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# Official Committee Hansard

## SENATE

FINANCE AND PUBLIC ADMINISTRATION REFERENCES  
COMMITTEE

**Reference: Recruitment and training in the Australian Public Service**

MONDAY, 11 NOVEMBER 2002

CANBERRA

BY AUTHORITY OF THE SENATE

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**SENATE**  
**FINANCE AND PUBLIC ADMINISTRATION REFERENCES COMMITTEE**  
**Monday, 11 November 2002**

**Members:** Senator Forshaw (*Chair*), Senator Watson (*Deputy Chair*), Senators Heffernan, Marshall, Ridgeway and Wong

**Substitute members:** Senator Allison for Senator Ridgeway

**Participating members:** Senators Abetz, Allison, Brown, Brownhill, Calvert, Chapman, Conroy, Coonan, Crane, Eggleston, Faulkner, Ferguson, Ferris, Gibson, Harradine, Knowles, Mason, McGauran, Murray, Parer, Payne, Tchen and Tierney

**Senators in attendance:** Senators Forshaw, Heffernan, Lundy, Watson and Wong

**Terms of reference for the inquiry:**

To inquire into, and report on Australian Public Service employment matters, including:

1. the evolving changes in the nature of the Senior Executive Service, including chief executive officers, as a result of the devolution of responsibility for staffing matters to individual agencies, such changes including, but not limited to, selection, tenure and independence, remuneration, including relativities, mobility and career development;
2. the impact of agency-based bargaining in contributing to the development of a more efficient, productive and independent Australian Public Service, accountable to the Australian Parliament; and
3. the extent to which performance pay is being incorporated into agreements negotiated by individual agencies, the disparity between agency agreements in performance pay and the impact of such agreements on agency performance, accountability and transparency.

**WITNESSES**

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**Committee met at 10.21 a.m.**

**CHAIR**—I declare open this meeting of the Senate Finance and Public Administration References Committee's inquiry into recruitment and training in the Australian Public Service. The committee is due to sit this morning until 12 noon, by permission of the Senate because the Senate is also sitting. I indicate that at 11 a.m. we will pause for a moment's silence as today, 11 November, is Remembrance Day.

The committee adopted this reference on 21 March 2002. The inquiry was advertised in various national newspapers and in the *Canberra Times* in April, in which the committee called for submissions to be lodged. So far we have had three public hearings in Canberra: on 14 and 15 August and 27 September. We have heard evidence from a range of Australian Public Service agencies, departments and other organisations. Today we have representatives from the Association of Professional Engineers, Scientists and Managers, Australia. Subsequently, we will be hearing from representatives of the Australian Public Service Commission, including the commissioner, Mr Podger. The committee is looking at issues such as the effectiveness of devolved arrangements for recruitment and training, the recruitment of young people and Indigenous Australians, the identification of training needs in the Public Service and the evaluation of training by APS agencies.

Our proceedings, Mr Vines, are protected by parliamentary privilege, which means that evidence you give is protected from any action arising from what you may say. The Senate has power to enforce that if necessary. I also remind witnesses that the giving of false or misleading evidence to the committee may constitute a contempt of the Senate. The committee prefers to conduct its hearings in public but, if at any stage you believe there are matters that you wish to discuss with the committee in private, the committee will consider any such request.

[10.23 a.m.]

**VINES, Mr John Damien, Chief Executive Officer, Association of Professional Engineers, Scientists and Managers, Australia**

**CHAIR**—Welcome, Mr Vines. You have provided us with a written submission, which has been made public and provided to all members of the committee. Before we go to an opening statement, are there any corrections or additions you wish to make to that written submission?

**Mr Vines**—Perhaps just a point of clarification on 2.5.

**CHAIR**—I will invite you to make an opening statement and, during that, you can draw our attention to the clarification.

**Mr Vines**—The central theme of this submission is that the APS is no longer the employer of choice, at least for engineers, that it might have been 20 or so years ago. This is due to a number of factors, in particular the downsizing of the engineer component of the APS work force and the contracting out and privatisation of various APS activities. This is coupled with a view that emerged about 15 years ago, which we have described as ‘de-engineering’, that engineers, whilst they were recognised as having good technical skills, were not seen as having the broader management or business skills that the APS was looking for at that stage—and, presumably, still is. I am pleased to say, however, we think that the culture of the engineering profession has changed so that these days it does have that blend of technical and business skills.

From our perspective, although the figures seem to indicate that there is a reasonable amount of training occurring in the APS, when we delve deeper into that issue we find that, whilst as part of the performance appraisal and management processes in the various agencies individuals have their own training and development plans, the view that we are receiving back from our members is that those plans in many cases are not able to be implemented because of insufficient funding. Whilst in theory there appears to be some training and development activity occurring, when you look at performance appraisal and so on it is not to the extent envisaged in many of those performance plans.

I might just make a couple of comments about the age profile of engineers in the APS. I am reasonably sure that these would also apply to scientists. As we have said in our submission, 40 per cent of the engineers in the APS are over age 50; in fact, 50 per cent are over age 45. So there is a skewing of the age profile of engineers in the APS. 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.

The final point I would make by way of opening is that one of the issues we have noticed in other areas of the public sector around Australia is this age gap, which I have mentioned, and the approaches that are being taken by organisations to try to address that age gap. One of the emerging issues is that of the need for mentoring of young professionals so that they can adequately fill the shoes of those people who will be retiring in the next five to 10 years. I do not think this is being addressed in any significant way in the APS, but it may be of interest to

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your committee as one way of making sure that the young professionals in the APS are brought up to speed so as to enable them to carry out more responsible tasks in a fairly short time frame.

**CHAIR**—You were going to draw our attention to 2.5.

**Mr Vines**—Yes, I was going to draw your attention to that because I think we gave the impression that engineers would start at \$32,000 in the Defence department; in fact, that is the starting salary, as I understand it, generally for university graduates. An engineer would start at around \$40,000. I did not want to create any wrong impression with those numbers.

**CHAIR**—Thank you, Mr Vines. Let me start off the questions. Firstly, are you able to describe in a little more detail the areas in the Public Service in which engineers are employed and—forgive my ignorance, having not studied engineering but in the arts field—which discipline within engineering? The traditional ones I have heard of are electrical and mechanical. Can you give us some idea of the nature of the work that engineers perform within the Public Service?

**Mr Vines**—The major area of employment of engineers would be in the Defence department—in the Defence materiel section and the Defence, Science and Technology Organisation. In the main, those engineers would be electronics engineers, electrical engineers and mechanical engineers. There would be very few civil engineers, although there would be some for some of the civil activities that the Defence department would be involved in, such as the construction of new airfields and that sort of activity.

