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ISBN 978-0-9808786-0-8
Dear Prime Minister

In accordance with the provisions of section 44 of the Public Service Act 1999 and clause 3.5(2) of the Public Service Commissioner’s Directions, I present to you the component of my annual report reporting on the state of the Australian Public Service for the year 2009–10.


The Joint Committee of Public Accounts and Audit agreed in 2003 to extend the tabling deadline of the State of the Service component of my annual report to one calendar month after the tabling date for agencies’ annual reports.

Section 34C of the Acts Interpretation Act 1901 requires that you lay a copy of the report before each House of Parliament within 15 sitting days after the day on which you receive the report.

Yours sincerely

Stephen Sedgwick
Australian Public Service Commissioner
25 November 2010
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Section 44 of the Public Service Act 1999 (the PS Act) provides that the Australian Public Service Commissioner must issue a report each year to the agency’s Minister for presentation to the Australian Parliament. The report must include a report on the state of the Australian Public Service (APS) during the year.

The State of the Service Report 2009–10 details the activities and human resource management practices of APS agencies during 2009–10. The report outlines some of the key achievements and contributions agencies have made in assisting the government during this period to meet its policy objectives and achieve its stated outcomes.

This year’s State of the Service Report is the thirteenth annual report on the state of the APS that Australian Public Service Commissioners have presented to parliament. The report has been significantly enhanced since it commenced in 1998, including the addition of an annual online agency survey and a representative employee survey with up to eight years of data available on key issues. Findings from this year’s surveys have been used to assess the capability of the APS to meet the demands of an increasingly challenging environment.

The State of the Service Report draws on a range of information sources but its main data sources are two State of the Service surveys—one of agencies and the other of employees. The agency survey includes all APS agencies employing at least 20 staff under the PS Act. All 98 APS agencies, or semi-autonomous parts of agencies, that were invited to participate in the online agency survey in June 2010, completed the survey. These agencies are listed at Appendix 1.
To aid analysis of survey data, and for comparability with previous years’ data, agencies have again been grouped according to size. Of the 98 responding agencies, 23 were classified as large (>1,000 APS employees), 31 as medium (251–1,000 APS employees) and 44 as small (20–250 APS employees). These size categories are generally consistent with those used by the Australian National Audit Office (ANAO).1 Appendix 1 provides information on agencies’ APS employee numbers.

The employee survey involved a stratified random sample of 8,732 employees from APS agencies with at least 100 APS employees. A total of 5,607 valid responses were received, representing a response rate of 64%, which was similar to previous years. The sample size and number of valid responses allows a range of cross-tabulations to be used with a degree of confidence. Consistent with last year, this year’s report draws on factor analysis to interpret employee survey data. Agencies with at least 400 employees are provided with their own individual agency-specific results for internal management purposes.

While the size groupings for large and medium agencies are the same for the agency and employee surveys, it should be noted that, for the purposes of the employee survey, ‘small’ refers to agencies with between 100 and 250 APS employees. Appendix 2 provides information on the employee and agency survey methodologies.

The Australian Public Service Commission engaged the services of ORIMA Research to help design, deliver and compile statistical output from both surveys. When designing the first employee survey, the Commission also engaged the Australian Bureau of Statistics to advise on aspects of survey methodology; this advice continues to be used.

Agency contact officers in a number of agencies (including the Department of Immigration and Citizenship, CRS Australia, National Archives of Australia, Medicare Australia and Safe Work Australia) helped develop and pilot test the agency survey. A number of individual APS employees from various agencies helped pilot test the employee survey. The Commission is very grateful for this input.


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The starting point for this year’s evaluation of the state of the service is *Ahead of the Game: Blueprint for the Reform of Australian Government Administration* (the APS Reform Blueprint),¹ which was released in March 2010. Prepared by an Advisory Group chaired by the Secretary of the Department of the Prime Minister and Cabinet, Mr Terry Moran, this report provided a comprehensive assessment of the forces shaping the Australian Public Service (APS) and the challenges that it faces in meeting them. I was a member of the Advisory Group and there is no purpose in repeating the analysis of that report here. The Group’s overall conclusion was that the APS compares well with its peers but, like any organisation interested in maximising its performance, has opportunities to lift its game, including by learning from the practices and experiences of other jurisdictions. A number of recommendations were made, all of which have been accepted by government. A challenge for the APS is to secure the necessary resources to invest in worthwhile improvements in APS practices.

A key feature of the APS Reform Blueprint is a strong reaffirmation of the importance of ensuring the APS continually updates its skill base and organisational systems so it has the capability to identify and respond to emerging issues in a timely fashion. In recent years the APS has performed creditably through a period of great change, adapting to a new government, to significant new policy challenges (such as climate change, reforms to Commonwealth–State financial arrangements and a renewed focus on Indigenous disadvantage) and to the exigencies of delivering timely responses to the global financial crisis. Even so, a number of Australian National Audit Office (ANAO) reports have identified areas in which the performance of parts of the APS could have been considerably better, particularly in terms of the adequacy of existing organisational capability and

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governance. In a number of cases agencies were asked to assume functions, especially delivery functions, where there was limited portfolio experience or appropriately skilled resources upon which to draw. Sometimes the essence of the policy response was the need for speedier than desirable implementation in such circumstances, the risks of which may not have been well appreciated.

The contemporary APS requires a broad range of skills including high-level policy analysis, managing relationships, articulating and addressing risk, service delivery, and program implementation. Increasingly, policy issues are multidisciplinary and sufficiently complex to require a range of perspectives to be brought to bear and systems thinking applied. Similarly, effective implementation frequently requires the marshalling of a range of skills and interests. These complex skills draw on domains of formal knowledge but most importantly also require the APS to maintain human capital systems that can identify, develop and manage the skill sets and talent of APS employees, and relate them to the current and future ‘business’ of the APS.

These systemic workforce capability issues are not new; the Australian Public Service Commission (the Commission) has for many years identified them through its annual State of the Service Reports. The Commission’s ‘Contemporary Government Challenges’ series of publications has also provided more detailed examinations of specific issues. Beyond the Commission, the Management Advisory Committee (MAC) has also consistently identified systemic weaknesses in a number of critical management areas that included workforce issues.

The APS Reform Blueprint encourages APS agencies to adopt more systematic approaches to planning and developing their workforces and, more generally, organisational capability. These include more explicit recognition that, in addition to securing the growing range of capabilities necessary to implement the government’s current priorities, APS agencies should also be outwardly-focused and forward-looking organisations. These organisations should seek to build capability ahead of foreseeable need and have resilience to cope with the unexpected. These capabilities include not only the technical knowledge and experience of APS employees but also systems of planning, governance, risk identification and management, and workplace culture.

History suggests that various components of the APS will experience stress for which they are unprepared at different times—either because the organisational culture has become too fixed (as was arguably the case earlier this decade in the then Department of Immigration and Multicultural and Indigenous Affairs, highlighted through the Comrie and Palmer inquiries), or because they were dealing with the unexpected (arguably the case in the more recent incidents of Motor Dealer Financing Arrangements—OzCar and the Home Insulation Program).

Many agencies not directly involved with these matters are examining recent ANAO reports in order to learn from them. Agencies are to be commended for doing so. The challenge, however, is to avoid drawing lessons that focus too heavily on changes to processes and not enough on the need to develop the organisational capabilities necessary to secure good outcomes. Compliance with process, for example, is no substitute for maintaining an open, enquiring mind or for exercise of prudent and informed judgement to achieve program objectives in a timely fashion.
While the ANAO identified some deficiencies in the risk assessments undertaken for the Home Insulation Program, there are some cases where problems remained undiagnosed despite compliance with the processes needed to identify risk. The deficiencies in these cases stemmed more from inadequate understanding of the import of those assessments and inadequate responses to them at many levels. These issues are best addressed within agencies by building capability which extends, as previously noted, beyond technical competence to embrace matters like the breadth and quality of supporting experience, judgement, oversight and inquisitiveness of the workplace culture.

Human capital

The APS Reform Blueprint has deliberately introduced a new language to describe aspects of APS internal management functions. This is captured in the term ‘human capital management’, which signals a shift to a more systematic, more holistic and more future-orientated approach to human resource management.

‘Human capital’ is a term introduced into economics in the mid-sixties which was intended, among other things, to capture the notion that societies (or in this context, organisations) can secure a return on investment in their people. An important thrust of the APS Reform Blueprint is the potential improvements in business outcomes that can be achieved by paying more systematic attention to developing the capability of APS organisations and their people.

Successful businesses have active programs to determine the impact on the business of the measures they take to build organisational capability, at least at the level of establishing a correlation between initiatives and improved business performance. The APS is not as well-placed in this respect. The APS Reform Blueprint does, however, contain a number of recommendations designed to build an evidence base to support improved performance across the APS. Key initiatives the Commission is progressing for future government consideration include human capital benchmarking [recommendation 7.1], capability reviews [recommendation 8.1] and a citizens’ survey [recommendation 2.2].

The Commission has been tasked with improving the quality of human capital diagnostics and developing the benchmarks that will underpin a more strategic and forward-looking APS, which is focused on driving continuous improvement through its workforce systems. The aim is to improve the metrics available to managers and observers to assess the returns from investments in improved capability. In the absence of commercial metrics, like revenue or profit, these measures are likely to involve proxies of efficiency, effectiveness or satisfaction. This is very much an early work in progress and will proceed as resources allow.

The APS Reform Blueprint also recommended that the Commission develop a human capital framework that draws on labour market analysis to outline standards, systems and data management requirements across workforce planning; leadership development; attraction, recruitment and retention; talent and performance management; and learning and development. In a mature form, the framework could provide strategic guidance on emerging human capital issues across the APS and identify strategies that might be pursued either at a whole-of-APS level or within agencies.
The devolved nature of workforce management in the APS has led to considerable duplication and inconsistency in data gathering and analysis within agencies. For example, while some larger agencies maintain a sophisticated workforce data collection and analysis capability that is used to drive internal performance, many smaller agencies lack both the resources to access this type of information and the expertise to exploit it. As resources permit, the Commission can draw together existing data and identify new sources of workforce information that could be used to improve the quality of workforce decision-making across the APS. The potential benefits to agencies would include:

- establishing performance in comparison to other agencies of similar size and focus in a public sector context
- assessing whether performance in key human capital areas is improving over time
- monitoring the impact of specific initiatives to improve human capital capability
- identifying opportunities to learn more systematically and deeply about best practice throughout the APS
- better targeting of scarce research resources within agencies to build human resource capability
- providing access, for some smaller agencies, to metrics and benchmarking data not previously available.

One APS

Another key feature of the APS Reform Blueprint is the attention paid to the value of more active management of the APS as a consolidated entity (sometimes captured in the shorthand expression "one APS"). At one level, this can simply be seen as recognition that many agencies are frequently affected by machinery-of-government changes that become costly to implement if there is too much diversity in agency practices (including terms and conditions of APS employees).

More fundamental, however, has been the strengthened appreciation that the policies governments seek to implement, on behalf of their citizens, need more holistic, systemic or ‘joined up’ approaches than can be delivered by any one agency or portfolio. There is also the challenge of effective implementation—the combining of disparate skills of policy analysis, program design and service delivery—which is best met by creating effective links between policy-makers and implementers, including those outside the APS. The multidisciplinary nature of many issues and the importance of bringing both analytical and practical perspectives to bear have rekindled interest in promoting effective networks both between APS agencies and with complementary entities in the community, the non-government sector, other jurisdictions, and subject matter experts. There is also strengthened interest among APS leaders in managing and promoting mobility and diversity of experience across the APS, including for individuals with high potential. In addition, there has been a significant increase in lateral recruitment into the Senior Executive Service (SES), a substantial proportion of whom had some APS experience earlier in their careers.
In response to several APS Reform Blueprint recommendations, the Commission has established the Strategic Centre for Leadership, Learning and Development. The Centre is intended to help the senior leadership, especially the Secretaries Board, to rethink its approach to the ‘one APS’ aspects of contemporary leadership, learning and development. It will also promote more systematic approaches to talent management in APS agencies and support APS leadership to nurture its successors. The business model for the Centre will be established in consultation with Secretaries and the Australian Government.

A challenge for APS leadership in this area will be to manage the expectations of potential APS leaders. Research by the Corporate Leadership Council suggests that only 29% of high performers in their current role also have potential to become the most senior leaders of an organisation. Participation in a talent management program is therefore neither an entitlement of APS employees nor, in a merit-based system that is always open to select the best available talent, is it a guarantee of preferment for promotion. Effective communication of these messages will be an important task as we move to implement more active talent management strategies in the APS.

**Continuing to harness ICT**

The APS Reform Blueprint acknowledges the continuing transformative potential of information and communications technology (ICT). Although a feature of public sector innovation for some decades, the pace of change remains fast and the power of emerging tools continues to challenge established practice. Innovation in support of more customer-centric service delivery has long been a feature of the APS—the world-leading establishment of Centrelink and Job Network in the late 1990s are cases in point. However, continual expansion in potential delivery channels and rising expectations among citizens about service standards and efficiency of provision (having regard to transaction costs borne by citizens as well as those borne by APS budgets) have prompted establishment of the Secretaries Committee on Service Delivery. Also a recommendation in the APS Reform Blueprint, this committee is tasked with conducting a systematic review of APS service delivery models, viewed from the perspective of citizens over their life cycle. The objective is to cut costs and improve effectiveness of service delivery.

However, ICT—especially Web 2.0 technology—has much broader implications for the APS than simply as a delivery vehicle. Web 2.0 has opened up significant, new opportunities for consultation, debate and information exchange within agencies, between agencies, and with external parties in the community (including networks of experts working in related fields). Indeed, under the Australian Government’s Declaration of Open Government, the APS is to use Web 2.0 technology to:

- strengthen citizens’ rights of access to information, establish a pro-disclosure culture across APS agencies, and make government information more accessible and usable
- collaborate with citizens on policy and service delivery to enhance the processes of government and improve the outcomes sought
- enable more participative and consultative government.
While it is potentially a powerful research tool and consensus builder, use of this type of technology raises particular issues for the APS and its role in supporting government.

It is a long-established principle that public servants support government by providing factual information to the public and (under guidelines established by government) through consultations to explore policy options and explain alternative approaches.

The advent of Web 2.0—and growing expectations that public servants become active contributors to public policy debate through social media—poses particular challenges. These concerns should not distract us from exploiting Web 2.0 or responding to the government’s commitment to openness. The government’s encouragement of public servants’ use of these new technologies is, however, tempered by the need to conform to the APS Values and Code of Conduct, as enshrined in the Public Service Act 1999.

It is quite acceptable for APS employees to participate in political or public activities as part of their life within the community. In doing so they may not disclose information that should be held in confidence, or that may prejudice the effective working of government. They may also not act in a way that undermines public trust in the ability of the APS to provide impartial advice to the government of the day, irrespective of its political persuasion. This imposes an obligation on public servants—even when they are acting as private citizens—not only to conduct themselves civilly in any discussions that they may be a party to, but also to avoid comment that is so extreme that it would raise concerns about their ability to faithfully serve the government of the day. This point is equally true whether the commentary is in respect of the views of the government or of members of possible alternative governments.

Governments should ensure that the role that public servants are asked to play in public debates, especially in a Web 2.0 environment, is consistent with the apolitical nature of the APS, the APS Values and the Code of Conduct. Public servants have long supported the government of the day by providing factual information in support of government decisions, for example before Senate Estimates and in public forums. It is important that these roles not slip inadvertently into contentious advocacy. This is true in the Web 2.0 environment but it is also true in respect of more traditional mechanisms such as speeches, reports or published papers. Public servants, especially senior public servants, have to exercise informed judgement in such matters.

This is relatively new territory for all of us and our guidelines are likely to become more specific as we acquire greater experience of the different types of situations public servants—especially those less experienced—are likely to face as technologies evolve.

In November 2009, the Commission released guidelines to help public servants make necessary judgements about using new technologies, which supplement long-standing guidance on making public comment. These new guidelines will need regular revision to ensure they remain relevant to evolving technologies. Agencies are encouraged to give employees guidance and training tailored to their circumstances to minimise the scope for misunderstanding.
Key findings from this year’s State of the Service Report

The State of the Service Report 2009–10 has been organised around three key workforce capability themes, namely:

• leadership and culture
• capability, innovation and collaboration
• human capital management.

These themes, highlighted in the following figure, provide a focus for understanding the views, perceptions and opinions of APS employees on a range of workforce capability issues. This report provides important baseline data that will inform implementation of APS Reform Blueprint initiatives.

Leadership and Culture

Strategic leadership is needed to drive necessary reforms to bring about shifts in culture and practice to meet future challenges. This will require a skilled leadership group with a breadth of experience to deal with complex, multidisciplinary problems and draw linkages and insights between policy-making and implementation. At the same time, it is important to acknowledge that a balance needs to be struck between breadth of experience and the need for specialist skills within the leadership group.
Trends in SES mobility over the last 20 years show that, while inter-agency experience among the SES is declining, lateral recruitment to the SES from outside the APS is increasing; of those recruited laterally during 2009–10, 48% had previous APS experience (see Chapter 1).

The findings from the 2010 agency survey showed continuing skill set gaps in many agencies at the SES level and in the SES feeder group, despite the leadership development programs agencies and the Commission offer. Similar to previous years’ results, agencies most commonly reported a gap in people management skills.

Overall satisfaction with senior leadership remained relatively low, although at levels consistent with international benchmarking results (see Chapter 2). Employees pointed to leadership capability gaps in terms of driving necessary reforms to build APS capability. Only 35% of employees agreed that senior leaders are receptive to ideas other employees put forward, and 40% agreed that senior leaders discuss with staff how to respond to future challenges.

Research consistently shows that an employee’s satisfaction with his or her immediate manager is a primary driver of engagement. The extent to which employees are engaged has a significant impact on performance and retention. The research indicates that a persistent focus on the drivers of engagement, primarily through improvements to leadership and management, is likely to produce significant productivity gains. For example, a study on behalf of the Irish Government’s National Centre for Partnership and Performance found that adoption of high performance work systems (such as strategic human resource management and others)—similar to those advocated in the APS Reform Blueprint—was associated with a 15% increase in labour productivity. The same study found that good management practices were also associated with an 8% reduction in employee turnover.10

This year’s statistical analysis identified 14 factors as key drivers of APS employee engagement. Pleasingly, more than half of APS employees reported satisfaction as measured by 11 of these factors. In particular, APS employees were most satisfied with Goal Clarity, Team Performance and Relationships, Supervisor, and Work-Life Balance. However, fewer than one in two employees were satisfied with their Career Progression, Senior Leaders, and Recognition and Feeling Valued (see Chapter 2).

In a competitive labour market, effective talent management is becoming a significant workforce challenge for the APS. Only 10% of agencies reported having an active talent management strategy this year, although just under half recognised that one of the barriers to managing talent in their agency is lack of a talent management framework or strategy (see Chapter 1). Talent management is also often linked directly with succession management. The findings from this year’s agency survey indicated that less than one in five agencies has developed a risk profile for their workforce in order to strengthen succession management for critical roles and leadership positions.

**Capability, innovation and collaboration**

The APS Reform Blueprint has tasked the Commission with implementing a program of periodic external reviews of agencies’ institutional capabilities covering strategy, workforce capability, leadership, delivery and organisational effectiveness.11 Capability reviews are
intended to provide agencies with an understanding of their corporate capabilities, and will cumulatively provide a view of the overall capability of the APS as well as a baseline against which improvements can be measured. Capability reviews will be a complementary activity to the Commission’s focus on human capital in that they will encourage a better understanding of the effect on business outcomes and organisational performance, of the combination of people, processes, systems, structures and culture.

The idea of assessing organisational capability in this way is not new. The proposal to conduct capability reviews draws directly on the United Kingdom (UK) Capability Review Programme, which was initiated in 2005. Preliminary work to establish and trial a methodology suitable for the APS environment is underway. If the government agrees to move to full implementation it will almost certainly leverage the experiences and lessons learned from the UK.

In 2009, the UK National Audit Office reviewed the UK Capability Review Programme; it found the program had succeeded in raising the UK Civil Service’s capability and had made capability improvement a key feature of management agendas. The report noted capability reviews were beginning to provide evidence of improvement in capability, with subsequent reviews showing performance improvements. Importantly, the review created a shared interest in capability building across departments, including identification of common challenges that required a collaborative response. Senior civil servants were seen to be working more closely together through bodies such as the ‘Top 200’ group, the Forum for Change Directors, joint boards of departments with common interests, and through informal networks.

The Commission has also been tasked with exploring the feasibility of a citizen survey to improve the quality of APS service delivery. This is another international public sector trend identified in the APS Reform Blueprint as offering substantial opportunities to improve organisational performance.

