian School of Government

Mr Peter Allen, Project Director (also Secretary of the Victorian Department of Tourism, Sport and the Commonwealth Games)

Australian Taxation Office

Mr Bruce Collins, Acting Assistant Commissioner, Professional Excellence, Office of the Chief Tax Counsel

Mr Meredith Hill, Director, Work Force Management

Mr Dennis Holloway, Acting Business Director, ATO Skilling

Mr Michael Monaghan, First Assistant Commissioner

Department of Foreign Affairs and Trade

Mr Ian Russell, Director, Training and Development Section, Staff Development and Post Issues Branch, Corporate Management Division

Ms Janette Ryan, Assistant Secretary, Staff Development and Post issues branch

Dr Helena Studdert, Director, Recruitment Performance and Forecasting Section, Staff Development and Post Issues Branch, Corporate Management Division

CANBERRA : Thursday 15 August 2002, Parliament House

Australian National Audit Office

Mr Warren Cochrane, Group Executive Director, Performance Audit Services Group

Mr Gregory John Watson, Senior Director, Performance Audit Services Group

Ms Alison Wyse, Senior Director, Performance Audit Services Group

Department of Agriculture, Fisheries, Forestry and Agriculture

Ms Cathy Cox, General Manager, People and Strategies

Mr Bill Pahl, Chief Operating Officer

Mr Rob Schwartz, Manager, AQIS Learning and Development

Aboriginal and Torres Strait Island Commission

Ms Sally McMartin, Executive Officer, National People and Development Unit

Mr William Towler, Executive Development Unit

Australian Institute of Purchasing and Materials Management Ltd

Mr David Messer, Vice President

Mr Troy Williams, Professional Development Manager

Mr Ross Clelland, AM, Fellow

Department of the Environment and Heritage

Mr David Anderson, First Assistant Secretary, Strategic Development Division

Mr Keith Raymond Fairbrother, Assistant Secretary, People Management Branch

Public Service Education and Training Australia

Ms Jan Andrews, Chair

Graduate Careers Council of Australia

Mr Roger Bartley, Executive Director

CANBERRA : Friday 27 September, Parliament House

Australian Computer Society

Mr Dennis Furini, Chief Executive

National Association of Testing Authorities Certification Services International Pty Ltd

Mr Philip Crosby, International Business Manager

Recruitment and Consulting Services Association Ltd

Mr Matthew McArthur, Vice President

Mr Charles Cameron, Consultant—Issues Management

Commonwealth Scientific and Industrial Research Organisation

Mr Patrick Blades, National Manager, Learning and Development

Mr Tony Niedermeier, Acting Director, People Development

Mr Giuseppe Gigliotti, Senior Adviser, Learning and Development, People Development

People and Strategy

Ms Kathy Hilyard, Director

Ms Kerry Juknaitis, Director

Private capacity

Mr Patrick Gourley

Workplace Research Associates

Dr Julie Ann West, Consultant

CANBERRA : Monday 11 November 2002, Parliament House

Association of Professional Engineers, Scientists and Managers, Australia

Mr John Vines, Chief Executive

Australian Public Service Commission

Mr Andrew Podger, Public Service Commissioner

Ms Susan Balnaves, Acting Group Manager, Leadership Learning and Development Group

APPENDIX 3

Expenditure Tables

Table A3.1 Expenditure on external training/external providers

Agency	Expenditure (\$)			
	1999-00	2000-01	2001-02	2002-03
AFFA	Not available	Not available		
Defence ^a			3,573,423	
APSC	Not available	Not available	Not available	
ATO ^b	14,892,302	20,106,104	8,478,169	
DFAT	Not available	Not available	Not available	
DEH ^c		365,000	520,000	574,000
ATSIC ^d	1,018,245	946,616	940,804	

a Answers to questions on notice, Q.13, p.9. Comprises portfolio wide outsourced training, 2001-02

b Answers to questions on notice, Q.12, p.5

c Answers to questions on notice, Q.15, p.9. Comprises centrally-funded learning and development programs, excluding the Graduate Program. Figure for 2002-03 includes an initial allocation of \$300,000 for financial training

d Answers to questions on notice, Q.13, p.11

Table A3.2 Expenditure on graduate development and training

Agency	Item	Total expenditure per graduate (\$)
AFFA ^a	Graduate development 2001	4,116
	Graduate recruitment 2002	5,390
	Graduate development 2002	4,304
	Graduate recruitment 2003	4,204
Defence ^b	Graduate development program	11,234
	Materiel Graduate Scheme	12,514
	Infrastructure Scheme	13,000 (est)
	DSD Scheme	4000-5200
APSC ^c		50,000
ATO ^d		74,800
DFAT ^e		4,470 (1999-00); 4,430 (2000-01); 7,346 (2001-02)
DEH ^f		44,200
ATSIC ^g	Program of March 2001-02	55,000

- a Answers to questions on notice, Q.14, p.8. Excludes salaries and based on the financial year. The Graduate Development Program is delivered on a calendar year
- b Answers to questions on notice, Q.14, p.9. Includes marketing, training, travel, removal and management overheads; excludes salaries of graduates and management team
- c Answers to questions on notice, November 2002, Q.28, p.40. Includes recruitment costs, relocation, salary during the training year and direct training costs.
- d Answers to questions on notice, Q.14, p.6. Includes salary, IUC, accommodation, graduate manager costs, training costs
- e Answers to questions on notice, Q.14, p.6. Excludes salaries and associated costs for graduates. Includes costs additional to the in-house provided general training program. From 2000, graduates undergo a 2-year training program. The 2001-02 program included a regional travel component.
- f Answers to questions on notice, Q.16, p.9. Includes recruitment, relocation, salaries and off-the-job training
- g Answers to questions on notice, Q.14, p.11. Includes all program costs including salary, training, relocation, travel etc

Table A3.3 Time spent on training

Agency	Average days spent training per person per year		
	1999-2000	2000-01	2001-02
AFFA ^a	3.78	2.58	4.74
DEH ^b			3.6
ATSIC ^c	3.13	5.25	2.51

- a Answers to questions on notice, Q.12, p.7
b Answers to questions on notice, Q.14, p.8
c Answers to questions on notice, Q.12, p.10