The other areas of employment of engineers would be in the Department of Transport and Regional Services—there would be some engineers in the maritime safety area there. There are engineers in the Civil Aviation Safety Authority and Airservices Australia. Again, they would be mainly electrical or mechanical, with a smaller number of civil engineers. You would also find them in organisations like the Geological Survey Organisation and probably the department of environment. There would be one or two other departments but the main employment of engineers really would be in the defence department these days, whereas perhaps 20 years ago there was a very significant employment of engineers in departments such as the administrative services department, which looked after government properties and so on. You do not find engineers to any significant extent there now because they have contracted out a lot of the activity that was previously undertaken in house.

**CHAIR**—In those cases would engineers be performing similar work but for contractors rather than directly or has there been some reduction in the amount of work through technology?

**Mr Vines**—Yes, the engineers would be working for private consulting engineering companies and construction companies. Those engineers remaining—particularly in those civil engineering areas in the APS—would be managing contracts, although I think a reasonable proportion of people without engineering qualifications are also managing those contracts. This raises the issue of the informed buyer. If, on the one hand, you have external provision of services monitored internally but, on the other hand, the monitoring internally does not have an understanding of the processes and the technologies used then there must be some doubt about the capacity to effectively manage those contracts.

**CHAIR**—That is something that was raised by another organisation: that the Australian Public Service—or, to put it broadly, the government—is a huge purchaser of materials and services. They raised concerns about that very aspect.

**Mr Vines**—That is the issue of the informed buyer, particularly when it comes to engineering services and projects.

**CHAIR**—We have had a number of witnesses who have raised concerns that, with the devolved nature of the Public Service now—where departments and agencies are largely responsible for their own training and recruitment, compared to 20 years ago when recruiting, training and so on was more centralised—there has been a loss of ability to make comparisons across the various departments and agencies. There are issues like uniformity of standards, training and so on. Given that your organisation represents engineers employed in a number of different departments, which you have just mentioned, but—and correct me if I am wrong—where there would be similarities as to engineering skills, at least as a basis, what is your view about how training is carried on? Is the devolved nature of the service a problem that you see affecting engineers from one department compared to another?

**Mr Vines**—Yes, I think it is an issue. Twenty years ago engineers would see themselves as having a career in the Australian Public Service, and that meant that there were opportunities for them to move across departments. These days I think that they 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.

Concerning training and development, certainly the information I have, as I indicated at the start, is that while every engineer in the APS is supposed to have a training and development plan as part of their performance management plan, in many instances that development plan is not able to be implemented because of lack of funding, particularly as it gets close to the end of the financial year and an engineer wants to undertake professional development. He or she is often faced with the situation where funds are not available for them to undertake that professional development. Professional development is identified as part of the performance appraisal process and when an engineer is working through their performance with their supervisor, the opportunity exists to identify what type of training could be undertaken to improve the performance of the individual or to develop the individual's professional skills. While this is written down on paper, in some instances there is not the opportunity for implementation of those programs.

The other thing is that I would not necessarily want to be advocating going back to the so-called good old days but there were some features of the old system that would be of benefit today. One is a degree of coordination of training across the APS, rather than simply leaving it to all departments, particularly to have a look at some of the key professional groups, to try to assess what could be done to improve the opportunities and effectiveness of those groups. That could be done across the Public Service, whereas I do not think that type of activity is undertaken these days.



**Senator WATSON**—I can understand, with the reduced number of engineers in each department, that there is not the in-house training for engineers that there may have been previously. On the other hand, did I hear you say there were not the resources provided by the departments to allow engineers within departments to go to outside training courses? Is that right?

**Mr Vines**—Yes.

**Senator WATSON**—That would be a worry. I can understand the first one because, if you have only two or three engineers, it is not viable to run an in-house training program, but I would be very worried if there were a bias within the APS against allowing professionals to undertake proper professional training to enable them to keep abreast of or to enhance their skills. Would you confirm that?

**Mr Vines**—Yes. That is certainly advice I have received—while they all have a plan, the implementation is not always achieved.

**Senator WATSON**—Also, your submission confirms certain weaknesses that some of us in the parliament have worried about for some time—thank you for drawing it to our attention. We will take up a number of your recommendations. I declare an interest in that I have two sons who are engineers, one of whom was in the Department of Defence. I am interested in APS engineers not retaining enough technical expertise to devise and manage outsourcing requirements adequately or effectively. Would you like to address this issue? If you do not have the in-house skills base, how are you going to monitor outsourced technical engineering specifications and allied engineering issues within the APS?

**Mr Vines**—That is the extension of the informed buyer issue.

**Senator WATSON**—Yes, that is right.

**Mr Vines**—If you do not have the skills to be able to purchase the projects or the services with a high degree of confidence about the technical delivery capability, then it is unlikely that you would have the skills to manage the outsourced contracts where they involve a high level of technical complexity. With the reduction in engineer numbers in the Australian Public Service and across the departments, the capacity of the APS to effectively manage those outsourced contracts comes into question.

**Senator WATSON**—Fifteen years ago there was an operation referred to basically as interdepartmental committees which were drawn from senior experts within a range of government departments to look at issues. Do we have in operation such interdepartmental committees that can cover engineering related issues? If there was a dearth of experience in one department and you had a body of people drawn from a number of allied departments, that may have mitigated that. To your knowledge, do they make use of interdepartmental committees of experts, particularly in the engineering related fields?

**Mr Vines**—I am sure that they do but I am not aware of any interdepartmental committee that has looked at engineering capability in the APS. In fact I think it would be a very good thing to undertake such a review of the engineering capability across the APS, particularly in

terms of its capacity to effectively purchase and then manage the outsourced engineering activities.

**Senator WATSON**—That is one point I accept, which is good. But the other point is this: are you aware of the operation of interdepartmental committees of experts who can bring to a focus issues pertaining to one department by a number of senior officers from other departments? Your institute would be aware if that was in operation.

**Mr Vines**—I am not aware of any that are in existence.

**Senator WATSON**—Could you find out for us?

**Mr Vines**—Yes, I could.

**Senator WATSON**—And when the last one was in operation, because I think that also is important. Your submission indicated to us that they are buying in the services rather than training young engineers and bringing them up through the system, even on this silo approach basis. Is that right?

**Mr Vines**—I think that is right. Generally speaking, the remuneration for engineers in the APS at the middle level is probably too low to effectively be able to recruit from outside and therefore they have to try to retain what they get in at the start of the process.

**Senator WATSON**—What scope is there, say, even with a department like transport that probably would have more engineers than some others, to offer scholarships or bring in young, bright graduates straight from universities?

**Mr Vines**—I think there is an issue there in that 15 years ago the APS was an employer of choice for engineers because there were significant career opportunities. Around that time and prior to that there were what were called ‘cadetships’ which were offered to engineers at university which meant that they would be paid a stipend while they were at university and they would work for the APS during the Christmas holidays. That was a great way of developing talent in terms of the engineering capability. I think it would be an excellent idea to have a look at the possibility of reintroducing a similar scheme to enable the APS to recruit high-calibre and high-quality engineering graduates.