Canada and, more recently, New Zealand regularly survey their citizens and report considerable benefits from doing so. For example, Canada, which has been conducting biennial citizen surveys since 1998 as part of a broader service delivery reform agenda, recorded a 12% increase in citizen satisfaction with government services in general between 1998 and 2005. The results of the citizen survey are used by citizens, agencies, government and parliament as part of an integrated, targeted approach to service delivery reform.

Application of the citizen survey provides a clear example of the way improved diagnostics and benchmarking can focus effort on achieving positive results for government and citizens.

This year’s State of the Service Report examines the range of citizen-centred initiatives that agencies currently use, including evaluation and review mechanisms intended to enable agencies to better meet citizens’ needs and expectations. This data shows there has been a slight decrease over the last three years in the proportion of agencies using surveys of the general public to evaluate government services (see Chapter 4).

The findings of the State of the Service Report also indicate that the APS may not yet be fully capitalising on the benefits of Web 2.0 to rapidly convey information and gain
feedback on a range of government initiatives and services. The employee survey showed that 31% of APS staff and 28% of service delivery employees have access to social media and networking tools in the workplace. Of those with access to these tools, most agreed the tools have helped them more effectively carry out their work.

Increasingly, governments across the globe are recognising that innovation is the key to a more agile and productive public sector. The recent MAC report, *Empowering Change: Fostering Innovation in the Australian Public Service*,\(^1^5\) and the ANAO Better Practice Guide, *Innovation in the Public Sector: Enabling Better Performance, Driving New Directions*,\(^1^6\) provide valuable guidance in this area. This year’s State of the Service results indicate that while there is recognition of the benefits of innovation, there is still some way to go to build a culture that supports and rewards innovation. This year, 43% of agencies had strategies in place to identify and reward innovation, while a further 13% had strategies under development (see Chapter 6).

Developing a culture that promotes agility and innovation within a risk management framework is important to managing in a more complex and rapidly changing environment. In this year’s agency survey, agencies reported moving towards a positive culture where understanding, managing and accepting appropriate risk is part of an agency’s everyday decision-making processes. Most APS employees agreed that employees in their agency appropriately assess risk (64%). However, recent ANAO reports suggest that appreciation of the subtleties of risk management may be unevenly distributed across the APS.

**Human capital management**

The APS needs to build a more capable workforce by identifying the skills needed now and into the future and addressing skill gaps. The Commission has been tasked with building and implementing an APS-wide human capital strategy that will provide the foundation for understanding the future of the public service and the follow-on implications for work and the workforce.

The greatest workforce risks agencies nominated in the 2010 agency survey were recruiting and retaining appropriately skilled people (see Chapter 7). The shortages of ICT, accounting and financial management professionals remained the most pressing challenge. An appropriate APS-wide workforce planning strategy has the potential to help agencies to more systematically address these ongoing skill shortages, which will complement agencies’ workforce planning strategies.

Capability building requires a systematic management approach to learning and development as an integral part of workforce planning. This year, agencies’ mean expenditure on learning and development was between 1.3% and 2.3% of their operating expenses (based on agency size comparisons), whereas the best performers in the private sector spent between 3% and 6%.\(^1^7\) For the 68 agencies that could estimate their investment in formal off-the-job learning and development, total expenditure during 2009–10 was approximately $177 million (including $80 million by the Department of Defence). However, only 54% of employees were satisfied with the quality of formal off-the-job training, reinforcing the importance of developing APS-wide benchmarks to help assess the return on investment.
The findings of the State of the Service Report suggest that the APS is facing significant challenges in recruitment. While some agencies have invested in e-recruitment solutions, employees continued to view recruitment processes poorly. Recruitment timeframes varied widely across agencies—with an average of 54 working days to finalise a competitive selection exercise for ongoing non-SES employees, and an average of 75 working days to fill the position.

Clearly, APS agencies spend a lot of time and effort advertising, interviewing and selecting candidates for various positions; yet of those who separated from the APS this year, 11.2% left within the first 12 months of service. While this rate is lower than the generally accepted turnover rate of 20% in the first year, it is an important metric to track in terms of return on investment.

The Commission is investigating ways to streamline APS recruitment, consistent with application of the merit principle. In 2006–07, the ANAO estimated that direct APS recruitment costs were around $370 million. If streamlining APS recruitment delivers a 10% saving on direct recruitment costs ($37 million per annum) without diminishing the quality of selections, the return on investment would be considerable.

Diversity of employment, a traditional strength of the APS, has become an employment imperative if the service is to widen the scope of its talent pool. This year, the number of ongoing Indigenous employees in the APS increased slightly (see Chapter 8). However, Indigenous representation (2.2%) is still lower than the Council of Australian Governments’ target of 2.7% by 2015 for the Commonwealth public sector. Representation of people with disability in the APS steadied this year at 3.1%, unchanged from last year.

Conclusion

The data suggests that APS performance compares well with that of its peers. Yet there is always room for improvement (as reminded by recent ANAO reports). Improved approaches to management and development of the APS’ human capital as recommended in the APS Reform Blueprint (and adopted by government) are intended to improve APS productivity and performance.

Over the past five years the governments of the UK, Canada and New Zealand have taken significant steps in this direction and are beginning to reap the rewards of their investment. In some areas, the APS Reform Blueprint takes its lead from initiatives already underway in these countries. Similarly, many studies of global business practice demonstrate the value to the ‘bottom-line’ of an investment in human capital. The devolution of human capital management within the APS over the past 20 years has led to considerable variation across the APS. While this has facilitated innovation and customisation of agency practices to agency needs, it has not been without cost. Indeed, the reforms and initiatives outlined in the APS Reform Blueprint would bring the APS more consistently to a level of performance that many in the private sector would consider today’s best practice in human capital management.

The APS’ ability to tackle emerging policy demands, deliver innovative services and achieve the type of productivity benefits identified in these studies rests on executing reforms that will strengthen the APS human capital system. This goes directly to ensuring that people of
quality and commitment staff the APS; people who are well led and positioned to achieve the outcomes required by both government and citizens.

The APS Reform Blueprint is a comprehensive suite of reforms that has the potential to deliver a significant return on investment through improved outcomes, greater efficiencies and reduced costs. It challenges the APS to develop a more strategic, comprehensive and sophisticated approach to building human capital. The challenge for the Commission and the wider APS is both considerable and exciting.

Endnotes


9 For the purposes of this report, Web 2.0 is often used interchangeably with the term ‘social media and networking tools’ to cover technologies such as wikis, blogs, social networking platforms (e.g. Facebook, MySpace, Twitter, YouTube) and interactive discussion forums. In general, Web 2.0 allows users to interact with, and contribute to, the Internet rather than just passively viewing posted information.


14 B. Marson and R. Heintzman, From Research to Results: A Decade of Results-Based Service Improvement in Canada, Institute of Public Administration of Canada, Toronto, 2009.


Chapter 1
Strategic leadership

The Australian Public Service (APS) operates in a rapidly changing, devolved environment that demands significant organisational agility and responsiveness, and a flexible, collaborative approach to public administration. It also operates in a contestable policy environment, in which it must draw on the competitive advantages of the APS—its breadth, institutional memory and track record of work in the public interest—to get the best outcomes possible for the Australian community.¹

During 2009–10, a number of important reports were published outlining key directions for APS reform to meet the challenges of the future; notably, *Ahead of the Game: Blueprint for the Reform of Australian Government Administration* (the APS Reform Blueprint),² *Empowering Change: Fostering Innovation in the Australian Public Service*,³ and *Engage: Getting on with Government 2.0*.⁴ All reports have identified the importance of strategic leadership to drive necessary reforms and bring about shifts in culture and practice to meet future challenges.

This chapter examines the APS leadership, its skills and capabilities, and identifies possible gaps in leadership capabilities to meet future demands.

**Leadership cadre**

In a devolved and contestable environment, more demands are made on the senior executive cadre whose role has always been to provide public service wide strategic leadership in ideas, ethics, and management. To achieve this, it is important that the leaders in each agency see themselves as a part of a collective leadership group that extends across the APS.
In 2009–10, 39% of the Senior Executive Service (SES) considered themselves ‘definitely’ part of the leadership cadre (Figure 1.1) and a further 49% indicated they were ‘somewhat’ part of the group. These results are similar to last year.

Outside of the SES, 14% of non-SES employees ‘definitely’ perceived their leaders as part of an APS-wide leadership group this year, and a further 40% indicated they saw them as ‘somewhat’ part of such a group. Size of agency affected these perceptions, with employees in large (54%) and medium (51%) agencies being more likely to agree their leaders were part of an APS-wide leadership group, compared to those in small agencies (42%).

**Size and composition**

At June 2010, the SES consisted of 2,727 employees, including both ongoing and non-ongoing. Ongoing SES employees numbered 2,610 (41 more than last year), and represented 1.7% of all ongoing employees. There were an additional ongoing 442 employees on temporary assignment to the SES. For further analysis of temporary assignment, see Chapter 9.

The SES cohort has grown, as a proportion of total APS employment, since 2001 (Figure 1.2) and since 2001–02 the growth has been equal to or higher than that of the APS overall. The strongest growth took place during 2005–06 (12.1%) and 2006–07 (11.8%). Since 2006–07, the rate of growth has slowed each year. This year’s growth of 1.6% is somewhat lower than last year, but still higher than the overall APS growth of 0.4%.
A key recommendation of the APS Reform Blueprint requires the Australian Public Service Commission (the Commission) to review the size, capability and work level standards of the SES, before any net growth in the SES should occur, unless exceptional circumstances are agreed with government. SES caps have been instituted in APS agencies based on agency SES staffing profiles as at 31 January 2010, with final adjusted and agreed caps in place from 30 June 2010. A review of the SES commenced in June 2010 and is being led by Mr Roger Beale AO. A final report will be provided to government in December 2010.

Age profile
The State of the Service Report has, for many years, highlighted the ‘greying’ of the APS leadership group. Almost three in four (74.1%) of the SES are aged 45 years and over. This year, the median age of the SES is 49 years, which has not changed since 2005. From 1997 to 2004, the median age was 48 years. The proportions of SES aged 55 years and over (20.5%) and 60 years and over (5.9%) are growing (Figure 1.3).
The ageing of the SES reflects the ageing of the APS more generally. The 55 years and over age group has more than doubled in the past 15 years reflecting the impact of policies to encourage older, highly skilled workers to either remain in the APS or to return after taking early retirement. It also reflects removal of compulsory age 65 year retirements in 1999. Further information on the APS age profile can be found in Chapter 9.

**Depth of experience on entering the SES**

A strategic leadership is needed to drive the necessary reforms to bring about shifts in culture and practice to meet future challenges. This will require a skilled leadership group with a breadth of experience to deal with complex, multidisciplinary problems and draw linkages and insights between policy making and implementation. At the same time, it is important to acknowledge that a balance needs to be struck between breadth of experience and the need for specialist skills and experience within the leadership group.

Trends in SES mobility over the last 20 years show that, while inter-agency experience among the SES is reducing, lateral recruitment to the SES from outside the APS is increasing. Just under one in 10 employees (7.0%) promoted to the SES in 2009–10 had worked in five or more agencies (a drop from 12.6% in 1994–95) and 25.3% had worked in three or four agencies (a drop from 29.6% in 1994–95; Figure 1.4). However, Figure 1.4 also shows that since 1999–2000, the proportion of SES recruited from outside the APS (laterally) has increased; of the 77 SES recruited laterally in 2009–10, 37 (48.1%) had previous APS experience.
Most SES employees have tertiary qualifications (86.2% of SES employees as at 30 June 2010). Postgraduate qualifications are also common (43.1% as at 30 June 2010).

**Diversity**

Workplace diversity has traditionally been a strength of the APS. Over time, the representation of women has increased at all levels in the SES and now sits at 37.1% overall (compared to 19.3% in 1996). The slight proportional drop in women’s representation at Band 2 and Band 3 during 2008–09 was reversed this year. While the rate of promotion and engagement of women into the SES is increasing (Figure 1.5), the separation rate has also increased, particularly in the past few years. This was the first year since 1999–2000 that the separation rate for women from the SES was higher than their promotion or engagement rate. This increased separation rate of women in the SES is of some concern, and will be monitored in future reports.
The representation of Indigenous employees and people with disability in the SES remained low in 2009–10 (Figure 1.6). At 30 June 2010, only 0.5% of SES employees identified as Indigenous and 2.5% as having a disability. The only diversity group that is increasing is those from a non-English speaking background.5

Notes: EEO = equal employment opportunity; NESB = people from non-English speaking backgrounds (used to capture information about employment disadvantage experienced by employees based on race or ethnicity). NESB 1 includes people born overseas whose first language was not English; NESB 2 includes children of certain migrants.

Source: APSED
SES employee satisfaction and engagement

A Management Advisory Committee (MAC) report, *Senior Executive Service of the Australian Public Service: One APS–One SES*, noted that the APS operates in a rapidly changing, devolved environment and contestable policy context that demand significant organisational agility and responsiveness, and a flexible, collaborative approach to public administration. The public service must draw on the competitive advantages of the APS—its breadth, institutional memory and track record of work in the public interest—to get the best outcomes possible for the Australian community. In a devolved and contestable environment, more demands are made on the SES whose role has always been to provide public service wide strategic leadership in ideas, ethics and management.\(^6\)

In this year’s employee survey, SES employees who had been at their current classification for five or more years were asked how their work had changed in that time. The most common changes reported included increased task complexity (71%, compared to 63% for other APS employees) and increased workload (66%, compared to 62%).

To achieve outstanding results in this more complex, challenging environment, the SES needs to be engaged and motivated. Overall, SES employees were more likely to be satisfied with their job (88%), compared to 68% of all other APS employees. The attributes SES employees reported as most contributing to their job satisfaction included being interested in their work (53%), seeing tangible results (50%), and being able to make a useful contribution to society (50%).

The workplace attributes that SES employees were least satisfied with included appropriate workload (51%) and opportunities for career development (56%). SES employees were less likely to be satisfied with their work-life balance (50%), compared to other APS employees (73%). Further analysis of SES employee engagement levels and satisfaction with work-life balance can be found in Chapter 2.

One in five SES employees intended to leave their agency in the next two years to pursue a job in another agency, indicating the ability to gain broader experience through mobility is important to them. One in 10 SES employees reported they would retire in the next two years and 5% indicated they intended to leave their agency to pursue a job outside the APS.

Employee views on the quality of SES leadership

This year, overall satisfaction of APS employees with senior leadership was relatively low (45%),\(^7\) yet this result is broadly consistent with international benchmarking results discussed in Chapter 2. Satisfaction with senior leaders varied across agencies from 15% to 77%, indicating substantial scope for improvement in some agencies.

Less than half of APS employees agreed that their leadership demonstrated key leadership capabilities as outlined in Figure 1.7. Only 35% of employees agreed that senior leaders are receptive to ideas put forward by other employees and 40% agreed that senior leaders discuss with staff how to respond to future challenges. These are the capabilities that will be important in driving reform and bringing about shifts in culture and practice to meet the challenges of the future.
In my agency, communication between senior leaders and other employees is effective.

In my agency, senior leaders are receptive to ideas put forward by other employees.

In my agency, the most senior leaders are sufficiently visible.

In my agency, senior leaders discuss with staff how to respond to future challenges.

My agency is well managed.

The employee survey included a list of SES leadership attributes this year and asked employees to select up to five they considered most important and rate their satisfaction with those selected attributes. Figure 1.8 compares the selection of these attributes by SES and all APS employees.

Notes: (a) The addition of “e.g. can be seen in action” to the 2009–10 employee survey may have influenced responses to this question this year. Caution should be exercised in comparing between the years due to the addition of “that is, the SES” in defining senior leaders within the 2009–10 employee survey.

Source: Employee survey

The employee survey included a list of SES leadership attributes this year and asked employees to select up to five they considered most important and rate their satisfaction with those selected attributes. Figure 1.8 compares the selection of these attributes by SES and all APS employees.

Source: Employee survey
The four most important SES leadership attributes selected by both SES and all APS employees were:

- communicate effectively with staff
- show judgement, intelligence and common sense
- demonstrate honesty and integrity
- demonstrate sound judgement and are prepared to make decisions.

More than half (62%) of all employees were satisfied with their SES leaders in terms of ‘demonstrate honesty and integrity’ (Figure 1.9). However, half or less of all APS employees were satisfied with ‘communicate effectively with staff’ (42%), ‘show judgement, intelligence and common sense’ (50%), and ‘demonstrate sound judgement and are prepared to make decisions’ (47%).

In another survey question relating to quality of leadership, most employees (74%) believed the SES ‘always’ or ‘usually’ acted in accordance with the APS Values (an additional 14% were unsure). The ‘not sure’ responses may reflect the degree of employee interaction with the SES within their agency.
Building APS leadership skills

In response to the APS Reform Blueprint, the Commission established a Strategic Centre for Leadership, Learning and Development to ensure the APS has a contemporary, systematic approach to learning and development, leadership development and talent management. Stakeholder meetings with agencies to help inform the outcomes of the Strategic Centre will be held during 2010–11.

The Strategic Centre will focus on enhancing leadership capability—identifying the need for an APS-wide talent management approach and the requirements to develop and deliver talent management programs that best meet the needs of the APS, and the lessons that can be learned from the existing talent management activities in the APS. The aim of this activity is to build and strengthen the availability of talent, initially for the most senior roles in the APS.

An Advisory Board has been established to oversee the Strategic Centre. This Board provides direction and support to the Strategic Centre in promoting, championing and steering effective leadership; learning and development; and talent management across the APS. Board members include the Public Service Commissioner, four Secretaries and two members from the commercial sector. The Board’s objectives are aligned with, and reinforce, the strategic objectives of the Secretaries Board in relation to APS capability development.

In addition to focusing on leadership development, the Strategic Centre will develop an approach to consistent and quality development of core APS skills, and in consultation with the Advisory Board and agencies, will produce an annual Learning and Development Strategy for consideration by the Secretaries Board.

Connections—insights from the front line

The Connections program the Commission offers enables SES Band 3 employees to observe service delivery activities in a front line agency that directly serves Australian citizens. Senior policy makers’ and advisers’ participation in the program allows them to gain a better understanding of citizens’ experiences and needs, and develop improved policy–service delivery connections. This, in turn, ensures citizens are considered paramount when agencies develop and plan implementation of government policies, programs and services.

Twelve SES Band 3 employees participated in the Connections pilot, which concluded in March 2010. The program attracted a high level of support, with 11 host agencies providing more than 100 potential placements in a wide range of roles. As reported by one participant through the Department of Immigration and Citizenship, activities were wide-ranging; they included handling enquiries on the front counter, processing visas, understanding regional centre activities, viewing detention arrangements, and looking at airport passport control and verification procedures.

The Commission expects that new placements and resources will be added to the Connections program in the near future.
Agency reporting of leadership skill set gaps

The APS Reform Blueprint has identified a number of leadership skill sets as increasingly important for SES and EL 2 employees (SES feeder group). Many agencies reported skill set gaps in one or more areas through the 2009–10 agency survey (Table 1.1).

<table>
<thead>
<tr>
<th>Skill sets</th>
<th>Skill set gaps at the SES level (% agencies)</th>
<th>Skill set gaps in SES feeder group (% agencies)</th>
</tr>
</thead>
<tbody>
<tr>
<td>People management skills, including cultivation of productive working relationships and managing performance</td>
<td>40</td>
<td>63</td>
</tr>
<tr>
<td>Capacity to steer and implement change</td>
<td>32</td>
<td>50</td>
</tr>
<tr>
<td>Capacity to think strategically, including for strategic policy development</td>
<td>29</td>
<td>56</td>
</tr>
<tr>
<td>Effective communication skills, including consultation, negotiation and influencing skills</td>
<td>27</td>
<td>41</td>
</tr>
<tr>
<td>Ability to motivate, inspire and generate commitment to agency goals</td>
<td>24</td>
<td>40</td>
</tr>
<tr>
<td>Capacity to work collaboratively across agency and jurisdictional boundaries to achieve whole-of-government objectives</td>
<td>22</td>
<td>32</td>
</tr>
<tr>
<td>Expertise in delivering outcomes</td>
<td>7</td>
<td>18</td>
</tr>
</tbody>
</table>

Source: Agency survey

In 2009–10, APS agencies most commonly reported the skill set gap of people management skills at the SES level (40%) and in the SES feeder group (63%), similar to previous years. Overall, agencies more frequently reported skill set gaps in the SES feeder group than at the SES level.

Leadership development in agencies

Agencies most commonly reported offering non-agency specific leadership development programs to their SES and EL staff (Figure 1.10) as well as coaching and tertiary education. Only small proportions of agencies offered structured placements in another APS agency (13%) or outside the APS (7%) to their SES staff. This year’s employee survey results indicate that 57% of SES employees would be interested in a short-term transfer to another APS agency, 31% in the private sector and 27% at another level of government.
Talent and succession management

Increasingly, the APS needs skills in high-level policy analysis, managing relationships, articulating and addressing risk, and program implementation. These complex skills draw on formal knowledge but also require the APS to maintain human capital systems that can identify, develop and manage skill sets and talent, and relate them to current and future business.

