



Australian Taxation Office

Submission to the inquiry into

APS Recruitment and Training

by the

**Australian Senate
Finance and Public Administration
References Committee**

13 May 2002

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Terms of Reference

The following matter was referred to the Finance and Public Administration References Committee (of the Australian Senate) for inquiry and report on 21 March 2002.

Recruitment and training in the Australian Public Service (APS)

- That the following matter be referred to the Finance and Public Administration References Committee for inquiry and report by 12 December 2002:
Recruitment and training in the Australian Public Service (APS).
- That, in considering these terms of reference, the Committee 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 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.

Scope of this Submission

In this submission, the Australian Taxation Office (ATO) responds to items 2a (i) to (iv), 2b (i) to (ix), 2c and 2d of the Terms of Reference, concerned with Recruitment, Training and Development including career development opportunities.

Introduction

To assist the inquiry, the ATO seeks to present its relevant experience in the key aspects under consideration, including:

◆ **Devolved arrangements**

The ATO is an experienced, active participant in developing training and development processes in response to the historical devolution of training and development from previously centralised APS processes, as well as in the further devolution of training and development within its own structures. The ATO has been working to balance the needs of managers to have the means for business improvement at their disposal, while minimising the potential for duplication and in efficient service delivery.

◆ **Increasing opportunities to participate:**

The ATO is experienced at developing and providing APS training and career development opportunities for employees in regional areas. The ATO has experimented with a number of options for making learning and development options accessible to all employees regardless of the location, including the use of a mobile computing platform to enable on-line access to materials by officers working in the field.

◆ **Cost-effective future directions:**

The ATO has derived certain conclusions about future cost-effective directions for APS training and development arising from the ATO's continuous development, application and review of training and development methodologies. In particular, the ATO's experience has shown that:

- Managers are critical to the success of the learning activities of their employees;
- Learning must be relevant to the learner context and the learner must be intimately involved in managing the learning experience;
- A blend of learning delivery methodologies provides much greater success than reliance on one form of delivery only.

Comments on these key aspects are presented in the next section, which provides detailed responses to the items 2a (i) to (iv), 2b (i) to (ix), 2c and 2d of the Terms of Reference.



Detailed responses

The sections here are numbered as for the sections in the Terms of reference.

2. (a) (i) the trends in recruitment to the APS over recent years

Over recent years the ATO has had a number of key programs, such as Tax Reform, to introduce and this has necessitated major recruitment programs to obtain the staff required to implement these programs. The funding for specific programs usually reduces after implementation and staff numbers are allowed to reduce, usually by natural attrition. This results in a distinct recruitment cycle in the ATO as staff are employed to introduce key programs and then numbers are reduced after implementation.

The seasonal nature of some the functions carried out by the ATO means that there is an active program of recruiting non-ongoing staff. The peak for employing non-ongoing staff is from June to October each year, although non-ongoing recruitment does occur throughout the year.

2. (a) (ii) the trends, in particular, in relation to the recruitment to the APS of young people, both graduates and non graduates

The ATO undertakes the recruitment of graduates via the ATO Graduate Taxation Officers program. Other recruitment for ongoing staff is undertaken through the Commonwealth Public Service Gazette and on occasions through advertisements in the press. The trend over the last few years appears to be that there is a higher proportion of older entrants to the ATO. Some of this is due to the downsizing of certain industries, such as the banks, which puts older people with relevant financial and accounting experience onto the market.

Non-ongoing recruitment is usually carried out through panel providers contracted via an open tender process to provide non-ongoing or temporary staff to the ATO. It also appears that the trend is for the age of non-ongoing staff is increasing for the same reasons as for ongoing staff. Further work is being done to confirm this apparent trend.

2. (a) (iii) the employment opportunities for young people in the APS

Young people have a variety of opportunities for employment in the ATO. As indicated in 2. (a) (ii), the ATO has a Graduate Taxation Officer Program and ongoing recruitment which is advertised in the Commonwealth Public Service Gazette and occasionally in the press. There are also opportunities for young people for non-ongoing employment with ATO.

2. (a) (iv) the efficiency and effectiveness of the devolved arrangements for recruitment in the APS

The ATO has a centralised in-house recruitment function. The close link and shared corporate knowledge between the staff in the business lines within the ATO and the recruitment staff has meant that there is a highly efficient and timely service provided for ATO recruitment. The ATO believes that this arrangement has a number of advantages over a centralised APS recruitment environment.

2. (b) (i) The trends in expenditure on training and development in the APS over recent years.