**Senator WATSON**—What about specialised departments like CSIRO? Do they have these sorts of programs?

**Mr Vines**—Not at the undergraduate level but at the postgraduate level CSIRO offers a number of doctoral scholarships and postdoctoral appointments.

**Senator WATSON**—So even CSIRO is not—

**Mr Vines**—They probably would choose people at the masters level and then perhaps fund them to go on to do a doctorate—rather than selecting them at the undergraduate level, which is where you would select most of your engineers from—because CSIRO is involved in advanced research activity.

**Senator LUNDY**—In your submission you make reference to the relative ages of professional engineers in the Public Service. Some 40 per cent are over the age of 50. Your submission goes on to recommend a mentoring program. What are your observations about the current recruiting program for engineers and these statistics? Clearly we are heading for a big problem.

**Mr Vines**—That is our assessment too. The submission talks of 40 per cent of engineers being over 50. The figure for those aged over 45 is 50 per cent. I do not have precise details but, judging by what I see in other public sector organisations, I think there is probably a gap in the profile between the ages of about 45 and 30 and then there are some younger engineers in the system. It is that gap that is a big issue, as is the attractiveness of the APS as an employer for graduates in the first instance.

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 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. My organisation is convening a summit on mentoring in Melbourne next week, for major employers of engineers, to try to identify ways in which the development of young engineers can be enhanced, particularly in the public sector organisations that have a similar profile difficulty to that which applies in the APS.

**Senator LUNDY**—Can I ask you to follow that up for the committee. If there are any recommendations or points coming out of that summit, could you forward those back to the committee? I think that would be helpful and would give us an important insight.

**Mr Vines**—Yes, I would be pleased to do that.

**Senator LUNDY**—Within those strategies to support young engineers and to promote the profession, are you able to give us an insight into the status of women, the numbers of women and perhaps some observations about the trend of women's involvement in engineering?

**Mr Vines**—Yes. I think roughly 15 per cent of engineering graduates are women. We find that they move into engineering and stay in there basically until they start to have a family. At that stage they are away from the work force for some time and many of them have great difficulty getting back in. That is a real issue in terms of women and the engineering profession. It is a profession in which the skills requirement changes fairly quickly and, therefore, if somebody is out of the profession for two or three or four years they really have lost pace with the others in the profession. That makes it difficult for women engineers to get back into the profession. While some consulting practices provide opportunities for part-time work, that is not as widespread as you would want if the profession is going to encourage more women to become engineers.

**Senator LUNDY**—Do you have any thoughts, or does APESMA have any recommendations, on improving the numbers of women in engineering, particularly in relation to those issues about family priorities and periods of extended leave related to child rearing? That would also be useful to the committee in our considerations.

**Mr Vines**—We have an annual conference of women members which produces a number of recommendations along those lines, including the need for more family friendly policies and also the need for opportunities for retraining or refresher programs. I would be happy to send the committee the recommendations that came out of the most recent conference.

**Senator LUNDY**—That would be terrific, thank you. Going back to the issues Senator Watson was asking about and how the Public Service becomes an informed or a smart buyer: with outsourcing increasing, clearly there has not been a commensurate increase in upskilling for contract managers and technical expertise. Can you give the committee an insight into how urgent this situation is? You have clearly expressed a view that it is an unsatisfactory situation, but how urgent is it that this be rectified?

**Mr Vines**—It is a major issue for the APS being able to effectively purchase and manage its engineering related activities. The APS is not seen by young engineers as the employer of choice these days—it is not where the action is, whereas 15 or 20 years ago it was in that category. I think there is a real need for the APS, if it wishes to encourage young engineers to join it, to reposition itself in the market by doing such things as offering cadetships and providing opportunities for the development of young engineers within departments. It used to be said 15 or 20 years ago that the APS was one of the best developers of young engineers. They would come into departments and be rotated and get terrific experience. Many of them would stay and some would go on to other roles. The calibre of those young engineers, many of whom are now in their 40s and 50s in the APS, was considered to be very high. The APS does not seem able to recruit that calibre to the same extent and is no longer seen as the employer of choice. It is going to become even more obvious and critical as the experienced engineers leave the organisation. There will be great difficulty replacing those skills and that corporate knowledge.

One thing that needs to be done is an APS-wide review of the engineering capability within the APS. 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.

There are a number of things that could be done, including a review to try to get a better handle on the seriousness of the situation. One would be, as we have recommended in the submission, a more concerted approach to the training and development of engineers. In many of the enterprise agreements that we have in the APS there is reference to professional development but it is all non-enforceable and optional—it seems it was a good sounding word to put into the agreement. If the government is serious, professional development clauses need to have more weight attached to them and a requirement that they be carried out.

In fact, we have suggested in the submission that one way of doing this would be to institute a requirement of 10 days a year professional development leave. We have said that perhaps individuals could be allocated a minimum amount each year to spend on their professional development. The two per cent figure that we put in there was a very minimal amount. It

probably should be closer to five per cent to achieve the sorts of objectives that are required, given the seriousness of the situation.

**Senator LUNDY**—How do you envisage that sort of professional development commitment fitting in with the mentoring program that you talk about? Are they complementary strategies?

**Mr Vines**—Yes, I think they are interlinked. They would both be part of the performance appraisal activity, in that they would identify the professional development needs, both in terms of training and personal development. Mentoring is very much about personal professional development rather than the acquisition of new skills—although of course mentoring could involve the mentor suggesting to the mentee that it would be good for them to get experience in a particular area and then the mentor working with the mentee to try and facilitate that. There is a bit of crossover between mentoring and training, but it is all very much about professional development.

**Senator LUNDY**—I know your organisation has made a significant commitment to furthering the professional qualifications of your members. To what degree has APESMA attempted to fill that professional development gap, given the Public Service is no longer providing those kinds of opportunities? Can you talk from the experience of APESMA over the years in doing that kind of work and the demand on your organisation to actually do that kind of work.

**Mr Vines**—In our submission we referred to some of the programs that we offer. One of them is an MBA in technology management, which was developed because we were concerned that whilst engineers were seen as having technical skills they were perceived as lacking business skills. We looked at what we could do to try and encourage the acquisition of business and management skills amongst engineers. We started that program in 1989. At that stage, I think four per cent of the engineer population were engaged in formal postgraduate studies in management. The figure now is 14 per cent. So in that period of 14 years there has been over a threefold increase in the participation rates. That has meant that the culture of the engineering profession has changed from one which was very technically focused to one that now has both a strong technical capability but also an appreciation of business and management needs. In fact, I was just looking at the statistics for the various APS departments: in the last two years, we have had over 200 students from the APS—and they would be primarily engineers, but a few scientists and IT professionals—undertaking the MBA program. That represents a major source of professional development in business management in the APS.

**CHAIR**—At paragraph 2.8 in your submission, you state:

APESMA is in a unique position to assist the APS with graduate technical recruitment.

Do you feel that you actually have some input already? How does your organisation interact with either the APS generally or the departments in getting your views and expertise considered?