In the next 15 years, McKinsey\(^8\) reports that demand for labour in the age bracket of 35 to 45 years will increase by 25%, while the supply of labour in that same age bracket will decline by 15%, leaving a shortfall of 40% if no action is taken. A 2005 article on employee retention comments that:

*Increasingly, the labour market is switching to an employee’s market with an abundance of jobs offering a range of attractive incentives. Employers are forced to compete to attract and retain a decreasing pool of talented individuals in order to achieve their objectives. Surplus labour is no longer available to camouflage problems that arise from not having effective human resource competencies and practices.*\(^9\)
Talent management

As the competition for talent intensifies, the APS will need to become more strategic in the management of its talent to meet current and future priorities. While talent management is still an evolving concept, it has been defined as ‘an integrated set of processes, programs and cultural norms in an organisation designed and implemented to attract, develop, deploy and retain talent to achieve strategic objectives and meet future business needs’.10

Increasingly, organisations are moving towards a more broadly-based talent management system that integrates human resource processes and practices, including:

- attraction and retention of talent
- employee engagement strategies
- employee development—informal and formal learning and development opportunities
- executive development—specific development programs for existing and future leaders
- performance management—specific processes that nurture and support performance, including feedback and assessment
- workforce planning—planning for business and general changes, including the older workforce and current or future skill shortages
- succession planning and management for positions or roles that are critical to the success of the organisation.

An important step to developing a talent management strategy is to identify the employees (people and positions) that are critical to the organisation. This includes classifying high performing and high potential employees—both groups are critical to the success of an organisation. Research by the Corporate Leadership Council indicates that many companies are classifying employees on a scale of high, medium and low performance and potential, using a matrix similar to Figure 1.11.11
The APS Reform Blueprint recommends improving talent management across the APS through a range of strategies including establishment of the Strategic Centre for Leadership, Learning and Development and introduction of APS-wide talent management programs.

Only 10% of agencies reported having an active talent management strategy this year, similar to last year’s result of 8%. A further 31% reported developing talent management strategies this year. Development of such strategies was more common among large agencies, probably due to the challenges of optimising the workforce as the numbers of staff and geographic dispersion increase. However, small and medium agencies were also developing strategies. As reported in Chapter 7, a number of other agencies are developing frameworks within which employee skills can be recorded, as precursors to developing active talent management strategies.

Just under half of agencies (46%) recognised that one of the barriers to managing talent in their agency is lack of a talent management framework or strategy. Other impediments included agency size, too small or too large (58%); lack of career or mobility opportunities within agencies (54%); and limitations in rewarding talent (27%).

The Australian Taxation Office (ATO) noted in the agency survey that its size is advantageous in this regard as extensive opportunities for developing high potential employees exist, which include both work-based and cross-business ‘stretch’ assignments. The ATO did, however, recognise the dichotomy between identifying a large number of staff as being of high potential and the need to rationalise limited funding equitably to gain the best return on investment.

The ATO is currently refining its talent identification and development across SES and EL levels for 2010–11. As part of a corporate project, representatives from all areas have designed a talent management approach aligned with the existing performance management framework and business planning processes. A pilot, including comprehensive evaluation and validation research, was conducted to refine the approach in preparation for a full rollout across senior levels in 2010–11.
The most common way high potential employees were identified within agencies this year was by a manager or agency head (95% of agencies for EL and 90% for SES). Other business processes, including performance management systems (83% for EL and 76% for SES) and development opportunities (81% for EL and 70% for SES) also contributed. Self-identification was also common (64% for EL and 59% for SES).

Agencies indicated they are endeavouring to identify high potential employees across a diverse range of classification levels. For example, the Australian National Audit Office (ANAO) said their senior executives meet every six months to discuss the talent management strategy and initiatives; a cascade approach follows, as line managers plan and initiate talent management at the operational level. The ATO reported implementation of a successful program to identify talented graduates who are fast tracked across business units on ‘stretch’ assignments to develop their skills and use their tertiary qualifications to best effect.

At this stage, talent management is relatively underdeveloped within the APS; only 10 agencies have implemented such strategies. However, in view of their importance to the future capability of the APS, systematic talent management strategies will need to be adopted more widely.

**Succession management**

Succession planning identifies and develops internal people with the potential to fill critical roles, including key leadership positions. Effective planning increases the availability of experienced and capable employees who are prepared to assume these roles as they become available. Effective succession or talent pool management concerns itself with building a series of feeder groups up and down the entire leadership pipeline or progression.12

While executives are aware of the importance of succession management, many believe their agency’s processes fail to produce a sufficient supply of talented employees capable of filling critical roles within the agency. The absence of clear links between succession management and desired outcomes, such as organisational performance, may contribute to this perceived failure. Also, succession management tends to focus too narrowly on replacement planning, failing to address the most urgent talent management challenges that can affect leadership quality.13

It is essential to develop employees to improve the potential pool of leadership candidates or to be able to develop leaders quickly where agencies have experienced substantial growth or substantial downsizing and new leaders are needed quickly. It is important to identify talent gaps in the leadership group.

This year’s agency survey showed that only 30% of agencies have a succession plan for critical roles and leadership positions, and a further 30% are developing them. These results represent decreases on those from last year, when 36% of agencies had a succession plan and 45% were developing them. Forty-one per cent of agencies did not have a succession plan in place during 2009–10, compared to 19% last year.
Senior Executive Succession Management Program

At Centrelink, the Senior Executive Succession Management Program identifies and develops future leaders to take on key positions, which also ensures that Centrelink’s executive has clear visibility of the agency’s future leaders.

Participants undertake a 360-degree assessment to identify individual development needs, which are addressed with their manager’s support. The group report of this assessment is sent to the participant’s manager and the executive to highlight development areas common to the cohort, and potentially other executive level employees.

These results have helped dispel some myths about the skills Centrelink’s executive employees need for their job, and has been of real assistance in developing future leadership programs to better identify and address the learning needs of the entire agency.

Since the trial in 2007, 25% of participants have been promoted to senior positions and a similar proportion has secured long-term acting arrangements at higher levels. Centrelink’s executive is also now fully aware of participant strengths and has used the program to move participants into projects requiring urgent attention.

Few agencies (17%) have developed a risk profile for their workforce in order to strengthen succession management for critical roles and leadership positions. Similar to last year’s result, 31% of agencies reported having a system in place to monitor and evaluate succession planning.

To ensure effective succession and a high quality supply of leadership talent, APS succession planning must address four fundamental succession risks, namely:14

- **Vacancy risk**—risk of critical leadership positions being vacant. No candidates can be found with the relevant skills, within the required timeframe and/or who are willing to take on a vacant role. As a consequence, the role remains vacant longer than acceptable.

- **Readiness risk**—risk of underdeveloped successors. None of the members of the internal talent pool are yet ready, willing or able to move into a vacant role, or perform at the level required. As a consequence the role remains vacant longer than acceptable.

- **Transition risk**—risk of poor assimilation of talent into the organisation. A person is appointed to a vacant role. However, they fail to perform in the role and/or leave shortly after their appointment because they do not have the right skills, or the role was not what they expected. The failure to perform, or early departure, has a negative impact similar to that if the role had remained vacant.

- **Portfolio risk**—risk of poor deployment of talent against business goals. A person is appointed to a vacant role. However, the role does not align with the organisation’s strategic needs and critical outcomes. This has a negative impact on the organisation’s performance.15
Key chapter findings

During 2009–10, a number of important reports were published outlining key directions for APS reform to meet the challenges of the future; notably, the APS Reform Blueprint, the MAC report on innovation and the report of the Government 2.0 Taskforce. All of these reports have identified the importance of strategic and concerted leadership to drive necessary reforms and bring about shifts in culture and practice to meet future challenges.

Meeting future challenges will require a skilled leadership with a breadth of experience from a range of APS agencies (central policy and service delivery), levels of government and the private sector. Trends in SES mobility over the last 20 years show that while inter-agency experience among the SES is reducing, lateral recruitment to the SES from outside the APS is increasing.

Overall satisfaction with senior leadership was relatively low again this year; while this result is consistent with international benchmarks, it is a challenge that must be addressed in the APS. Employees point to leadership capability gaps in terms of driving necessary reforms to meet future challenges. On average less than half of employees were satisfied with their senior leadership’s communication, judgement and preparedness to make decisions.

Despite the leadership development programs agencies offer, skill set gaps remain in the APS. Agencies most commonly reported the skill set gap of people management skills at the SES level and in the SES feeder group. Overall, agencies more frequently reported skill set gaps in the SES feeder group than at the SES level.

Only 10% of agencies reported having an active talent management strategy this year, although just under half recognised that one of the barriers to managing talent in their agency is lack of a talent management framework or strategy. In addition, only 30% of agencies have a succession plan in place.

If the APS is to respond to the growing labour shortage and the increasing requirement for dynamic and complex leadership capability, it needs to adopt a more strategic, targeted approach to leadership development, talent management and succession planning.

Endnotes

5. The term ‘NESB’, representing people from non–English speaking backgrounds, is used in APSED to capture information about employment disadvantage experienced by employees based on race or ethnicity. The analysis in this section concentrates on the category of NESB 1, which includes people born overseas whose first language was not English. NESB 2 data, which includes children of certain migrants, has not been included as there is little evidence of employment related disadvantage occurring for this group.

7 Further information on the Senior Leaders factor result referred to here is in Appendix 3 of this report.


The Australian Public Service (APS) continues to face increasing citizen expectations of services, evolving service delivery models that require higher levels of knowledge, and a tightening fiscal environment. The challenge for the APS is how to attract, retain and engage employees to meet these service and fiscal demands.¹

A report by the United States (US) Merit Systems Protection Board found a significant positive correlation between employee engagement scores and agency performance.² In particular, disengaged employees are more likely to indicate they intend to leave their agency in the next 12 months and also more likely to use sick leave. Employees in the most engaged US agencies had an average of nine days of sick leave per year, compared to 12 days per year in the least engaged US agencies.

Similarly, results from the United Kingdom (UK) civil service suggested that agencies with high levels of employee engagement also tend to perform well in capability reviews—a key metric of agency performance.³ Seventy-eight per cent of highly engaged UK public sector employees believed they could have an impact on service delivery, compared to only 29% of the disengaged.

High levels of employee engagement also encourage innovation within agencies. Gallup has consistently observed that engaged employees are more likely to generate creative ideas to improve management or business processes.⁴ Several private and public sector case studies providing evidence of this relationship are outlined in the MacLeod report to the UK Government on the importance of employee engagement. One private sector example is Google’s statement that its innovative ability and rapid growth have been made possible through its valuing of employee engagement.⁵
This chapter benchmarks APS employee perceptions against international data. Statistical analysis has identified 14 workplace factors that are strong drivers of employee engagement in the APS. The engagement drivers are outlined in this chapter, including some areas for possible improvement. APS workforce trends in work-life balance and leave management are also reported at the end of this chapter.

**Benchmarking of APS employee perceptions**

Figure 2.1 shows the results of engagement-related questions from the State of the Service employee survey, compared with data from the 2009 UK People Survey (amongst other comparable UK government surveys) and the 2010 US Federal Employee Viewpoint (FedView) Survey, for the purposes of benchmarking. APS employee perceptions are positive in the areas of individual effort, teamwork and agency pride, in comparison to the UK and US. This represents a solid foundation for improving APS employee engagement levels.

Several countries have embraced the importance of measuring public service employee engagement to date. The UK Government has invested in an employee engagement program to improve employees’ experience at work and therefore, their performance, with the overall aim of delivering ‘improved public services and better outcomes for citizens’. At the heart of the UK approach is the People Survey which measures employee engagement across the civil...
service. The inaugural survey was completed by more than 340,000 employees across 96 organisations and was administered between October and November 2009.7

In the US, the government is aiming to make its public servants ‘the best, most productive workers in the world’ in order to deliver results for citizens.8 The US FedView Survey helps the government focus on employee engagement and ultimately aims to improve agency performance. The most recent survey involved more than 260,000 federal employees from 82 agencies during February and March 2010.9

An innovative benchmarking resource for US federal employees and their leaders is the publicly available Best Places to Work in the Federal Government rankings.10 This analysis of employee satisfaction and commitment enables US agencies to compare their results with others in order to focus on key workforce issues, and provides an incentive for reform of human capital practices.

**Improving employee engagement**

APS agencies can address several key areas to encourage engagement of their employees; for example, leadership, performance management, career development and working hours are all features of the work environment that have been found to influence engagement levels. However, there is no ‘one size fits all’ model of engagement, and different employees will place different emphases on the value of each of these aspects in return for ‘going the extra mile’. The real benefit in measuring employee engagement lies in its indication of overall agency strengths and weaknesses so that agencies know where to target their efforts.

The Commission has been assessing APS employee views on a range of workplace attributes through the State of the Service employee survey for the last eight years. More recently, statistical analysis has been used to identify the workplace factors which impact on employee engagement. This year’s statistical analysis identified 14 workplace factors that are strong drivers of job satisfaction, motivation/discretionary effort and loyalty/commitment to agency/APS, which in turn result in improved employee engagement.11

These factors are:
- Goal Clarity
- Team Performance and Relationships
- Supervisor
- Work-Life Balance
- Intrinsic Rewards
- Agency Culture
- Autonomy/Empowerment
- Job-Skills Match
- Remuneration and Conditions
- Learning and Development
- Performance Feedback/Accountability
- Recognition and Feeling Valued
- Senior Leaders
- Career Progression.
The results for the 2009–10 factors are highlighted in Figure 2.2. This figure indicates that over half of APS employees reported workplace satisfaction in 11 of the 14 factor areas. Employees were most satisfied with Goal Clarity (81%), Team Performance and Relationships (79%), Supervisor (73%) and Work-Life Balance (71%). They were least satisfied with workplace support for Career Progression (38%), Senior Leaders (45%), Recognition and Feeling Valued (49%), and Performance Feedback/Accountability (53%).

A subsequent time series analysis showed there has been negligible change in the factor results between 2008–09 and 2009–10. Recurring themes are dissatisfaction with Career Progression, Senior Leaders, and Recognition and Feeling Valued.

For the factors with the lowest satisfaction ratings, results varied more markedly across agencies in 2009–10 than for those with the highest satisfaction levels, indicating scope for improving practice in these areas:

- Recognition and Feeling Valued varied from 34% to 76%
- Career Progression varied from 18% to 61%
- Senior Leaders varied from 15% to 77%.

These areas of possible improvement for the APS mirror those found internationally. Figure 2.3 shows comparable results of the 2009 UK government surveys and the 2010 US FedView Survey.
Figure 2.3  Benchmarking of APS areas for improvement in employee engagement, 2007 to 2010

Notes: (a) Related UK government employee survey question was ‘I am satisfied with the opportunities I have to get a better job in this organisation’. Related US government employee survey question was ‘How satisfied are you with your opportunity to get a better job in your organisation’.
(b) Related UK government employee survey question was ‘Senior managers are sufficiently visible in this organisation’.


For these three areas of improvement, agencies should consider:

- **Recognition and Feeling Valued.** Given financial rewards are not widely available to APS employees, non-monetary methods of recognition, such as frequent managerial communication with employees and provision of feedback on a job well done, become very important. Development of an APS-wide performance framework that recognises the value of employees and promotes constructive feedback from relevant sources, such as supervisors, peers, subordinates and stakeholders, is one of 28 key reform recommendations outlined in *Ahead of the Game: Blueprint for the Reform of Australian Government Administration*. The aim of the APS Reform Blueprint is to develop a highly capable APS workforce.

- **Career Progression** does not have to mean promotion: employees may welcome opportunities to improve their skills, some variation in work projects, the chance to exercise team leadership roles, work rotations within an agency, or secondments to other agencies, levels of government or the private sector. A key recommendation of the APS Reform Blueprint is encouraging employees to expand their career experience.

- **Senior Leaders.** Employee engagement may be higher where senior leaders build trust with workers through ‘walking the talk’ and treating employees as valued business partners. One relevant signature reform in the APS Reform Blueprint is reinvigorating strategic leadership. Leaders who clearly articulate and demonstrate organisational values ensure they become part of the culture.
APS agencies have demonstrated a growing interest in enhancing employee engagement. For example, the Department of Defence implemented a new Human Resources Metrics System (HRMeS) during 2009 to monitor the health of its workforce. Using graphical displays of information, HRMeS delivers up-to-date strategic monitoring of Defence’s complex workforce. HRMeS helps Defence track its delivery of workforce promises, such as career satisfaction, job satisfaction and duty of care, and enables strategic planning in response to longer-term demographic and economic trends. HRMeS data is gathered from a variety of sources, including an employee survey. As part of a system enhancement, the employee survey methodology was changed from a 30% sample of Defence employees surveyed annually to a pulse survey conducted three times each year. More frequent data updates and ongoing system enhancements provide more immediate and dynamic assessment of the outcomes of new workforce initiatives.

In another example, the Department of Veterans’ Affairs indicated it had made enhancement of leadership capability a priority this year, with the aim of improving both agency effectiveness and employee engagement.

### Department of Education, Employment and Workplace Relations (DEEWR)—employee engagement strategy

In recognition of the importance of a positive organisational culture, DEEWR has implemented a range of strategies to build a highly engaged workforce. Key initiatives include:

- implementation of a new collective agreement that provides a set of terms and conditions that enables employees to balance their work and personal lives
- introduction of a new performance management system with a dual rating system based on what employees achieve (key deliverables) as well as how they achieve those deliverables (observable work behaviours)
- implementation of the DEEWR Strategic Plan 2008–2011, which focuses on the delivery of organisational goals based on the government’s priorities and articulates expectations about the way employees work together to achieve goals
- development of a Senior Executive Service (SES) Leadership Statement that defines leadership behaviours specific to the DEEWR culture
- establishment of a peak Indigenous employee representative body (MuraKaimel-Yarrangi) to oversee implementation of strategies to recruit, retain and develop Indigenous employees
- implementation of a Reconciliation Action Plan, which includes a range of actions and measurable targets that aim to achieve reconciliation and improve outcomes for Indigenous Australians
- implementation of social-based activities through the DEEWR social club, which hosts events that bring people together
- development of a Manager One Removed program that facilitates open, two-way communications and feedback between employees and their manager’s manager
- development of a wellbeing and resilience program, including conduct of resilience workshops and offering of an in-house seasonal flu vaccination program for all employees.
Workplace outcomes of employee engagement

Employee engagement is linked to workplace outcomes such as innovation, intention to leave and unscheduled absence. One goal of the APS reform agenda is to transform the APS into a strategic, forward looking public service, with an intrinsic culture of evaluation and innovation. This is to be supported by senior leaders who foster employee engagement, collaboration and innovation in the workplace. Figure 2.4 indicates there is a relationship between levels of engagement and willingness to be innovative, at the APS 1–6 and Executive Level (EL) classifications. Agencies with positive employee engagement levels are likely to have more employees who are willing to be innovative.

![Figure 2.4 Employee engagement and willingness to be innovative, 2009–10](image)

Notes: (a) Full details of the summary index, Motivation and Discretionary Effort, which is used here as the primary measure of employee engagement, are in Appendix 3. ‘Engaged’ employees are those with agreed/satisfied results and ‘not engaged’ are all other employees. (b) Employee willingness to be innovative is measured here through employee agreement with the statement: ‘I am always looking for better ways to do things’.

Source: Employee survey

The most successful organisations realise that their employees are their most valuable asset. When employees are highly engaged, their organisations achieve higher productivity and lower turnover—engaged employees perform better and stay in their jobs longer. Figure 2.5 indicates there is a relationship between levels of engagement and intention to leave agency, particularly at the APS 1–6 and SES classifications. APS agencies with positive employee engagement levels are likely to have fewer employees intending to leave.
Analysis of the relationship between APS levels of engagement and workplace absence rates is reported later in this chapter.

**Employee engagement across demographic groups**

Workplace satisfaction levels as measured by employee engagement factors can vary across demographic groups. Figure 2.6 shows some variation across APS classification groups in terms of the 14 key drivers of employee engagement. SES employees were most satisfied with 12 of the factors, when compared with other employees. However, SES employees were most dissatisfied with their Work-Life Balance, unlike EL and APS 1–6 employees. It is important, therefore, for SES employees to realise that workplace factors affecting employee engagement levels for their agency’s EL and APS 1–6 employees are likely to be distinctly different from their own.
Figure 2.7 shows that APS employees with less than one year of service were most satisfied for 11 of the factors. The areas where there were the greatest decreases in satisfaction across years of service were Supervisor, Learning and Development, Recognition and Feeling Valued, Senior Leaders, and Career Progression. These areas may need to be carefully managed in the APS to sustain the engagement and commitment of new employees through their early career.
Work-life balance and leave management

Perceptions of work-life balance and leave management are closely linked with employee engagement in the APS. The following sections explore these issues.

