

Reform of Australian Government Administration



**Submission by the Community and Public Sector Union
to the Moran Review - December 2009**

INTRODUCTION

Reform of Australian Government Administration

Australia currently has one of the most successful and professional public services in the OECD. The Australian Public Service (APS) was founded on the principle that the public interest is best served by the existence of an apolitical, professional body of men and women who dedicate their career to serving the government of the day.

It is this principle that has ensured that successive governments are able to respond to both immediate and long-term defence, social, economic and environmental challenges of the day.

The Moran Review is the first comprehensive review of the Australian Public Service (APS) in a generation. We welcome it. The last thorough review of the service occurred in the mid 1970's and much has changed since then. We agree with the Government that now is the time to review some of the major structural and capacity issues confronting the APS.

CPSU submission: Key points

Demographics

While the underlying values of the service have not altered since the Coombs Royal Commission in 1974, the face of the service certainly has. There are now more women employed than men. Today the service has more staff with tertiary qualifications and vast majority of the work once called low-skilled has largely disappeared.

Career expectations have also changed. The people who joined the service in the 1970's with an expectation of life long employment are now nearing retirement. At the same time the new entrants have tended to stay for 5 – 7 years before moving to other jobs. The net effect is that the workforce is aging.

If Government is to attract and retain the skills it needs to face the challenges of the next 20 years it must:

- provide flexible options for APS older workers without compromising retirement benefits
- value and retain the skills and experience of long-term employees
- find new work models which enable these workers to contribute beyond the traditional retirement age
- maintain and improve access to family friendly provisions, including part time work and paid maternity leave.

Disappointingly the proportion of Aboriginal and Torres Strait Islander workers in the APS has decreased over the last 20 years. This must be improved. The CPSU submission identifies a number of important changes that have been endorsed by our Aboriginal and Torres Strait Islander members as simple but important changes if the government is to properly demonstrate its commitment to this group of employees.

Finally, the APS must better engage with young workers, workers with disabilities and those from culturally and linguistically diverse backgrounds. Engagement with these groups is vital if the service is to be representative of the population which it serves.

Move to a cohesive APS

If the APS is to make “joined up government” a reality, it must confront the agency-based ‘silo’ culture. The current structures inhibit collaboration and co-operation which in turn impedes the delivery of high quality policy advice and programs. Measures to address this could include:

- re-thinking the purchaser / provider and service delivery / policy development silos
- forging closer links between the service delivery and policy development functions of government, and between individual government agencies
- locating workplaces across the diverse range of Australian communities, particularly in non-metropolitan and remote locations where possible
- removing the employment arrangements which entrench silos.

Performance

The discussion paper raises issues about performance and performance management in the APS. We take this opportunity to state clearly the view of the overwhelming majority of public servants on the issue. Public servants are committed to providing the highest quality service and advice to government and to the people of Australia. In an organisation of 160,000 people it is unrealistic to think there are no underperforming individuals, but we can confidently state that these are in the minority.

Contrary to much misconception, public servants have a higher set of performance standards and obligations to comply with than most other employees. Not only are they subject to their contract of employment collective agreement and Fair Work Act, they are required to comply with the APS Values, Code of Conduct together with a raft of specific criminal and secrecy obligations. Indeed many of these obligations extend beyond the reach of the workplace and even the separation of employment.

Because of this, public service managers have a greater array of disciplinary and performance management tools than those private sector employees. In our view the answer to any isolated performance issues is better management, not a new array of prescriptive regulations.

Funding for excellence and quality

The funding formula in the APS has discouraged innovation and hindered effective policy and service delivery outcomes. There is a need to focus beyond high performance and efficiencies to include measures of *effectiveness* in the delivery of government services. Government must redress the funding imbalance in the APS by removing the ‘efficiency dividend’ and consulting with employees and their union over new and better ways to increase effectiveness.

Workplace Engagement

Workplace change occurs most effectively when employees and their union are involved in the decision-making process. Too often consultation and collaboration with employees is an afterthought to genuine decision-making. APS employees have valuable experience

and ideas which would improve the quality of policy development and implementation in the APS.

Remove the employment arrangements which entrench silos

If Government is committed to 'joined-up government' in the APS, then it should start by removing the employment silos which entrench rigidity and act as barriers to the mobility of people, ideas and experience.

A single APS wages and classification arrangement is a necessary first step in this direction. For employees this means they can move between agencies without detriment to their wages and conditions (currently there are pay differences of over \$10K for people doing the same work). For the government it means that it removes the cost and rigidity involved in machinery of government changes.

Cultural change

The creation of a more cohesive and collaborative APS will require cultural change. Practical measures to foster a single APS are of course important, but underlying these measures must be a genuine commitment by Government and employees of all levels in the APS to the change process.

Chapter 1:

Australian Government sector today

Overview

Chapter 1 of the Discussion Paper gives a snapshot of the role of the APS, its demographic make-up and the attitudes of APS employees. Chapter 1 overlooks some important features of the modern APS. In order to provide a complete picture, the discussion needs to take account of the differing roles performed by APS employees and the ability of those employees and agencies to act as part of one APS. These features must be taken into account in determining how the APS could better become a flexible, modern and cohesive public service.

The role of the APS

The discussion in Chapter 1 of the fundamental purpose of the APS to professionally serve the government of the day must consider how this role is underpinned by the fifteen APS values expressed in s10 of the *Public Service Act*. More detailed discussion on the role of the APS values is provided in the CPSU response to Chapter 4.

Statistical snapshot of the APS

The statistical snapshot in Chapter 1 provides a good overview of the APS. However, it fails to adequately address the implications for the future of a range of important workforce features including the diverse functions of the APS workforce, the geographical spread of the APS, the age profile of the APS, education and classification levels and the representation of diverse groups. In examining the implications for the future of the APS these important factors will be considered in turn below.

Functions of the APS workforce

The snapshot must consider the diversity of work performed by APS employees. A break-up of the APS workforce by reference to the type of work in which employees are engaged would have been a useful addition to the discussion in this Chapter. While this information is provided in Chapter 8, it is simply included in that Chapter as evidence that, according to international comparisons, Australia has a significant proportion of what are termed 'support' roles (corporate services, legal and administrative support).

As the data in Chapter 8 (Figure 8.3, p.43) highlights, a high proportion of APS employees perform service delivery roles. This emphasis on service delivery raises pressing issues regarding how to fund, resource and deliver the quality public services the Australian public require.

Geographical considerations

The data in Figure 1.3 illustrates the problem of the structural separation of policy from service delivery. Figure 1.4 highlights the concentration of SES in Canberra. The statistical snapshot does not examine in detail the geographical make-up of the APS workforce. Figures 1.3 and 1.4 deal with ACT based employees, however there is no analysis of APS employees based in other cities and regional locations. APS employees, particularly in service-delivery agencies, are found throughout Australia.

APS operations in regional Australia face different challenges to operations in Canberra and major capital cities; for example, the most appropriate way to deliver public services in a remote part of Northern Territory would differ to metropolitan Sydney. It is important that this Review does not overlook the full geographical spread of APS employees in considering how to reform the APS.

The geographical spread and the location of APS roles reinforces divisions in the APS and encourages what CPSU members have identified as the 'silo mentality'. It also reflects the concerns raised by non-Canberra based employees of an 'us and them' mentality – Canberra based SES making decisions with little experience of the APS outside Canberra.

Age profile

The age profile of the APS is a significant demographic factor and it is important this is given proper consideration in the context of this Review. Figure 1.5 provides a telling comparison between the age profile of the APS in 1996 and 2008. It is clear from these figures, and from successive State of the Service Reports, that the APS is an ageing workforce and this trend has intensified. The government has recognised that the ageing of the APS workforce represents a significant challenge.

In the short to medium term the APS will face up to 40 per cent of its employees retiring. A significant number of APS employees in this age group are employed at higher classifications and have longer service with the APS. The APS faces a challenge in replacing such a large number of employees who will take with them a significant corporate knowledge. The APS is not the only organisation facing this demographic problem and it therefore must offer competitive wages and conditions to ensure positions vacated by these employees are filled. Issues around the retention of older employees and transition to retirement are discussed in the CPSU submission to Chapter 2.

Classification and education levels

The changes to the classification profile of the APS demonstrate the growth in professional jobs within the APS. Positions at the lower end of the classification scale have essentially disappeared at the same time as there has been significant growth in jobs at the middle and upper end of the APS scale and in EL positions. This reflects changes in the wider workforce with the loss of entry level clerical positions particularly as technology and work practices have changed.

Given the shift in the composition of the APS, it is important that the APS is able to offer competitive wages and conditions to attract future employees and it must offer training and career development opportunities to retain them. The location of jobs is also an important consideration in the attraction and retention of the best and brightest – this is discussed further in the CPSU submission to Chapter 7.

Representation of diverse groups

Women now represent the majority of APS employees, and this trend is likely to continue. Given the number of women employed in the APS, innovative solutions to attract and retain this group of employees must be investigated. Some simple steps include improving maternity leave provisions to a minimum of 26 weeks paid leave, paying superannuation entitlements on periods of unpaid leave, and reviewing carers leave entitlements and flexible working arrangements. The State of the Service Report finding that one of the three most important job satisfaction attributes for APS employees is flexible working arrangements reflects the importance of improving these entitlements and access to them.

Despite the growth in female employment in the APS, women continue to be under represented in senior classifications. The State of the Service Report found that 'there is still a substantial difference between the classification profiles of men and women, particularly at higher classifications'¹. This has implications for the APS and its leadership. Specific plans to remedy this should form part of broader workforce planning considerations.

The House of Representatives Standing Committee on Employment and Workplace Relations *Report into pay equity and associated issues related to increasing female participation in the workforce*, released on 23rd November 2009, makes some important recommendations that will ultimately improve the position of women in the APS. These are discussed in more detail in the CPSU submission to Chapter 7. The CPSU seeks that the government adopt these recommendations.

The employment of young workers, workers from Aboriginal and Torres Strait Islander backgrounds, workers with a disability and those from Culturally and Linguistically Diverse (CALD) backgrounds is not considered in detail in the Discussion Paper. Improving the employment of workers with these backgrounds is vital to ensure that the APS is representative of the diversity in the Australian community, and that policy outcomes and service delivery reflects the needs of people from all groups in society.

Views and attitudes of APS employees

The discussion in Chapter 1 provides some insights into the views and attitudes of APS employees. Some other notable insights from the *State of the Service Report 2007-2008* include:

- 6 in 10 employees felt their productivity had increased in 2007-2008.²
- Only 50% of employees thought promotion or appointment occurred routinely through merit.³
- Only 24% of staff agreed that their agency dealt with underperformance effectively.⁴
- Overall satisfaction with agency culture was 27%.⁵
- Only 54% of employees believed their agency used effective feedback mechanisms between the service delivery and policy development areas.⁶
- 94% of employees were supportive of new ideas and innovation at work but only 36% were confident their agency handled change well.⁷

The findings listed above, when considered with the findings set out in Chapter 1, illustrate there is considerable support for change and innovation in the APS. That only 27% of surveyed employees were happy with their agency culture suggests that there may be a willingness to change the culture within the APS. This is something that requires further investigation.

¹ Ibid, p.23

² APSC (2008) *State of the Service Report 2007-2008*, p.136.

³ Ibid, p.174

⁴ Ibid, p.207

⁵ Ibid, p.207

⁶ Ibid, p.258

⁷ Ibid, p.273

The views and attitudes of APS employees suggest that, among other things, employees are not satisfied with the way in which their agency handles key matters, such as performance management and change management. Issues around performance management processes are further discussed in Chapter 5. A lack of trust in such areas is particularly damaging for employee morale and the workplace culture within an agency. It is clear that work must be done to improve employee trust in these areas.

The findings also indicate that there is a disconnect between the Government's intentions for the APS and the reality experienced by employees in some agencies. The Prime Minister has on a number of occasions spoken of the need for the APS to move to a culture of innovation⁸ and APS employees are overwhelmingly supportive of innovation and improved ways of working. Despite this, APS employees do not believe their agency handles change well and employees are increasingly dissatisfied with the opportunities they are given to be creative and innovative at work⁹.

Chapter 1: Summary

The additional demographic and attitudinal factors identified above show that various legal, structural and educational mechanisms are required to address the issue of APS cohesion, APS innovation and cultural change.

In submissions to subsequent chapters the CPSU makes recommendations which if adopted, will go some way to overcome the current limitations in the structure and functioning of the APS.

⁸ See for example 'John Paterson Oration', Australia New Zealand School of Government Annual Conference, Canberra available at www.pm.gov.au/node/6172

⁹ State of the Service Report *ibid* p273

Chapter 2:

Challenges in the Strategic environment

Overview

The CPSU sees the key challenges for the next ten years as including:

- Democratic, consultative workplace practices
- Technological change
- Attraction and retention of skilled employees
- Employment of Aboriginal and Torres Strait Islander peoples
- Representing the diversity of the Australian population
- Environmental challenges

Democratic, consultative workplace practices

It is worth exploring in some detail the question asked throughout the discussion paper - What is required for 'high performance'? In terms of the employment relationship, there is a strong conclusion in the international literature that unions 'provide an alternative mechanism for bringing about change' and that democratic workplaces are conducive to high performance¹⁰. However, the concept of high performance has also been linked strongly to human resource management and its focus on employee consultation in preference to collective consultation with unions providing the voice for employees.

Certainly, in the Australian context, the basic theoretical 'focus of the HPWS (*high performance work system*) is upon the elements which can enhance the value of the *employee's* contribution to the business.¹¹ Due to its focus on employee rather than union consultation, 'high performance' has been synonymous with de-unionisation strategies and the use of Australian Workplace Agreements (AWAs)¹². Notions of collectivism have been missing from the Australian definition of 'high performance'¹³ and this is of significant concern to the CPSU and its members.

Democracy in the workplace is not addressed by the Discussion Paper. However, the Government has indicated through the Australian Government Employment Bargaining Framework that it sees a legitimate role in the workplace for trade unions to represent employees. This aligns with the desire of CPSU members as outlined in our Agenda for Change to '*build democratic workplaces and a workplace culture which values the right to collectively organise, where all employees are treated fairly and their rights are respected*'.

¹⁰ Freeman R and Medoff J (1979) 'The Two Faces of Unionism' *Public Interest*, Vol.57, pp.69-93, at p.73-4.

¹¹ Mitchell R and Fetter J (2005) *The Individualisation of Employment Relationships and the Adoption of High Performance Work Practices: Final Report* Centre for Employment and Labour Relations, Law School The University Of Melbourne, prepared for the Workplace Innovation Unit, Industrial Relations Victoria, p.3.

¹² Mitchell and Fetter (2005) op cit p.5.

¹³ Deery S and Walsh P (1999) Union decline in Australia: The role of human resource management practices and the union-hostile workplace. *Australian Journal of Labour Law* 12, pp.21–31, at p.28.

If the APS is going to face future challenges efficiently and effectively, it will need to seriously commit to building a democratic workplace culture.