**Mr Vines**—The interaction is primarily over the negotiating table in relation to enterprise bargaining agreements. It is true to say that it is also related to some of the professional development issues—we encourage departments to provide opportunities for their engineers to undertake some of the management development programs that we offer. We run a recruitment

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agency for engineers, and it has a database of about 7,000 engineers who have indicated an interest in moving to another position. Plus, we have about 15,000 engineering and science students. Basically, what we are saying there is that we have a capacity—which may be of interest to the APS—to get to large numbers of professionals.

**CHAIR**—It is 11 o'clock, and I would ask all people to stand for a moment's silence in remembrance of those who have fallen.

*Committee members and witnesses having stood for a minute's silence—*

**Mr Vines**—I would like to add a couple more sentences to that. Part of the point that we are making here is that many engineers that we recruit into organisations are people that are not scanning the pages of the *Age* or the *Sydney Morning Herald* on a Saturday. We therefore use our database and our membership as a means of networking to identify people who otherwise are not in the job market but who, if approached, may well be interested in moving to an alternative position. I think that was the point we were making there.

**CHAIR**—At 2.3 you say that career opportunities for engineers in the public sector have declined because of outsourcing, privatisation and downsizing and that traditionally the Public Service has acted as a nursery. You state at the last sentence:

Our observation is that this is no longer evident to the same extent, leading to skills shortages in some private sector engineering disciplines.

Could you expand on the need, as you see it, for the APS to be providing at least some form of 'nursery' for the private sector?

**Mr Vines**—It is an interesting philosophical issue, I think.

**CHAIR**—It is.

**Mr Vines**—Perhaps 10 or 15 years ago, most public sector organisations in Australia felt that they had a community service obligation to provide for the development of young professionals and to offer apprenticeships and so on, in the knowledge that many of those people that they were training would move into other areas and thus take those skills with them. Therefore, the governments of the day felt that it was a good thing for productivity generally in Australia to have a well-trained work force. It is pretty clear that, with the emphasis on the bottom line, the recognition of that being a community service obligation for the government no longer exists. Therefore, what we have found is that there is reduced training and development in the APS compared to what there was in the past. Because the numbers are also smaller than they were in the past, this means that there are fewer people who nowadays find themselves working in the consulting sector. That has led to a recognition in the consulting engineering sector at least that they need to engage in some development of their young engineers. But our assessment is that they do not do it anywhere near as well as it used to be done in the APS or, for that matter, some of the other government agencies.

**CHAIR**—Thank you.

**Senator WONG**—Mr Vines, at 2.5 of your submission you set out three issues that you see as being the primary reasons the APS might have difficulty recruiting engineers. Apart from

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your suggestion that APESMA might be able to offer some assistance in terms of dissemination of information, do you have any specific recommendations about how those recruitment difficulties might be dealt with, given that the sorts of things you talk about are really part of a policy framework that is unlikely to change significantly?

**Mr Vines**—Before you came in, I drew the committee's attention to the fact that in point 1 a graduate engineer in the APS would generally start at about \$38,000 to \$40,000, rather than the \$32,000. I just wanted to make that point.

I think the way in which the APS could be made more attractive to young graduates would be for there to be some more engineering activity in the APS rather than it all being contracted out—particularly in some of the non-defence areas where the government is engaged in the purchase and management of significant technical projects, yet there seems to be very little employment of engineers in those areas.

The second one would be to be recognised as an investor in people through a real commitment to training and development, not something that is just put into the training plans to be told that there are not sufficient funds to implement it. The third way of encouraging young professionals, as I suggested to Senator Watson, would be to look at the idea of some sort of cadetship program such as those that used to be available.

I think it all comes back to the attitude within the APS to the engineering profession. My assessment—and, I think, the assessment of our members, but perhaps they are a bit more biased than I am—is that it is the forgotten profession. I think that, because it is not all that visible in terms of the work that it does, it has tended to be ignored, yet I think it is a critical component of the government's capacity to deliver services.

**Senator WONG**—I understand that.

**CHAIR**—Thank you very much, Mr Vines, for your attendance this morning and for your submission and evidence.

[11.07 a.m.]

**BALNAVES, Mrs Susan Mary, Acting Group Manager, Leadership, Learning and Development Group, Australian Public Service Commission**

**PODGER, Mr Andrew, Public Service Commissioner, Australian Public Service Commission**

**SMITH, Ms Julie, Group Manager, Organisational Performance and Values, Australian Public Service Commission**

**TACY, Ms Lynne, Deputy Public Service Commissioner, Australian Public Service Commission**

**CHAIR**—I welcome Mr Andrew Podger, the Public Service Commissioner, and other officers to today's hearing. You have already appeared before the committee on a previous occasion, so you understand the procedures regarding the hearings of Senate committees. We are appreciative of your attendance again before our committee. As you recall, you appeared on the opening day of the hearings. Since then we have heard from a number of witnesses and I take it that you have had the opportunity to peruse the *Hansard* and those other submissions. We would certainly be interested in hearing a response from you today to issues that they have raised, particularly as they relate to your office.

I would also thank you for the response to the various questions on notice that were provided to you. We have copies of those with us. Mr Podger, I will hand it over to you to make whatever comments you wish to make and then I am sure we will have some questions from other senators. We do have to finish by midday, which is the time that has been allotted to us by the Senate.

**Mr Podger**—I will make a few comments but I am sure we will cover most of the things in your questions. We have provided to the committee evidence on statistical trends in a number of areas. The State of the Service Report 2001-2002, the Workplace Diversity Report 2001-2002 and the commission's annual report are now public documents, and so you may be interested in updated data. I would like to table a copy of each of those publications, and additional copies have been provided to the committee secretariat.

Of particular note is table 2.1 on page 10 of the State of the Service Report 2001-02, which shows that the total numbers of ongoing employees at the APS1/2 level have continued to decline over 2001-02. Based on the continued fall in recruitment to the lower classifications, we do stand by the comments in our submission and our earlier evidence that we do not envisage a dramatic increase in the number of young people recruited into the Public Service. But we have flagged the issue of possible alternative career pathways, particularly to address diversity concerns such as for Indigenous employment. That issue was raised by us in our evidence here and also in these reports.

There are two other aspects of the data for 2001-02 that I would like to draw to the committee's attention. The first concerns graduate recruitment. The data shows a sharp decline

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in the number of graduate trainees in the last year, from 906 to 372. This reflects a continuation of the variation we alluded to in our submission, particularly with respect to the tax office. There is variation between agencies but the tax office had a very high level of graduate recruitment in 2000-01. I would also not read too much into the decline in the last year, because of the point I raised last time about increasing lateral recruitment. Many of those people are graduates but we do not have data on their qualifications. So the movement in graduate trainees does not necessarily tell you the whole picture about graduate recruitment.