Work-life balance

Work-Life Balance is one of the 14 key drivers of APS employee engagement and this area had one of the highest employee satisfaction scores in 2009–10 (71%), except for among SES employees. Less than half of SES employees (49%) were satisfied for the Work-Life Balance factor. SES satisfaction was highest in small agencies (66%) and lowest in medium (43%) and large agencies (49%). SES employees working in policy development/review areas were less likely to be satisfied (39%) than those working in corporate services (57%). Twenty-one per cent of SES employees nominated work-life balance as influencing where they see themselves in the next five years (for example, working or retired).23

Figure 2.8 shows the individual question results for the Work-Life Balance factor and compares the results with those from last year (where available). There was a statistically significant decrease in the proportion of employees who agreed their workplace culture supports people to achieve a good work-life balance this year (from 71% to 67%). However, there was no difference between the years in full-time employees’ satisfaction with the work-life balance in their current job.

Table 2.1 shows that about one-third (32%) of full-time employees indicated they worked no more than standard hours in the last fortnight (that is, 75 hours or less).24 This is similar to last year’s result of 34%. Close to another one-third (31%) worked 80 hours or more in the preceding fortnight, similar to last year (32%).
Table 2.1: Hours worked in the last fortnight by full-time employees, 2009–10

<table>
<thead>
<tr>
<th>Hours worked in the last fortnight(a)</th>
<th>Full-Time employees (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>75 hours or less</td>
<td>32</td>
</tr>
<tr>
<td>More than 75 hours—less than 80 hours</td>
<td>35</td>
</tr>
<tr>
<td>80 hours—less than 100 hours</td>
<td>27</td>
</tr>
<tr>
<td>100 hours or more</td>
<td>4</td>
</tr>
</tbody>
</table>

Note: (a) Two per cent of full-time employees indicated the question was not applicable (e.g. because they were on a graduated return to work program or they were on leave for the whole fortnight).

Source: Employee survey

The number of hours worked varied across the full-time workforce in 2009–10, however classification had a particularly close relationship with hours worked. Eighty-seven per cent of full-time SES employees reported working 80 hours or more in the last fortnight, compared to 65% of EL 2, 47% of EL 1 and 21% of APS 1–6 employees. Fewer than four in 10 (39%) SES employees worked 100 hours or more in the last fortnight. These results help to explain the poorer perceptions SES employees have about work-life balance.

The data showed a positive relationship between hours worked (as reported by employees) and intention to leave agency. Research on the Australian labour force suggests that as the number of hours worked per week increases, employee engagement levels suffer. Nearly half of Australian employees who were working 40 to 50 hours per week on average, and who felt their workload was unreasonable, intended to leave their employer.

It is important that agencies continue to monitor workload levels and implement flexible strategies to help both employees and supervisors to manage work-life balance.

**Leave management**

This section looks at two areas of leave management—workplace absence (or unscheduled absence), and annual leave. Just as high levels of turnover can sometimes be an indicator of disengagement, so too can high levels of workplace absence. In addition, effective management of annual leave can have a beneficial impact on employee wellbeing.

**Workplace absence**

Workplace absence is defined here as ‘absence from work in recognition of circumstances that can generally arise irregularly or unexpectedly, making it difficult to plan, approve or budget for in advance, and which is inclusive of planned medical procedures.’ Workplace absence in the APS covers five different categories: sick leave, carer’s leave, compensation leave, specific types of miscellaneous or other leave, and unauthorised leave.

An Australian study found that the cost of workplace absence has increased from an average of $354 per absent day in 2008 to $370 per absent day in 2009. Coupled with increasing absence levels, this represents a 12% increase in the cost of absence, from $3,051 to $3,441 per full-time employee each year. APS agencies should, therefore, continue to monitor workplace absence to identify any potential issues. One strategy could involve setting a target for workplace absence. The Australian study noted that organisations...
adopter this approach were more likely to report decreasing absence levels (40%) compared to those without a target (9%).

The median absence rate for the APS in 2009–10 was 10.5 days per employee, which is a slight increase on last year’s result of 10.2 days. Across agencies, the levels of workplace absence varied widely, from 3.9 to 23.5 days per employee as illustrated in Table 2.2. Most absence rates were less than 16.0 days per employee, similar to last year, however two small agencies had absence rates of 20.9 and 23.5 days per employee due to small numbers of employees taking substantial periods of leave.

Generally, absence rates varied by agency size—smaller agencies reported lower levels of absence than did larger agencies. Median levels of absence increased for all agency sizes this year: small (from 8.0 days per employee in 2008–09 to 8.7 days per employee this year), medium (from 10.4 to 10.7 days per employee) and large (from 12.4 to 12.6 days per employee).

Table 2.2: Levels of workplace absence(a) by APS agency, 2009–10

<table>
<thead>
<tr>
<th>Absence per employee (days)</th>
<th>Measure(b)</th>
<th>Small (Median = 8.7 days)</th>
<th>Medium (Median = 10.7 days)</th>
<th>Large (Median = 12.6 days)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.0 to &lt;6.0</td>
<td>FTE</td>
<td>Cancer Australia, FFMA, NOPSA, Screen Australia</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>Headcount</td>
<td>—</td>
<td>DGCCE</td>
<td>—</td>
</tr>
<tr>
<td>6.0 to &lt;8.0</td>
<td>FTE</td>
<td>ACIAR, AFMA, AFPM, ASADA, CGC, FSANZ, GBRMPA, AHRC, MIRB, NWC, OIC, OPH, Productivity Commission</td>
<td>ANAO, Austrade, Federal Court, PM&amp;G</td>
<td>BOM</td>
</tr>
<tr>
<td></td>
<td>Headcount</td>
<td>NCA</td>
<td>—</td>
<td>DFAT</td>
</tr>
<tr>
<td>8.0 to &lt;10.0</td>
<td>FTE</td>
<td>ACLEI, AIFS, EOWA, FMC, NBA, ORER</td>
<td>AHGW, AudAID, AWI, NMA</td>
<td>DEWHA, Treasury</td>
</tr>
<tr>
<td></td>
<td>Headcount</td>
<td>NFSA, OMA, Organ and Tissue Authority</td>
<td>FWO, Geoscience Australia</td>
<td>AGD</td>
</tr>
<tr>
<td>10.0 to &lt;12.0</td>
<td>FTE</td>
<td>AAT, ANMM, ARPSA, Ombudsman</td>
<td>ACC, ACMA, AEC, APSC, Comcare, DBDE, DHA, FWA, ITSA, NHMRC, RET</td>
<td>ABS, ASIC, Defence, DIISR</td>
</tr>
<tr>
<td></td>
<td>Headcount</td>
<td>APVMA, ARC, CrimTrac, NNTI, Privacy Commissioner, TSRA</td>
<td>—</td>
<td>Finance</td>
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<tr>
<td>12.0 to &lt;14.0</td>
<td>FTE</td>
<td>SWA</td>
<td>ACC, AUSTRAC, CDPP, Family Court, NAA, NLA</td>
<td>Centralink, Customs and Border Protection, DEEWR, DIAC, DHS, FAHCSIA, IP Australia</td>
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<tr>
<td></td>
<td>Headcount</td>
<td>ABC</td>
<td>—</td>
<td>Infrastructure</td>
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<td>14.0 to 23.5</td>
<td>FTE</td>
<td>AIATSIS, ATSB, PSR, SSAT</td>
<td>AHL, ComSuper, MRT/RRT</td>
<td>ATO, DAF, DoHa, DVA, Medicare Australia</td>
</tr>
<tr>
<td></td>
<td>Headcount</td>
<td>RAM</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

Notes: (a) To maximise data comparability, agencies were asked to provide data on a full-time equivalent (FTE) basis where possible, although agencies were also able to report using a headcount measure. Of the 98 agencies surveyed, 19 provided data on a headcount basis.

(b) The absence rate is higher when using the FTE measure for agencies with part-time employees, in comparison to using the headcount measure. This is likely to have a marginal effect in most agencies but caution should be exercised in making direct comparisons between agencies.

Source: Agency survey
Employee engagement results in supportive, respectful and healthy work environments. Further analysis of State of the Service data suggests a relationship between levels of engagement and workplace absence rates in the APS (see Figure 2.9). Employee motivation, job satisfaction and commitment to their agency may be lower in those agencies with higher levels of unscheduled absence.

![Figure 2.9](image)

Note: (a) Full details of the employee engagement summary indices, including methodology and composition, are in Appendix 3.
Sources: Employee and agency surveys

In 2009–10, the median sick leave rate was 7.9 days per employee, which was the same as last year’s result. Sick leave continues to be the most common type of unscheduled absence. Where agencies could break down their total absence figures, over three-quarters (76%) was taken as sick leave. The next most common type was carer’s leave (13%), followed by compensation leave (6%) and miscellaneous or other leave (4%). Unauthorised leave made up less than half of 1% of all unscheduled absences.

A comparison of the APS sick leave level with international public sectors is limited because of varying definitions. Table 2.3 suggests, however, that where comparable data is available, APS sick leave rates are on par with those in other jurisdictions.
Workplace absence included as a regular agenda item at senior management meetings

Used initiatives to build a positive workplace culture that encourages employees to come to work

Provided support and training to line managers to build their confidence and capability in managing workplace absence

Established and/or communicated attendance expectations

Used a reporting framework to assist management to monitor absences, identify patterns and trends and highlight areas for further investigation

Provided flexible working arrangements so that employees can manage work-life balance

Raised awareness of health and safety issues, healthy lifestyle promotion and other prevention mechanisms

Provided support and training to line managers to build their confidence and capability in managing workplace absence

Established and/or communicated attendance expectations

Used a reporting framework to assist management to monitor absences, identify patterns and trends and highlight areas for further investigation

Provided flexible working arrangements so that employees can manage work-life balance

Raised awareness of health and safety issues, healthy lifestyle promotion and other prevention mechanisms

Absence management strategies

All 98 APS agencies were using at least one absence management strategy in 2009–10. Figure 2.10 shows that, similar to previous years, the most common agency strategies were raising awareness of health and safety issues, healthy lifestyle promotion and other prevention mechanisms (98%) and providing flexible working arrangements to enable employees to manage work-life balance (97%). It is important to note that while absence management strategies should emphasise prevention of avoidable absence, they should also provide support to those who are unavoidably absent, such as employees who are ill or on a return-to-work program.

Table 2.3: Comparison of sick leave rates, 2008 to 2010

<table>
<thead>
<tr>
<th>Public sector</th>
<th>Annual sick leave rate (days per employee)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canadian Federal Administration, 2009</td>
<td>10.5 of illness or disability leave&lt;sup&gt;a&lt;/sup&gt;</td>
</tr>
<tr>
<td>New Zealand Public Service, 2008–09</td>
<td>7.5 of sick and domestic leave&lt;sup&gt;b&lt;/sup&gt;</td>
</tr>
<tr>
<td>APS, 2009–10</td>
<td>7.9</td>
</tr>
</tbody>
</table>

Notes: (a) Based on full-time employees. (b) Based on full-time permanent employees.


All 98 APS agencies were using at least one absence management strategy in 2009–10. Figure 2.10 shows that, similar to previous years, the most common agency strategies were raising awareness of health and safety issues, healthy lifestyle promotion and other prevention mechanisms (98%) and providing flexible working arrangements to enable employees to manage work-life balance (97%). It is important to note that while absence management strategies should emphasise prevention of avoidable absence, they should also provide support to those who are unavoidably absent, such as employees who are ill or on a return-to-work program.

Figure 2.10 Strategies agencies used to manage workplace absence, 2008–09 and 2009–10

Source: Agency survey
Agencies should continue to monitor absence trends to be able to further develop their strategies to address the underlying issues of unscheduled leave. Research indicates effective strategies include employee assistance programs and other counselling services. Agencies can also refer to the Commission’s better practice guide, *Fostering an Attendance Culture: A Guide for APS Agencies*, to help them identify possible causes of workplace absence and build their capacity to address any issues. The Commission has released a companion guide for supervisors: *Turned Up and Tuned In: A Manager’s Guide to Maximising Staff Attendance*.

**Fostering an attendance culture—Australian Taxation Office (ATO)**

Over the last two years, the ATO has undertaken to develop a suite of activities and strategies to foster an attendance culture. Targeted initiatives include:

- reviewing and refining products and services such as the Early Psychological Intervention Assessment, On-Site Ergonomic Specialist Program, On-Site Psychological Program, and Conflict Resolution Program (currently being piloted) to help managers address workplace issues that have an effect on workforce absence
- reviewing and refining communication on prevention to increase awareness and promote early intervention principles and practices relating to attendance issues (a series of prevention products such as Mind Our People, Mind the Mind/Mind the Body and Mind the Mind: Feeling Great have been developed to support this activity)
- reviewing and refining the Bradford Score Report, which is designed to help managers identify frequent leave takers and stimulate discussion with them
- continuing coordination and management of the annual flu vaccination program
- working with site leadership on the link between workplace absence in priority sites and the outcomes of the Engagement Survey
- implementing an online health and wellbeing assessment to provide personalised assessment of individuals’ health risks as well as high-level corporate and business line reports, which will identify and shape future wellbeing related activities
- reviewing and refining the Wellbeing Program, which includes on-site and user-pays activities.

**Annual leave**

Annual leave is a condition of employment that entitles employees to a paid break from their work each year. One of the reasons for annual leave is to enable employees to refresh and recharge in order to be fully productive. Effective management of annual leave can reduce the costs associated with accumulated annual leave liabilities (estimated value of $1.8 billion for Australian Government organisations for 2007–08), as well as have a beneficial impact on employee wellbeing.
All APS agencies were using at least two annual leave management strategies in 2009–10. Figure 2.11 shows that, similar to previous years, the most common agency strategies were regular monitoring of excess leave balances and taking follow-up action (93%), and implementation of leave arrangements as outlined in agencies’ collective or enterprise agreements.

Key chapter findings

APS employee perceptions are generally positive by international comparison, representing a solid foundation for improving employee engagement. One incentive for agencies to progress this area may be the apparent linkages between employee engagement and innovation, and intention to leave.

Staff satisfaction with the workplace aspects that drive employee engagement have not changed substantially over the past two years. Most employees are satisfied for the Goal
Clarity, Team Performance and Relationships, Supervisor, and Work-Life Balance factors, but substantially fewer are satisfied with Career Progression, Senior Leaders, and Recognition and Feeling Valued. These areas are also the weakest in international public services however to build APS employee engagement levels, agencies must target these most challenging factors.

An appreciation of workloads is essential in developing flexible strategies to help employees and supervisors manage work-life balance. This year, employees were less likely to feel their workplace culture was supportive in this area although there was no difference in their satisfaction with their current work-life balance.

Effective leave management may help agencies improve their levels of employee engagement and enhance their organisational performance. Given there was a slight increase in the median absence rate this year, there is scope for agencies to improve their management of workplace absence. Agencies should also consider their management of annual leave as this may have an impact on employee wellbeing.

**Endnotes**

11. Full details of the factor analysis, including an outline of the methodology and factor composition, are in Appendix 3.
12. This year, several questions were added to the State of the Service employee survey in order to improve the robustness of the factor analysis. As this altered the composition of the factors, a time series analysis could not be performed without excluding those survey questions not covered in both years from the statistical analysis.
13. Here ‘agencies’ refers to oversampled agencies. There were 45 oversampled agencies in 2009–10. These were agencies with at least 400 employees and the Commission. Further information is in Appendix 3 of this report.
Employee willingness to be innovative is measured here through employee agreement with the statement: ‘I am always looking for better ways to do things’.


The summary index, Motivation and Discretionary Effort, is used here as the primary measure of employee engagement. Full details are in Appendix 3.

Intention to leave is measured through employee agreement with the question: ‘Do you intend to leave your agency in the next two years?’


There may be slight differences between agencies in what constitutes a standard day for full-time employees (e.g. 7 hours and 21 minutes or 7 hours and 30 minutes). Results for hours of work may also be affected by flex time arrangements, which many agencies use to help APS 1–6 employees to balance work and life commitments.

The variations here may be partly due to flex time arrangements, which are used in many agencies to assist APS 1–6 employees to balance work and life commitments.


Where an agency’s human resources information system did not enable reporting against each of the categories of workplace absence, the agency was asked to provide a total figure only—13 agencies indicated this to be the case.

Sick leave refers to an absence, regardless of duration, whether paid or unpaid, resulting from an employee being too sick or injured to work, or from undergoing a planned medical procedure. This category excludes absences related to accepted compensation cases.

Carer’s leave is defined as an absence, regardless of duration, whether paid or unpaid, resulting from a member of the employee’s immediate family or household, for which the employee has caring responsibilities, being sick or injured and in need of care.

Compensation leave relates to an absence resulting from personal injury or disease sustained out of, or in the course of, employment (that is, work-related) and accepted by Comcare. The leave includes the total number of days or part-days an employee is absent from work due to incapacity. It excludes time spent at work on rehabilitation programs, where rehabilitation takes place at the workplace in paid employment.

Miscellaneous or other leave refers to an absence, regardless of duration, whether paid or unpaid, resulting from a personal, family or household emergency, or loss of a close family member or friend.

Unauthorised leave is an absence, regardless of duration, whether paid or unpaid, that given the circumstances is not supported or approved by management.


According to the Organisation for Economic Co-operation and Development (OECD), organisational values form the foundation of public service and guide what is proper and improper in serving the public interest. Values stated in public documents shape citizens’ expectations about the vision, mission and daily activities of public sector organisations. There is also recognition that public servants are not solely motivated by financial rewards and that values play a role in promoting the performance and integrity of government. Research shows that:

… the most important aspect of culture and values is the organisation’s ability, through its leadership team, to live and breathe those values … without this approach an organisation’s culture, vision and values become nothing but a plaque that sits on a wall.

Organisational culture, and the extent to which values are embedded in processes, procedures and the actions of everyone working in an organisation, are largely a function of leadership. The role of leaders is critical to an effective values-based system. New policies, procedures and structures aimed at achieving cultural change should reflect the desired organisational values. However, processes and procedures are primarily vehicles by which behaviours may be applied; outcomes rely on how those processes and procedures are followed and implemented. Generally, because of their duties and the influence they are able to exercise, the more senior the employee, the more important it is that they exemplify desired organisational values in their decisions and behaviour.
This chapter reports on developments over the year to strengthen the ethics infrastructure that supports and guides the Australian Public Service (APS) in its work, including relevant recommendations of Ahead of the Game: Blueprint for the Reform of Australian Government Administration (the APS Reform Blueprint). The chapter also examines the performance of the APS and its leaders in embedding the APS Values and Code of Conduct.

**Strengthening the ethics infrastructure**

The government has implemented or announced measures in 2009–10 aimed at strengthening the integrity and accountability of government, including the APS. These measures include:

- APS Reform Blueprint
- freedom of information reform
- Commonwealth whistleblowing scheme
- Government 2.0
- Lobbying Code of Conduct and Register
- government advertising.

**APS Reform Blueprint, values and leadership**

The APS Reform Blueprint identified a number of challenges for the APS, including increasing citizen expectations of government, the pace of technological change, a tightening labour market and increasing competition for talent, a contested market for high quality and innovative policy ideas, and increasing pressure to deliver in emerging areas within tight timeframes.

The APS Reform Blueprint also recognised that the APS needs to improve its performance in several areas, including strengthening the support for, and accountability of, APS leaders.

To support the reform agenda, and particularly as part of the commitment to reinvigorate strategic leadership, the APS Reform Blueprint proposed to reformulate the APS Values and actively support embedding them service-wide. The objective was to create ‘a smaller set of core values that are meaningful, memorable and effective in driving change’. In particular, the Advisory Group on Reform of Australian Government Administration asked the government to consider revising the APS Values to:

- promote APS collegiality and unity
- encourage excellence in public service
- clarify expectations of public service behaviour to foster public trust
- affirm the importance of considering human rights issues in policy making.

In July 2010, the Australian Public Service Commission (the Commission) carried forward the APS Reform Blueprint’s recommendation in relation to the APS Values by releasing a discussion paper to a wide range of stakeholders, seeking views on the potential makeup of a smaller set of APS Values. An online discussion forum for APS employees was also established. The discussion paper aimed to elicit views on which behaviours should be encouraged to:
• drive the required performance improvement identified by the APS Reform Blueprint
• promote the integrity of the APS
• be fundamental to all APS employees wherever they work
• reinforce the professionalism of the APS.

Following analysis of responses, a set of five new values was proposed and released for public comment in October 2010. The proposed values are: Committed to Service, Ethical, Respectful, Accountable and Apolitical. The intention is for each new value to be accompanied by a short statement providing additional context and meaning. The new framework also proposes a complementary set of Employment Principles that describe APS workplace relationships.