Technological change

The Finance Minister has stated that the public sector must use technology *‘to maximise the extent to which government information, data, and material can be put out into the public domain’*; and to engage with *‘the wider community; in consultation, in discussion, in dialogue, about regulation, about government decisions, about policy generally.’*¹⁴

CPSU members are keen to engage with the opportunities for open government and online engagement. There is a genuine sense of excitement among members about finding new ways to engage with clients and the community, and about ways to make services more responsive.

The government has recognised the potential of Web 2.0 to change the way it operates, and as this process continues, government will need to open a dialogue with employees on issues such as:

- The potential impact on workloads.
- How Web 2.0 interacts with the competing requirements of open government and privacy considerations
- Security around personal data of the Australian public.

Impact on workloads

As Web 2.0 develops further, community expectations of constant interactivity, open participation and communications will need to be managed to ensure that the workload of public servants is not significantly increased.

To realise the promises offered by new technology, APS employees must be fully involved in the managed introduction of new technology and in any changes to work practices, with the change process fully funded by the government.

Interaction between technological change, open government and privacy considerations

Widespread use of new platforms for service delivery by the APS will lead to increased public expectations for faster responses to information requests. The Web 2.0 emphasis on participation, and the maximum disclosure and discussion of information, policy and government decisions may leave public servants at risk of accidental and inadvertent violations.

The CPSU’s submissions to the departmental inquiry into freedom of information reform and the Australian Law Reform Commission Inquiry into secrecy laws emphasised that APS employees need to be given clear guidance as to what information should be made available and what information should not. The tension between the principles of open government espoused in freedom of information legislation and the array of provisions prohibiting the disclosure of information, through secrecy and privacy laws, makes it difficult for APS employees to act quickly and with certainty when deciding these issues.

¹⁴ http://www.financeminister.gov.au/webcasts/2009/wc_20090622.html

Legislative provisions need to be far clearer to give APS employees certainty. In addition to this, the APS needs to develop clear policy guidance. Given public expectations about the speed with which information should be provided, errors will be made if APS employees are not provided with clear, unambiguous instructions on these issues. It is vital to involve employees when developing these policies and that appropriate training is provided.

Security of data

To date, Australian data has been kept relatively secure. As we move towards more online interaction and data sharing, it may be useful for government to review international experiences with data security. For example, in recent years the UK public sector has experienced some 'fails' on data security. In 2007 the British agency for Revenue and Customs (HMRC) lost information on the personal details of all families in the UK with a child under 16 – around 25 million people. While the problem was attributed to the UK's 'ancient' system of using discs to transfer information, it is a reminder of the risks involved with technology's increased capacity to store colossal amounts of vulnerable data.¹⁵

According to David Chadwick, Professor of information systems security:

*the majority of loss or damage to information is a result of human error rather than malicious attack, and that the vast majority of the damage is caused by employees rather than outsiders, a significant proportion of information security management is concerned with managing people. It is the latter category that has been responsible for several of the well-reported UK government data losses.*¹⁶

In January 2009 AGIMO made the welcome announcement in its *National e-Authentication Framework Best Practice Guidelines* that the 'target state' is for agencies is to be guided by the international standard ISO-IEC 27002 – 2005: the information technology code of practice for information security management.¹⁷

Given this, the APS should engage in a constructive dialogue with its employees to:

- Establish policies, internal procedures and roles for information security management.
- Educate and train all employees, including part-time and temporary employees on information security management.

It should be noted that many of the high-profile cases of data-loss in the UK have involved contractors who did not follow proper encryption or data protection protocols and as contractors would not be subject to the same level as employees.¹⁸ Permanent APS employment is one of the best ways to ensure data protection standards are being maintained. The in-sourcing of IT functions as recommended by the Gershon Review will go some way to ensuring that this risk is minimised.

¹⁵ http://news.bbc.co.uk/2/hi/uk_news/politics/7103566.stm

¹⁶ http://www.publicservice.co.uk/feature_story.asp?id=11680

¹⁷ <http://www.finance.gov.au/e%2Dgovernment/security-and-authentication/docs/NeAF-BPG-vol4.pdf>

¹⁸ <http://www.computerweekly.com/Articles/2008/09/11/232277/Home-Office-terminates-PA-Consulting-contract-after-data.htm>

Attraction and retention of skilled employees

Attraction of new employees

The CPSU's *Agenda for Change* includes the goal of making the public sector an 'employer of choice'. A fundamental precondition for the APS becoming an employer of choice for skilled employees will be to recognise that it is actually a single employer, rather than a collection of agency based 'employment silos'. CPSU members have reported that the present situation, in which pay gaps of between \$11,000 and \$30,000 exist in work performed at the same level in different agencies with separate employment arrangements, discourages both new employees from joining the APS, and existing public servants from staying on, particularly in lower-paying agencies. The pay disparity also restricts mobility between APS agencies. The box below contains an example of the perverse results from this situation.

Examples of the 'silo' effect: What career progression?

An APS employee, who is currently an APS 4 at the highest increment in the Productivity Commission (**\$65,917**), successfully applies for an APS 5 position in the Australian Institute of Aboriginal and Torres Strait Islander Studies (AIATSIS). However despite this 'promotion' they have actually had their annual salary *cut* by over **\$5,000** – even if they start the position at the highest increment of an AIATSIS APS 5 (**\$60,230**). An APS employee, who is currently an APS 5 at the highest increment in Australian National Audit Office (**\$73,612**), successfully applies for an APS 6 position in the Australian Bureau of Statistics (ABS). Their salary has now reduced by over **\$2,300** - even if they start the position at the top of ABS 6 (**\$71,254**).

The **Productivity Commission/AIATSIS** example illustrates the 'silo' structure's negative impact on policy priorities. The Commission has been asked by CoAG to regularly report on whether policies and programs for Aboriginal and Torres Strait Islanders are achieving their goals (the Commission's most recent *Overcoming Indigenous Disadvantage* Report was released on 2 July 2009). AIATSIS projects include research into numeracy and literacy programs, Aboriginal medical services and palliative care. It is conceivable that employees from one of these agencies could bring useful knowledge and experience to benefit the work of the other. Yet as it stands it would only make sense for an AIATSIS employee to move to the Productivity Commission, not the other way around.

Source: CPSU Wages Database Sept Quarter 2009.¹⁹

A single employer should have a single employment agreement that delivers a consistent set of conditions for APS employees no matter where they work in the service. For a

¹⁹ Caveat Wages Database data is current at 30 September 2009. This is a point in time analysis and the pay rates in this Report are the maximum increases at each level in certified agreements payable at 30 September 2009. Slight distortion of the figures may occur through a point in time analysis since some agencies may have a wage increase payable in the months immediately following but these are not included. There is little prospect that this would have a significant impact on the overall averages. The figures in the report only include rates outlined in around 90 collective agreements. They do not reflect rates paid under AWAs or individual agreements. Nor do these figures reflect any extra performance pay employees may receive. The Executive level rates are included, however the figures may not be a true representation of current rates of pay, as many employees at these levels are subject to individual agreements.

broader discussion of the need for a single APS Agreement see the CPSU's submission on Chapter 7 of the Discussion paper.

Graduate and entry level recruitment

The APS must recognise that it competes for graduates with other sectors, and needs to offer competitive salaries rather than assume that someone straight out of university would be attracted to the opportunity to work for the APS regardless of income. CPSU members have told their union that graduate recruitment in the APS will suffer if the growing disparities between the public and private sector pay are not addressed. One member observed that *'graduates won't be able to afford to work in the APS, especially given rising uni debts'*.

The APS should consider whether it is best serving the community by moving towards an almost exclusively university educated workforce. According to the *State of the Service Report*, 60.6 per cent of those engaged in 2007-08 had graduate qualifications (twenty years ago it was around one-third).²⁰ While this no doubt reflects the increasing levels of tertiary education in the general population, CPSU members have expressed concerns about whether those with a high-school qualification would be able to gain APS employment even at the 'lower' levels. People without a degree can make a valuable contribution to the APS, and their employment would help ensure that the APS workforce remains representative of the broader population.

Permanent Part-time Work

The APS should review public sector conditions generally to ensure they meet the needs of women and younger workers. An example of such an option would be improving access to part-time work. While most APS agency enterprise agreements have 'permanent part-time work' clauses, the culture in many workplaces (e.g. pressure to work long hours, fears of being overlooked for promotion) discourages people from taking it up.

CPSU members reported that some agencies actively discourage access to part-time work by requiring medical reports before accepting an altered work pattern. Additionally, a perception exists in some service delivery agencies that permanent part time workers are more difficult to manage and not as productive as full-time workers (despite some studies showing that part-time workers are, on a pro rata basis, more productive).

Improved access to part-time work should be combined with making the APS a leader in family friendly conditions by expanding fully paid parental leave for all its employees to a minimum time of 26 weeks maternity and adoption, and six weeks supporting partner leave.

Retention of existing employees

CPSU members have expressed concerns that losing more experienced, longer term employees represents a loss of *'longer perspectives and "corporate" memories'*. Succession planning for retiring employees, and having mentoring arrangements for newer employees, would go some way to redressing that loss of institutional knowledge. The opportunity to mentor their replacement was seen as a strong incentive for longer term employees to remain, at least part-time, in the public service.

Part-time work arrangements could be better used to retain older employees. According to the 2007-08 *State of the Service Report*, the 35-39 year age group has the highest

²⁰ State of the Service 2007-08, p.26.

proportion of ongoing part-time workers (around 20 per cent) in the APS. The proportion working part time then drops off before increasing slightly for people aged over 59 years.²¹ It is worth investigating whether more employees would stay in the APS for longer if they could access part-time work earlier (or stay part time for longer) without fear that they might endanger their career prospects (and their superannuation benefits).

APS employees who are approaching retirement age are likely to be members of one of two public sector defined benefit super funds: CSS or PSS(db). While the public perception is that long term public servants have a good deal on superannuation, the reality is that many do not have sufficient savings for a comfortable retirement. CSS and PSS(db) members are disadvantaged in that they are denied access to a range of superannuation entitlements that are generally available to the general community and more recently employed public servants who are on the PSS(ap) scheme. Currently members of the CSS and PSS(db):

- Cannot salary sacrifice their superannuation contributions into their main superannuation scheme;
- Cannot contribute or receive employer superannuation contributions after the age of 65, in contrast to the general community's super standards;
- Are unable to access their super for transition to retirement purposes;
- Cannot share in the general community's increases in living standards because commonwealth funded superannuation benefits are indexed to CPI (Consumer Price Index), rather than MTAW (Male Total Average Weekly Earnings); and
- Have their non-pension incomes taxed at a higher marginal rate than other workers because the CSS and PSS(db) are classified as 'untaxed' funds under the 2006 'Better Super' tax amendments.

In addition, longer term members of the CSS are financially disadvantaged by working beyond age 54 years and 11 months due to different benefit formulas. This is the '54/11' anomaly.

A serious effort to retain experienced workers in the APS will require the removal of these inequities. Public servants are not asking for more generous treatment, just a levelling of the playing field with the rest of the workforce. The APS could improve its ability to retain workers over age fifty five by consulting with employees on developing flexible employment and retirement transition options.

Finally, for older workers, CPSU members commented that there is often a mismatch between rhetoric and reality. While older employees are said to be respected and valued, some reported that they are targeted for voluntary redundancies and ignored for promotion opportunities.

Aboriginal and Torres Strait Islander Employment in the APS

APS Performance so far

The Discussion Paper shows that Aboriginal and Torres Strait Islander employment in the APS declined from 2.7 per cent in 1999 to 2.1 per cent in 2008. This is concerning given that in 2001-2 the APS developed an *Indigenous Employment Strategy* (which later

²¹ State of the Service 2007-08, p.21.

became the *APS Employment and Capability Strategy for Aboriginal and Torres Strait Islander employees*).

The 2003-4 *State of the Service Report* identified the fall in Aboriginal and Torres Strait Islander employment as a trend that looked like continuing, and it has – making the APS less reflective of the views and needs of the Australian population.

Where is the problem?

CPSU members have conducted an examination of the engagement and separation rates for Aboriginal and Torres Strait Islander employees. It was found that engagements of Aboriginal and Torres Strait Islander people as a percentage of overall engagements had declined, despite the increase in the overall APS workforce from 110,954 in the year 2000 to 160,000 in the year 2008.

According to CPSU members who are Aboriginal and Torres Strait Islander employees, the problems are with the employment practices at the individual agency level:

“Anecdotal evidence suggests the issues lie with the lack of application of people management practices and policies particularly those targeting Indigenous employees at the line manager and senior employees levels within sections and branches. It could be assumed that in Indigenous specific areas these practices and policies are more stringently applied, however on the surface it appears that Indigenous employees are more adversely affected, particularly in the areas of career progression and developmental opportunities including acting positions”.

“Recruitment practices – beside the lack of use of Indigenous criteria is position documentation, Aboriginal and Torres Strait Islander employees are also not included on interview panels for positions specifically working with Aboriginal and Torres Strait Islander people and communities”.

“Employees engaged in people management in agencies have limited knowledge of Aboriginal and Torres Strait Islander people, their culture or their family/kinship relationships. Therefore do not take this into account with their interpretation of human resource policies and guidelines”.

Under the Commissioner’s Directions 1999, every agency head is required to develop a workplace diversity program and review the program to ensure it is effective. The program must include measures to ensure engagement decisions are taking into account the diversity of the Australian community and that the Agency values the diverse backgrounds of its employees. Given the decline in the employment of Aboriginal and Torres Strait Islander people in the APS, consideration should be given to whether the APSC needs to undertake a more rigorous review of agencies’ compliance with the current provisions or whether the provisions themselves need to be strengthened.

In March 2006 the APSC issued a circular to all APS agencies regarding the continued decline in the proportion of APS employees who identify as Aboriginal or Torres Strait Islander. This circular reminded agencies that two avenues already existed that could be used to recruit Aboriginal and Torres Strait Islander peoples to the APS. These were the use of an identified criteria and the special measures provision where positions could be advertised that stipulated only Aboriginal or Torres Strait Islander people could apply.

Further, the use of a specific Aboriginal and/or Torres Strait Islander criteria in the selection process was introduced. The key requirements of the criteria are that the successful applicant must have:

- an understanding of the issues affecting Aboriginal and/or Torres Strait Islander people and
- an ability to communicate sensitively and effectively with Aboriginal and/or Torres Strait Islander people

However, despite this criteria being recommended by the APSC to agencies to use in their selection processes, some APS agencies have either not used a similar criteria or watered down the criteria for positions that specially work with, provide a service to, or develop policy for Aboriginal and Torres Strait Islander peoples. Unfortunately the APSC can only *recommend* that agencies use the guidelines and cannot enforce their use.

The use of Aboriginal and Torres Strait Islander criteria for positions that work with, provide a service to, provide funding to or develop policy for Aboriginal and Torres Strait Islander people and communities must to be mandatory, ie not at the discretion of the agency. The goal should be that agencies dealing specifically with Aboriginal and Torres Strait Islander clients, should have a fair representation of Aboriginal and Torres Strait Islander employees. That said, it should be the responsibility of all APS agencies to have identified positions and employment targets for Aboriginal and Torres Strait Islander employment. It should not be the case that certain larger agencies 'carry the slack' for the rest of the service.