The second area I would like to draw out is Indigenous employment. Contrary to my advice in August, there has not been a further decline in 2001-02; the employment rate was steady at 2.4 per cent. This is still below the peak of 2.7 per cent a few years back. The State of the Service Report 2001-2002 and the Workplace Diversity Report 2001-2002 contain more analysis of these data, showing that there has in fact been some improvement in representation at middle and higher levels, but this has been offset by reduced numbers of positions at APS1/2. Retention also remains a major problem for Indigenous employment, and employment remains concentrated around agencies and programs serving Indigenous communities.

I mentioned at the last hearing that the management advisory committee was working on organisational renewal. That work is now well progressed and I expect the management advisory committee to release its report before Christmas. You may recall that the report was previously scheduled for early 2003 with an interim report likely towards the end of this year, but it is now intended to go straight to a final report before the end of 2002. With that, I am happy to answer any questions on the issues raised by other witnesses to your inquiry.

**Senator LUNDY**—I will start by referring to the evidence from Mr Vines of APESMA, particularly in relation to the skills needed to manage outsourced contracts. With the increase in the use of outsourcing not just in information technology—which is the area I am most familiar with—but also, for example, in human resources, it is almost like you are creating a new skill set. People with the technical information need to also have the contract management skills for both the consideration of tenders and then subsequently the management of those tenders. Can you tell the committee what work is being done in this area in terms of providing support to promote, review and evaluate employment policies and how you work with agencies and departments to help them meet these challenges.

**Mr Podger**—Certainly contract management has been identified as a particular skill area that the service has to address with the greater extent of contracting now no longer being concentrated around a small number of agencies but being right across the board. We in the commission have addressed that by offering a range of training and development products. The Auditor-General has also drawn attention to the importance of skills in this area, arising from the experience of a number of contracting exercises. I might ask Sue Balnaves to give a little bit more detail of the specifics of what we have been doing.

**Senator LUNDY**—Thank you.

**Mrs Balnaves**—We have been very aware of exactly what you have raised, Senator. While contracting management skills remain a very core requirement for all public servants, the shift in the way they are applied in terms of managing outsourced providers has also been of concern to us. We have a series of different products for staff at different levels. We have products for before you get to the contract stage and after you have signed the contract and arranged

tenders— those sorts of hard skills. We also spend time, particularly for staff at the EL and SES levels, with contract management skills which are also about project management, the nuances of relationships and having enough technical expertise to make sensible judgments about whether the contract performance management arrangements are being adhered to et cetera. At the moment our response has been to extend our suite of programs as well as the types of issues discussed and covered in those programs.

**Senator LUNDY**—Does that extend to things like involvement with those officers in contract negotiation? It is a very general observation, but the corporate sector does this; it is their bread and butter in the way that they engage clients. It is not bread and butter traditionally in the Public Service, and so I get the feeling that it is the agencies and departments that come off second best in those contractual negotiations. What support do you provide at that level where there is engagement by both parties about the terms and conditions of a contract?

**Mrs Balnaves**—There is less development available in terms of those sorts of hard negotiating skills. However, the topic is often covered in our influencing skills and negotiations skills type of material. We still have a way to go in terms of the actual business acumen; we are aware that that is still a need. Changing governance arrangements too have made a difference here for people's capacity to perform in those situations where they have an ongoing agenda for government which is different to the private sector's agenda. We are much better at introducing those things as topics; however, we do not have a particular targeted single offering for such things.

**Mr Podger**—Some of the material on what we provide is set out in answer to question 5 from the committee earlier.

**Senator LUNDY**—I do not want to become too specific, but I think it is certainly worth asking this question. Again in an environment where an agency and department is considering outsourcing—they might be engaged in some sort of market testing exercise—what type of training or professional development is available to officers to make that initial assessment: to look at the work that needs to be done in house in order to benchmark their cost structures? What are their internal efficiencies? How could they improve their internal efficiencies in contemplation of outsourcing and so forth? Is that something you get involved in again in terms of this approach you have to professional development?

**Mrs Balnaves**—Yes, we do, usually on a request basis, a needs basis, through in-house services. It may be a business case, the very front end of any major contestability exercise, where an agency may come with a consultancy requirement to investigate or to prepare a discussion paper or seek advice. So we are actually buying in skills from the private sector to assist in those matters. We are very careful to offer a range of providers, and then agencies choose and get advice that way.

**Senator LUNDY**—So, rather than you providing the actual advice, you have your own short list of consultants that do work in those areas and then you are the bridge between them and the department or agency; is that right?

**Mrs Balnaves**—On the staff development and training side, yes.

**Senator LUNDY**—In terms of actual professions—we have heard from the engineers this morning—do you correlate the numbers of professions with the sorts of things you are trying to achieve with technical assessment, contract management and so forth, or do you see those skills as sitting above existing classifications or existing professions?

**Mr Podger**—It is very hard for us to have a general picture of some form of overall skills audit. In these things, agencies have to reflect on the detailed skills that they require. We come in mostly when there has been an acceptance of a service-wide or broad based challenge that needs to be addressed—hence contract management became a major issue. But we also encourage agencies about the way they think about their organisational capability issues and the way they assess their skills requirements. For example, it is not possible for us to say how many engineers or whatever else might be needed. But we would hope that, say, a defence department, which is likely to enter into contracts which require engineering skills, will identify more systematically what skills and so on they need and will consider whether they need some of those in house or whether they can use a contract basis to help them.

There is also advice from the audit office, in terms of risk management of these things, on how you should be very careful about ensuring that you are an informed buyer and how you make sure that you are an informed buyer in that process. That sort of requirement is needed up front. But it is a bit hard for us to say that, when we are not too sure what sorts of things agencies are going to be purchasing and how best to do it. We do provide advice from time to time, say, in the HR outsourcing area about what is good practice and what are the sorts of risks that you need to be able to address, particularly in terms of ensuring that you have strategic capacity. We ourselves also take into account that sometimes it is wise to think about outsourcing in two steps rather than one, in terms of ensuring that you reap some of the efficiencies back to the agency before going to the full outsourcing arrangement. Things of that sort we give some advice on from time to time.

**Senator LUNDY**—Chair, I am happy to give someone else a go, but I still have a few more questions. If you could come back to me at some point, that would be good.

**Senator WATSON**—Mr Podger, the decline in the technical and professional skills based employment numbers that you refer to I do not believe are figures that any public sector should be proud of. To me today, you appear to have inertia in this area. You are more preoccupied with being an apologist and with a collection of statistics than in attempting to remedy what some of us regard as a pretty serious situation. I ask you: does the Australian Public Service have any community service obligations in relation to the early recruitment and training of people, because it appears that increasingly it is drawing its skills base from training provided by others?

**Mr Podger**—I am not aware that there are any direct CS obligations on agencies, but agencies will make use of a range of programs that are available for employers more generally to support training activities amongst young people or whatever. As I advised last time, the drivers of structural change in the service's employment have been primarily on the demand side. We have changed the nature of our business. We have changed it most recently through outsourcing; but the changes occurred long before that, with changes in the role of the service, multiskilling and things of that sort. They are the main drivers behind a different structure of employment than we used to have.