The new values will require amendments to the Public Service Act 1999 (PS Act) and are therefore subject to parliamentary approval. Once settled, the real challenge for the APS and its leaders will be in successfully embedding the new values consistently within the service. Progress towards this objective will be examined in future reports.

Freedom of information reform
On 13 May 2010, the Australian Information Commissioner Act 2010 and the Freedom of Information Amendment (Reform) Act 2010 passed through parliament. The main aims of the reforms are to promote a pro-disclosure culture across government and build a stronger foundation for more openness in government. The key measures implemented by the reform legislation include:
• establishment of a new Office of the Australian Information Commissioner, starting 1 November 2010, which includes the Office of the Privacy Commissioner and the Office of the Freedom of Information Commissioner
• changes to exemptions and charges under the Freedom of Information Act 1982, also starting 1 November 2010
• a new Information Publication Scheme starting 1 May 2011
• a requirement for agencies to publish information where access has been given under the Freedom of Information Act 1982, subject to certain exemptions, starting 1 May 2011
• changes related to the ‘open access period’ under the Archives Act 1983, starting 1 January 2011.

Commonwealth whistleblowing scheme
On 17 March 2010, the then Cabinet Secretary, Senator the Hon. Joe Ludwig, committed the government to developing legislation in 2010 for a broad Public Interest Disclosure Scheme across the Commonwealth public sector. In announcing the plans, the government accepted most of the recommendations in the House of Representatives Standing Committee on Legal and Constitutional Affairs report, Whistleblower Protection: A Comprehensive Scheme for the Commonwealth Public Sector, released in February 2009. The government, through the Special Minister of State for the Public Service and Integrity, the Hon. Gary Gray MP, is seeking to have the whistleblower legislation introduced and passed by parliament by 30 June 2011.
Government 2.0

In December 2009, the Government 2.0 Taskforce delivered its report to government on ways of achieving more open government. In response to the taskforce report, the then Minister for Finance and Deregulation, the Hon. Lindsay Tanner MP, on behalf of government, made a declaration of open government, meeting the central recommendation of the taskforce’s report. Further information about the report can be found in Chapter 4.

In November 2009, the Commission, in conjunction with the Australian Government Information Management Office, developed and released final protocols for agencies and APS employees on online media participation. The guidelines noted that Web 2.0 provides public servants with unprecedented opportunities to open up government decision-making and implementation to contributions from the community, and also encouraged APS employees to engage in robust policy conversations, in a professional and respectful manner.

In participating in policy conversations online, including as a private citizen, APS employees must comply with the APS Values and Code of Conduct. This includes:

- being apolitical, impartial and professional
- behaving with respect and courtesy, and without harassment
- dealing appropriately with information, recognising that some information needs to remain confidential
- delivering services fairly, effectively, impartially and courteously to the Australian public
- being sensitive to the diversity of the Australian public
- taking reasonable steps to avoid conflicts of interest
- making proper use of Commonwealth resources
- upholding the APS Values and the integrity and good reputation of the APS.

The Commission is continuing to monitor application of the guidelines on online media participation.

Lobbying Code of Conduct and Register

In 2008, the government introduced a Lobbying Code of Conduct and a Register of Lobbyists aimed at ensuring that contact between lobbyists and Australian Government representatives is conducted in accordance with public expectations of transparency, integrity and honesty.

Any lobbyist who acts on behalf of third-party clients for the purposes of lobbying government representatives must be registered on the Register of Lobbyists and must comply with the requirements of the Lobbying Code of Conduct.

On 15 July 2010, the then Cabinet Secretary, Senator the Hon. Joe Ludwig, released a discussion paper inviting feedback by 30 September 2010 on possible reforms, including creation of an industry association for lobbyists and harmonisation of state and federal Lobbying Codes of Conduct.
Government advertising

In 2008, the government released new advertising guidelines to govern the content and presentation of Australian Government campaign advertising. In line with the recommendations of the Senate Finance and Public Administration Committee’s 2005 report on government advertising and accountability, the 2008 guidelines required the Auditor-General to review campaigns with expected expenditure in excess of $250,000 (or other campaigns if requested by a minister) before approval. The government announced that it would review the arrangements before July 2010.

On 27 January 2010, Dr Allan Hawke was appointed to conduct the review. He reported in February 2010, making eight recommendations, most of which government accepted. As a result, from 31 March 2010:

* The Guidelines on Campaign Advertising by Australian Government Departments and Agencies have been simplified and clarified to ensure appropriate checks and balances to:
  - reflect the overarching objective of government communication activities, which is to inform and engage with the public
  - ensure appropriate accountability, transparency and value for money in development and delivery of government communications
  - ensure government communications are not directed at promoting party-political interests

* A new Independent Communications Committee has been established to oversee operation of the guidelines, provide advice to chief executives on compliance of proposed activities, provide public assessment of a campaign’s compliance with the guidelines, report on activities undertaken, and consider and propose revisions to the guidelines as necessary.

* The Auditor-General has been asked to conduct a performance audit on at least one campaign per year, or administration of the campaign advertising framework.

* A range of other reporting, accountability, and transparency mechanisms has been adopted.

Embedding the APS Values and Code of Conduct

The APS Values and Code of Conduct are set out in the PS Act. Agency heads have a responsibility under the PS Act to promote the APS Values (section 12) and are bound by the Code of Conduct (section 14). Senior Executive Service (SES) employees have a similar responsibility under section 35 to promote the APS Values and compliance with the Code, by personal example and other appropriate means.

Beyond this statutory framework, agencies are asked to ensure that both the Values and the Code of Conduct are living documents in the workplace, an integral part of ‘the way we do business’. The extent to which agencies achieve this can be assessed through a range of measures, including:

* employee perceptions of the behaviour of their leaders and others in their agency
* measures agencies take to raise awareness of the APS Values and expected behaviours
• measures agencies take to incorporate the APS Values into management policies
• levels of reporting of, and investigations into, suspected misconduct
• numbers of applications for reviews of employment actions.

Employee perceptions of leaders and others in their agency

This year, the employee survey asked employees how frequently their supervisor and senior leaders (SES) acted in accordance with the APS Values in their everyday work.

In 2009–10, most employees (91%) agreed that their supervisor ‘always’ or ‘usually’ acted in accordance with the Values. The results were similar for workplaces both inside and outside the Australian Capital Territory (ACT), and across size of agency.

Similarly, most employees (74%) believed the SES ‘always’ or ‘usually’ acted in accordance with the Values (an additional 14% were unsure). The ‘not sure’ responses may reflect the degree of employee interaction with the SES within their agency.

Employees were more likely to indicate they were ‘not sure’ if they worked outside of the ACT or at more junior classifications (for example, 15% of APS 1–6 employees indicated they were ‘not sure’, compared to 2% of SES employees).

Staff perceptions of ethics and integrity in the APS continue to be encouraging. This year’s results show that:
• 83% of employees agreed their agency actively encourages ethical behaviour by all of its employees
• 71% of employees agreed their agency operates with a high level of integrity
• 80% of employees agreed people in their work group treat each other with respect
• 78% of employees agreed their supervisor demonstrates honesty and integrity
• 76% of employees agreed people in their work group are honest, open and transparent in their dealings
• 67% of employees agreed people in their agency effectively manage conflicts of interest.

This year, employees were also asked if they agreed that their agency provided an ethical working environment. Again, most employees (77%) agreed this was the case.

Overall, the results indicate that most APS employees believe in the integrity and ethical behaviour of their organisation. This conclusion is supported by the most recent global Corruption Perceptions Index published by Transparency International, which ranked Australia as eighth lowest (along with Switzerland) in perceptions of public sector corruption.5

Relations with ministers and their offices

The way in which the government and the APS work together is important to the relevance and usefulness of the APS and effective delivery of government priorities. This recognition is reflected in the APS Reform Blueprint which sets out principles for a strong relationship between the APS and ministers. The APS Reform Blueprint tasked the Commission with affirming these principles in 2010–11.
The APS and ministers: principles for a strong relationship

- Clear roles and responsibilities in the management of the portfolio, recognising the Secretary’s legislative responsibilities
- Assured regular access to ministers
- Support for the minister in the parliamentary role
- Adaptability on the part of senior executives to the style of the minister, in terms of presentation of advice and assistance in meeting the demands of the minister’s role
- Freedom to give good and bad news
- A capacity to plan for and discuss short and long-term priorities
- Understanding of the budgetary implications of decision-making
- Whole-of-government collaboration to support effective implementation of government policy
- An ability to support the government to explain policy in a non-partisan way
- Clarity of processes and responsibilities in a crisis
- A creative and thoughtful approach to developing policy options to meet the government’s objectives
- A shared understanding about the working relationship between the APS and ministerial staff, consistent with the relevant Code of Conduct
- An appreciation that, after due discussion on policy advice, the minister has the last word and that the decision is accepted and implemented.

During 2009–10, 78% of agencies reported providing regular services or advice to ministers and/or their offices on a monthly or more frequent basis, similar to last year. All of the large agencies did so, and 81% of medium agencies, and 64% of small agencies.

Generally, it is SES and Executive Level (EL) employees who have this interaction. Nearly one-third (32%) of SES and EL employees reported having direct contact with ministers and/or their advisers in the past 12 months, similar to last year’s result. Most of the contact with ministerial advisers was on an ad hoc basis (63%), however some reported more regular contact, with 18% having weekly or more often, 8% fortnightly, and 11% monthly.

SES and EL employees were asked if they had, in the previous 12 months, faced a challenge in balancing the need to be apolitical, impartial and professional; to be responsive to government; and to be openly accountable in dealing with ministers and/or their offices. The survey question sought to explore potential tensions in the three principal APS Values relating to the relationship between the APS and government. The proportion of SES and EL employees who reported facing a challenge increased from 23% in 2007–08 and 24% in 2008–09, to 31% in 2009–10. However, this is still lower than in 2004–05 and 2003–04 (41% in both years).
Last year’s State of the Service Report indicated that agencies needed to increase employee awareness of the Standards of Ministerial Ethics (2007), the Code of Conduct for Ministerial Staff (2008), the Register of Lobbyists (2008) and the Lobbying Code of Conduct (2008). For each of these measures respectively, 38%, 43%, 39% and 42% of agencies (that had provided regular services or advice to ministers and/or their offices) reported promoting them to staff during the year.

This year, for those SES and EL employees who had direct contact with ministers and/or their advisers:

• 16% reported familiarity with the Standards of Ministerial Ethics and another 54% reported having heard of, but not being familiar with, the Standards
• 20% reported familiarity with the Code of Conduct for Ministerial Staff and another 58% reported having heard of, but not being familiar with, the Code
• 22% reported familiarity with the Register of Lobbyists and another 51% reported having heard of, but not being familiar with, the Register
• 18% reported familiarity with the Lobbying Code of Conduct and another 48% reported having heard of, but not being familiar with, the Code.

Measures relevant agencies took this year to evaluate the quality of services provided to ministers and/or their offices included:

• formal feedback collected from ministers for criteria such as timeliness, quality of advice and accuracy (36%)
• formal feedback collected from ministerial staff for criteria such as timeliness, quality of advice and accuracy (37%).

Another 4% of agencies were seeking to develop their formal feedback mechanisms to evaluate the quality of services provided to ministers and/or their offices. Comments from a number of agencies indicated that feedback is often informal, in the form of comments on, or responses to, briefs and reports. This may reflect the preferences of ministers.

Values in the workplace

In order to broaden the understanding of APS learning and development needs (see Chapter 7), employees were asked in this year’s survey to choose up to five core skills that were most important for them in their current job. Figure 3.1 shows that, relative to other factors, employees did not regard an understanding and/or application of the APS Values or Code of Conduct as important in their work. This may reflect uncertainty about how the Values and Code affect daily decision-making.
Every decision made, and each action taken, by a public servant involves a choice which is influenced by the individual’s values. The fact that, as Figure 3.1 indicates, employees perceive that the Values and Code of Conduct do not operate strongly to drive performance, or influence decisions in their everyday work, is not surprising. It is likely that the APS Values and Code of Conduct affect decisions and actions in an unconscious way; that people act in accordance with them without thinking, simply because that is ‘the way we do business’. Nonetheless, the data indicates scope for improvement in this regard. This issue was recognised explicitly in the APS Reform Blueprint, which recommended that the APS Values be revised to become ‘smaller … meaningful, memorable and effective in driving change’.7

**Agency guidance material, systems and processes**

The APS Values are an important and integrating element of the public service, underpinning its professionalism. Implementing the APS Values requires commitment from agency leaders, not only in the way the Values are reflected in the daily behaviour of senior executives, but also in the way leaders embed the Values throughout an organisation, including in guidance material, learning and development programs, and management processes and systems.

Figure 3.2 shows learning and development activities agencies commonly used in 2009–10 to raise employee awareness of the APS Values. Agencies relied most heavily on induction/orientation programs, promotional material and their intranet to raise awareness of the APS Values.
Other methods agencies used this year to embed the APS Values and guide ethical decision-making included:

- requiring all employees to complete an online conflict of interest module on commencement and annually thereafter
- releasing regular broadcasts from the agency head to all staff identifying areas of the APS Values and Code of Conduct that pose a potential risk for the agency
- organising a briefing to all staff by the Merit Protection Commissioner
- establishing an Integrity Unit to handle allegations of misconduct under the Code of Conduct and the agency’s bullying and harassment policy—the unit also provides support and education on misconduct issues and ethical decision-making to all employees.

Seventy-three per cent of agencies also reported having the APS Values explicitly embedded in their performance management framework during 2009–10. This is encouraging, although agencies and managers must also ensure performance assessments are used to drive cultural and behavioural change (see also Chapter 7).

An Australian National Audit Office (ANAO) audit this year assessed the extent to which agencies ensure external organisations, contracted to deliver services to the public on behalf of the APS, are made aware of, or are asked to comply with, the APS Values and Code of Conduct. The ANAO examined four agencies—the Department of Agriculture, Fisheries and Forestry (DAFF), the Department of Education, Employment and Workplace Relations (DEEWR), the Department of Health and Ageing (DoHA), and the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA)—and eight programs.

As part of the audit methodology, the ANAO conducted an online survey with 676 service providers from seven programs and asked a range of questions about values and codes of
conduct. Sixty-eight per cent of survey respondents agreed that departments had effectively communicated expectations in relation to values or codes of conduct. The ANAO found that policy makers, program managers and service delivery organisations are increasingly viewing statements of values and codes of conduct as important to ensuring services are appropriately delivered to clients and to meeting program objectives.

Among the ANAO’s better practice principles arising from the audit were the principles that agencies should consider how the APS Values and Code of Conduct may apply, and that funding agreements to deliver government programs through non-government service providers should encapsulate, as a minimum, the following core elements from the APS Values and Code of Conduct, or equivalents from recognised industry standards:

- having the highest ethical standards
- delivering services fairly, effectively, impartially and courteously to the Australian public
- being sensitive to the diversity of the Australian public.

**Agency-specific values**

More than half of agencies (53%) have supplemented the APS Values with their own value statements or principles that help to define the nature of their organisation, the culture of their workplaces, and their expectations of the behaviour of their employees. Seven per cent of agencies are currently developing their own agency-specific values or principles. Agency-specific values are not legally binding in the same way as the APS Values.

In the discussion paper the Commission circulated on reform of the APS Values, agencies were asked to comment on their ability to develop their own values to supplement the APS Values. The agency feedback indicated there is merit in continuing to enable them to develop their own values and to give particular emphasis to matters and behaviours that are important to their business and culture.

**Breaches of the APS Code of Conduct**

Section 15(3) of the PS Act requires agency heads to have in place procedures for determining whether an employee has breached the APS Code of Conduct. Acting effectively against conduct that falls below acceptable standards is an important component of leadership and is central to maintaining public confidence in the APS.

**Levels of investigation**

Table 3.1 shows agency results for finalised investigations into suspected breaches of the APS Code of Conduct and the subsequent finding of breaches over the last four years. The reported number of employees who were the subject of finalised investigations across agencies this year was within the general range from earlier years. The proportion of cases (61%) where a breach was found did not increase this year.
Table 3.1: Finalised investigations and breaches of the APS Code of Conduct, 2006–07 to 2009–10

<table>
<thead>
<tr>
<th>Year</th>
<th>Finalised investigations (No. of employees)</th>
<th>Breaches of Code of Conduct found (No. of employees)</th>
<th>(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006–07</td>
<td>945</td>
<td>665</td>
<td>70</td>
</tr>
<tr>
<td>2007–08</td>
<td>1,019</td>
<td>669</td>
<td>66</td>
</tr>
<tr>
<td>2008–09</td>
<td>851</td>
<td>521</td>
<td>61</td>
</tr>
<tr>
<td>2009–10</td>
<td>970</td>
<td>590</td>
<td>61</td>
</tr>
</tbody>
</table>

Source: Agency survey

Substantial variation between agencies was reported, with one large agency recording no finalised investigations for the year. Most employees (862) who were the subject of finalised investigations worked in large agencies, 56 worked in medium agencies, and 52 in small agencies.

Four large agencies accounted for 65% of all employees subject to finalised investigations in 2009–10. The Australian Taxation Office (ATO) found breaches in 98% of cases, Centrelink in 66% of cases, the Department of Defence (Defence) in 58% of cases and the Department of Immigration and Citizenship (DIAC) in 18% of cases. The variability between these results probably reflects different practices adopted in agencies on when to initiate a formal investigation. In some agencies, it may be that allegations of breaches of the Code of Conduct are always formally investigated, resulting in a relatively low rate of final determinations, while in others there may be a more individual assessment of whether an investigation is warranted, having regard to the nature of the conduct in question and the available evidence.

Although there is considerable variation between agencies, similar to previous years, the level of reported misconduct in the APS continues to be low with less than four in every 1,000 employees being found to have breached the Code of Conduct.

Measures agencies used to identify suspected breaches have remained fairly consistent over the last two years as can be seen in Figure 3.3.
Nature of reported breaches

Table 3.2 shows increases in the reported number of employees investigated for suspected breaches, and the proportion of cases where breaches were found, for all elements of the APS Code of Conduct this year. This is partly due to two large agencies: Centrelink investigated more employees and found breaches against sections 13(1), (2), (4), (5), and (11) of the PS Act and the ATO found more breaches against sections 13(5) and (8).  

During 2009–10, Centrelink introduced a new procedure where all employees, who are also Centrelink customers, are referred to the Centrelink Internal Assurance Branch as a way of facilitating more proactive reporting. This resulted in a large number of employees being found to have under-declared their income in order to receive benefits. In recent years, the ATO has strongly promoted to employees a zero-tolerance approach to sending, storing or accessing inappropriate or offensive material. It is possible that the results of that approach have now flowed through to the investigation and determination of suspected misconduct.  

Table 3.2: Elements of the Code of Conduct suspected of being breached in finalised investigations, 2008–09 and 2009–10

<table>
<thead>
<tr>
<th>Element of the Code of Conduct</th>
<th>Employees investigated for a suspected breach of this element (No.)</th>
<th>Cases where a breach was found (%: 2008–09</th>
<th>2009–10</th>
</tr>
</thead>
<tbody>
<tr>
<td>At all times behave in a way that upholds the APS Values and the integrity and good reputation of the APS</td>
<td>349</td>
<td>496</td>
<td>59</td>
</tr>
<tr>
<td>Comply with any lawful and reasonable direction given by someone in the employee’s agency who has authority to give the direction</td>
<td>338</td>
<td>465</td>
<td>68</td>
</tr>
<tr>
<td>Use Commonwealth resources in a proper manner</td>
<td>274</td>
<td>397</td>
<td>69</td>
</tr>
<tr>
<td>Behave honestly and with integrity in the course of APS employment</td>
<td>285</td>
<td>384</td>
<td>56</td>
</tr>
<tr>
<td>Act with care and diligence in the course of APS employment</td>
<td>194</td>
<td>290</td>
<td>58</td>
</tr>
<tr>
<td>When acting in the course of APS employment, treat everyone with respect and courtesy, and without harassment</td>
<td>251</td>
<td>285</td>
<td>43</td>
</tr>
<tr>
<td>When acting in the course of APS employment, comply with all applicable Australian laws</td>
<td>99</td>
<td>214</td>
<td>71</td>
</tr>
<tr>
<td>Disclose, and take reasonable steps to avoid, any conflict of interest (real or apparent) in connection with APS employment</td>
<td>87</td>
<td>183</td>
<td>62</td>
</tr>
<tr>
<td>Not make improper use of: inside information, or the employee’s duties, status, power or authority, in order to gain, or seek to gain, a benefit or advantage for the employee or for any other person</td>
<td>109</td>
<td>136</td>
<td>35</td>
</tr>
<tr>
<td>Not provide false or misleading information in response to a request for information that is made for official purposes in connection with the employee’s APS employment</td>
<td>51</td>
<td>62</td>
<td>61</td>
</tr>
<tr>
<td>Comply with any other conduct requirement that is prescribed by the regulations</td>
<td>3</td>
<td>10</td>
<td>0</td>
</tr>
<tr>
<td>While on duty overseas, at all times behave in a way that upholds the good reputation of Australia</td>
<td>9</td>
<td>8</td>
<td>11</td>
</tr>
<tr>
<td>Maintain appropriate confidentiality about dealings that the employee has with any Minister or Minister’s member of staff</td>
<td>1</td>
<td>1</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Agency survey
For the first time in four years, there was a change in the five elements identified as most commonly breached. The increase in suspected breaches against section 13(2), ‘An employee must act with care and diligence in the course of APS employment’, resulted in this element moving into the top five, and section 13(3), ‘An APS employee, when acting in the course of APS employment, must treat everyone with respect and courtesy, and without harassment’, dropped to sixth.