In determining what constitutes fair representation in particular regions of Australia, the local populations of Aboriginal and Torres Strait Islander peoples should be considered, rather than simply an Australia-wide population perspective.

Finally, the APS has a responsibility for promoting Aboriginal and Torres Strait Islander employment that goes beyond its own workforce. Commonwealth procurement guidelines and codes should include requirements to promote economic development opportunities for Aboriginal and Torres Strait Islander workers. The Commonwealth Procurement Co-ordinator should review and report on this requirement.

Reconciliation Action Plans

As part of its *Agenda for Change* the CPSU has adopted the goal of increasing employment for Aboriginal and Torres Strait Islander peoples in the APS. Part of the *Agenda for Change* approach is for agencies to implement 'Reconciliation Action Plans' (RAPs), as recommended by Reconciliation Australia. The aims of RAPs include improving recruitment practices, employment opportunities and employment targets.

Prior to the CPSU adopting the *Agenda for Change*, only around a third of APS agencies had registered RAPs with Reconciliation Australia. CPSU members therefore recommend that agency senior officers ask themselves some hard questions about Aboriginal and Torres Strait Islander employment goals, including:

- *Why does my Agency want to make itself the employer of choice for Aboriginal and Torres Strait Islander people?*
- *What is the perception of Aboriginal and Torres Strait Islander employees in my Agency?*

- *Why are there such a high proportion of non-Aboriginal and Torres Strait Islander people in Senior Manager positions i.e. EL2 above in Aboriginal and Torres Strait Islander specific areas?*
- *What is the level of engagement or consultation with Aboriginal and Torres Strait Islander employees in relation to Aboriginal and Torres Strait Islander policy, program and service delivery matters? If, none why not?*
- *Why do I want the knowledge, skills and life experience of Aboriginal and Torres Strait Islander employees in my Agency?*

The first question is perhaps the most pertinent. The aim of making an agency the 'employer of choice' for Aboriginal and Torres Strait islander people is a commonly articulated employment goal. However if the prime motivation for doing so is to satisfy a particular policy criteria imposed from the top down by government (to be boasted of in the agency annual report) then it is no surprise that this practice breaks down at the agency level.

Properly implementing Reconciliation Action Plans in every APS agency (rather than simply paying lip service) will be central to achieving Aboriginal and Torres Strait Islander employment goals as well as ensuring that all positions in agencies that provide a service, either direct service provision or policy development to Aboriginal and Torres Strait Islander peoples and communities have identified criteria included in the selection documentation.

However those goals are only part of the story. The senior officers of APS agencies need to focus on the individual experiences of Aboriginal and Torres Strait Islander employees. That means taking the effects of racism seriously in their agencies, and it means constructively engaging with and listening to their Aboriginal and Torres Strait Islander employees.

Taking Racism seriously

One CPSU member, who previously occupied a senior position in a Native Title agency, reported that racism remains a daily element in Aboriginal and Torres Strait Islander public servants' working lives. She recalled that up until the 1990s the APS was mindful of the need to take racism seriously, however since that time the 'checks and balances' have been removed.

Other members report seeing:

- Employment programs in which Aboriginal and Torres Strait Islander workers were recruited by agencies on a temporary or provisional basis, so that they are the first to be 'let go' when circumstances changed.
- Aboriginal and Torres Strait Islander trainees being assigned a lower entry classification than other APS trainees.
- Aboriginal and Torres Strait Islander employees being placed in positions for which they did not have experience – so that they could be quickly 'performance managed' out of the agency.
- Agencies designating certain positions as being for Aboriginal and Torres Strait Islander employee –then not bothering to fill them or filling them with a non-Aboriginal or Torres Strait Islander applicant.

To address this, Reconciliation Action Plans must require that agencies to ensure that employees in their agency have an awareness of Aboriginal and Torres Strait Islander people.

The APS needs an anti-racism strategy in its workplaces. Anti-racism is not 'political correctness', it is a response to a genuine negative influence that causes real harm to APS employees.

Reconciliation action plans should consider culturally sensitive safe work practices – the APS should be an *environment that is safe for people* where they feel comfortable with who they are as one member commented - "*where there is no assault, nor challenge or denial of their identity, of who they are and what they need. It is about shared respect, shared meaning, shared knowledge and experience, of learning, living and working together with dignity and truly listening*".

The Discussion Paper asks '*what are the most important challenges facing the public sector over the next ten years*'. Action on reconciliation and combating racism at the workplace level are two challenges to APS must take up in order to be truly representative of all Australians.

Representing the diversity of the Australian population

Following from the discussion above, there is a general challenge of achieving workplace diversity in the APS. And, while comment is made below on particular identified groups, CPSU members also identified that some recruitment practices resulted in a lack of socio-economic diversity. This was primarily around recruitment to non-ongoing and casual positions largely being done on a "who you know" basis. Comment is made elsewhere on the importance of merit based recruitment processes.

Employees with disabilities

The 2007-08 State of the Service Report reported that the proportion of employees with a disability declined from 4.9 per cent in 1999 to 3.1 per cent in 2008.²²

It is noteworthy that the State of the Service Report found that only 49 per cent of employees with a disability agreed that their agency managed diversity within the workplace well. The challenge of building workplace diversity in the APS cannot be separated from the challenge of workplace representation.

In the case of employees with disabilities, a 'top down' managed diversity approach is not producing satisfactory results. Ideas and information should flow upwards. Training, best practice and physical support and appropriate facilities for employees with disabilities to work in the APS should also be fully funded on an ongoing basis by government.

Employees from Culturally and Linguistically Diverse (CALD) backgrounds

The 2007-08 State of the Service Report notes that the proportion of employees from CALD backgrounds increased from 5.6 per cent in 1999 to 6.0 per cent in 2008 – although it has been steady since 2006.²³

While the APS has done better in recruiting people from CALD backgrounds there is still room for improvement. Chapter 7 of the CPSU submission discusses the benefits of

²² State of the Service 2007-08, pp.41-2.

²³ State of the Service 2007-08, pp.41-2.

employee mobility between agencies, and making the APS less Canberra-centric. The ability to move between agencies, and the increase in employment options that do not require a move to Canberra, will make the APS workforce more diverse and representative.

Employees from CALD backgrounds in service delivery agencies are often called upon by the work colleagues to assist with members of the public who have limited English language skills. Although there are allowances available in most agencies to support these employees, the standard expected to be achieved through organisations like NAATI are for a large proportion of employees from a CALD background not achievable. If the APS is to support and encourage employees with CALD background more needs to be done to recognise, acknowledge and reward their skills.

The diversity of the APS workforce is an aspect of a flexible and agile public service that the Discussion Paper neglects. Providing more recruitment and development opportunities for Aboriginal and Torres Strait Islander peoples, people from CALD backgrounds and people with disabilities, would ensure a richer base of skills, ideas and experiences which would benefit the APS and the community which it serves.

Environmental challenges from climate change

The CPSU's *Agenda for Change* includes the goal of ensuring that '*work and workplaces are environmentally sustainable*'. The Discussion Paper does not address the challenges for the APS of an increasingly carbon constrained work despite the inclusion of 'globalisation' as a challenge, and the emphasis on 'proactively advanc(ing) the national interest on the global stage'.

Environmentally sustainable workplaces

Current government policy is for APS agencies to develop and implement environmental management systems (EMS) on their sites.²⁴ The current international standards for EMS are ISO 14001 and ISO 14004.²⁵ These standards specify that employee involvement is good practice for achieving lower environmental impacts.

The APS must consult with its employees on meeting the challenge of building low carbon workplaces. The government itself has identified many environmental 'quick wins' in ICT operations that could reduce the APS environmental footprint in very little time.²⁶ However, the APS must actively engage with its employees at the workplace, agency and sector levels. Bringing employees on board with the environmental challenge could make the APS a world leader in workplace carbon reduction. Such measures, aside from reducing the energy costs of workplaces, will promote the Australian government's credibility in advocating for environmental action at the international level.

²⁴ DEWHA <http://www.environment.gov.au/settlements/government/ems/index.html>

²⁵ International Organisation for Standardisation, ISO 14000 Essentials
http://www.iso.org/iso/iso_14000_essentials

²⁶ DFD – AGIMO: Environmental Sustainability of ICT

<http://www.finance.gov.au/e-government/strategy-and-governance/sustainable-ict/quick-wins.html>

Chapter 2: Summary and Recommendations

The challenges discussed in this chapter will not be the only ones faced by the APS in the future – many other challenges, including the financial challenge are discussed in the CPSU response to other chapters of the Review discussion paper.

The most ‘challenging’ may well be those that we have not anticipated – the most recent example being the need to respond to the Victorian bushfires. However the APS will best prepare itself for both foreseen and unforeseen challenges by committing itself to building a culture of democratic, collective and constructive engagement with its employees.

The CPSU recommends:

1. That the APS commit itself to building democratic workplaces and genuinely consulting with employees as a key part of its strategy to respond to future challenges.
2. That the APS consults with employees on the introduction of technological change to work practices, and commit to fully funding the necessary training and development required to make the most of new opportunities.
3. That the APS takes concrete steps to increase the attractiveness of APS employment to women, young workers, workers with disabilities and Aboriginal and Torres Strait Islander workers, starting with:
 - the negotiation of a single APS wide enterprise agreement covering wages and employment conditions,
 - the full funding of the necessary employment strategies for building a diverse and representative workplace,
 - the use of Aboriginal and Torres Strait Islander criteria for positions that work with, provide a service to, provide funding to or develop policy for Aboriginal and Torres Strait Islander peoples and communities must be mandatory and not at the discretion of the agency,
 - Reconciliation Action Plans must require that agencies to ensure that employees in their agency have an awareness of Aboriginal and Torres Strait Islander people.
4. That the APS must address the inequities and negative incentives that encourage long term employees members to leave the service.
5. That the APS commits itself to direct collective engagement with its employees on the challenges of climate change for the public sector, and creating environmentally sustainable workplaces.

Chapter 3:

An aspiration for the APS

Overview

Chapter 3 of the Discussion Paper asks what standard should the APS aspire to and attempts to identify the characteristics of a high performing public service.

Aspirations

The APS should be a public service with clear goals. APS employees, rightly, take pride in the work they do and any aspiration that captures the goal for which the APS is striving should build on this sense of pride.

Under the current framework, the APS Values are the closest thing to an articulation of the aspirations of the service. For example the Values outline that the APS shall provide leadership of the highest quality.

The APS Values do have a very real impact on APS employees' working lives; Agency Heads are obliged to promote the Values in their agencies and employees must behave at all times in a way that upholds the Values. It is the immediacy of the Values that make them important and relevant in the APS today. For a broader CPSU submission on the APS Values see our response to Chapter 4 of the Discussion paper.

If there is to be an aspiration articulated for the Public Service, it must be real and unambiguous. It must be something that APS employees, Governments and the public can clearly comprehend and articulate. An aspiration founded on the statement that the APS should be "the best public service in the world" lacks these qualities.

The importance of this Review and reforms to Australian public administration should not be lost in pursuit of a vague goal. An alternative approach may be to ask what Australians expect of Government – for example, providing essential services, solutions to problems and creating a civil society that meets the needs of all Australians.

Not every 'public service' is comparable

The measure of a nation's public service must be how it responds to the needs of the public it serves. These inevitably differ given different governance structures, fiscal arrangements, societal considerations and policy challenges. What is an effective and efficient public service in one country may be entirely inappropriate in another. For example, Australia has a federal system of government with service delivery being largely the responsibility of the states and territories.

Other nations have unitary systems giving national governments much broader responsibilities. Given these basic differences, defining the 'best in the world' is much more difficult than the proposed aspiration suggests.

It focuses on international benchmarking against other public services above the real and immediate question of whether government is effectively undertaking the functions Australians expect. The difficulties with international comparisons are discussed further in Chapter 8.

Is the proposed aspiration healthy for the APS workforce?

An unmeasurable aspiration to be 'the best' has the potential to feed into the currently existing unhealthy attitudes to work and lack of work life balance. One member commented that:

"I have become increasingly alarmed about 'workaholism' as a real trait of the current APS work culture and something which was not so entrenched a decade ago. Such lofty ideals as the world's best public service only serve to add to such unhealthy approaches to work and to work practices."

CPSU recommends an alternative wording for the APS aspiration that reflects more concrete criteria, one which captures the public interest of the Australian community, something which should be the key focus of the APS at all times.

Of course, a statement of aspiration alone does not affect change. A statement of aspiration will only be valuable where it is supported by practical measures and changes moving the APS to the standard to which it aspires.

Characteristics of a high performing public service

The Discussion Paper proposes five characteristics against which the performance of the public service could be measured. To some extent, these characteristics reflect current fads in terminology, rather than measurable, definable qualities. This diminishes the goals that are being set and dates them very quickly.

1. Having a values driven culture that retains public trust

A 'values-driven culture' is a vague concept. It is not defined and lends itself to subjective interpretation. It is preferable that the characteristics more clearly define the values to which the APS should commit itself.

The Westminster tradition is one of an independent public service. It is the independence of the public service which distinguishes this system and this should be reflected in the characteristics of a high performing public service.

One of the main reasons the Australian public place trust in the APS is because of its independence. Generally advice from the APS is rightly viewed as being evidence based, impartial and independent, in comparison to policy advice that emanates from political parties, lobby groups, corporations and others. In recent years, the independence of the APS has come under question. It is even more important then, that the independence of the public service is set down as a key character of the service.

The independence of the APS is inextricably linked to the system of merit-based selections. It is therefore appropriate that the system of merit based appointments be reflected in the characteristics.

It is also important that professionalism be included in the characteristics. The professionalism with which the public service deals with Government, citizens and other groups is integral to its performance as a whole.

2. Providing high-quality, forward-looking and creative policy advice

The second proposed characteristic sets out the very important role of the public service in providing high level policy advice. The ability to provide such advice is a critical indicator of the health and strength of the APS.

A reference to “innovative” rather than “creative” policy advice may more clearly communicate the intent of this characteristic.

3. Delivering high-quality programs and services that put the citizen first

Focussing government program and service design and delivery on ‘citizens’ or the individuals who will be using and benefiting from the service is positive but also somewhat limited. Government should also look at the needs of communities. Using ‘citizen’ solely is also limited as not all people who access the programs and services delivered by the APS are citizens. For a broader response see the CPSU’s submission on Chapter 6 of the Discussion paper.

4. Providing flexible and agile responses to changing realities and government priorities

What constitutes ‘flexibility’ and ‘agility’ in the public service needs to be clearly defined in consultation with APS staff. This characteristic implies that the APS is not already flexible and agile despite over three decades of public service reform. For a broader response see the CPSU’s submission on Chapter 7 of the Discussion paper.

5. Being effective and efficient in all operations

As with the previous characteristic, what constitutes ‘efficiency’ and ‘effectiveness’ for the APS needs to be clearly defined before a practical discussion on how to achieve them can take place. Federal governments for the last quarter century have forced APS agencies to accept arbitrary budget cuts called the ‘efficiency dividend’. CPSU members have told government that the ‘efficiency dividend’ is neither efficient nor effective. For a broader response see the CPSU’s submission on Chapter 8 of the Discussion paper.