**Senator WATSON**—We know that. But I am looking at the outcomes and the consequences of those outcomes. Question No. 2, which is related: in terms of a clever country perspective, can you assure the committee that the APS across the board is pulling its weight in devoting adequate resources to recruitment and training of professional people, especially engineers?

**Mr Podger**—I do not have data on the issue of engineers. My reading of the situation is that the change in employment to more lateral recruitment is requiring agencies to rethink a lot of their training and development activities. A number of agencies now have far more structured training than they had in the past. For example, you have agencies like Centrelink, which have more carefully designed career development arrangements. Similarly, the Child Support Agency now has a better designed career progression arrangement with formal training and development and accreditation arrangements. I would be surprised if there was data to suggest there has been reduction in investment in training and development in recent years, but I do not have data on the professional side.

**Senator WATSON**—The committee certainly would like to have those figures. So we would like you to go back and provide us with information, across the various agencies, about the resources that are given to training, under one heading, and recruitment, under another. It appears, as I said in my question, that the Public Service, across the board, does not appear to be pulling its weight. Your answer has not given us any confirmation to change that view. It is a sad thing for Australia that we have a public service that does not appear to be pulling its weight in this area.

**Mr Podger**—If I may, I would use the issue of engineers as an illustration of the structural change in the service. There used to be a substantial number of engineers, not only in the defence department but also in the old Department of Administrative Services which had Australian Construction Services, Australian Property Services and a range of other activities requiring those sorts of professional capacities. Those things are now handled in a far more efficient and competitive fashion with advantages for the Australian community—in a different way of operating.

Accordingly, the service's requirements for a large number of engineers—and its capacity, therefore, to offer development opportunities—have changed. Those things are now handled in a different way. I think it would be wrong to be critical of the capacity of the Public Service by identifying the fact that it does not now recruit as many engineers and does not go through a major process internally of development.

**Senator WATSON**—These different ways that you refer to are running counter to the concept of trying to develop Australia as a clever country and to build up a skills base hopefully unparalleled anywhere else in the world. In terms of our ability to build up the skills base across the spectrum, we ask you to provide that information, because the trend does appear to be worrying. It might sound good to say, 'Yes we are doing this, we are doing that; the environment is changing, it is more efficient,' but it appears that the outcome for the whole community is that we may be downgrading quite significantly Australia's ability to be a clever country and to provide a skills base not just in social security but across the spectrum.

**Mr Podger**—We will see what we can provide. This is an issue that we have been looking at with the audit office as well—how one measures investment in training and development. But I

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go back to the issue of structural change and whether or not it has reduced the overall capacity for investment in professional development in Australia or whether it simply changes its locus.

One of the arguments that the government used in promoting information technology outsourcing was that not only might it be more efficient to have a more competitive process but it may be that there would be better ways to develop the intellectual property and the professional capacity by having more Australian private sector involvement in the industry. These are arguments. All I am saying is that, regarding the suggestion that it necessarily reduces Australia's capacity, there are arguments to suggest that it might enhance it.

**Senator WATSON**—Yes, there would be arguments to say that it would enhance it, particularly in situations where you had, as Senator Lundy said, adequate numbers of people able to monitor it, to oversee it and to ensure that those deficiencies were extracted. But we have had some devastatingly bad cases of outsourcing which really come back not to the concept of outsourcing but to the ability to manage and control that outsourcing and to understand what is happening or what could potentially happen.

**Mr Podger**—I accept very much, as I said before, that the issue of contract management and so on has been an area where the Public Service has had to improve its capacity and its skills base. That is being given and has been given substantial attention over the last couple of years.

**Senator WATSON**—Could you perhaps spell that out a little more? We need a lot more assurances about that enhancement to contract management in the last couple of years that you are referring to.

**Mr Podger**—I am happy to spend further time on that.

**Senator WATSON**—You can do it by way of supplementary submission if you like.

**Mr Podger**—I will have a further look. We did provide some material on this, as I have said, in response to question 5, as to what the commission is doing in this area.

**Senator WATSON**—Yes.

**Senator WONG**—Mr Podger, I do want to go to question 5. I am afraid I have only just received it, so I have only skim-read it. It seems to set out what sort of work your office does in order to identify cross-APS training needs. I am not clear as to whether or not there is any suggestion in the answer to the second part of the question, which was essentially: how could this be improved and in what ways? I invite you to expand upon that.

**Mr Podger**—I am sorry, I am not quite sure—

**Senator WONG**—Do you want me to go through the question again?

**Mr Podger**—Yes, please.

**Senator WONG**—You were asked in question 5 what measures are taken to identify cross-APS training needs and what strategies could address such needs. I think you answered that

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question in the answer provided. The second part was whether there was room for improvement and how such improvement might best occur. I would like some expansion on that aspect of the question.

**Mrs Balnaves**—I recognise that one concrete thing we can do is to have more collaborative collection of perceived needs and needs analysis more often. We regularly conduct surveys and focus groups, but they have ended up being annual, and I think we could do that in a more tailored way more often. That would be one way that we could do it. We certainly pool the information we get from a number of sources. The success of that method to date has been, for example, in the popularity of the new series of programs for executive level staff. That came directly from focus groups, surveys and network feedback. We have been filling most of those courses; we think because we tailored the program of offerings well to the needs. Additional focus groups would improve the currency of our knowledge even more.

**Senator WONG**—What we were also trying to get at in that question was: what strategies could be put in place to deal with or to meet the cross-APS training needs? You have talked about collecting data more often, which would presumably identify these needs currently.

**Mrs Balnaves**—The idea is to have a range of options, a menu of choices. It is certainly not just a longer list of classroom activities. I think that it is a culmination of in-house programs, coaching services, advice to agencies about development strategies in terms of the suite of ways that people learn and develop—such as on-the-job or off-the-job training—and blended solutions where you have a series of different arrangements.

The better practice guide that we are at the moment compiling with the Australian National Audit Office will be circulated in fairly close to final draft form to the reference group this week. We hope that it will be out if not by Christmas then by very early in the new year. That contains a whole framework for agencies to address the way in which they manage learning and development, including the start of work on evaluation which will then be furthered in a more extensive framework early in the new year. I think the existence of that guide and its use by agencies will also help them help us to know what they need.

**Mr Podger**—I would have to say in response to this that I would be a bit cautious about how much the commission ought to be offering major training programs. I think we need to be very careful that we focus on ones that are genuinely of widespread requirement and where we can offer a better quality product or a better price because of those arrangements. We have been increasing our activity in learning and development over the last few years and our focus has been at the leadership end, where we have statutory responsibilities, and we have also been identifying with agencies and networks particular technical areas where an APS-wide offering would help. I think there would be some difficulties in our going too wide, partly because it overextends us and we rely on revenues for it and we have to prove that the product is actually in demand.