As in previous years, the element most commonly breached was section 13(11), ‘An employee must at all times behave in a way that upholds the APS Values and the integrity and good reputation of the APS’.

Table 3.3 shows the types of behaviour agencies reported having resulted in Code of Conduct investigations for the last two years. This year, as for the previous three years, the most commonly reported behaviour was improper use of the Internet or email. Overall, the number of employees investigated for this type of misconduct increased, as did the proportion of cases where a breach was determined. Similar to last year, just under half of all employees investigated for this issue worked in one large agency (ATO).

<table>
<thead>
<tr>
<th>Type of misconduct</th>
<th>Employees investigated for this type of misconduct (No.)</th>
<th>Cases where a breach was found (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improper use of the Internet or email</td>
<td>202</td>
<td>313</td>
</tr>
<tr>
<td>Inappropriate behaviour of employees (other than harassment or bullying) of employees during working hours</td>
<td>190</td>
<td>203</td>
</tr>
<tr>
<td>Improper access to personal information (e.g. browsing)</td>
<td>100</td>
<td>166</td>
</tr>
<tr>
<td>Harassment and/or bullying</td>
<td>120</td>
<td>119</td>
</tr>
<tr>
<td>Improper use of position status (e.g. abuse of power, exceeding delegations)</td>
<td>94</td>
<td>69</td>
</tr>
<tr>
<td>Improper use of resources other than Internet or email (e.g. vehicles)</td>
<td>38</td>
<td>60</td>
</tr>
<tr>
<td>Conflict of interest</td>
<td>48</td>
<td>59</td>
</tr>
<tr>
<td>Fraud other than theft (e.g. identity fraud)</td>
<td>54</td>
<td>54</td>
</tr>
<tr>
<td>Private behaviour of employees (e.g. at social functions outside working hours)</td>
<td>24</td>
<td>24</td>
</tr>
<tr>
<td>Unauthorised disclosure of information (e.g. leaks)</td>
<td>10</td>
<td>19</td>
</tr>
<tr>
<td>Theft</td>
<td>31</td>
<td>17</td>
</tr>
<tr>
<td>Misuse of drugs or alcohol</td>
<td>3</td>
<td>6</td>
</tr>
</tbody>
</table>

Source: Agency survey

Tables 3.2 and 3.3 suggest that, as in previous years, misconduct in the APS this year tended to be in the nature of isolated incidents of poor behaviour and judgement by individual employees rather than being indicative of any underlying systemic issues. The available evidence indicates that criminal or corrupt (within the ordinary meaning of these terms) behaviour within the APS is uncommon.
Outcomes of finalised investigations

Table 3.4 shows the reported outcomes, including sanctions agencies imposed over the last two years relating to investigations of suspected breaches of the APS Code of Conduct.

Table 3.4: Outcomes of investigations into suspected breaches of the Code of Conduct, 2008–09 and 2009–10

<table>
<thead>
<tr>
<th>Outcome</th>
<th>Employees affected (No.)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2008–09</td>
</tr>
<tr>
<td>Reprimand</td>
<td>233</td>
</tr>
<tr>
<td>Deductions from salary by way of a fine</td>
<td>163</td>
</tr>
<tr>
<td>Investigation discontinued because of resignation of employee under investigation</td>
<td>131</td>
</tr>
<tr>
<td>Reduction in salary</td>
<td>62</td>
</tr>
<tr>
<td>Employee counselled</td>
<td>110</td>
</tr>
<tr>
<td>Termination of employment</td>
<td>46</td>
</tr>
<tr>
<td>Reduction in classification</td>
<td>21</td>
</tr>
<tr>
<td>Breach found but no sanction imposed</td>
<td>25</td>
</tr>
<tr>
<td>Re-assignment of duties</td>
<td>17</td>
</tr>
<tr>
<td>Other</td>
<td>44</td>
</tr>
<tr>
<td>No breach found</td>
<td>205</td>
</tr>
</tbody>
</table>

Source: Agency survey

Reprimand and deductions from salary continued to be the two sanctions most commonly applied to employees, representing 62% of all sanctions imposed. Defence, ATO and Centrelink together accounted for 65% of resignations of employees under investigation. These agencies also accounted for 65% of all terminations.

Termination of employment decisions for all APS employees is reviewable through Fair Work Australia under the unfair dismissal provisions of the Fair Work Act 2009. For other outcomes, non-SES employees have a right of review to the Merit Protection Commissioner in relation to a determination that they breached the Code of Conduct and/or the sanction imposed for a breach. At the start of 2009–10, the Merit Protection Commissioner had 13 cases on hand, had received 42 requests for review, and had completed 32 reviews. This represents a review rate of 5% of finalised agency investigations where employees were found to have breached the Code of Conduct and is consistent with results in previous years. Of the reviews completed in 2009–10, the Merit Protection Commissioner recommended to the relevant agency heads that the decisions under review be either confirmed (22), varied (8), or set aside (2). Almost 40% of the finalised cases involved inappropriate use of information technology systems.

Pre-employment checks and disclosure of information about employee misconduct

During 2009–10, 22% of agencies reported having processes in place to identify whether new employees had been the subject of Code of Conduct investigations in other APS employment; 9% were developing processes; and 68% had no process in place. Twenty per cent of agencies advised new employees that it was usual practice for the agency to disclose personal information about any Code of Conduct matter and the circumstances in which such information would be disclosed; 15% were developing a process for this to occur; and 64% had no system in place.
Along with careful pre-employment reference checks, such measures are useful in avoiding the possibility of unknowingly engaging a former APS employee who had previously breached the Code of Conduct, or been subject to an incomplete investigation of a suspected breach, in circumstances where the misconduct, or suspected misconduct, is relevant to the prospective employee’s new duties. The high proportion of agencies that did not have such processes in place may indicate that other pre-employment checks, such as reference checks, are robust.

**Reporting suspected breaches**

During the reporting period, 93% of agencies complied with Regulation 2.4 of the Public Service Regulations, which requires agencies to develop procedures for dealing with whistleblower reports; 5% are developing procedures; and 2% reported no procedures in place.

The number of employees investigated for suspected misconduct as a result of a whistleblower report remained low this year and comprised about 1% of all employees investigated.

**Review of employment actions**

The PS Act establishes a review of action scheme and allows non-SES employees to seek redress where they believe an action or decision relating to their employment is unfair or unreasonable. In addition to resolving employee concerns with employment decisions and actions, agency heads can use the scheme to identify areas where APS Values relating to workplace relationships are not being effectively applied.

The scheme is premised on review applications generally being lodged with the head of the employee’s agency in the first instance (primary review). If an employee is not satisfied with the outcome, or if the agency head considers the action not reviewable, they can refer the matter to the Merit Protection Commissioner (secondary review).

In 2009–10, 43% of agencies reported receiving at least one application for primary review of employment actions, compared to 41% in 2008–09. Applications continued to be concentrated in large agencies; the ATO, Centrelink and Defence accounted for 58% of all applications. Most agencies (80%) that had finalised applications for primary review of actions during 2009–10 reported completion, on average, within three months.

The subject matter of applications for review that agencies finalised in 2009–10 varied compared to previous years. While it is difficult to draw strong conclusions about any year-to-year variations, as most employee grievances are resolved without resort to a formal review, the greatest change was in the proportion of agencies with finalised applications about discrimination, bullying or harassment, which decreased from 51% in 2008–09 to 35% in 2009–10. This year, agencies were asked for the first time whether they had finalised any review applications relating to workplace change (for example, changes in duties)—33% of agencies reported finalised applications in this category.

Most agencies (81%) reported having alternative dispute resolution processes in place during 2009–10 to settle employee grievances or complaints. These processes included mediation, employee assistance programs and other processes set out in collective/enterprise agreements. Forty-eight per cent of agencies had strategies in place to integrate employee grievance resolution with broader people management strategies.
This year, employee agreement that they had confidence in the processes their agency uses to resolve employee grievances decreased significantly (39%, compared to 44% in 2008–09). Although there has been fluctuation in this figure over the years, this is the lowest level of confidence reported since 2004–05. The reason for this decline in confidence is unknown. One possibility is that some agencies may have poor quality information available on the processes for resolving employee complaints about matters affecting their employment. Another reason could be that agency processes may not be well integrated into broader people management strategies.

The Merit Protection Commissioner worked with a small group of agencies in 2009–10 to evaluate agency processes for managing review of actions and to identify best practice. A guide for the APS based on these discussions will be released before the end of 2010. The guide is aimed at improving management of employee workplace complaints, including applications for review of actions, and may help strengthen employee confidence in agency handling of their concerns.

The Merit Protection Commissioner completed 44 applications for review of employment decisions in 2009–10. Of these reviews, two resulted in recommendations to set aside the decision and a further three resulted in a recommendation to vary the decision. Conditions of employment, workplace environment and harassment matters constituted nearly 75% of the cases employees referred to the Merit Protection Commissioner for review.

Harassment and bullying

In 2009–10, 285 Code of Conduct investigations for suspected breaches of section 13(3) occurred; however, only a small number of these investigations would have directly concerned allegations of harassment or bullying.

The proportion of employees (17%) who reported having been subjected to harassment or bullying during 2009–10 was the same as last year. The proportions of males (14%) and females (20%) reporting harassment or bullying also remained the same. The survey results showed a wide range in the reporting of harassment or bullying across agencies, ranging from 6% to 31% of employees in 2009–10.

Most employees who experienced harassment or bullying described the incident as ‘verbal abuse’, such as offensive language, derogatory remarks, shouting or screaming (62%), and/or ‘inappropriate and unfair application of work policies or rules’, such as performance management (52%).

More than half of employees (54%) who had been subjected to harassment or bullying chose not to report the matter. Reasons for not reporting included:

• doubt that any action would be taken (31% of employees who reported an incident this year indicated that no action had been taken as a result of their report)
• fear of being seen as a troublemaker
• fear of retribution, particularly if the complaint involved senior staff.

Close to one-third (32%) of employees who indicated some action had been taken as a result of their report of an incident also reported dissatisfaction with the action. However, it is likely that some claims of harassment or bullying cannot be sustained upon objective examination.
Ethics Advisory Service

The Ethics Advisory Service (EAS) began operating in May 2009. This service is available to all APS employees seeking advice on ethical issues in the workplace and on how to make sound decisions around these issues. The service provides guidance on how to apply the APS Values and Code of Conduct and strategies and techniques for ethical decision-making in the APS.

In 2009–10, the EAS received 1,038 enquiries. Of these, around 20% were out of scope. Most enquiries (78%) were telephone enquiries; and 22% came through email. Table 3.5 details the nature of enquiries received during 2009–10.

Table 3.5: Nature of enquiries made to the EAS by location, 2009–10

<table>
<thead>
<tr>
<th>Category of enquiry</th>
<th>Total enquiries (Number)</th>
<th>ACT and territory enquiries (Number)</th>
<th>Other state and territory enquiries (Number)</th>
<th>Location not given (Number)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Misconduct (e.g. reporting, managing)</td>
<td>185 (16)</td>
<td>97 (61)</td>
<td>61 (27)</td>
<td></td>
</tr>
<tr>
<td>Harassment or bullying</td>
<td>135 (12)</td>
<td>56 (60)</td>
<td>60 (19)</td>
<td></td>
</tr>
<tr>
<td>Recruitment and selection</td>
<td>126 (11)</td>
<td>42 (57)</td>
<td>57 (27)</td>
<td></td>
</tr>
<tr>
<td>Information about the EAS (e.g. accessing ethics resources)</td>
<td>93 (8)</td>
<td>55 (34)</td>
<td>34 (4)</td>
<td></td>
</tr>
<tr>
<td>Conflict of interest</td>
<td>91 (8)</td>
<td>48 (29)</td>
<td>29 (14)</td>
<td></td>
</tr>
<tr>
<td>Workplace environment</td>
<td>72 (6)</td>
<td>29 (30)</td>
<td>30 (13)</td>
<td></td>
</tr>
<tr>
<td>Conditions of employment</td>
<td>46 (4)</td>
<td>20 (18)</td>
<td>18 (8)</td>
<td></td>
</tr>
<tr>
<td>Public interest disclosures</td>
<td>39 (3)</td>
<td>14 (20)</td>
<td>20 (5)</td>
<td></td>
</tr>
<tr>
<td>Review of actions</td>
<td>38 (3)</td>
<td>18 (16)</td>
<td>16 (4)</td>
<td></td>
</tr>
<tr>
<td>Information technology/Internet use</td>
<td>27 (2)</td>
<td>16 (9)</td>
<td>9 (2)</td>
<td></td>
</tr>
<tr>
<td>Privacy</td>
<td>21 (2)</td>
<td>12 (5)</td>
<td>5 (4)</td>
<td></td>
</tr>
<tr>
<td>Gifts or benefits</td>
<td>18 (2)</td>
<td>11 (5)</td>
<td>5 (2)</td>
<td></td>
</tr>
<tr>
<td>Interaction with ministers’ offices</td>
<td>10 (&lt;1)</td>
<td>6 (0)</td>
<td>0 (4)</td>
<td></td>
</tr>
<tr>
<td>Administration of government programs</td>
<td>10 (&lt;1)</td>
<td>5 (3)</td>
<td>3 (2)</td>
<td></td>
</tr>
<tr>
<td>Information about the Ethics Contact Officer Network</td>
<td>10 (&lt;1)</td>
<td>1 (5)</td>
<td>5 (4)</td>
<td></td>
</tr>
<tr>
<td>Post-separation and outside employment</td>
<td>8 (&lt;1)</td>
<td>5 (2)</td>
<td>2 (1)</td>
<td></td>
</tr>
<tr>
<td>Proper use of Commonwealth resources</td>
<td>8 (&lt;1)</td>
<td>5 (2)</td>
<td>2 (1)</td>
<td></td>
</tr>
<tr>
<td>Contract management</td>
<td>8 (&lt;1)</td>
<td>7 (1)</td>
<td>1 (0)</td>
<td></td>
</tr>
<tr>
<td>Disagreement with government policy</td>
<td>3 (&lt;1)</td>
<td>1 (0)</td>
<td>0 (2)</td>
<td></td>
</tr>
<tr>
<td>Overseas employment</td>
<td>2 (&lt;1)</td>
<td>0 (&lt;1)</td>
<td>0 (2)</td>
<td></td>
</tr>
<tr>
<td>Out of scope(\textsuperscript{a})</td>
<td>209 (18)</td>
<td>71 (71)</td>
<td>71 (67)</td>
<td></td>
</tr>
</tbody>
</table>

Notes: (a) ‘Out of scope’ refers to a range of enquiries that fell outside the role of the EAS. Where possible, the person making the enquiry was redirected to a relevant source of information.

(b) One enquiry could relate to more than one category.

Source: EAS
Of the enquiries that fell within the scope of the EAS in 2009–10, 3% came from SES employees, 26% from EL employees, and 23% from APS employees. Forty-seven per cent of people making enquiries chose not to give their classification. A small number of enquiries came from contractors working in the APS.

Table 3.6 details the 11 agencies that most frequently used the EAS and the number of enquiries coming from people working in those agencies. While clear variations between the numbers of enquiries received from individual agencies are evident, this variability is consistent with agency size; that is, the EAS tended to receive more enquiries from larger agencies.

<table>
<thead>
<tr>
<th>Agency</th>
<th>Enquiries (Number)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australian Customs and Border Protection Service</td>
<td>41</td>
</tr>
<tr>
<td>Australian Taxation Office</td>
<td>70</td>
</tr>
<tr>
<td>Centrelink</td>
<td>60</td>
</tr>
<tr>
<td>Department of Agriculture, Fisheries and Forestry</td>
<td>16</td>
</tr>
<tr>
<td>Department of Defence</td>
<td>69</td>
</tr>
<tr>
<td>Department of Education, Employment and Workplace Relations</td>
<td>22</td>
</tr>
<tr>
<td>Department of Families, Housing, Community Services and Indigenous Affairs</td>
<td>27</td>
</tr>
<tr>
<td>Department of Health and Ageing</td>
<td>42</td>
</tr>
<tr>
<td>Department of Immigration and Citizenship</td>
<td>36</td>
</tr>
<tr>
<td>Department of Infrastructure, Transport, Regional Development and Local Government</td>
<td>16</td>
</tr>
<tr>
<td>Department of the Environment, Water, Heritage and the Arts</td>
<td>19</td>
</tr>
</tbody>
</table>

Source: EAS

**Key chapter findings**

The government and APS senior leaders have given a clear signal, through the APS Reform Blueprint, that public service values matter. The vision for the future is reformulated values that are simpler to remember, effective in driving change and embedded across the service. Implicit in the APS Reform Blueprint is the message that as leaders play a dominant role in shaping culture and behaviour, they must exemplify the desired values in all their decisions and behaviour.

There is continuing pressure for more open and transparent government and increased engagement with citizens, using new platforms such as Web 2.0. APS reform is dramatically changing the way public servants work, and also driving innovative ways of designing and delivering services and programs. This poses new ethical challenges for public servants, who will need effective guidance from their agencies on acceptable conduct.

During 2009–10, misconduct in the APS continued to be at low levels, with less than four in every 1,000 employees being found to have breached the APS Code of Conduct. As in 2008–09, misconduct was overwhelmingly characterised by isolated acts of poor judgement rather than systemic misbehaviour, maladministration or corruption.
The nature of queries raised with the EAS this year indicated that common ethical challenges APS employees face relate to reporting or managing misconduct, reporting or dealing with bullying or harassment, merit-selection processes and dealing with conflicts of interest.

The proportion of employees who reported having been subjected to harassment or bullying during 2009–10 remained at 17%. However, as reported last year, establishing the extent of harassment or bullying in the APS is complex, particularly given the discrepancy between the number of employees who report experiencing it and the relatively small number of suspected cases that are investigated under established agency procedures.

Overall, the APS continued to perform well in terms of employee perceptions of ethical standards in their workplaces. Most employees believed their supervisor typically acts in accordance with the APS Values; that the SES typically acts in accordance with the APS Values; and that their agency operates with a high level of integrity.

However, the data suggests that employees may not be making a conscious connection between the APS Values and their day-to-day decision-making. Agencies may be relying too heavily on raising awareness of the APS Values at induction/orientation. Additional measures, such as other learning and development activities, could help agencies embed a deeper understanding of the APS Values. Effective means of instilling employee understanding of the APS Values will be particularly important following release of reformulated APS Values. The APS Reform Blueprint highlighted that for change to be successful, the culture and behaviour of the APS is of prime importance.

Endnotes

5 Transparency International publishes the *Corruption Perceptions Index* annually. It ranks countries according to ‘the degree to which corruption is perceived to exist among public officials and politicians’; it defines corruption as ‘the abuse of entrusted power for private gain’. The Australian ranking covers Australian governments generally, rather than the Commonwealth alone. For the 2010 rankings, see <http://www.transparency.org>.
9 PS Act, Section 13(1): an APS employee must behave honestly and with integrity in the course of APS employment. Section 13(2): an APS employee must act with care and diligence in the course of APS employment. Section 13(4): an APS employee, when acting in the course of APS employment, must comply
with all applicable Australian laws. Section 13(5): an APS employee must comply with any lawful and reasonable direction given by someone in the employee’s agency who has authority to give the direction. Section 13(8): an APS employee must use Commonwealth resources in a proper manner. Section 13(11): an APS employee must at all times behave in a way that upholds the APS Values and the integrity and good reputation of the APS.

10 This figure excludes APS Code of Conduct matters and review applications that are considered by a Promotion Review Committee.

11 Here ‘agencies’ refers to over-sampled agencies. Forty-five agencies were over-sampled in 2009–10. These were agencies with at least 400 employees and the Commission. Further information is in Appendix 2 of this report.
Delivering better services for citizens

Citizen’s expectations of the public sector are changing, and innovative service delivery is critical to meeting these expectations. New information and communications technology (ICT) has transformed the customer experience in recent years. With the business world delivering highly individualised responses, members of the public expect services from the government which are specific to their needs and circumstances.2

At the same time, advances in ICT enable the government to not only deliver services in a more citizen-friendly manner, but to incorporate citizen perspectives into service design and delivery.3

Delivering better services for citizens is one of nine key reforms outlined in Ahead of the Game: Blueprint for the Reform of Australian Government Administration (the APS Reform Blueprint).4 Four recommendations were made to deliver better services for citizens—simplifying services; reducing business regulatory burden; improving engagement with community and private sectors; and building closer partnerships with state and territory and local governments.