ATO expenditure on training and development has fluctuated over time, and in line with specific learning and development support required for key business outcomes. For example, policy implementation, such as Tax Reform, demands an increased training budget on a sometimes-massive scale.

The training and development budget does not always reflect learning and development activity. Best practice indicates that the involvement of managers in the learning process will frequently mean more effective transfer of learning to the workplace. This means that there needs to be an organisational commitment to, and investment in, learning support in a range of ways in addition to the budgeted processes.

The ATO has introduced a strategic planning process, under which expenditure is allocated based on performance outcomes. That is, resourcing of training and development is based on its direct link to supporting delivery of strategic outcomes. Secondly, to ensure that efficiency is achieved, the ATO's training and development professionals play a more active role in facilitating collaboration between ATO areas with similar interests.

This strategic approach has already reduced the tendency for duplication. The ATO is now refining the definitions within its strategic plans to bring about further improvements in relating training and development effort to business outcomes.

2. (b) (ii) the methods used to identify training needs in the APS

The ATO does not generally conduct Training Needs Analyses as such. The ATO continues to find its Performance Management System to be the most effective way to identify real training and development needs and priorities. A collaborative process between staff and their manager, using multi-source feedback remains the best way to identify individual training needs.

The more conventional Training Needs Analysis approaches have been found to result in "wish lists" of training possibilities, creating an enormous and undeliverable training task and raising unsupportable expectations among participants.

However, the ATO did apply a needs-analysis approach as part of Taxation Reform, in order to assure that where gaps were identified, the training need was going to be met. As an interesting by-product of this analysis, it was found that the training estimates made by change managers and system designers were often over-estimates. A thorough analysis comparing current tasks with future task, using the input of people who knew the job well provided more accurate (and achievable) estimates of real training task loads.

A long term program which will identify sets of capabilities for all job roles in the ATO will incorporate processes for identifying gaps in capability which will be addressed by the learning system, alongside the performance management process for identifying potential for development.

Although the Agency Agreement allows for a payment to reward participants in training and development, this also has been found to be ineffective as a needs-identifier - there has been virtually no take-up of the offer within the ATO.

2. (b) (iii) the methods used to evaluate training and development provided in the APS

This remains an area with which the ATO, in company with many public and private sector organisations, continues to struggle. The ATO has continuously tried to apply a framework based on the four levels originally defined by Donald Kirkpatrick (1959, 1994):

Level Evaluation Reactions

Level 2 Evaluation Learning

Level 3 Evaluation Transfer

Level 4 Evaluation Results

Level 1 and 2 evaluations are routinely applied. However, at Levels 3 and 4, it remains a challenge to define appropriate performance indicators, collect the data on these indicators and convince management that it is a worthy investment of effort and funds.

Some progress is being made at level 4. For example, available data is being accumulated on the impact of the ATO's strategic planning approach, including an annual public survey of client perceptions of professionalism in the ATO. As another example, business managers collaborate with ATO training and development staff to define in advance the business problem or opportunity that training is designed to address, and to assess results in the same terms after training.

Protocols for assessment of program effectiveness, achievement of learning outcomes and application of learning in performance on the job are critical and testing can be used to provide assurance of learning and development activities.

2. (b) (iv) the extent of accredited/articulated training offered in the APS

The ATO has observed that an accredited award raises the productivity of staff. This is most likely the result of increased self-esteem and confidence, as well as wider recognition of individual achievement within the ATO.

However, the ATO has a long experience of competency-based training that did not meet its needs for flexibility to meet policy changes. For instance, Tax Reform created a need for urgent and wide-spread inductions and skill upgrades to meet business needs, which were not available under the suite of accredited programs existing at that time.

Consequently, the ATO now selectively offers accredited programs in specific areas of professional skills. These include:

- ◆ Certificate IV in Government, for graduate staff



- ◆ Certificate IV in Assessment and Workplace Training, for training and development staff
- ◆ Certificate IV in Government (Fraud Control Investigation) for fraud investigation staff

In 2001, the ATO commenced a large-scale program in manager development. This need emerged under the Tax Reform initiative, which brought an inflow of large numbers of external managers and a consequent need to induct them to the APS and/or the ATO, and to fill a range of skill gaps. This program was developed from a range of existing resources, tailored to meet the priority needs of various management groups. As short-term needs are met, further refinement is possible. An option under consideration is using the Certificates in Frontline Management as the basis for ongoing training for all ATO managers.

2. (b) (v) the processes used in the APS to evaluate training providers and training courses

The ATO uses the competency standards for Assessment and Workplace Training as a general guide for the skills of internal training providers along with the Australian Quality Training Framework. An internal quality assurance framework is being developed to ensure consistency of internally delivered training.