Additional characteristics:

Attraction and Retention, and Representativeness

The ability of the public service to recruit and retain skilled staff should also be a key characteristic of a high performing public service. The public service will only ever be as strong as its employees. If the Government wants to create a public service that consistently achieves excellence in the development and delivery of public policy, it is important that it recruits and retains the employees necessary to achieve these goals through providing competitive wages and conditions.

The APS also needs to be representative of the Australian population. The employment of Aboriginal and Torres Strait Islanders, people with disabilities, and people from non-English speaking backgrounds need to be prioritised. For a broader response see the CPSU’s submission on Chapter 2 of the Discussion paper.

Chapter 3: Summary and Recommendations

1. A proposed alternative aspiration could reflect the following: The APS will serve the interests of the Australian public with professionalism, independence and a commitment to excellence.
2. The first characteristic of the proposed 5 Characteristics of the Public Service should be:
 - “having a professional, independent and merit-based public service that retains public trust”.
3. There should be the following additional characteristics:
 - “6. recruiting and retaining skilled staff
 - “7. being representative of the broader Australian community

Chapter 4:

A values driven culture that retains public trust

Overview

A values driven culture must be one that is inclusive and shared. Any shared values must be equally applied and any value system must promote positive outcomes rather than be used as a punitive measure.

- *Should the APS Values be streamlined?*
- *What values do you consider should be included in a revised set of APS values?*
- *How do we ensure that APS leaders fulfil their responsibilities to promote and uphold the values?*

It is uncontentional that the APS must have clearly articulated values that underpin the whole of the sector. However, CPSU members who responded to an online survey about this review were evenly split on the question of whether the values needed to be streamlined.

Of those who indicated that they thought changes needed to be made to the values, the majority did not want to see a change in the content of the values, rather their focus was on:

- Expressing the values in plain English.
- Shortening the number of values, but retaining the same sentiments.
- Emphasising already existing values, especially strengthening the values around bullying in the workplace.
- The application and adherence to the existing values.

This last point is the most important, with many CPSU members feeling that there is an unequal application of the values and the Code of Conduct, (the practical realisation of the values in APS workplaces).

There is the view that currently the Code of Conduct and the APS values are too punitive and that the only time the values are made reference to in day to day work is as a way to sanction employees. This does not create a positive commitment to the APS values, and must change if the aim is for the values to be '*universally accepted and embraced by those employed within the public service*'. The APS values need to be seen as a tool for growth and innovation not punishment.

How can this be achieved? If the APS values are reformed following this review there must be a clear and positive purpose for any change. For example, the existing values could be reframed to encourage a greater outward focus on ensuring that the priority is serving the

community and fostering an open and collaborative whole of government culture for the APS.

For the APS values to be more relevant in modern APS workplaces any changes need to be made in consultation with employees to ensure that there is broad support from the workforce and to encourage any required cultural change to come from all levels of the APS.

Regardless of whether the values change, there is a need for information and training on the values. If access to regular training about the rights and responsibilities of employees in relation to the values and the Code of Conduct is not available, then employees will not have the necessary skills and knowledge to carry the values into every aspect of their work. If the values were integrated fully in recruitment and training processes then the APS would be building a values driven culture by placing the values at the centre of employees interaction with agencies.

In a discussion about implementation of APS values, comment must be made about outsourcing of APS work, as well as the use of non-ongoing or contract staff. It is rare that companies contracted to do APS work even inform their staff of the APS values.

This is despite the fact that they may have staff doing the same work and dealing with the same customers/citizens that an APS employee does. While many contracts entered into with consultants or labour hire firms providing services to the APS import the APS values and Code of Conduct there is no easily accessible remedy available to ensure compliance.

APS Leaders

Currently under the *Public Service Act 1999* there is a statutory obligation for an agency head to uphold the APS Values and the Code of Conduct. However as mentioned above, the application of and adherence to the values was one of the areas identified by CPSU members as needing improvement.

There is a perception from employees that management does not uphold the values or apply them equally to employees of all levels. Senior APS employees must be regularly trained in how to apply to Values to ensure that they are applied fairly and impartially.

The chapter focuses heavily on ways to foster unity between SES employees from across all agencies and improve their commitment to the APS values.

While this is important, it is equally important to provide the same information and opportunities to employees of all levels. Making the values the domain of senior employees does not create a culture of trust and commitment to values across the whole APS.

Other feedback from CPSU members is that the Code of Conduct and APS values are used in a single direction by managers to discipline or control employees and that managers are not necessarily held to the same standards of behaviour and/or have the same sanctions applied to them.

- *Do you think the APS engages appropriately with government on an apolitical basis?*
- *Are further reforms needed to clarify the roles and responsibilities of the APS when dealing with ministerial offices?*

The role of the APS in acting apolitically

Assisting the government to deliver on its policy commitments is vital, and it must occur within a framework of APS values that direct the performance of those duties in an impartial way without political favour or bias. This is expressed in s10(a) of the *Public Service Act* and is of the utmost importance to serving the elected government. The discussion in Chapter 1 of the role of the APS does not adequately capture the significance of this value to the neutral and professional role the APS plays.

In recent years there has been an increasing criticism of the APS mostly from external observers based on the perception that the APS and public servants have become politicised.

What does this mean? There is a perception by some that the APS tells the government what it wants to hear. This is the legacy of having a government with a strict ideological agenda for the APS and Ministers who have pressured the APS to deliver this agenda without the opportunity to present contrary advice. As one member explained:

There is still a legacy of the Liberal Government in terms of serving the Minister and being fearful of expressing alternative views.

Being apolitical is one of, if not the key value of the APS. Without the freedom to express views that challenge the government's position, policy development and advice will not always be in the best interests of the community and innovation is stifled.

The APS and its employees, despite often being placed in complex situations, have navigated the difficult task of remaining apolitical appropriately in the overwhelming majority of cases and much of the external criticism is unjustified.

The role of the APS in providing honest advice

In fulfilling the role of "important accountability responsibilities, through Ministers" to which Chapter 1 refers, APS employees must be able to provide frank, honest and fearless advice. Without the capacity to provide accurate and honest information and advice to Ministers, the accountability of the APS would be sorely diminished. As such, it is an important value underpinning the role of the APS in being accountable to government.

Clarifying roles and responsibilities

Much of the work of ensuring the APS remains politically independent lies with the government of the day not requesting that public servants do work that places the public servant in an untenable position.

There needs to be clarification of the roles and responsibility and the provision of clear information and training to both the government and the APS on their rights and responsibilities. As one member commented:

Some clarity on what is reasonable and what is not – from both sides. APS needs to be responsive to the Minister, but the Ministers office needs to be realistic about the degree of detail they ask for and the timeframe.

CPSU members commented that Ministers and their staff seemed unaware of what they could and could not reasonably and appropriately expect an APS employee to provide for them. This is concerning and needs to be rectified as soon as possible. Educating

Ministers and their staff about their roles and the roles of public servants is essential if a successful apolitical working relationship is to remain between the government and the public service.

Chapter 4: Summary and Recommendations

1. Reposition the existing APS values to be focused on achieving outcomes for the community.
 - Involve employees in any reforms to encourage ownership and cultural change.
2. Make the values a positive rather than a punitive tool.
3. Provide training and information on the APS values to ensure that all employees are aware of what is expected of them:
 - Make APS values a more integral part of the recruitment process.
4. Improve and equalise the application of and adherence to the values:
 - Given clear guidance to management regarding how the values can be used and applied.
 - Ensure application is consistent across the APS and equitable at all levels.
 - Non-ongoing and contract staff must be included in this process.
5. The government, ministers and their staff must recognise their obligation to ensure that their actions and requests do not compromise the ability of APS employees to remain apolitical.
 - Provide information, education and training to all government ministers and staff to clarify roles and responsibilities.

Chapter 5:

High Quality, forward looking and creative policy advice

Overview

The Discussion Paper defines high performance in the provision of high quality policy advice as requiring excellence in the following four areas:

- policy formulation;
- policy integration;
- human capital; and
- performance management.

The paper does not explore how 'performance' in these areas is measured. This needs further consideration to ensure that the expectations of the Review align with the expectations of APS employees, agencies and the public. Measures of public sector performance are discussed in Chapter 8.

Further, it is important to acknowledge that strengthening the policy capabilities of the APS requires a genuine commitment from all levels of the APS, dedication of resources, and the willingness to implement practical measures that bring about real change.

How can internal and external collaboration be strengthened to improve policy development and implementation?

Breaking down 'silos'

A major cultural issue that needs to be addressed is the 'silo' or 'us and them' mentality that is common across the APS. On the whole, agencies work independently of each other, fiercely protecting segregation and their 'patch' of responsibility. There are some inter-departmental arrangements and taskforces, however the existence of these and their level of functionality are not well known. The APS needs to move to a culture that is committed to consistent information sharing and collaboration within and between APS agencies as well as other parts and levels of government.

Another aspect of APS culture that needs to be addressed to foster collaboration is the strict delineation between service delivery and policy development. Service delivery agencies have limited interaction with policy agencies, even though efficient and effective implementation of services requires both areas to interact. This is the case even within individual agencies. Service delivery and policy development functions are often physically separated, with most policy development occurring in Canberra and frontline service delivery throughout Australia.

Strengthening collaboration means giving employees at all levels a chance to be involved in policy development, especially those engaged in frontline service delivery. These employees have unique insights that are valuable to the policy development process but

these opportunities are missed. CPSU members report significant frustration at implementing policies that have been developed in policy agencies with limited exposure to the real challenges of services delivery. Often, this results in a decrease in effectiveness, and limits the outcomes delivered.

The strict allocation of resources between agencies and between groups and branches within any one agency must also be addressed before real change can be contemplated. These arrangements deter information sharing and open relationships. More open and flexible structures would assist in strengthening collaborative processes.

Genuine consultation and collaboration

To be effective, consultation and collaboration needs to be genuine. Often, APS agencies only participate in consultation both with employees and external stakeholders in a perfunctory manner. There must be greater commitment to open and genuine consultation, where outcomes are not pre-determined and the ideas of external and internal stakeholders are properly considered.

Internal and external collaboration will not occur where policy development is entirely reactionary and the government requires policy responses in unreasonably tight timeframes. Policy developed on the run does not allow for collaboration or proper planning and research. This requires Government to resist the temptation to come up with solutions that meet the 24 hour news cycle or the short-term political pressures referred to in Chapter 2. Ministers need to be reasonable with their expectations of the APS and promote collaborative evidence-based policy development.

For collaboration with internal and external stakeholders to be effective, the APS needs to develop expertise in this area, ensuring that employees have skills in liaison, collaboration and facilitation. Agencies will also need to actively educate and promote the value of collaboration with their employees.

Relationships and Communication

The APS needs to engage with a wide range of stakeholders, not just peak bodies. To improve policy development, consultation needs to be open to the public at large and a wider range of organisations and individuals. Identifying and involving such parties in this process will itself require resources, and project planning will need to take into account the time required to do this properly.

The APS should provide stakeholders with information about how the APS operates and about evidence based policy development processes. This would give parties a better understanding of what may and may not be possible policy outcomes and avoid the potential for parties entering the process with unreasonable expectations and finding it frustrating or disheartening.

Greater transparency during policy development and consultation processes would also be beneficial. This would assist in making external and internal stakeholders feel comfortable sharing their views, knowledge and experiences.

Funding and Resources

The Moran Review needs to acknowledge that collaboration, consultation and policy development takes time and money. This issue is dealt with in more depth in Chapter 8. If the government is committed to strengthening these processes across the APS it needs to invest in the APS. For example, greater investment in technology will make consultation

processes simpler, easier to manage and more accessible. Web based discussions and resources, such as blogs and forums, would make policy making processes more accessible to a wider audience. Increasing the presence of the APS online is broadly supported by CPSU members. However as noted during the Web 2.0 consultations, structural and cultural changes need to occur before these new platforms can/will be used extensively throughout the APS.

What should be done to continuously improve the capability of the APS workforce in policy formulation and implementation?

There is a variety of ways that the capability of the APS workforce in policy formulation and implementation can be improved. Some key ways in which this can be achieved are:

- articulating a clearly defined whole of government approach to policy development;
- increasing access to education and training opportunities for APS employees; and
- opening up the policy development processes to the whole of the workforce rather than concentrating efforts in specific areas.

Whole of Government Approach

Policy formulation is a whole of government issue and, as such, requires a whole of government approach. For the reasons stated above, the 'silo' mentality in the APS inhibits collaboration, co-operation and the cross-pollination of ideas. APS agencies need to improve the way in which they work together. To improve the capability of the APS workforce in policy formulation and implementation, there needs to be more networking and recognition of creativity across all levels of the APS.

The capacity of the APS to formulate and implement policy would be improved if employees had the opportunity to work across agencies. The policy development process must be flexible enough to adapt to the specific requirements or considerations in any particular portfolio, however where possible, processes should be standardised to allow employees to move easily between agencies. To this end, creating ways for employees to transfer between agencies is also important in building APS capacity and retaining experienced employees within the APS. This could be achieved by streamlining APS classifications and pay points. This is discussed further in the CPSU submission to Chapter 7.

Development of the APS's policy capabilities must occur from within the APS. Whenever the government relies on outside consultants and contractors for policy advice and development, the development and capabilities of the APS are diminished. Use of consultants and contractors is extremely expensive and their expertise is only available for the limited time they are contracted since any skills they have learnt while contracted to the APS are lost to the service when the contract finishes. Reliance on external providers for general policy advice is extremely short-sighted and undermines the very purpose of the APS.

Improving the capability of the APS workforce will require cultural change. Unfortunately there has been too little emphasis on critical analysis of policy objectives. Critical analysis, internal debate and the acceptance of differing views must be part of APS culture. This will require the APS to be more accepting of a wider range of views and opinions. To this end, employees should be given opportunities to get out into the general community and

consult with the relevant sectors and clients. The APS should seek to engage employees with diverse qualifications and a range of experiences and backgrounds.

Education and Training

The APS needs to invest in the skills of its employees. Currently agencies approach skill development on an ad hoc basis, and training efforts are constrained by competing priorities and resource allocation. Agencies and the APS as a whole would benefit from having a systematic approach to education and training. This would enshrine the objective as an important APS-wide goal and ensure that agencies focus on delivering it. To improve the quality and outcomes of education and training for the APS workforce there also needs to be adequate funding and time allocated to training.

Policy formulation

Consideration needs to be given to the way in which policy decisions are made. The current focus on cost above all else is not conducive to developing policy capability. To improve policy development, agencies must allocate real time and resources to evidence based policy development and implementation.

The scope of policy formulation also needs to be expanded to include evaluation and feedback as part of a continuous improvement process. Currently an assessment of the effectiveness of a particular policy process is overlooked, often in the haste to deal with the next pressing priority.

What can be done to bring the workforce development approach of the APS up to the level of the best organisations globally?

This question requires benchmarking of the APS against other public services in the world. The benchmarking of national public services is extremely problematic and these difficulties are discussed in more detail in Chapter 8.