This chapter examines how the Australian Public Service (APS) can improve service delivery by providing more opportunities for citizens to engage with agencies. It also shows how many of the same opportunities can be applied across all levels of government to improve collaboration in the design of services.
Putting citizens at the centre

Citizen-centred services place the citizen at the heart of the entire public service delivery system. This requires an active commitment to engaging and empowering people at all points along the service delivery chain—from high-level policy developers, to front line workers, to users of services.

The APS reform agenda must take into account the complexity of the many and varied services delivered by government—from simple provision of information, through undertaking of advisory services, to regulatory and transactional services. In addition, services are managed through an intricate web of arrangements involving all levels of government—Commonwealth, state and territory and local—as well as a range of private service providers and non-government organisations.

The APS Reform Blueprint proposed that a whole-of-government service delivery strategy be developed to deliver more integrated services and better meet the needs of citizens. This is currently being considered by a Secretaries’ Committee on Service Delivery, led by the Department of Finance and Deregulation (Finance). The strategy is to be broadly applicable, promote use of effective technology where possible, and have regard for the Service Delivery Reform Program in the Human Services portfolio.

In 2004, the government created the Department of Human Services (DHS) to bring a range of Commonwealth service delivery agencies under one umbrella. These agencies included Centrelink, Medicare, the Child Support Agency and CRS Australia. However, despite establishment of DHS, the perception remained that there was insufficient collaboration between service delivery agencies. There was a need for redesign to maximise convenience for Australians in accessing services, and to take advantage of the synergies available across service delivery agencies.

Accordingly, the Service Delivery Reform Program commenced in the Human Services portfolio in December 2009. The most visible aspect of the service delivery reform plan is the ongoing co-location of Human Services offices to make ‘one-stop-shops’. Other priorities of the service delivery reform agenda include taking services directly to rural and regional Australia; providing a single online access point for a wide range of services; and integrating Medicare and Centrelink with DHS in order to share administrative resources.
Co-design in service delivery reform—Human Services

Co-design is working with key stakeholders (community, staff and other relevant groups) using an end-to-end and outside-in approach. This involves incorporating engagement into the design process across all stages of project conception, planning, development and roll-out. Users and stakeholders are involved from the beginning, as an idea turns into a prototype and then into a finished product.

In conjunction with implementing a range of co-design activities for various Service Delivery Reform projects, the Human Services portfolio is currently developing a co-design methodology, governance arrangements and capability.

The co-design capability will include:
• expanding the current co-design practice team
• training up to 60 staff in business lines to be co-design specialists
• training up to 200 staff in applying co-design
• creating a co-design centre of excellence and practitioner community of practice
• releasing a toolkit of resources and tools that support the co-design methodology
• developing customer experience pathways and personas
• using Web 2.0 functionality as an engagement channel.

As a distinct element of the enabling platform for Service Delivery Reform, co-design helps the portfolio improve its services by involving the community, staff and specialists in various disciplines in designing new products and services. This co-design capability builds on existing co-design techniques adopted by the portfolio such as focus groups, concept lab testing, user pathways and involvement of expert staff. Ultimately, this will result in high levels of acceptance of services and will contribute to the program’s key success factors.

Co-design support activities to date have included:
• 29 community forums exploring people’s views on their service delivery experience and what changes could enhance their experience
• 12 ‘staff as customer’ forums involving portfolio staff from across Australia during September
• reviewing research to better understand the customer experience
• developing a series of case studies to support project alignment
• planning co-design activities for a range of Service Delivery Reform projects and activities, including connected authentication, home-based claiming, service charter development and a single portfolio website.
Improving citizen access to services through technology

New technology creates opportunities for the government to improve services offered to citizens. A key recommendation of the APS Reform Blueprint is that the APS should simplify government services for citizens, including through better use of technology.9

The Australian Government Information Management Office (AGIMO) undertakes a range of activities designed to improve citizens’ online access to government services, for example, the <www.australia.gov.au> website which makes it easier to access government information and services. During 2009–10, enhancements were made to this website, including the development of a single sign-on service where people could link multiple accounts with government, an advanced online government forms capability, and a National Government Services Directory.

One AGIMO product of particular relevance is a series of annual reports that monitor the level of community use of, and satisfaction with, APS e-government services. When the first report was released in 2005,10 the results indicated that Australians commonly made contact with government in person. However, by 2009,11 most people had contacted the government through the Internet. The report found that citizens were generally satisfied with online government services but also expected that the government would keep pace with technological advances.

Agency examples of improved access to services include the Australian Taxation Office’s move to a single integrated client information system (see following box).

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Agency examples of improved access to services

**Australian Taxation Office (ATO)**

The ATO now has all information about a client accessible in one system providing a more efficient and consistent service to the community. An example of how this has benefited the community is the ATO’s response to assist those involved in natural disasters such as the 2009 Victorian Bushfires. Through use of a single integrated system with one workflow, case management and client relationship management system, the ATO was able to identify the work related to people who were possibly affected by the fires. This was done through the postcodes of regions affected by the fires and prioritising this work. The ATO could then fast track refunds, give people more time to meet lodgement obligations or pay debts without penalty or interest charges, help reconstruct tax records or help with claims for tax hardship concessions.

**Australian Bureau of Statistics (ABS)**

The ABS is the first national statistical office in the world to make the entire census dataset available online in an interactive way while still protecting respondents’ confidentiality. Before approaches like TableBuilder, Australian census products consisted largely of static tables. TableBuilder is a good example of early adoption of Government 2.0. The product provides people with the highest degree of freedom in selecting and combining data items and the geographical areas most suited to their needs. TableBuilder also allows the freedom to select and combine areas and data that interest the individual user by creating their own customised geographic areas or custom data groups.
Collaboration with non-government stakeholders on service delivery

The APS works with an increasing number of non-government service providers to deliver services to the public. This year, a National Compact between government and the ‘third sector’ (community and not-for-profit organisations) was launched. The Compact outlines how government and sector organisations will work together in new ways to improve social, cultural, civic, economic and environmental outcomes, building on the strengths of individuals and communities.12

The current level of APS interaction with non-government stakeholders was assessed in the 2010 State of the Service employee survey. Figure 4.1 indicates that Senior Executive Service (SES) and Executive Level (EL) service delivery employees were more likely to work directly with non-government stakeholders (77%) in 2009–10, compared to all SES and EL staff (71%). This year, 62% of SES and EL service delivery employees agreed that they frequently make progress against a common objective in working with stakeholders, and 61% agreed that they often resolve conflicts and quickly address concerns.

Further analysis of APS interactions with non-government stakeholders indicated that in 2009–10, 56% of agencies consulted on service delivery with industry stakeholders (for example, business), 49% with non-government organisations (for example, community groups), 44% with tertiary education and research groups, and 41% with members of the public.

Figure 4.2 shows the frequency of formal consultation with non-government stakeholders on service delivery undertaken by agencies this year, where applicable. Agencies reported they most frequently consulted with industry stakeholders (53% ‘often’ consulted), followed by non-government organisations (46%).
To improve collaboration with industry stakeholders, the APS Reform Blueprint recommends that agencies focus on reducing the regulatory burden on business. A new policy function has been created in Finance to promote better regulation across government and also complement the Office of Best Practice Regulation, which performs a gatekeeping function and focuses on the government’s objective of improving the efficiency and effectiveness of regulation.13

The Australian Government has been innovative in using benchmarking to compare regulatory practices across the states and territories and the Commonwealth, and to examine the burden in particular sectors of Commonwealth regulation. The government is also implementing a range of e-government strategies to streamline reporting requirements for business, including use of standard business reporting to pre-fill government forms and a one-stop-shop portal for business and citizens.14

**Collaboration across government boundaries on service delivery**

Government collaboration across service boundaries is necessary to ensure the delivery of seamless, coordinated services. A key recommendation in the APS Reform Blueprint is for the APS to deliver services in closer partnership with state and territory and local governments.15

The State of the Service employee survey asks staff to report whether they have collaborated with other public service agencies (including APS, state and territory and local) in the previous year. Most SES and EL service delivery employees (88%) reported working with other public service agencies in 2009–10, compared to 85% last year. However, while collaboration may be frequently occurring across government it may not be proving particularly effective in improving service delivery. Less than half (48%) of service delivery employees agreed that collaboration between their agency and other public service agencies in 2009–10 improved their work area’s capacity to tailor service delivery to the needs of their clients.

Source: Agency survey
Further investigation of public service collaboration in delivering services showed that 59% of agencies worked with other APS agencies, 55% with state and territory government agencies, and 31% with local government agencies during 2009–10.

Figure 4.3 shows the frequency of formal collaboration undertaken this year, where applicable. Agencies reported they most frequently collaborated with other APS agencies (63% ‘often’ consulted).

A recent example of collaboration across the APS is Centrelink’s implementation of the findings from the Australian Government’s White Paper on Homelessness (see box).

**Simplifying service delivery through collaboration—Centrelink**

Centrelink has worked closely with policy departments to deliver on the commitments of *The Road Home: A National Approach to Reducing Homelessness*. The first measure to be implemented was establishment of a network of Centrelink Community Engagement Officers from 1 July 2010. This program sets up 90 specialist Centrelink officers across all capital cities and many regional centres to support some of the most vulnerable people in our communities. These officers will identify and support homeless people and those at risk of becoming homeless, and help them access income support and other services as quickly as possible. The officers will also provide outreach services to agencies that support homeless people such as drug and alcohol rehabilitation centres, mental health services, hostels, boarding houses, refuges and drop-in centres.

Government collaboration across service boundaries has been pursued internationally through various strategies and pilot programs. In Europe, research into the concept of a ‘one-stop-government’ was undertaken to integrate public services from the citizen’s point of view and enable all related concerns to be taken care of by one, or a handful of, service provider(s). The concept of one-stop-government has also been adopted in Canada. Service Canada was created to improve delivery of government programs and services to citizens, by making access
faster, easier and more convenient. It offers single-window access to a wide range of government programs and services either through the Internet, by telephone, in person or by mail.

Similarly, in Australia, initiatives have been undertaken in a number of agencies to move towards an integrated approach to government service delivery. For example, Centrelink was established in 1997 as a specialist government service provider to deliver social security payments and benefits, and related services, on behalf of a range of departments. Another example is the Child Care Links Projects funded by the Department of Families, Housing, Community Services and Indigenous Affairs where child care centres and other community services in disadvantaged areas are used as community hubs to link families with young children to local support services and to strengthen community networks.

Recommendations from the Australia 2020 Summit called for establishment of community hubs as one-stop-shops for government services. In particular, participants noted the need for hubs to include employment, primary health, pharmacy, housing, and early childhood services.

**Improving collaboration on services through technology**

The Government 2.0 Taskforce was formed in response to growing interest in improving collaboration through online engagement. The taskforce report made a number of recommendations designed to promote use of Web 2.0 tools (such as Facebook, Twitter, wikis and blogs) and build a culture of online engagement.

In response to the taskforce report, the then Minister for Finance and Deregulation, the Hon. Lindsay Tanner MP, stated that:

*The Australian Government now declares that, in order to promote greater participation in Australia’s democracy, it is committed to open government based on a culture of engagement, built on better access to and use of government held information, and sustained by the innovative use of technology.*

*Citizen collaboration in policy and service delivery design will enhance the processes of government … Agencies are to reduce barriers to online engagement, undertake social networking … and online collaboration projects and support online engagement by employees.*

Australia ranked eighth in 2008, out of 30 member countries, in terms of its ‘readiness’ for e-government development and implementation, as reported by the Organisation for Economic Co-operation and Development (OECD). This was due to its ‘education population’, high levels of broadband access and a large number of services available online.

The stage is now set for Australia to join other countries in embracing online engagement, with new federal legislation to strengthen access to information. The *Australian Information Commissioner Act 2010* and the *Freedom of Information Amendment (Reform) Act 2010* passed through parliament on 13 May 2010.

To date, adoption of Web 2.0 technologies in the APS has relied on individual agencies’ interest and enthusiasm. Examples agencies provided included the Department of Human
Services’ use of an online forum to engage with Child Support Program customers and the Department of Health and Ageing’s website that allowed citizens to share ideas on proposed changes to the health system (see box).

**Agency examples of Web 2.0 use in service delivery**

During 2009 and 2010, the Department of Health and Ageing (DoHA) developed the <www.yourHealth.gov.au> website to allow people to share their ideas, experiences and comments on the proposed changes to the health system. The site was built from scratch in less than three weeks, integrating custom developed in-house blog and video functions, as well as externally hosted content sharing and communications functions through ShareThis and Twitter.

Within DHS, the Child Support Program has continued to engage with stakeholders and customers via the Shared Parenting Council of Australia online forum. The Child Support Agency responds to and monitors specific issues raised on the forum.

The National Museum of Australia (NMA) developed the ‘Inside’ blog to facilitate collaborative exhibition development with Forgotten Australians.

In order to determine current levels of APS online engagement with external stakeholders, including citizens, this year’s agency survey examined agencies’ use of social media and networking tools to engage with external stakeholders. Figure 4.4 shows that social networking platforms, in particular, Facebook, Twitter and YouTube, were the most commonly used tools for online engagement (43%), followed by online discussion forums (42%). However, 38% of agencies indicated they did not use any social media and networking tools to engage with external stakeholders.

![Figure 4.4 Social media and networking tools used to engage with external stakeholders, 2009–10](image)

Source: Agency survey
While agencies that use social media and networking tools reported positive results overall, several agencies noted that use of these tools within their organisations is still in its infancy. Agencies identified some lessons learnt in using the tools including understanding which tools are the most appropriate and how to target relevant audiences, maintaining up to date site content, ensuring effective resourcing, managing risk, and establishing necessary cultural change.

This year’s employee survey examined employee levels of access to social media and networking tools and overall perceptions about the effectiveness of this technology. Thirty-one per cent of APS employees and 28% of service delivery employees reported having access to social media and networking tools in the workplace (see Figure 4.5) and most APS employees who had used these tools to deliver services (86%), or more generally (80%), agreed they help them more effectively carry out their work. These results suggest that APS agencies should continue to improve their support for employee online engagement.

![Figure 4.5 Employee access to, and use of, social media and networking tools, 2009–10](image)

Source: Employee survey

Where there is access to social media and networking tools in service delivery areas, the tools are being under-utilised for various reasons, including lack of staff awareness or interest, lack of resources and agency policy restrictions. For example, 21% of service delivery employees were not sure of the access available to them. In addition, only 10% of agencies reported in this year’s agency survey that they had technical guidance available to employees on how to use social media and networking tools. There is an opportunity here for agencies to make better use of these tools by improving accessibility for staff and offering training in their application.
Interestingly, while some APS staff were positive about internal collaboration tools:

_in relation to the networking tools, my answers relate to the Department of Finance’s GovDex initiative. It is a fantastic way to share information with stakeholders that my branch is using to great effect. This is a truly excellent example of innovation and cross-government cooperation and resource sharing._

… others raised concerns about how to make best use of the tools, and their potential for misuse:

_I’m sceptical about social networking and its ability to fulfil a need. I’m sure some of these tools will be much more useful than what we have now but it’s a matter of finding which ones. Our agency has offered social networking tools and I said no._

_Social media is emerging within this agency, however the majority of staff are still most comfortable with using more traditional email, e.g. the policy blog I was linked to wasn’t used to its full potential, people reverted to group emails._

_I strongly agree with my agency’s decision to restrict access to Facebook, MySpace, Twitter, YouTube etc. I do not think these benefit our organisation. If staff were granted access, there would be a large amount of time wasting with people using them for their own personal enjoyment and not doing their actual work._

There appears to be a level of ambivalence about the benefits of online engagement in the existing APS culture. The Australian Public Service Commission’s online engagement guidelines note that Web 2.0 provides public servants with unprecedented opportunities to open up government decision-making and policy implementation to contributions from the community. The guidelines encourage APS employees to engage in robust policy conversations, in a professional and respectful manner. However, any online participation by APS employees, including as a private citizen, must comply with the APS Values and Code of Conduct.

**Service quality and evaluations**

The government’s reform agenda means that ‘public servants, from Portfolio Secretaries in Canberra to front-line workers at Centrelink, [must] work tirelessly to put the citizen at the heart of everything they do.’

This year, nearly one-quarter of APS employees (23%) worked in service delivery roles, including call centres, shopfronts and counter services. Figure 4.6 shows that most service delivery staff were satisfied with their conditions in the workplace and were committed to providing excellent customer service in 2009–10. This provides a solid foundation for improving the services APS agencies deliver to the general public, which is confirmed by comments from APS staff:

_We strive to provide excellent customer service and respond quickly to customer feedback._
My area of the department does have a degree of contact with the general public. I think that we are very helpful and professional in our dealings.

From what I have seen of those in this agency working directly with the public, I am proud to be associated with them.

I support the shift to increase an emphasis on, and improve the quality of, service delivery to Australian citizens.

Figure 4.6 Service delivery employee perceptions, 2009–10

<table>
<thead>
<tr>
<th>Perception</th>
<th>Percentage of Agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees in my workplace behaved ethically, professionally and fairly when making decisions that affected their clients and customers</td>
<td>90%</td>
</tr>
<tr>
<td>Employees in my workplace were committed to providing excellent customer service</td>
<td>85%</td>
</tr>
<tr>
<td>I received appropriate training and/or had access to information that enabled me to meet my client service responsibilities</td>
<td>75%</td>
</tr>
<tr>
<td>Overall, I am satisfied with my job</td>
<td>70%</td>
</tr>
</tbody>
</table>

Source: Employee survey

This year, lack of consultation within agencies, for example between policy design and service delivery areas, was more frequently rated as problematic by service delivery employees (44%), compared to other APS employees (35%).

One way agencies could improve service delivery is to encourage better connections between staff in policy development and service delivery areas. Only one-third of service delivery employees agreed they had been able to provide input to design of client services during the last 12 months; yet comments suggest staff have a number of ideas for improving agency processes and would like to be involved:

On occasions, I provided feedback to improve customer service that would have been relatively simple to apply but was never implemented and it’s still an ongoing point of frustration. You receive acknowledgement of the suggestion and that’s as far as it goes.

The design is out of my hands, the delivery is all up to interpretation, therefore I perform my customer service professionally and in a timely manner. However, the emphasis is being put more and more on productivity rather than customer service.
We will not get ‘Citizen Service Delivery' right until we are willing to create a
more equitable relationship with the public by giving individuals more control
over their information and their interactions with government and being more
genuine, open and transparent.

APS agencies seek to improve service quality through the application of standards and
subsequent evaluation. Most agencies that had public contact (86%) indicated they identified
quantifiable service performance indicators or standards in 2009–10. Figure 4.7 shows that
most relevant agencies were monitoring their service performance indicators or standards this
year, although there was a reduction in the number of agencies with balanced scorecards who
were reporting results as a component of their scorecards to internal agency management
structures or service delivery teams (from 33 agencies in 2008–09 to 28 this year).

<table>
<thead>
<tr>
<th>Agency reporting against service delivery performance indicators or service standards, 2008–09 and 2009–10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported to internal agency management structures</td>
</tr>
<tr>
<td>[Graph showing data]</td>
</tr>
</tbody>
</table>

Source: Agency survey

Agencies with public contact reported using a range of mechanisms to obtain feedback
from the general public this year (see Figure 4.8). The most commonly used feedback
mechanisms were:
- a complaints/feedback website link (93%)
- liaison with peak bodies (91%)
- a complaints/feedback phone hotline (74%).

Notwithstanding the cyclical nature of surveys, there appears to have been a drop in the
proportion of agencies using surveys of the general public across the last three years (from
46% in 2007–08 to 39% in 2009–10).
Independent analysis of citizen surveys agencies provided to the Commission indicated a high degree of variation in the quality of questionnaires. More than half of the questionnaires (59%) were assessed as 'fully adequate', 26% as 'moderately adequate', and 15% as 'inadequate'. All inadequate questionnaires were designed in-house and conducted on a small scale by agencies, without external assistance. Small agencies were more likely to have inadequate or moderately adequate questionnaires than medium or large agencies.

A reasonably high degree of commonality was evident across agencies in the service quality dimensions surveyed. The most common dimensions were:
• quality of processes and/or products (92%)
• staff professionalism/attitude (75%)
• information/communication quality (63%)
• outcome/delivery quality (51%)
• timeliness (49%)
• accessibility (31%)
• fairness (24%).

There was substantial variation in the timing of agencies’ citizen survey administration. The most common timings were ad hoc (33%) and annually (30%), reflecting differences in individual agencies’ business needs.