**Senator WONG**—I do not think the question was suggesting that is the outcome. In that question on notice we were trying to get at what strategies you are proposing. You are saying that that is not the strategy; that is fine if that is the commission's view. I accept that there are probably some pretty reasonable arguments as to why you would not want to provide a whole suite of programs. The response to the problems in training in the APS, if there are any, is for us to fill the gap; I accept that. But I suppose I would have preferred to have seen something

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perhaps a little more strategic in answer to that question—that is, what is our role and how can we improve it in terms of addressing those areas of cross-APS training that are not currently being addressed.

**Mr Podger**—In our submission and elsewhere we have covered a number of things we are doing. For example, outside the more generic leadership menu of activities we are covering things in areas such as HR capability, which includes identifying particular skill areas. We have also increased our work on work force planning and I suspect that work force planning will be, like contract management, a new area of substantial cross-service activity coming out of the management advisory committee report on organisational renewal.

We do use things like the MAC for processes as well as our networks to help us identify particular fields in the sorts of focus work that Sue Balnaves referred to. We then prioritise and test whether the demand out there is sufficient for us to work. I do not think it is as if we do not have a process of reflecting our priorities and offering a range of products associated with demands that are identified to us. I think we do do that, but perhaps there will be arguments about whether we ought to do more.

**Senator WONG**—Mrs Balnaves, do you have anything you want to add? I think you said that you would suggest a menu of choices; would you would like to expand on that?

**Mrs Balnaves**—There will always be a role for calendars of courses in the foreseeable future, where agencies can have people attend in cross-agency formats so that they meet people from other agencies to be developed in specific needs in a fairly traditional workshop sense of one or two days or half a day. I think there is also a role for shorter offerings that are more in terms of information content and less in terms of group activities in those sorts of areas to pick up some more of the information needs—for example, the series of half-day contract management workshops that we are introducing for the SES next year. I expect there will also be more extensive use of coaching in particular matters, whether it is in groups or for individuals. I think we are best at responding to agencies' requirements in ways that we do well at the moment, and acknowledging that what we do complements what they do themselves ensures that coverage exists across the whole suite of APS-wide tools. That is all I would say.

**Senator WONG**—One of the questions on notice—I think it was question 3—related to the issue of whether or not you were intending to undertake benchmarking to track improvements in recruiting practices made by agencies. You answered that you had no plans at this stage to do so. Could you clarify in a little more detail why that is so?

**Mr Podger**—To be fair, we have seen major developments in recruitment and changes in demands by agencies for recruitment. I think there is room for us—through, say, the state of the service report processes—to look at assessments of agency performance in recruitment. At the moment it is not a high priority for us. Apart from our general work—the state of the service report, say—we have been concentrating on particular areas of improving our evaluation capacity. 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. We have also been putting particular effort into Indigenous employment. There is an argument that some further work ought to be done on the recruitment side but, in my experience outside the commission, the recruitment processes of devolution have generally worked pretty well. Centralised arrangements tend to work well for those agencies with very

similar requirements, but a lot of agencies—including the very big ones—tend to have very different requirements.

**Senator WONG**—I will stop you there. Again, we are speaking at cross purposes. I am not asking the question from the perspective of proposing centralised recruitment. What I am asking is: why is it that at this stage you do not have any plans to track the performance of the recruiting practices of agencies, given the devolved structure?

**Mr Podger**—Clearly we will listen to the views of this committee as to whether we ought to be doing some more work. My answer is twofold. The first point is that it has not been a major priority. 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. The second point is that one of the reasons why it has not been a priority is that agencies themselves claim—and with some evidence—that their current arrangements are suiting them well. In the absence of evidence of major problems, it has not come to our attention as a major priority area. If there were evidence of that, we would have to revisit our priorities.

**Senator WONG**—Putting aside the evidence issue though, do you think that, as a matter of practice, it would be a useful thing to do?

**Mr Podger**—In our State of the Service Report we try to cover the whole range of things that might assess the performance of the service more generally. We do cover, in broad terms, issues such as recruitment, career development and a range of other factors to do with HR policies. So we do see recruitment as part of that and, yes, we ought to try to cover the ground. Whether it gets specific attention in a major benchmarking exercise is something we would have to prioritise. We are trying to develop our benchmarking capacity in, for example, the learning and development area and also in HR capability more generally. We have also been looking at it in relation to the issue of Indigenous employment, to see whether we can get better measures of what is happening out there and how we assess agencies. But we have not, at this point, focused on recruitment.

**Senator WONG**—There were some questions about the Indigenous working group, and one of the answers—which I accept—was that it was too early yet to indicate what strategies that group might be developing. What is the time frame for that group developing something?

**Mr Podger**—I would expect that we will have a document come out of that process by the middle of next year. I would say that already there are a few things which are starting to emerge from our examination of the data that we have at the aggregate level. As I mentioned in my opening statement, the total employment figure is staying steady at the moment. It dropped a little bit from its peak three years ago of 2.7 per cent, but underneath that there is improvement in the levels of representation at middle and more senior levels. You are getting improvements coming through, but that is more than offset by the fact that the number of APS1 and APS2 in the total classification, which is where the proportion is highest, has dropped.

It is also true from our analysis that the issue of retention is a very major one. 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.

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That analysis is suggesting that our work ought to concentrate in three areas. One area is recruitment and whether there is some room for some alternative pathways rather than relying as much as we do on lateral recruitment at APS3 and above levels. The second is whether we need to do something more about retention, what support arrangements are needed and whether better learning and development activities might provide a better career path to retain people in Public Service employment. The third area concerns the issue of differences between and within agencies and whether partnership arrangements might be an option for improving Indigenous employment. They are emerging as strategies that we will be looking at. I am sure, as we go through the working group and others, that we will refine those and look for other ones.

**Senator WONG**—Thank you.

**Senator WATSON**—Following on from Senator Wong's question, do you think the APS agencies are sufficiently active in identifying and creating the technical work force that they need?

**Mr Podger**—They have some way to go. The management advisory committee got out a report last year on performance management. It was a useful report, helping agencies to build up and align their overall management arrangements, from program management through to individual people management, and indicating ways in which they can add to that better systems for more systematic learning and development activities.

From my experience, agencies are not all looking systematically at the skills and knowledge requirements they have, and ensuring that their training and development activities, and their recruitment activities, are aligned firmly to documented evidence of the skills and knowledge they require for capability. Some agencies have been moving in that direction, and you will see some of that in that management advisory committee—a couple of agencies have been building on that. Our view is that there is more to be done in that area. I suspect that coming out of the management advisory committee report on organisational renewal will also be a bit more pressure, not only on work force planning but also on whether there ought to be more structured learning and development programs in the light of greater mobility of the work force and, therefore, the risks of relying entirely on the lifelong career approach to learning and development that we have had in the past.

**Senator WATSON**—You have addressed a number of issues in your submission, but you appear to lack a role to be able to address those issues effectively and comprehensively.