There are, however, a number of steps that may be taken to improve the workforce development approach of the APS. A consistent approach across the sector would, in and of itself, be a major advance in this area. Other initiatives, which have been discussed above, would include:

- systematic approach to training and development opportunities;
- removing the barriers that discourage employees from collaborating and gaining experience in other agencies; and
- working on retention strategies to keep APS employees.

How do you think a stronger culture of innovation can be fostered?

What approaches to engaging with risk are most appropriate for the APS provide high quality, forward looking and creative policy advice?

The MAC Innovation Inquiry dealt with these questions quite extensively. The CPSU submission to that inquiry explores in detail the way in which innovation can be fostered in the APS. Below is an extract from the CPSU submission:

The key message is that there is no single solution to improving innovation in the public sector. The first step must be an APS-wide commitment to innovation.

Training for innovative thinking needs to be combined with systems that are modern and responsive (eg ICT). Consultation and communication with staff should form an integral part of this approach, and cultural change is essential to ensure that new ideas are encouraged and rewarded.

If innovation is to be advanced in the APS it needs to be made a priority in every agency, it needs to be more important than finding efficiencies or cost savings, and it needs to be more important than the fear of failure. An acceptance of risk is what is needed and willingness for governments to support more risk prone pilots and projects. If the government is not willing to support innovation in the APS, then a risk averse culture will remain.

How can agency performance management processes be amended to maximise the focus on the attainment of outcomes?

The attainment of outcomes is the proper focus of the performance of the APS and APS employees are genuinely committed to a high-performing public service. Issues regarding performance management processes in the APS require careful consideration and conclusions about performance management processes should not be made in haste. It would be incorrect to conclude that agencies and APS employees are not currently pursuing high performance and quality outcomes and it would also be incorrect to conclude that agencies need further mechanisms to maximise the performance of APS employees.

The vast majority of, if not all, APS agencies have performance management systems. Unfortunately in the CPSU's experience no two public sector agencies have the same performance management scheme, with some differences between schemes being significant. These systems are quite advanced although most schemes in the APS have been modified as part of bargaining.

The schemes generally require the development of an individual performance plan, formal and informal feedback to the employee, formal assessments during the course of the performance plan and a formal grading of the employee's performance (for example, does not meet expectations, meets expectations and exceeds expectations). When agencies integrate individual performance plans with team performance plans they achieve a greater level of efficiency.

Furthermore, the application of performance management systems has a real impact on the working conditions of APS employees. Pay outcomes, in particular access to incremental advancement, opportunities for promotion or to work at higher duties and the commencement of underperformance procedures can all be directly connected to outcomes employees receive in performance management processes. Underperformance procedures can ultimately, and sometimes do, lead to dismissal.

Alongside these performance management systems, the performance and conduct of APS employees is regulated by the APS Values and Code of Conduct, which give agencies the statutory right to take disciplinary action against employees, including terminating their employment. The Code of Conduct places obligations on employees well beyond the confines of the workplace, indeed the Code mandates that APS employees must behave *at all times* in a manner that upholds the APS Values.

To the extent that APS performance management processes are not working, it is not because APS agencies do not have the mechanisms available to them to adequately monitor and/or deal with performance related issues. Indeed APS agencies have more tools available to them to deal with these issues than employers in the private sector.

Where APS performance management processes do not work, it is because they are poorly managed. For this to be improved, APS employees with responsibility for managing employee performance need to be provided with ongoing training, be given clear direction and guidance and have an understanding of the purpose of performance management processes.

Care must be taken in the setting of performance targets to ensure that there is a balance between efficiency and effectiveness. In service delivery agencies, and in particular call centres, performance management processes tend to focus on easily measurable specific targets, eg average time spent with a customer, percentage of time spent actually on the phone. While these measures are easily recorded and identified, they can deter an employee from providing a comprehensive service to a member of the public. For example, if duration of calls is a measure with no consideration of quality, five calls from a customer lasting two minutes each looks better for performance management purposes than one ten minute call that resolves all the customer's issues.

Cultural change is also important. Too often, performance management processes are applied in a punitive manner. Whilst identifying and working to remedy any underperformance issues must be an aspect of performance management processes, there also needs to be an emphasis on facilitating high performance. Accordingly, employees should be encouraged to identify opportunities or changes in workplace practice that would help their performance through these processes. A central aspect of all performance management processes should be providing learning and development opportunities.

Emphasis must also be placed on taking a bipartisan approach to developing performance management processes. When considering the effectiveness of existing processes, agencies should genuinely engage with employees and their union. For example, unions have encouraged agencies to adopt a 'no surprises' principle in performance management processes, that encourages supervisors to actively and consistently work with employees to improve performance. Similarly, agencies that seek to foster collaboration and teamwork have incorporated a team element into performance management processes. This encourages employees to work together to achieve outcomes. In this manner, performance management processes can work to support the approach outlined in the Discussion Paper of a collaborative and cooperative APS.

Performance pay in the form of lump sum bonuses for employees according to an assessment against individual performance have not been found to deliver better performance. Too often the process is a subjective rather than objective one, fostering jealousy, favouritism and poor morale.

Chapter 5: Summary and Recommendations

The APS and its employees are committed to providing high quality, forward looking and creative policy advice that serves the government and the public interest. To strengthen their capacity to do this, the APS needs to undergo cultural and organisational change. There must be a genuine commitment throughout the APS to the development of high-level policy capabilities and recognition that the development of these capabilities takes time and money. If there is a commitment to undergo cultural and organisational change and commit the resources necessary, the APS will be able to foster innovative and creative policy solutions that will make it a world leader.

Cultural change

1. There needs to be cultural change in the APS which involves:
 - A commitment to open and genuine consultation within and between agencies as well as other parts of government; and,
 - Greater consultation and collaboration with a wider group of external stakeholders and the public at large.
2. There is currently a culture of risk aversion in the APS. Overcoming this means that agencies have to be open about risk and prepared to accept failure.
3. Innovation is currently not encouraged or rewarded by management across the APS. Simple recognition or basic team rewards may help to counteract this.

Structural issues

4. The structure of many agencies limits the contact between service delivery and policy areas, hindering the cross-pollination of ideas and experience.
5. The development of an APS culture that values sharing of information and resources will not occur unless the funding and structural issues that create 'silo' mentality are addressed.

Staffing issues

6. The barriers that inhibit movement of APS employees across the APS must be removed.
7. A greater range of APS employees must be involved in policy development, in particular employees engaged in policy implementation (that is, service delivery).
8. There must be a systematic approach to training and development opportunities across the APS.
9. Contractors and external consultants must not be used as a primary means of policy development. There should be a review of the way in which contractors and consultants are engaged and the purpose for which they are engaged.

Funding

10. The APS needs to be funded adequately to undertake collaborative policy development and implementation.

11. To ensure effective consultation, education and training to ensure employees are skilled in effectively managing consultative processes must be funded.

Policy development processes

12. Policy formulation and implementation must become a whole of government priority.

13. More strategic and in-depth education and training of the workforce on policy formulation must occur.

14. The scope of policy formulation must be broadened to include research, strategic planning, consultation, evaluation and feedback, as well as a greater opportunity for employees to make decisions and implement new ideas.

15. Basic policy development processes must be standardised across the APS to allow for greater mobility of employees between agencies.

Performance management processes

16. Training for APS employees who manage performance management processes must be improved.

17. A bipartisan approach involving employees must be developed for performance management processes.

Chapter 6

High quality, effective programs and services focused on citizens' needs

Overview

To achieve high quality, effective programs and services there must be an overarching vision, strategy, and platform on which all programs and services can be built. Without this services and programs will continue to be piecemeal and duplicated across government.

While there is no question that commitment to employee and stakeholder involvement at the highest level needs to be greater, and that change is more effective when it is a shared goal, the use of citizen centred philosophy as the basis for this chapter and for the questions around program design requires further consultation and discussion. It should not be the assumed basis for future reform. Is this the right direction for programs and services? What are its advantages and disadvantages? How does it interact with existing programs and policies?

How do we embed a citizen centred philosophy in all aspects of program and service design and delivery?

Before a citizen centred or client centred philosophy can be embedded in the APS, it must first be defined. If this is the platform on which all programs will be based, frontline employees, policy employees, agency leadership and the community as a whole needs to clear on what the philosophy is and what it involves.

Focussing government program and service design and delivery on 'citizens' is positive but also somewhat limited. Not all people who access the programs and services delivered by the APS are citizens. Perhaps the focus would be better on the individuals and communities that will be using and benefiting from the service. Government must consider terminology that meets the objectives of social inclusion. Already marginalised groups in our communities, such as new migrants and people from non-English speaking backgrounds, must not be further excluded or marginalised.

The CPSU submission uses 'citizen' throughout to address the discussion questions, however the CPSU recommends that consultation occurs with relevant stakeholders including the employees of the agencies and not-for-profit organisations that represent a range of groups in the wider community so that a more inclusive language is adopted. If a 'citizen centred' philosophy is about targeting the 'end user' of government services, this needs to be clarified. Without clarification, policy makers, frontline employees and service users will not know what is expected of them, what the aims of the philosophy are and what is to change.

How can we better bring together service design, delivery and policy formulation processes – within individual programs and across all of government?

There is support for a more integrated approach to program design, policy development and service delivery. Whole of government service delivery points are one way to bring together different agencies' services. This must be, however, part of a broader strategy of consultation, information sharing, communication and collaboration between agencies and between frontline and head office employees.

Consultation and collaboration

The majority of CPSU members identified a need for consultation and collaboration to occur. This has to occur at many levels including between frontline employees and policy employees, between SES and APS level employees, between branches/groups, between agencies, between levels of government and with the community.

The isolation or 'siloeing' that currently exists in the APS can be addressed, in part, through formal and informal consultation and collaboration. Bringing together people from different areas and agencies to collaborate on design and development is important, as is planning programs to include consultation around implementation and evaluation at the end of the process. This would ensure that the ultimate result, the service that is delivered to the community, is one that brings together range of views and is well tested.

Networking opportunities should be created for employees from across the public service to have more informal contact with colleagues. This will foster good will and facilitate the formal consultation processes at the agency level.

These measures will only be possible if the leadership of the APS and the Government is willing and committed to this process. This Review and any subsequent recommendations it may make will only be effective if they are accompanied by a genuine commitment to cultural change in the senior ranks of the APS. Consideration must also be given to how cultural change can be successfully facilitated from the bottom up, not just the top down.

There must be education and training for all APS employees on how to consult and collaborate effectively and efficiently to achieve the best outcomes. Simply expecting employees to know how to design integrated programs without any training or assistance is not viable.

Strategic focus

At present, new programs and services are often developed and implemented very quickly. This can lead to duplication or poorly designed programs that may not achieve the intended outcomes. This reactive, rushed process needs to be replaced with simple, collaborative and strategic program design processes.

To achieve this strategic and collaborative shift, a formal process for the whole of the government program design needs to be developed and implemented. As one CPSU member suggested:

Set up a formal policy making process/structure which makes sure thorough and well designed policy making starts at the bottom, without 'guidance' from above. This policy making should include the latest information, economic and social theories and utilise the highest quality and the best qualified officers.

As part of this formal strategic structure there needs to be clear lines of responsibility and accountability. If no one agency has responsibility for a program or a consultation process then it will not be effective.

Skilled employees and adequate funding

Attracting and retaining skilled and experienced employees is another key element to integrated program design and policy development. If employees have knowledge and skills in certain areas and are able to communicate with other skilled employees then the exchange of ideas will foster high quality programs and services. One CPSU member commented that:

Service delivery should be done by well trained and motivated staff who have had a strong say in service design, or else they will lack motivation and interest in service delivery.

The role of employees should not be underestimated or overlooked. They are central to the success of programs. Agencies need to be adequately funded to employ employees and provide competitive wages that attract highly qualified and experienced individuals.

In order to facilitate employee involvement in consultation, agencies need be funded adequately to ensure that employee workloads are not excessive. Too often communication and consultation is seen as an 'add'on', and these processes can be overlooked if employees have too much 'real' work to do.

Finally, agencies need to be adequately resourced to provide education and training to employees and also to the community as part of program implementation. Program design must include an element of education in order to ensure employees and service users understand what they are delivering and receiving.

Communication

The bringing together of policy and design areas is not just reliant on formal and informal consultation, it is also reliant on improving communication between and within departments. As one CPSU member pointed out:

The most important factor here is communication. This must be built in at all levels – individual job design, program policy, departmental policy, and APS policy.

This communication must extend beyond consultation around specific program design projects. Communication processes between and within agencies need to become a regular feature of the APS. Importantly, the communication processes must involve APS employees of all levels, not just the SES. This kind of communication will ensure that agencies are not duplicating research or policy development and that agencies making strategic decisions about policy development or delivery are best placed to do that.

Consolidation

There is widespread support amongst our members for more logical, streamlined service delivery models. A more logical, streamlined service delivery model has the potential to allow for greater efficiencies for government and improve service delivery for the Australian community.

Such models may allow for a 'single point of contact', the sharing of client information and easy referral to relevant APS service providers. A service delivery model based on such features would have certain efficiencies. For example, a single point of contact and shared information should reduce the current requirement to provide the same information to multiple parts of the APS. This would remove duplication of work, reduce the risk of errors

and improve the ease with which an individual client was able to access government services.

However, any proposal for a service delivery model that involves a single point of contact needs to take into consideration a number of factors.

Firstly, the occupational health and safety of APS employees and members of the public attending the office must be paramount in assessing any proposal. For example, currently cash is dispensed in Medicare offices which creates very specific and real security considerations. A proposal to collocate Medicare responsibilities with another agency function would need to properly take account of this issue, including in reference to security protocols and office design. If these issues are not properly considered, the welfare of APS employees and the community would be at risk.

Secondly, a proposal for consolidated service delivery must also allow for the standardisation of terms and conditions of employment. APS employees engaged in work of similar value in the one location would reasonably expect to be entitled to work under the same conditions as their colleagues. Where this does not occur, issues of equity will arise and this will inhibit a co-operative and collaborative workplace culture. The broader benefits of standardising wages and conditions across the APS are discussed in more detail in the CPSU submission to Chapter 7.

Thirdly, proper consideration must also be given to the workloads of APS employees. In our experience, the consolidation of service delivery functions has sometimes involved a significant increase in the workload of APS employees. Any consolidation should not be a means of reducing staffing by increasing employee workloads. Further, APS employees should not be required to undertake a far greater range of duties. For example, issues of work value will reasonably arise where an APS employee originally engaged to administer a certain scheme, is then asked to administer multiple schemes.

Consolidation of some service delivery processes could be achieved through a common web portal. This idea was discussed in the Human Services Roundtable, referred to in the CPSU Submission to Chapter 8, and supported by all participants in that forum.

What options could be pursued to ensure citizens, especially those with higher needs, can access government information and services that they need?

To ensure all citizens can access information and services the focus needs to be on innovative support solutions. While offering a variety of programs, services and choices is incredibly important, if there is not a range of innovative support services to help citizens overcome barriers, then the true choices available to citizens will be significantly reduced.

There is not one simple answer to this question as one member explained it requires a variety of responses and changes:

More staff, more resources, more community based government offices and facilities away from Canberra and in the population areas, multilingual web pages and rapid response units.