The ATO uses panel contracts extensively to engage external providers. The main contracts in use are:

HR Measurement

2. Human Resource Development and Training
3. Tax Technical Skilling
4. Executive Coaching

Key criteria in the evaluation of 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.

2. (b) (vi) the adequacy of training and career development opportunities available to APS employees in regional areas

The ATO has five medium to large offices (200-600 staff) located in regional cities and staff in these locations have access to all the development opportunities available to staff in city sites. The size of the offices also provides for a variety of career options for staff in these sites.

The ATO has recently (June 2000) opened a number of smaller regional offices (10-30 staff) in large country towns and regional centres. Staff in these offices are almost entirely involved in field compliance activities. The ATO is experimenting with a number of ways to deliver training and development to these people. As well as the options of sending a trainer out to their location or bringing them to a major site for training and development, these staff have access to self-paced and on-line learning products through the ATO's computer network and also available on



field officer's mobile computing platforms. The ATO has also used video conferencing technology and video broadcast technology to reach this audience.

The ATO has abandoned any form of the traditional "shopping list" of available training programs, either from internal or external sources. However, as indicated in 2. (b) (iv), the ATO has a range of career-related staff development opportunities; this extends to opportunities for staff to pursue career needs not required by their current position. The ATO facilitates the meeting of continuing professional education requirements, as with, for example, staff who seek to maintain CPA registration. In addition, the ATO supports approved study leave for a wide range of staff who meet their own HECS obligations.

Apart from comments made under 2. (b) (iv), the ATO is developing an innovative approach to ensuring that both the organisation and its staff benefit from adequate career development opportunities. Its Professional Stream Development project is identifying streams of capabilities to support career development, individuals taking responsibility for their own learning, and organisational assurance for future capability.

2. (b) (vii) the efficiency and effectiveness of the devolved arrangements for training in the APS

Anecdotal evidence supports the observations of ATO training and development professionals that training that is work-related is more likely to be applied, at work, after training. In a previous era of public, centralised programs in which participants elected to participate or to which they were sent by sponsoring departments, the application of learning on return to work was problematic. The ATO recognises that training and development which is designed and delivered at, or close to, the workplace, and into which has been factored the transfer back to work, can be expected to be applied and therefore to be more cost-effective.

The ATO has developed internal devolution, in which its training and development professionals are well placed to facilitate collaboration between ATO areas.

Similarly, the ATO believes that, at the level of the APS, devolution to departments and agencies remains the most supportable strategy. However, this is dependent upon these departments and agencies collaborating to ensure efficiency in the design and development of programs and processes of mutual interest, or which overlap departments. The ATO believes that the Public Service Merit Protection Commission (PSMPC) has a strong role to play in facilitating such collaboration.

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

The ATO is very concerned about achieving value for money and return on investment from training and development expenditure. The ATO has used a systemic approach to ensuring that this 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, a manager will only approve learning plans where

they agree that the skills and knowledge to be acquired are important to meeting current and future workloads.

In the delivery of training and development services, further controls are being implemented. In particular:

The development of best practice policies and guidelines to ensure training and development is provided within industry benchmark standards;

development of an HRMIS for tracking capabilities to support analysis of Return on Training Investment in the future.

Recently, the ATO participated in a meeting with 12 Asian and Pacific countries to share knowledge on tax administration training. The meeting addressed issues of how member countries can work together as tax organisations to effectively develop and skill our people through activities such as joint training forums, cross country attendance at specialist training courses and provision of experts for specific training purposes. Participating in opportunities such as these will increase the value for money from our training dollars.

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

The ATO has always been at the forefront in applying training and development methodologies. For example, Competency-Based Training, Self-Directed Learning, Work-based Learning and more recently, e-Learning, have all been introduced, tested and evaluated since the early 1990's. We are developing a comprehensive understanding of what is practical and effective in delivering learning outcomes to support the business.

The ATO is now implementing improvements to its learning and development system based on ensuring people have the capabilities they need to do their work now and in the future, drawing on a framework of capabilities for all jobs. Features of these improvements include:

Induction and lifecycle learning linked to the capabilities required;

Performance management processes strengthened to play a key role identifying and managing the learning and development requirements;

Improving the corporate role in supporting the organisation with policy and best practice guidelines for local application of learning and development strategies.

As a result of continuously testing methodologies in the workplace, the ATO now has an approach that has begun to deliver expected outcomes, not only for the individual participants in training and development, but also for the organisation and its strategic directions. In particular, blended learning solutions tailored to the individual circumstance of the learner's are having a significant impact.