**Mr Podger**—I do not think our role is to address these comprehensively; our role is to try to support agencies in what they do in these areas. In the devolved framework we now have the role of the Australian Public Service Commission is more of a complementary one than of being the centre of comprehensive activity. As I said, we have focused in particular on aspects of HR support—in terms of our HR capability framework and things of that sort—where we encourage and help agencies to build up their own capacity to look at things such as their skills requirements and how they handle their HR support. I am not sure that the model that has been in place since the late 1990s is consistent with us having a much more comprehensive role.

**Senator WATSON**—You may have a role in encouraging agencies to fulfil certain undertakings such as HR issues, but we are also concerned about issues that we believe they should be undertaking but are not undertaking. Your role here appears to be deficient.

**Mr Podger**—We do have a quality assurance role, which we were talking about earlier with Senator Wong. We have a role in evaluation and assessing how the Public Service is going. In that role we tend to identify particular priority areas each year for our focus of attention, and we do not try to cover the whole ground all the time. But there is a role in us trying to assess the performance and capacity of the service.

**Senator WATSON**—But do you have a role to rectify the weaknesses and wrongs?

**Mr Podger**—We have a role to some extent, but it is a complementary role. The major role to rectify is with the agencies. The agencies are responsible for their programs and program performance. They are also the employers—we are not the employer—and they have responsibility for the capacity of their staff. But we do play a role and encourage them in doing that. Also, from time to time we will offer complementary activities. In particular, the commission has a major role in terms of the leadership cadre of the service, and we put a lot of effort into that.

**CHAIR**—I have one question. Mr Podger, in your opening remarks you referred to the decline in numbers of the graduate intake and you explained why there was a substantial reduction last year. Then you went on, and I think you said that you have data but you do not have it for the disciplines of graduate trainees. Why not?

**Mr Podger**—My point was not about the graduate trainees themselves. We have data about the graduate trainees. My point was that there is a slight confusion in the interpretation of the data. While the graduate trainee numbers dropped last year, and indeed over the last 10 years they have not showed a major increase, the fact is that the service is relying far more on graduates than it ever was in the past. So looking at graduate trainee numbers does not actually give you the full picture. You need to look at the very major increase there has been in lateral recruitment into the service, and my understanding is that that lateral recruitment will include significant numbers of graduates. It is the data about that recruitment that we do not hold; we do not hold information on the qualifications of those people who do not come in as graduate trainees.

**CHAIR**—My question then still stands: is there some reason why you do not? Is there a difficulty with collecting it?

**Mr Podger**—There is a difficulty. Our basic database is the APSED database, which is of all APS employees and is a continuous record of personnel. It does not include qualifications data. One of the things that we are looking at is whether the links between that database and agency databases might be improved in areas such as qualifications, which might give us a better picture. It is fair to say that it will take a little bit of effort to get that alignment. The APSED database is pretty good, within its reasonably restricted field, but the possibility of widening that, which is very much on our agenda, will take some time.

**Senator LUNDY**—On page 13 of your submission, you say:

Young employees (below 25 years of age) represent a declining component of APS employment.

I wonder if you could reflect on whether that is a good or a bad thing—whether that is a desirable outcome or whether it is something you are trying to specifically counter. I am trying

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to get more of a value statement from you about whether that is a good or a bad thing in the view of the APS Commission.

**Mr Podger**—I will make a cautious statement if I may. 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.

The other part that I am uneasy about, as I keep saying, is the diversity dimension. That is a problem, and it is most acutely a problem in the Indigenous areas. If I look at the other disadvantaged groups, there is a little of the same issue where there has been a higher proportion at APS levels 1 and 2, but it is not as marked as with the Indigenous population. 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.

**Senator LUNDY**—What about the gender impact of that trend, particularly for the under-20s?

**Mr Podger**—I am not aware of the gender one. That is something I would have to look at.

**Senator LUNDY**—I would be interested to see what the proportion of women and men under 20 was and how that is panning out as those numbers reduce.

**Mr Podger**—I would have to check that out. Are you suggesting that it might be that we are not getting as many men as we normally do?

**Senator LUNDY**—I do not know; I am curious.

**Mr Podger**—The retention rates have been particularly strong amongst women.

**Senator LUNDY**—I am particularly curious about the recruiting stage for people under 20 and what opportunities there are for women and men. I do not know that it is a particularly unequal proportion—or a particularly equal one. I am just curious.

**Mr Podger**—Our overall representation of women is about 52 per cent. Our recruitment rate across the board at all levels is, I think, about 54 per cent, which suggests that, depending on the turnover rate, our levels of women in the service are likely to continue to increase a little bit but not a great deal. In looking right across the board, I have been speculating whether there might be a problem with men but it does not look as if that is a significant problem at this point. But I had not looked at it in terms of the age assessment that you have identified.

**Senator LUNDY**—As I said, I am curious as to how it relates to particularly school leavers and their opportunities. Finally, I have a question on the non-ongoing staff. On page 7 you

report a wide variation between agencies in the employment of non-ongoing staff, with 48.5 per cent of employees at the National Museum, for example—I am moving through a couple of examples—and going down to 1.5 per cent of employees in the Australian Customs Service. Whilst you cite the difference being attributable to the nature of the function undertaken by agencies, are you able to offer a stronger insight into the disparity between those figures?

**Mr Podger**—Can we take that on notice?

**Senator LUNDY**—Yes, that is fine.

**Mr Podger**—We do cover that a little bit in the State of the Service Report 2001-2002. I should hasten to say that that very high level with the museum will have come down. They used that very much in their first stages, and I know that more recently they have shifted to a lot higher proportion of ongoing staff.

**Senator LUNDY**—My last question relates to the role of recruitment agencies and firms. Are you aware of how such firms charge fees to agencies and departments—for example, percentages of salaries et cetera—and what impact those fees and charges have on the recruiting costs of agencies and departments?

**Mr Podger**—We have some general information about scales of fees, but we would not have direct information about the total transaction costs involved.

**Senator LUNDY**—Could you take it on notice to find out what proportion of the HR budgets of departments and agencies is expended on fees and costs?

**Mr Podger**—We will find that very difficult. We will have a look at it, but that is information that we could not readily put our hands on. Agencies can tell you that, but I doubt very much that we could tell you. But I will take it on notice and see what we can do.

**Senator LUNDY**—We may have to ask the agencies, but I would like to flag that issue with you because, anecdotally, I understand that there is a wide variation in the way that recruitment agencies charge fees: it depends on the circumstances and, of course, their ongoing, or not, relationship with an agency or department.

**Mr Podger**—Yes.

**Senator LUNDY**—Thank you.

**CHAIR**—It is 12 o'clock, and we must adjourn. Thank you, Mr Podger and your officers, for your attendance today. There are a few other questions arising out of evidence from other witnesses which we did wish to ask you this morning, but time has beaten us. We will forward those to you in writing, and if we can get your response, together with the responses to the other questions that you have taken on notice, that will be appreciated.

**Committee adjourned at 12.02 p.m.**