Innovative support solutions

CPSU members suggested a range of innovative support solutions - many focussed on increasing funding for internet access and training people with special needs to use computers and the internet to allow them the freedom to access government information. The IT platforms used must be secure and easy for both the client and APS employee to use. The focus needs to be on empowering individuals.

However it must also be recognised that web-based services have limitations:

Web-based material is always good, but websites need to be easy to use and information needs to be available and updated – this should always be the source of the most up-to-date information. I think there needs to be a coordinated effort to update all government websites.

Online services and information must be part of a range of communication strategies including face-to-face and phone contact. To shift solely to an online focus would disadvantage those in regional areas and those with high needs who find it easier to attend a local office.

Other innovative support solutions suggested by members included:

- More proactive education campaigns including television advertisements for programs/departments/services.
- Information available on all government services federal, state and local from the APS, not just Commonwealth information.
- A toll free helpline for all major programs.
- More information provided in different languages, and made more accessible to individuals with a disability.

At the heart of service delivery and communication there needs to be flexibility to meet the needs of the individual accessing services, not forcing the individual to fit agency requirements. This is a key cultural shift that needs to occur in policy development, program design and service delivery but one that will not occur while current funding arrangements mean that these 'additional' features are under funded.

Importance of skilled employees

Skilled employees play a pivotal role in ensuring that citizens especially those who are marginalised or have higher needs, access the services and information they need. A commitment to citizens is a commitment to having experienced, skilled, diverse and trained employees who can tailor solutions to the needs of the individual.

Frontline employees are the link between good program design and good service delivery, and if they do not have the autonomy to make decisions and advise individuals then citizens will not get the access to services they need. There needs to be less focus on process and reporting and more focus on flexibility.

Departments need to be adequately funded to maintain and increase staffing numbers across the country in front-line roles and also in phone or web based support roles. Funding also needs to be made available for ongoing training of employees and to ensure that wage rates are sufficient to attract and retain skilled, qualified and experienced employees to the APS.

If the government is committed to ensuring the delivery of quality public services, then it also needs to be committed to the adequate funding of the public sector.

How can we ensure performance management frameworks focus on the attainment of outcomes for citizens?

While it is important to focus on the final outcomes, managing performance and best practice benchmarks, if the design of the performance management frameworks are not sound, outcomes will not be achieved and services will not meet the needs of the community.

To ensure that performance management frameworks focus on the attainment of outcomes for citizens, their purpose, scope and context must be defined. Who applies and monitors these frameworks? What are the outcomes that are to be attained?

There are many questions around performance management frameworks and it is impossible to discuss how they would be implemented without knowing what the programs and services will look like.

Again this is where consultation with employees from all levels and sections of the APS is important. If the eventual frameworks are a shared goal then the chance of success is greatly improved.

Chapter 6: Summary and Recommendations

1. Before the focus shifts to effective program design there must be discussion and genuine consultation around the underlying ideological basis for all programs and services.
2. Consultation and collaboration between a range of areas, groups and individuals needs to occur as part of the design and implementation process.
3. Formal structures and processes need to be developed to ensure that consultation, design and implementation is effective.
4. The APS needs to attract and retain skilled staff in order to design and implement effective and successful programs
5. Agencies need to be funded adequately to ensure that the workloads of staff allow them to be involved in consultation and communication.
6. Education and training needs to be provided to employees about how to consult and collaborate effectively. Education and training also needs to be included as part of the program design and implementation process both to employees and to the community.
7. Any proposal for consolidation of service delivery must address OH&S, work standardisation, work value/classification and workload issues.
8. Invest in innovative support solutions, such as education and community outreach.
9. Develop a broad communication strategy that includes easy to use and relevant online information, phone services and face-to-face contact.
10. Increase funding and capacity for frontline workers to visit regional areas and also high needs individuals in their homes.
11. Increase flexibility within programs and service delivery to ensure that frontline employees have greater level of autonomy and flexibility to make decisions.
12. Provide adequate funding to agencies to attract, retain and train skilled and experience staff.
13. Pursue open and genuine consultation with representative groups of high needs individuals to ensure that they are at the centre of service delivery and design.
14. Commit to adequately funding the APS to deliver quality public services.
15. Staff and stakeholder involvement in the development of any performance management frameworks and in establishing key outcomes for programs.

Chapter 7

Flexibility and Agility

Overview

The characteristics of 'flexibility' and 'agility' are vital to a contemporary public service. Agility in government is taken to mean *'understanding and meeting the needs of citizens in the short term, adapting structures and services to address medium term trends, and shaping needs in the long term'*.²⁷

The characteristics that the Discussion Paper ascribes to a flexible, agile APS are reflected in its questions about:

1. Mobility between agencies
2. Encouraging the pursuit of continuous improvement
3. Fostering a unified public service culture
4. Enhancing recruitment practices

Returning to a single APS culture is a significant task that will require strong support from management, employees and other stakeholders. Moving away from agencies acting as unconnected 'silos' will require key structural changes in addition to the required significant cultural shift. These measures include:

- A modern wage and classification structure for the APS, that has been developed with the genuine participation and engagement of employees and their union.
- A single enterprise agreement for the APS that provides common core conditions and allows agency matters to be addressed at the most effective level.
- Mechanisms that facilitate participation by employees and their union representatives in continuous improvement activities at the whole of service, agency and workplace level.

It must be noted that there are many current examples of flexibility in government where outcomes have quickly and efficiently been delivered to the Australian public in response to unexpected events. The response to the Victorian Bushfires is a good example of how agencies can adapt quickly to provide services where they are needed. The flexibility of the government's response to such crises has occurred despite, rather than as a result of, existing structures and working arrangements.

Mobility between agencies

The CPSU supports improving mobility between agencies. This provides benefits both to the APS and to individual employees. Enabling employees to more easily move between agencies will allow them to build a richer base of skills and experience, improve job satisfaction, and enhance career development. In turn, this will facilitate innovation, efficiency and effectiveness and ultimately increase retention of employees in the APS.

²⁷ Towards Agile Government (p.1)

[http://www.ssa.vic.gov.au/CA2571410025903D/WebObj/agile_government_towards_agile/\\$File/agile_government_towards_agile.pdf](http://www.ssa.vic.gov.au/CA2571410025903D/WebObj/agile_government_towards_agile/$File/agile_government_towards_agile.pdf)

For these reasons mobility between different agencies should be actively promoted by the APS. Practical measures to promote mobility could involve:

- Re-establishing a whole of government approach to the placement of excess staff.
- The APSC could facilitate APS wide skill matching services and rotation schemes for agencies. The APSC also has a key role in encouraging a transfer culture within the APS, recognising the benefits of broadening employee experiences and sharing improved approaches and experiences.
- Removing impediments to larger order of merit appointments at an agency or multi-agency level rather than specific position selection exercises allowing people who are merit listed for one position to be offered similar positions that arise, rather than agencies conducting entirely new processes.

Implementing these types of measures would in part rely on structural changes, such as the establishment of a single agreement and a common wages and classification structure.

Mobility of public servants between all levels of government

Mobility should not be restricted to within the APS. Given CoAG's emphasis on National Partnerships and Intergovernmental Agreements (IGAs), public servants from all tiers of Australian government would benefit from having mobility arrangements. Through an IGA, mobility opportunities could be extended to state and territory jurisdictions. Any public servant who transfers between jurisdictions should be able to transfer with full recognition of prior service and entitlements.

While CPSU members are supportive of mobility initiatives, these should be carried out on the basis that, in the words of one member, there *'should be a permanent APS workforce'*. The idea of mobility between agencies should not be taken as in any way implying that employment within the APS itself has become 'temporary'. The notion of the APS as a single career-based employer should be maintained and strengthened, not undermined. Permanent employment in a single APS is the only foundation upon which a flexible and agile APS can be built.

Encouraging the pursuit of continuous improvement

The Discussion Paper describes a flexible and agile public service as striving for *'continuous improvement in all areas of public administration, including business systems, agency management and culture'*. Continuous improvement is not a new concept in the APS. However, the important element of participation by stakeholders and particularly by employees and their union representatives has been effectively lost over the last decade. A focus on agency and individual bargaining has led to a narrow focus on employee conditions rather than the broad opportunities for continuous improvement at a whole of APS, Agency and workplace level.

Effective continuous improvement mechanisms require structures that:

- encourage participation by employees and their union representatives;
- allow ongoing discussions regarding continuous improvement rather than limiting discussions to when agreement making is occurring;
- provide for productivity generated through continuous improvement to be shared between the community, the Government and employees; and,
- recognise the opportunities at a whole of service, agency and workplace level.

Fostering a unified public service culture

The Discussion Paper identifies the benefits of rebuilding a one-APS culture as '*fostering a better environment for cross-organisational collaboration, including between regulatory, service delivery and policy development agencies*'. A unified culture cannot be achieved without a unified set of core employment arrangements across APS agencies.

Moving to a single set of APS wages and conditions through a single APS wide agreement is an essential structural change which will foster the cultural change necessary to recreate a unified APS culture.

There is a balance that needs to be established between the specific needs of agencies and the central determination of conditions. Agencies will continue to need to be directly involved in establishing specific conditions for employees in their agency. However, wages and conditions disparities that are barriers to mobility and to a single APS culture can only be overcome by a single service wide enterprise agreement.

Barrier – Remuneration Disparity

In August 2008, the CPSU released the results of its research on pay arrangements in the APS. The *Far From Equal* report, which examined over 750 individual pay rates in more than 80 APS Agreements, revealed that:

- Pay gaps of between \$11,000 and \$30,000 exist in work performed at the same level in different agencies.
- Smaller agencies with highly feminised workforces tend to provide lower CA wages than those in larger agencies.
- There is no correlation between agency productivity and pay differences.
- Rigidities and inefficiencies in the administration of the service arise from the current system of pay bargaining.

There is a clear need to review wages and classifications in the APS. The need stems from:

- The disparities that have emerged in remuneration for work of equal value that is performed across the public service.
- The desire of government and the CPSU to remove the barriers that exist to mobility and cohesion in policy and service delivery across the service.
- Concerns about the existing classification system and work level standards and the need to modernise these.

The House of Representatives Standing Committee on Employment and Workplace Relations Report *into pay equity and associated issues related to increasing female participation in the workforce* was released on 23rd November 2009. That report acknowledges the gender pay gap in the APS and, among other things, recommends that: the APS be required to report on the implementation of a diversity plan to address pay equity and on implementation of a gender equity duty in relation to employees and in service provision. Further the Report recommends that the Australian Public Service Commission be required to report on the gender pay gap in the Australian Public Service in the annual State of the Service reports. The CPSU seeks that the government implement the recommendations in the pay equity report.

The Discussion Paper suggests that work by the APSC has uncovered classification disparities between agencies. This finding corresponds with the experiences of CPSU members. Reviews to classification levels will be most effective where they are conducted with maximum participation by the employees potentially affected. For this reason, any review of wages and classifications should be done jointly by management, employees and their union.

The CPSU proposes that a working party be established, comprised of representatives from relevant government agencies including PM&C and DEEWR as well as from the CPSU to review APS wages and classifications.

Closer physical links between service delivery and policy development

A more logical, streamlined service delivery model has the potential to allow for greater efficiencies for government and improve service delivery for the Australian community. It is essential that the following factors are considered and taken into account when designing any alternative service delivery model:

- occupational health and safety considerations;
- standardisation of terms and conditions of work;
- review of work classification to ensure equity; and
- job security.

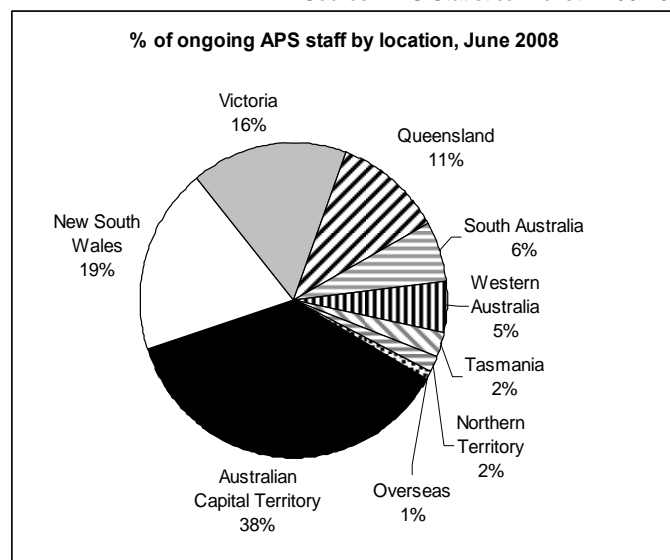
A public service that *'understands the needs of citizens'* and responds *'rapidly and effectively to changing realities and government priorities'* needs to be as close as possible to the population which it serves. In Australia this presents a particular set of challenges as, while we are a relatively highly urbanised nation, our major population centres are dispersed around our continent's coastline.

In contrast, according to the 2007-08 *APS Statistical Bulletin*, more than a third of ongoing APS staff are in the ACT.

While a strong presence in the national capital is to be expected for the national government's public service, we must also recognise that in the words of Tasmanian CPSU members, many APS jobs *'can be done in a variety of places'*.

The Advisory Group's online discussion group also raised this as an area for change, in order to *'ensure that Canberra is not a barrier to attracting talented people to the APS'*.

Source: APS Statistical Bulletin 2007-08



Creating APS workplaces in non-metropolitan, outer metropolitan and remote areas would have significant benefits. These include:

1. Reflection of community and diversity

Australians do not just live in Canberra, or in Sydney or Melbourne. They live in regional areas and come from a range of backgrounds - the APS should reflect this.

2. Environmental

Environmental concerns are at the forefront of Australian policy debate. Creating workplaces that are located closer to the public which it is serving represents an opportunity for the government to reduce its carbon foot print, reduce its impact on existing and over stressed infrastructure and also help avoid over development of urban areas.

3. Work/life balance

The 2009 Australian Work and Life Index (AWALI) survey found that *...many employees experience frequent interference from work in their personal, home and community lives, many feel overloaded at work and feelings of time pressure are also common and growing*²⁸.

The survey also concluded that longer commutes, limited workplace flexibility, caring responsibilities and the requirement to work longer hours were contributing factors in work-life interference. If people are not able to maintain a healthy work-life balance ultimately this is likely to have negative impacts on productivity.

The move to regional areas has the potential to allow people to work closer to their home and achieve a greater balance between work and personal commitments.

4. Wider talent pool

As the Discussion Paper notes, not all those who are qualified and interested in working for the APS can easily move to Canberra (or indeed want to move to Canberra). By focusing so heavily on Canberra and other metropolitan centres, departments limit their ability to attract the brightest and the best. In the 2008 *CPSU What Women Want Survey Report* over half of the women who responded indicated that job location (travel or moving) was an important factor to them when making career development decisions²⁹.

If agency workplaces were to be created in major regional centres with universities, such as Lismore, Newcastle or Wollongong they would have a pool of qualified graduates across a wide variety of disciplines ready to enter into a career in the public service. Having access to a wider group of potential employees can foster innovation and ensure that public services and public policy remain of a high quality.

5. Improved policy outcomes

Currently, much of the APS policy development and program management is done centrally in Canberra. This has advantages, for example it allows for the cross fertilisation of ideas. However in the case of agencies with a strong service delivery element to their work it does mean that there can be a disconnect between policy development and service delivery.

The government's social Inclusion agenda stresses the importance of tailoring solutions to fit individual needs and also using 'locational approaches' with integrated planning and service delivery³⁰. Locating policy development and program management closer to service delivery would assist in tailoring policy and programs to regions and creating better

²⁸ Barbara Pocock Natalie Skinner and Reina Ichii. The Australian Work and Life Index 2009 - Work, Life and Workplace Flexibility, pg 1

²⁹ 2008 CPSU What Women Want Survey Report pg 31

³⁰ <http://www.socialinclusion.gov.au/Principles/Documents/SIPrinciples.pdf>

place based solutions to social and economic problems that better serve the needs of the wider community.

6. Greater co-ordination between departments.

The Social Inclusion Principles for Australia released by the government³¹ have a strong emphasis on building partnerships. Principle 8 states:

*Building joined up services and whole of government(s) solutions
Getting different parts and different levels of government to work together in new and flexible ways to get better outcomes and services for people in need³².*

This can be achieved if government workplaces from the various levels of government are located in regional centres where staff will be able to interact and share information and skills. The best way to achieve these outcomes is not necessarily in Canberra as it is regional centres across Australia that are on the frontline of delivering the Government's social inclusion agenda.

7. Stronger links with community and other organisations

Workplaces that are located in a community will be able to form links with community organisations and providers and easily provide local assistance. Building strong partnerships with organisations, communities and businesses as well as strengthening communities are key principles in the government's social inclusion agenda³³.

8. Better access and visibility for government

Having workplaces located through regional Australia is an opportunity for the government to become more visible in the community. The work done the APS is incredibly important to the lives of every Australian and the widespread location of agency workplaces poses an opportunity for the government to be able to educate the public about the services available.

9. Economic stimulus

Establishing workplaces in non-metropolitan areas can be a major source of jobs and money for local economies. Moving some APS work to regional centres would be an additional support to regional areas, as the government acknowledges that *'regions supported by more than one industry are less likely to be severely affected by shocks³⁴* from the global economic downturn. A public service with more of its employees working in a range of communities will assist the creation of a flexible and agile service. The APS will certainly find it easier to *'respond rapidly and effectively to changing realities'*.

Enhancing recruitment practices

The Discussion Paper suggests that reforms aimed at removing barriers to flexibility and agility in the APS could involve a thorough examination of recruitment and selection processes. The previous discussion about encouraging mobility for APS employees and relocating functions outside of Canberra would certainly improve those processes on the 'supply-side' – by enlarging the pool of potential applicants from which the APS could draw.

³¹ <http://www.socialinclusion.gov.au/Principles/Documents/SIPrinciples.pdf>

³² <http://www.socialinclusion.gov.au/Principles/Documents/SIPrinciples.pdf> pg. 3

³³ <http://www.socialinclusion.gov.au/Principles/Documents/SIPrinciples.pdf> pg. 2

³⁴ *Global Economic Downturn – Some Implications for Australian Local Governments*. Department of Infrastructures, Transport, Regional Development and Local Government. June 2009 pg 2.

Suggestions on recruitment processes and practices from CPSU members include calling for *'the reinstatement of a public service board style central recruitment office and their roles in selection of staff on behalf of all departments/agencies'*. This move should go hand in hand with a *'consistent set of centrally monitored recruitment practices across the APS'*.

Other members commented that recruitment processes *'take too long'*; that current APS employees *'lack a career path which is based on expertise'*; yet at the same time the APS does not acknowledge *'that years of work experience is just as valuable as a degree'*. Another member pointed out that his/her department *'does very poorly recruiting people with disabilities or from Aboriginal communities'*. Much of this is discussed in the CPSU submission to Chapter 2.

On the strengths of current recruitment processes, members praised the www.apsjobs.gov.au site as a good innovation which allowed a potential applicant to access all the current vacancies in 'one place'. Members also complimented the APS on its rigorous selection criteria approach, allowing skills to 'become evident with the application' and ensuring the expected standards were clear to everyone prior to the application process. It was also agreed that the merit principle was worth protecting despite any extra costs it might involve.

Chapter 7: Summary and Recommendations

A flexible and agile government that responds '*rapidly and effectively*' to the needs of its communities needs to have the following characteristics.

- **A unified public service culture**, the basic requirement for which is a single set of employment arrangements across the service
- **Mobility opportunities** for its employees so the employee and the APS can gain a richer base of skills and experience
- **A stronger presence outside the national capital** to make the service closer to, and more reflective of, the broader community
- **Recruitment practices** that attract a diverse range of applicants, and protect the merit principle
- **A culture** that rejects the barriers to **continuous improvement** created by a 'siloed' agency structure

The CPSU recommends that:

1. That following the common expiry of Australian Public Service agency enterprise agreements on or around June 2011, a post 2011 enterprise agreement be made at the service wide level as a comprehensive industrial instrument under the Fair Work Act, incorporating conditions of existing agency agreements. This form of agreement is proposed because it provides an effective mechanism to overcome barriers to mobility and to a single APS culture.
2. A working party be established, comprised of representatives from relevant government agencies including PM&C and DEEWR as well as from the CPSU to jointly review APS wages and classifications.
3. The APS promote a culture of continuous improvement by creating structures that allow effective participation by employees and their unions at the whole of service, Agency and workplace level.
4. The APSC establish skill matching and mobility programs for APS employees and agencies, so employees can move more easily between different agencies. The APSC centrally monitor recruitment practices to promote workforce diversity and protect the merit principle.
5. Intergovernmental agreement be reached to simplify mobility between tiers of government, and between government and non-government organisations.
6. The APS take active steps to locate workplaces across the diverse range of Australian communities, particularly in non-metropolitan and remote locations where possible.

Chapter 8:

Efficiency in all aspects of government operations

Overview

CPSU members are keen to work with government to identify new mechanisms for the efficient delivery of quality public services and in the formulation of policy. We welcome the opportunity to engage in a constructive dialogue about efficiency and funding mechanisms in the APS. While there is no question that the Australian Public Service must strive to use public money in the most efficient manner, equally important is ensuring that the services provided by the APS are effective.

Concepts of Efficiency and Productivity

The Discussion Paper's chapter on 'Efficiency' asks a series of questions about improving efficiency in government policy formulation and service delivery. The Chapter states that implementing the government's reform agenda *'will require the public service to withstand potentially significant short, medium and long term financial pressures'*. The paper's response to this situation is to seek mechanisms that maximise efficiency.

Conflation of concepts of productivity and efficiency

It is concerning that the Discussion Paper conflates the concepts of productivity and efficiency by suggesting that 'maximising efficiency is achieved 'simply' by improving outcomes with the same level of inputs or achieving the same outcomes with a lower level of inputs'.

Achieving efficiency in the delivery of any good/service is far more complex than basic measures of productivity. Measuring productivity itself is inherently difficult, particularly where the output is not a tangible good. In the APS, where a large part of the work is policy development, productivity is extremely difficult to measure. In service delivery where some measures do exist, such as how many clients are assisted per hour, basic productivity measures do not take into account the complexity of services delivered or how effectively these services are provided.

Measures of public sector performance

That said, numerous indices for measuring public sector efficiency have been developed³⁵. However, *'most measures of performance of the public sector are highly questionable'*³⁶ and there appears to be consensus that international comparisons are fraught, not least because countries do not collect and maintain comparable data³⁷.

³⁵ Afonso, A., Schuknecht, L., & Tanzi, V. (2005). 'Public sector efficiency: an international comparison'. *Public Choice*, Vol.123, pp.321–347; Angelopoulos K, Philippopoulos A and Tsionas E (2008) 'Does public sector efficiency matter? Revisiting the relation between fiscal size and economic growth in a world sample', *Public Choice* Vol.137, pp.245–278; Pestieau, P (2009)'Assessing the Performance of the Public Sector', *Annals of Public and Cooperative Economics*, vol. 80, no. 1, March 2009, pp. 133-161.

³⁶ Pestieau, P (2009) op cit, p.137.

³⁷ Afonso et al (2005) op cit; Angelopoulos et al (2008) op cit; Pestieau (2009) op cit.

For example, a simple measure might be to compare output to input ratios. However, even with this approach caution is required since ‘in rich countries, like Finland or Sweden, the cost of resources used for providing public education or capital is higher than in say Uruguay or Lebanon, and this may result in an overestimation of relative efficiency in the latter group of countries’³⁸.

While it is clear that improvements to efficiency can be made by actions such as reducing red tape and reallocating resources to identified priorities, it remains that measuring these outcomes is complex. In trying to develop a new model for assessing government efficiency, Angelopoulos et al concluded in 2009 that *‘the measurement of government efficiency is still an open issue. The measures developed here, although plausible, cannot be treated as definitive. Future research may provide alternative measures to test the robustness of our results. Further research is also needed to investigate the causal effects of fiscal policy on growth in cross-country regressions. We nevertheless believe that we have contributed to these important policy issues’*³⁹.

Measurement difficulties in the Australian context

Rather than focus on international comparisons, there must be consideration of how the Australian public can be delivered the best possible outcomes within the Australian context.

The recent ‘Government Productivity Report’ on *‘the attitudes of government organisations towards improving productivity, efficiency and performance’*, released by Telstra and endorsed by Finance Minister Lindsay Tanner⁴⁰ reveals that most federal public sector organisations do not know how to measure whether they are actually achieving efficiencies.

While Commonwealth Government organisations nominated *‘improving productivity, efficiency (and) performance’* as their highest future priority (88 per cent), only 35 per cent of Commonwealth respondents reported having *‘hard measures to quantify improvements in productivity, efficiency and performance, and know what those measures are’*. This is lower than the across figure for total respondents (40 per cent).

Given the complexity around measuring efficiency, it is not surprising that measures such as the efficiency dividend are introduced by governments. A standard reduction in agency budgets is a clear way to count monetary savings and interpret these as efficiencies. However these measures do not take into account the effectiveness of the services being delivered to the public.

The efficiency dividend

For the last two decades various Commonwealth governments have attempted to achieve efficiencies through the blanket imposition of an ‘efficiency dividend’. The decision in the last May Budget not to extend the extra 2 per cent efficiency dividend was a welcome development. However given the wealth of evidence that has emerged in the last 12 months, most notably the evidence presented at the *Inquiry into the Effect of the Efficiency Dividend on Small Agencies*⁴¹, the Government needs to seriously reconsider the utility of any efficiency dividend and whether there are more appropriate mechanisms.

³⁸ Angelopoulos et al (2008) op cit, p.248.

³⁹ Angelopoulos et al (2008) op cit, p.268.

⁴⁰ <http://www.itwire.com/content/view/28756/1231/>

⁴¹ Joint Committee of Public Accounts and Audit, ‘The efficiency dividend and small agencies: size does matter’, Canberra (December 2008)

The *Joint Committee of Public Accounts and Audit Inquiry* found that the unintended consequences of the efficiency dividend on small agency operations included:

- Large gaps in pay rates between APS agencies. The efficiency dividend's effect of increasing wage inequality between agencies erodes the public sector's capacity to compete for employees with the private sector in a tight labour market. It has also caused significant pay gaps to open up between APS agencies. These inequitable outcomes have already had a disproportional impact on female APS employees.
- Scaling down regional activities to save costs.
- Fewer resources being available for innovation.
- Larger agencies using New Policy Proposal (NPP) funding to 'offset' the dividend – depriving smaller agencies of NPP opportunities.

None of these outcomes can be reasonably described as 'efficient' and while they apply disproportionately to smaller agencies, the effects are widespread and will magnify as long as the efficiency dividend remains a feature of the APS funding formula. Examples from larger agencies in the recent Supplementary Budget Estimates hearings include:

- The Attorney General's Department attributed its reduction of 59.14 FTE employees over the last 12 months partially to the efficiency dividend.⁴²
- The Department of Agriculture, Fisheries and Forestry has been forced to draw down its reserves in order to cope with efficiency dividend pressures.⁴³
- The Department of Families, Housing, Community Services and Indigenous Affairs has noted that the 1.25 per cent dividend in 2009-10 'equates to about \$5.1 million'.⁴⁴
- During questioning about government ICT cost cutting, the Secretary of the Department of Finance described as 'reasonable' a comment that further cuts would be 'a tough ask given that the federal IT departments had already contributed to the two per cent efficiency dividend required in the budget'.⁴⁵ Such pressure on IT departments will work against the government's interest in utilising innovative Web 2.0 approaches in the public sector.

While not advocating that the dividend be abolished, the Joint Committee's final recommendations included measures that would at least redress some of the effects of the dividend on small agencies. The Government is yet to respond to the Inquiry's report.

Good faith bargaining around productivity at the workplace level has been severely undermined by the 'top-down' imposition of measures such as the efficiency dividend. If the efficiency dividend approach is continued year after year, skilled employees will not be prepared to stay in the APS for yet another annual demonstration that they have little influence over their workplace.

APS employees are willing to engage with the Government to find efficiencies that suit local circumstances if the Government is willing to engage with them. Government must establish genuine, good faith consultative mechanisms with APS employees and their

42 Legal and Constitutional Legislation Committee Estimates (19 October 2009) p.7 <http://www.aph.gov.au/hansard/senate/committee/S12493.pdf>

43 Rural and Regional Affairs and Transport Legislation Committee Estimates (19 October 2009) p.9 <http://www.aph.gov.au/hansard/senate/committee/S12495.pdf>

44 Community Affairs Legislation Committee Estimates (1 June 2009) p.18 <http://www.aph.gov.au/hansard/senate/committee/S12047.pdf>

45 Finance and Public Administration Committee Estimates (20 October 2009) p.32 <http://www.aph.gov.au/hansard/senate/committee/S12492.pdf>

representatives to identify new and innovative ways of building a modern, efficient and responsive public sector. These should not be confined to individual agencies but ensure that responses to efficiency are developed at the most appropriate level – this may be agency, portfolio or service-wide.

Other stakeholders, namely the Australian public and community groups must also be engaged in conversations about how the public service can be more efficient and effective. Past failures to engage with employees and external stakeholders have led to simple solutions to efficiency being missed.

An excellent starting point would be to consult with APS staff stakeholders to establish a priority list of agencies which require an urgent review of their funding arrangements. Such a review would ensure that those agencies are able to deliver quality jobs, policies and services and would identify any necessary supplementary funding. The CPSU has already promoted a practical example of this approach with its Human Service Roundtable held in April 2009 (see box below).

Case Study: CPSU Human Services Roundtable

In April 2009, the CPSU, with support from the then Minister for Human Services, Senator the Hon. Joe Ludwig, hosted an innovative Roundtable bringing together stakeholders from across the Human Services portfolio.

The CPSU Human Services Roundtable enabled an open and meaningful dialogue to occur between senior policy makers, frontline staff and non-government organisations about how service delivery across the portfolio could be more efficient and effective.

The ideas generated provided excellent, simple examples of how collaboration and consultation within and between agencies and stakeholders could result in the identification of more meaningful efficiencies than the imposition of an arbitrary budget cut through the efficiency dividend.

During the discussions, several key areas were identified where efficiencies could be made including:

- Data Sharing
- Common Language and Definitions
- Cutting Red Tape
- Cross Agency Training
- Better feedback mechanisms
- Better communication with clients

In closing the Roundtable, the Minister expressed a recognition that the best ideas about improving effectiveness of service delivery come from those on the frontline and that more needs to be done to ensure they are included in consultative processes.

The mix of APS functions

In a recent speech the Prime Minister praised the ‘comparatively lean’ APS (1.5 per cent of the workforce) for its performance compared to other nations. Mr. Rudd said that:

It is no surprise that a British report last year reported that 87 per cent of Australian citizens expressed satisfaction with Federal government services. Or that the same report listed our public service third in a long list of similar countries - ahead of Canada, New Zealand, the USA and the UK - for its independence from political interference and in its capacity to give impartial advice.

The Discussion Paper’s section on ‘current performance’ focuses on the mix of APS employees across functional responsibilities (Figure 8.3). The accompanying observation is that ‘*comparisons with OECD countries indicate Australia has a relatively high proportion of staff employed in support services as opposed to service delivery or other frontline operations*’. It is suggested that ‘*there may be scope for better distribution and organisation of resources within the APS*’.

While this may be the case, the comparison with OECD nations does not take into account features that are quintessentially Australian: Australia has a 108 year old federal system of government that gives substantial service delivery functions (including police, schools and hospitals) to the states and territories. The comparator OECD nations (Denmark, Netherlands, Sweden, Finland and Ireland) have far more centralised government responsibilities – so it is not surprising that they would employ proportionately more public sector workers in service delivery functions.

Outsourcing support services ≠ efficiencies

APS support services – corporate, legal, administrative support – are crucial for the effective and efficient functioning of the service. Since the mid-1990s, governments have outsourced many of these functions to the private sector to achieve short term savings.

However there is little evidence that outsourcing has lived up to its promise. A study published in the *Australian Accounting Review* (AAR) in 2008 found that, during the ‘golden age’ of outsourcing (mid-1990s to 2000) for public sector organisations (PSOs) ‘*the cost savings objective (of outsourcing) was neither dominant, nor actively pursued, transaction costs (of supplier searches and contracts) were often ignored, and the cost economy (savings) of decisions was rarely evaluated after the fact*’.⁴⁶

The AAR study found that only 7.1 per cent of surveyed PSOs actually collected information that would allow a comparison between the outsourced costs and the ‘in-house’ costs of providing a service.⁴⁷ This was despite the ‘*overriding importance governments ascribed to the cost-savings objective of outsourcing*’.⁴⁸

The AAR findings strongly suggest that ‘*claimed cost savings from outsourcing by Australian PSOs in the ‘golden era’ were anecdotal or illusory, rather than evidentiary*’.⁴⁹

We do have evidence, however, that outsourcing has cost the commonwealth government significantly. To take one example: concerns about legal service outsourcing by public

⁴⁶ Bisman, J E (2008) ‘Australian Public-Sector Outsourcing in the ‘Golden Era’: Cost Savings Evidence or Anecdote?’. *Australian Accounting Review*, Vol.18, no.2, p.118.

⁴⁷ Ibid., p.117.

⁴⁸ Ibid., pp.114-5.

⁴⁹ Ibid., p.118.

service agencies have been raised over a number of years. In 2006 the *Australian* newspaper reported that the *'Howard Government's policy of outsourcing legal services has turned into a lawyers' feeding frenzy, with \$100 million more finding its way into the coffers of a handful of big private firms'*.

In November 2009 the *Australian Financial Review* reported that, in an effort to contain costs *'federal and state governments, including federal agencies the Australian Taxation Office and the Fair Work Ombudsman are revamping their use of legal services by cutting the number of law firms on the public payroll'*.⁵⁰ In addition to legal outsourcing, the *Australian* recently reported that the \$940 million spent on *'new consultancy contracts for policy advice, research and audits'* since the Rudd government came to office *'is equivalent to the wages and salaries bill of the 1000-strong federal Treasury for almost 12 years'*.⁵¹

Like the efficiency dividend, outsourcing has not worked as a genuine efficiency measure for the APS. Furthermore, proposals to outsource support services to rebalance the mix of APS roles fail to take account of the specific structures of Australian government.

Chapter 8: Summary and Recommendations

CPSU members agree that there is a need for public services to be as efficient and effective as possible. They are keen to work with the Government to find ways of achieving this goal, as demonstrated by the example of the Human Services Roundtable.

Existing practices such as the 'efficiency dividend' and outsourcing show little evidence of actually producing efficiencies, are inequitable and result in less effective outcomes. The Moran Review provides a great opportunity for the Government to adopt a new approach. Central to that approach must be a positive effort to constructively engage with APS employees. Such an approach will bring results that work best for the Australian government's unique circumstances. The CPSU therefore recommends:

1. The Commonwealth Government should abolish the efficiency dividend on agency budgets.
2. The Commonwealth Government should stop 'outsourcing' APS support functions and limit outsourcing of other functions that could best be provided by the APS.

The Commonwealth Government should commit to constructive dialogue with APS employees, and stakeholders, to identify effective ways to deliver public services.

⁵⁰ 'Public sector fee cuts to hit law firms', *Australian Financial Review* (6 November 2009).

⁵¹ 'Rudd's \$940m bill for consultants' advice', *The Australian* (11 November 2009).

Moran Review:

CPSU recommendations

Chapter 1: **Australian Government sector today** CPSU Recommendations

The additional demographic and attitudinal factors identified in the CPSU submission show that various legal, structural and educational mechanisms are required to address the issue of APS cohesion, APS innovation and cultural change. In submissions to subsequent chapters the CPSU makes recommendations which if adopted, will go some way to overcome the current limitations in the structure and functioning of the APS.

Chapter 2: **Challenges in the strategic environment** CPSU Recommendations

The challenges discussed in this chapter will not be the only ones faced by the APS in the future – many other challenges, including the financial challenge are discussed in the CPSU response to other chapters of the Review discussion paper.

The most ‘challenging’ may well be those that we have not anticipated – the most recent example being the need to respond to the Victorian bushfires. However the APS will best prepare itself for both foreseen and unforeseen challenges by committing itself to building a culture of democratic, collective and constructive engagement with its employees.

The CPSU recommends:

1. That the APS commit itself to building democratic workplaces and genuinely consulting with employees as a key part of its strategy to respond to future challenges.
2. That the APS consults with employees on the introduction of technological change to work practices, and commit to fully funding the necessary training and development required to make the most of new opportunities.
3. That the APS takes concrete steps to increase the attractiveness of APS employment to women, young workers, workers with disabilities and Aboriginal and Torres Strait Islander workers, starting with:
 - the negotiation of a single APS wide enterprise agreement covering wages and employment conditions,
 - the full funding of the necessary employment strategies for building a diverse and representative workplace,
 - the use of Aboriginal and Torres Strait Islander criteria for positions that work with, provide a service to, provide funding to or develop policy for Aboriginal and Torres Strait Islander peoples and communities must be mandatory and not at the discretion of the agency,
 - Reconciliation Action Plans must require that agencies to ensure that employees in their agency have an awareness of Aboriginal and Torres Strait Islander people.

4. That the APS must address the inequities and negative incentives that encourage long term employees members to leave the service.
5. That the APS commits itself to direct collective engagement with its employees on the challenges of climate change for the public sector, and creating environmentally sustainable workplaces.

Chapter 3: An aspiration for the APS

CPSU Recommendations

1. A proposed alternative aspiration could reflect the following: The APS will serve the interests of the Australian public with professionalism, independence and a commitment to excellence.
2. The first characteristic of the proposed 5 Characteristics of the Public Service should be: “having a professional, independent and merit-based public service that retains public trust”.
3. There should be the following additional characteristics:
 - “6. recruiting and retaining skilled staff
 - “7. being representative of the broader Australian community

Chapter 4: A values driven culture that retains public trust

CPSU Recommendations

1. Reposition the existing APS values to be focused on achieving outcomes for the community.
 - Involve employees in any reforms to encourage ownership and cultural change.
2. Make the values a positive rather than a punitive tool.
3. Provide training and information on the APS values to ensure that all employees are aware of what is expected of them:
 - Make APS values a more integral part of the recruitment process.
4. Improve and equalise the application of and adherence to the values:
 - Given clear guidance to management regarding how the values can be used and applied.
 - Ensure application is consistent across the APS and equitable at all levels.
 - Non-ongoing and contract staff must be included in this process.
5. The government, ministers and their staff must recognise their obligation to ensure that their actions and requests do not compromise the ability of APS employees to remain apolitical.
 - Provide information, education and training to all government ministers and staff to clarify roles and responsibilities.

Chapter 5: **High quality, forward looking and creative policy advice** CPSU Recommendations

The APS and its employees are committed to providing high quality, forward looking and creative policy advice that serves the government and the public interest. To strengthen their capacity to do this, the APS needs to undergo cultural and organisational change. There must be a genuine commitment throughout the APS to the development of high-level policy capabilities and recognition that the development of these capabilities takes time and money. If there is a commitment to undergo cultural and organisational change and commit the resources necessary, the APS will be able to foster innovative and creative policy solutions that will make it a world leader.

Cultural change

1. There needs to be cultural change in the APS which involves:
 - A commitment to open and genuine consultation within and between agencies as well as other parts of government; and,
 - Greater consultation and collaboration with a wider group of external stakeholders and the public at large.
2. There is currently a culture of risk aversion in the APS. Overcoming this means that agencies have to be open about risk and prepared to accept failure.
3. Innovation is currently not encouraged or rewarded by management across the APS. Simple recognition or basic team rewards may help to counteract this.

Structural issues

4. The structure of many agencies limits the contact between service delivery and policy areas, hindering the cross-pollination of ideas and experience.
5. The development of an APS culture that values sharing of information and resources will not occur unless the funding and structural issues that create 'silo' mentality are addressed.

Staffing issues

6. The barriers that inhibit movement of APS employees across the APS must be removed.
7. A greater range of APS employees must be involved in policy development, in particular employees engaged in policy implementation (that is, service delivery).
8. There must be a systematic approach to training and development opportunities across the APS.
9. Contractors and external consultants must not be used as a primary means of policy development. There should be a review of the way in which contractors and consultants are engaged and the purpose for which they are engaged.

Funding

10. The APS needs to be funded adequately to undertake collaborative policy development and implementation.
11. To ensure effective consultation, education and training to ensure employees are skilled in effectively managing consultative processes must be funded.

Policy development processes

12. Policy formulation and implementation must become a whole of government priority.
13. More strategic and in-depth education and training of the workforce on policy formulation must occur.
14. The scope of policy formulation must be broadened to include research, strategic planning, consultation, evaluation and feedback, as well as a greater opportunity for employees to make decisions and implement new ideas.
15. Basic policy development processes must be standardised across the APS to allow for greater mobility of employees between agencies.

Performance management processes

16. Training for APS employees who manage performance management processes must be improved.
17. A bipartisan approach involving employees must be developed for performance management processes.

Chapter 6:

High quality programs & services focused on citizens' needs

CPSU Recommendations

1. Before the focus shifts to effective program design there must be discussion and genuine consultation around the underlying ideological basis for all programs and services.
2. Consultation and collaboration between a range of areas, groups and individuals needs to occur as part of the design and implementation process.
3. Formal structures and processes need to be developed to ensure that consultation, design and implementation is effective.
4. The APS needs to attract and retain skilled staff in order to design and implement effective and successful programs
5. Agencies need to be funded adequately to ensure that the workloads of staff allow them to be involved in consultation and communication.
6. Education and training needs to be provided to employees about how to consult and collaborate effectively. Education and training also needs to be included as part of the program design and implementation process both to employees and to the community.
7. Any proposal for consolidation of service delivery must address OH&S, work standardisation, work value/classification and workload issues.
8. Invest in innovative support solutions, such as education and community outreach.

9. Develop a broad communication strategy that includes easy to use and relevant online information, phone services and face-to-face contact.
10. Increase funding and capacity for frontline workers to visit regional areas and also high needs individuals in their homes.
11. Increase flexibility within programs and service delivery to ensure that frontline employees have greater level of autonomy and flexibility to make decisions.
12. Provide adequate funding to agencies to attract, retain and train skilled and experience staff.
13. Pursue open and genuine consultation with representative groups of high needs individuals to ensure that they are at the centre of service delivery and design.
14. Commit to adequately funding the APS to deliver quality public services.
15. Staff and stakeholder involvement in the development of any performance management frameworks and in establishing key outcomes for programs.

Chapter 7: Flexibility and Agility

CPSU Recommendations

A flexible and agile government that responds '*rapidly and effectively*' to the needs of its communities needs to have the following characteristics.

1. **A unified public service culture**, the basic requirement for which is a single set of employment arrangements across the service
2. **Mobility opportunities** for its employees so the employee and the APS can gain a richer base of skills and experience
3. **A stronger presence outside the national capital** to make the service closer to, and more reflective of, the broader community
4. **Recruitment practices** that attract a diverse range of applicants, and protect the merit principle
5. **A culture** that rejects the barriers to **continuous improvement** created by a 'siloed' agency structure

The CPSU recommends that:

1. That following the common expiry of Australian Public Service agency enterprise agreements on or around June 2011, a post 2011 enterprise agreement be made at the service wide level as a comprehensive industrial instrument under the Fair Work Act, incorporating conditions of existing agency agreements. This form of agreement is proposed because it provides an effective mechanism to overcome barriers to mobility and to a single APS culture.
2. A working party be established, comprised of representatives from relevant government agencies including PM&C and DEEWR as well as from the CPSU to jointly review APS wages and classifications.
3. The APS promote a culture of continuous improvement by creating structures that allow effective participation by employees and their unions at the whole of service, Agency and workplace level.

4. The APSC establish skill matching and mobility programs for APS employees and agencies, so employees can move more easily between different agencies. The APSC centrally monitor recruitment practices to promote workforce diversity and protect the merit principle.
5. Intergovernmental agreement be reached to simplify mobility between tiers of government, and between government and non-government organisations.
6. The APS take active steps to locate workplaces across the diverse range of Australian communities, particularly in non-metropolitan and remote locations where possible.

Chapter 8: Efficiency in all aspects of government operations

CPSU Recommendations

CPSU members agree that there is a need for public services to be as efficient and effective as possible. They are keen to work with the Government to find ways of achieving this goal, as demonstrated by the example of the Human Services Roundtable.

Existing practices such as the ‘efficiency dividend’ and outsourcing show little evidence of actually producing efficiencies, are inequitable and result in less effective outcomes. The Moran Review provides a great opportunity for the Government to adopt a new approach. Central to that approach must be a positive effort to constructively engage with APS employees. Such an approach will bring results that work best for the Australian government’s unique circumstances. The CPSU therefore recommends:

1. The Commonwealth Government should abolish the efficiency dividend on agency budgets.
2. The Commonwealth Government should stop ‘outsourcing’ APS support functions and limit outsourcing of other functions that could best be provided by the APS.

The Commonwealth Government should commit to constructive dialogue with APS employees, and stakeholders, to identify effective ways to deliver public services.