Twenty-six agencies provided citizen survey satisfaction results. For most of the surveys, results indicated that over 80% of clients were satisfied with overall agency services. Not surprisingly, relatively low satisfaction ratings tended to be associated with clients who had used an appeal/complaints process. Conversely, clients who had received a benefit payment reported relatively high ratings.

Most agencies (69%) reported their survey results in their annual reports. Less than one-third (29%) of agencies did not make their survey findings publicly available.

All agencies that provided information on their use of survey results indicated that the results informed service improvement. Agency use of survey results is explored further in the following box.

**Agency use of citizen survey results**

Some examples of how agencies use the results of their own citizen surveys include:

- guiding call centre process improvements and ultimately improving the experience of clients (ATO, Call Centre Satisfaction Survey)
- showing how they have performed over the previous year and identifying areas where they could improve (Australian War Memorial, General Visitor Survey)
- developing policy and enhancing programs (Department of Education, Employment and Workplace Relations, Job Seeker Omnibus Survey)
- improving case management, process and complainant communication (Commonwealth Ombudsman, Complainant/Client Satisfaction Survey)
- continuously improving customer service (Child Support Agency, Customers Having a Say Survey)
- determining areas for improvement in visitor service and enhancing facilities at the National Capital Exhibition (National Capital Authority, National Capital Exhibition Survey)
Citizen surveys, which a range of agencies can use to enable benchmarking, are becoming increasingly common in the international sphere. The Canadian federal and provincial governments have jointly implemented a program of ‘Citizens First’ surveys that assess citizen and business satisfaction with services provided by all levels of government (see following box).\(^{30}\) Five Citizens First surveys have been conducted nationally since 1998. The APS Reform Blueprint has recommended that the APS move to survey citizens’ views on government service delivery and if appropriate, use the Canadian Citizens First survey instrument.\(^{31}\)

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**International highlight—Canadian Citizens First survey**

Canada has been conducting biennial citizen surveys since 1998 as part of a broader service delivery reform agenda. The Citizens First survey has shown a 12% increase in citizen satisfaction with government services in general between 1998 and 2005.\(^{32}\)

The benefits Canada has experienced due to this survey activity have included:

- Improved citizen satisfaction with government services and regulation
  - benchmarking citizen satisfaction with other jurisdictions, including internationally and over time
  - targeting effort and resources to improve service quality through understanding the drivers of service delivery satisfaction
  - driving a culture focused on improving service quality and citizen satisfaction.

- Improved accountability
  - public reporting of performance data on citizen satisfaction levels
  - enabling targets for client/citizen satisfaction to be set.

- Better information and engagement with citizens
  - identifying drivers of citizen satisfaction with government services (for example, top Canadian drivers in 2007 were service timeliness; knowledgeable, fair and helpful staff; positive outcomes and meeting needs; ease of access; and citizens’ recent experiences with services)\(^{33}\)
  - being able to explore access issues (for example, how citizens want to receive services, including opportunities for whole-of-government approaches such as Service Canada shopfronts)
  - seeking feedback on citizens’ direct experience with services.

New Zealand has implemented an approach modelled on the Canadian framework.\(^{34}\) The Kiwis Count surveys were conducted in 2007 and 2009 to assess New Zealanders’ satisfaction with central and local government services. Prompted in part by the Canadian experience, the United Kingdom also conducted a citizen survey in 2004 to measure the drivers of satisfaction with central and local government services.\(^{35}\)

The United States (US) federal government implemented a government-wide customer satisfaction survey program in 1999 based on the American Customer Satisfaction Index methodology.\(^{36}\) Surveys have been conducted annually since 1999. Businesses and government employees are surveyed in addition to individual US residents.
Figure 4.9 highlights service delivery employee perceptions on how involved citizens were in designing and reviewing services this year. Most employees agreed that they strive to match services to customer needs (75%) and use feedback from clients to improve services (70%).

![Figure 4.9](image)

**Figure 4.9** Service delivery employee perceptions on inclusion of stakeholder views in service delivery, 2009–10

Source: Employee survey

While Figure 4.9 indicates that service delivery employees had a good appreciation of customer service at the individual or local level during 2009–10, the figure also suggests they were less likely to feel that, at the organisational level, citizens are free to participate in service design or policy development. APS employees provided a range of comments on their ability to implement service improvements based on citizen feedback, such as:

- My agency is very constrained by legislation and lack of resources as to how we might incorporate advice from the public.

- We provide a help desk service via phone and online to institutions. There is a constant process of updating to match their needs and I feel this is really well handled. It is only the lack of financial resources that keeps us from providing more for them, however people are constantly coming up with new ideas that are practicable.

- In my workplace, we received feedback from our customers and clients to improve the services we delivered, but no implementation for improvement of services.

- It would be good to see the question of ‘What will this outcome mean to the citizen?’ used more often to challenge our work and put it into context.

Figure 4.10 shows that most agencies that collected feedback from the public reported having mechanisms in place to ensure this feedback contributes to service delivery improvements. Agencies with public contact were most likely to report integrating feedback into decision-making processes to improve program design or service delivery and, in fact, all these agencies indicated they do this either ‘often’ or ‘sometimes’.
Agencies may have an opportunity to take a more proactive approach to considering citizen views in service design and delivery through actively seeking views and ideas from the community, as opposed to reacting to feedback as received. Given that only 24% of agencies (see Figure 4.10) indicated that they ‘often’ benchmark their service delivery performance against other agencies, the APS Reform Blueprint’s proposal that a whole-of-government survey to determine citizen satisfaction with services be conducted seems opportune.

**Key chapter findings**

Citizen expectations of the public sector are changing, and innovative service delivery is critical to meeting these expectations. New ICT has transformed the customer experience in recent years. With the business world delivering highly individualised responses, citizens are less tolerant of public services that cannot match this capability.

Designing and delivering services that meet citizen expectations continue to represent challenges for the APS. The government has made it clear that delivering high quality services is a priority, and while the APS has a solid foundation for improving services and has been steadily finding better ways to engage with citizens, additional effort will be required if the APS is to become one of the best public services in the world.

To benefit from stakeholders’ insights and resources, the APS will need to collaborate more effectively. Less than half of service delivery employees agreed that collaboration between their agency and other public service agencies improves their work area’s capacity to tailor service delivery to the needs of their clients.
One way of achieving more effective collaboration across government and with the community may be to adopt more social media and networking tools, within a risk management framework. Only 28% of service delivery employees had access to Web 2.0 tools, however 86% of APS employees who had used these tools to deliver services believed the tools helped them carry out their work more effectively.

This year’s results showed that agencies were continuing to put a strong emphasis on monitoring the quality of their service delivery. Most agencies that had public contact (86%) identified quantifiable service performance indicators or standards and all agencies reported integrating citizen feedback into decision-making processes to improve program design or service delivery.

The proportion of agencies using surveys of the general public dropped this year to 39% and only 24% of agencies indicated they often benchmarked their service performance against other agencies. Evaluation and building on the findings of citizen surveys will be the key components in improving service quality.

Endnotes

1 For the purposes of this chapter, ‘citizen’ is considered to include all users of Australian Government services (including people who are not Australian citizens).


For the purposes of this report, Web 2.0 is often used interchangeably with the term ‘social media and networking tools’ to cover technologies such as wikis, blogs, social networking platforms (e.g. Facebook, MySpace, Twitter, YouTube) and interactive discussion forums. In general, Web 2.0 allows users to interact with, and contribute to, the Internet rather than just passively viewing posted information.


Here ‘external stakeholders’ means other APS agencies or levels of government, non-government organisations, industry, tertiary education/research groups, unions, contractors, consultants or citizens.


Comprehensive data on the types of work performed by APS employees is available in Chapter 9 of this report.

Citizen surveys were independently assessed in terms of their fitness for purpose. This approach recognised that the appropriate level of technical sophistication of a survey depends on its objectives and context. Three assessment categories were employed: fully adequate (enables survey objectives to be effectively addressed); moderately adequate (some limitations that prevent survey objectives from being effectively addressed); and inadequate (significant limitations that prevent survey objectives from being effectively addressed).


While developing *Ahead of the Game: Blueprint for the Reform of Australian Government Administration* (the APS Reform Blueprint), the Advisory Group found that Australian Public Service (APS) policy capability needed strengthening, especially in terms of ability to provide innovative and creative advice at a strategic level.¹

In developing strategic, long-term policy, a significant challenge for the APS is to provide high quality, timely advice to governments that are increasingly driven by the relentless 24/7 media cycle of the twenty-first century. APS agencies’ ability to focus on long-term issues is often overwhelmed by day-to-day demands.

At the same time, the contestability of policy advice has grown over recent years. Ministers have various sources of advice from which to draw, ranging from advocacy groups to academics and personal advisers. If its policy advice is to remain influential, the APS must demonstrate that it can provide timely and consistently high quality advice that is informed by a wide range of perspectives and has a professional appreciation of the strengths and weaknesses of alternative views.

Good policy advice must also be based on strong data and effective analysis. There is a view that the APS needs to improve its capacity to deliver evidence-based policy advice. The Advisory Group observed that, while some portfolios have retained a dedicated long-term research capability, it was concerned that the overall emphasis on evidence-based policy in the APS has weakened.

A number of trends in the strategic environment are also driving the need for stronger strategic policy capacity, including demographic pressures, globalisation, the ever-increasing
expectations of the public and business and the increasing complexity of public policy issues.

These complex policy challenges have become known as ‘wicked problems’ and include, in Australia, nation-wide water shortages occasioned by an unusually long drought; concern about some seemingly intractable, multi-faceted social issues such as Indigenous disadvantage; and growing international attention to ‘diabolical’2 problems such as global climate change and security challenges.

The APS Reform Blueprint lays out a vision of future policy capability for the APS, where complex and interrelated problems will be dealt with through:

• developing short, medium and long term strategic policy based on strong data and effective analysis
• employees engaging in collaborative practices and promoting greater innovation, informed by a common understanding of what constitutes strategic policy
• forging strong partnerships with external organisations resulting in development of high quality, forward looking and creative policy advice
• designing policy with implementation in mind.

This chapter examines perceptions of a shortfall in APS policy capability and explores the strategies agencies are, and should be, implementing to strengthen this area.

Collaborative, innovative and strategic practices

The Advisory Group noted that collaboration is critical in developing strategic policy—combining different perspectives promotes innovation and can germinate new ideas. The APS Reform Blueprint observes that in this type of work collaboration is important both between agencies and with external groups such as academia, business and the broader community.

Governments around the world are similarly looking to less insular, more collaborative approaches to improve the policy-making process. A recent study in the UK,3 for example identified some general critiques of the way in which civil services perform their policy roles. These included the view that policymaking is too closed and insular, with little real input from engaged stakeholders or independent, external expertise. There is a gulf between those designing policy and those delivering it; policy is insufficiently informed by frontline experience and knowledge, policy evaluations are rare, and a transformation in civil service skills development is needed to equip policy makers with the right skills to create good policy and deliver strategic policy advice to government.

A common understanding of strategic policy

The APS Reform Blueprint lays out a future vision of APS strategic policy and delivery capability in which the APS will have built its capacity to deal with complex and interrelated problems through a number of practices, including employees engaging in collaborative practices and promoting greater innovation, informed by a common understanding of what constitutes strategic policy.4
In order to promote such a common understanding, the Department of the Prime Minister and Cabinet (PM&C) has begun exploring what is meant by the term ‘strategic policy’. The term is often used to describe the approach taken to solving complex policy problems. But it can be argued that ‘good policy advice’, regardless of the complexity of the issue under consideration, should always be strategic.

A strategic approach involves numerous characteristics, most notably long-term thinking, taking a holistic approach, using strong evidence that has been tested and contested, and analysing and addressing underlying problems, rather than simply attempting to treat the symptoms.

Other important aspects of taking a strategic approach to policy advice include finding creative and innovative solutions where incremental policy changes may be too slow or ineffective, examining the history of the problem and previous policy solutions, genuinely collaborating with a wide range of stakeholders, thinking deeply about implementation and involving service delivery employees in the policy design, and being able to communicate clearly and compellingly the reasons for and the advantages of the strategy.

A strategic approach will always improve policy, regardless of the size or subject matter of the issue being addressed. However, given time and resourcing constraints, it is simply not possible for the APS to deal with all policy issues using an intensive strategic approach. There will also be times when it is appropriate to develop policy advice that is incremental to existing policy or draws upon similar policy, and thus requires a less intensive strategic approach. The extent to which a strategic approach is practiced should be a conscious decision based on the complexity of the problem, resource and time constraints, and government priorities. This will be a matter of judgement.

Strategic policy analysis requires a range of skills and approaches. Such skills need to be acquired, developed and maintained, so that even when time is a significant limiting factor on the work that can be done, having the capacity and skills to apply to the problem should result in good policy advice.

This point is emphasised in the APS Reform Blueprint, which recommends that the APS strengthen strategic policy through:

- each department strengthening its strategic policy and delivery capability
- establishing a Strategic Policy Network and creating a policy toolkit to aid development of strategic policy capability across the APS
- establishing cross-agency strategic policy project teams.

Generally, agencies are aware of the need to strengthen their strategic policy and delivery capability. Some illustrative examples of action already underway in 2009–10 are described in the following box.
Agency examples of action to strengthen strategic policy capability

The **Australian Bureau of Statistics (ABS)** initiated and collaborated in a wide range of actions intended to support a strengthening of strategic capability through better measurement of the impacts and outcomes of policy reform being led by the Commonwealth. Examples include a top-down review—in collaboration with FaHCSIA, the Australian Institute of Health and Welfare, state and territory representatives, and academics expert in the field—of the power of the Census of Population and Housing to better measure the incidence of homelessness in Australia and report the characteristics of those experiencing its many forms.

The **Australian Electoral Commission (AEC)** undertook an internal re-alignment of functions within the National Office and created a new Strategic Capability Branch to enhance its strategic research and planning capability and to focus work around its three strategic themes of modernisation, collaboration and staff.

The **Australian Securities and Investments Commission (ASIC)** now has a dedicated strategy area that comprises an International Strategy team, the Office of the Chief Economist and Strategic Policy. This team supports the ASIC Chairman in his role as Chair of the International Joint Forum, providing post-global financial crisis strategies for regulation.

The **Department of Infrastructure, Transport, Regional Development and Local Government (Infrastructure)** established a Strategic Policy Unit. The central aim of the unit is to identify new and emerging policy challenges that will influence Infrastructure’s work; it will clearly articulate their consequences and the practical options available to Infrastructure in dealing with them. In addition to the development of policy options, the unit also aims to contribute in a broader sense to policy skills development across Infrastructure.

The **Treasury** implemented an ongoing program of policy discussions across the department on significant issues.

While such actions are encouraging, initiatives like those highlighted involve creating or re-aligning functional groups. The APS Reform Blueprint puts renewed emphasis on the fact that the APS is a long-lived institution with responsibilities to the future and not just the present—that it needs to develop resilience in the face of the unexpected and to develop policy-making capability ahead of predicted need—to consider the future to see what issues might emerge that should be researched today, ahead of the need.

Successive State of the Service Reports have identified the leadership capability ‘shapes strategic thinking’ as one area requiring attention among senior executives, and particularly for the next most senior levels of public servants. This year agencies again identified ‘capacity to think strategically, including for strategic policy development’ as a skill gap for the SES (Senior Executive Service; 29%) and for the SES feeder group (56%, up from 43% last year). The ‘capacity to work collaboratively across agency and jurisdictional boundaries to achieve whole-of-government objectives’ was also identified as a skill gap for the SES feeder group.
by an increased percentage of agencies (32%, as opposed to 23% the previous year). This may reflect a heightened awareness of the issue.

One of the key reforms in the APS Reform Blueprint is ‘reinvigorating strategic leadership’ in the APS. The Blueprint sets out a range of actions to achieve this. Recommendations include creation of new high level leadership forums to drive reform across the service, an expectation that all SES and other APS leaders will model leadership behaviours that include promoting innovation and challenging unnecessary risk aversion, and driving APS-wide reforms in areas such as strategic policy. The reforms also include a number of recommendations to improve talent management and leadership development.

Agency collaborative practices

Figure 5.1 compares the frequency of agency consultation with different groups in terms of policy development and/or review over the past three years.

Collaboration on policy issues across APS agencies and industry stakeholders remains strong. There has been a notable increase in the proportion of APS agencies that have consulted with unions over the last three years which probably reflects a change in emphasis under the current government. (See also Chapter 4 for a discussion of collaboration in relation to service delivery.)
Although collaboration within the APS—a key feature of good strategic policy—is common, only 39% of SES and Executive Level (EL) employees indicated that they thought other APS agencies were ‘usually’ willing to collaborate to achieve whole-of-government outcomes (a further 44% said ‘sometimes’).

The majority (72%) of SES and EL employees who had collaborated across government in the last 12 months reported that their agency’s culture encouraged collaboration with other public service agencies.

Figure 5.2 shows the responses of SES and Executive Level (EL) employees who indicated their main type of work was policy development/review and who had also been a member of a cross-agency forum in the last 12 months in regard to factors which influence their ability to collaborate.

**Figure 5.2 SES and EL perceptions of factors influencing collaboration, 2009–10**

<table>
<thead>
<tr>
<th>Factor</th>
<th>SES and EL working in policy development/review</th>
<th>All SES and EL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Key staff in the agency have the necessary capabilities to work effectively with other APS agencies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EL employees in the agency collaborate effectively with other APS agencies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SES employees in the agency collaborate effectively with other APS agencies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other agencies are willing to collaborate to achieve whole-of-government outcomes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The agency’s performance management system adequately recognises/rewards whole-of-government work</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agencies’ information and communications technology systems are sufficiently compatible to support whole-of-government work</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current financial and accountability arrangements facilitate whole-of-government work</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Employee survey

There was a strong perception among employees that financial and accountability arrangements negatively affect their ability to collaborate. To a lesser extent, employees also think that performance management and information technology and communications systems generally do not support the broader cultural inclination to cooperate with other public sector agencies.

Policy employees elaborated on some of these issues. A number felt that a lack of mutual access to information technology and communications systems was an impediment to greater collaboration among agencies. Others noted cultural differences between agencies.
Another common area of comment was lines of accountability, for example:

*Whole of Government Guidelines are useful, but ultimately each agency has its own agenda … accountability lines are not clear in Interdepartmental Committees (IDC). I have usually found the IDC chair trying to find a compromise when strong action/decision-making was required.*

The APS Reform Blueprint places specific responsibility on the Secretaries’ Board to find better ways of joining up government services and articulating an accountability framework that reflects contemporary understanding of how government needs to interact with citizens. The Blueprint proposes introduction of shared cross portfolio outcomes in priority areas where more than one portfolio is responsible for achieving government outcomes.

APS agencies undertook a number of collaborative initiatives to strengthen strategic policy capability in 2009–10. Some illustrative examples are in the following box.
Promoting greater innovation in the APS


The MAC report noted that to date the approach to innovation in the APS has been ad hoc, but observed that recent developments, including the commissioning of its own report and those referred to above are all indicators of strong support at the highest levels of government and the public service for systematically developing the innovative potential of the APS.

The ANAO Better Practice Guide identifies four key phases in the public sector innovation process (each of which may overlap and intersect with the other and be of varying durations; see Figure 5.3).

![Figure 5.3 Four key phases in public sector innovation](http://www.anao.gov.au)

The MAC report recommends that innovation should be part of an agency’s strategic thinking and planning. To implement a culture of innovation across the APS, the report
says agency strategic plans should include strategies to identify and pursue innovative options and solutions. It provides an example of how this might be done—the ‘Three Horizons’ approach, which looks at the issues being faced right now as well as those in the short and long-term future.

Tailored to the public sector, the three horizons approach would be:

- **Horizon 1**—What is core business for the agency? What is needed now to conduct it and what areas could be simplified, reduced or stopped with additional improvements and innovation?
- **Horizon 2**—What are emerging areas of work for the agency? What resources and capabilities will be needed to address those areas and in what timeframe? Are any of the emerging work areas likely to drive innovation change and, if so, what are the innovation priorities?
- **Horizon 3**—Looking to the future, what are the big issues or opportunities? Are there achievable innovation outcomes that could reduce the uncertainty or risk of those future issues?

The report also recommends that the APS adopt a culture of openness in development and implementation of government policy. Agencies should adopt innovative practices and increased openness in developing new policy proposals through a range of measures, including introducing outside experts into the policy development process and more transparent consultation processes.

As the report acknowledges, innovation is inherently risky, requiring an appetite for risk on the part of governments and senior executives and a tolerance of risk by the community. However, some of this risk can be mitigated through strong collaborative processes that seek to take into account the viewpoints of all stakeholders and to test policy assumptions in the continually shifting marketplace of ideas. The ANAO in its 2009 Better Practice Guide sees stakeholder engagement as essential to managing innovation risks.

The MAC report acknowledges that new technologies are also raising community expectations of what governments should do and the way services are delivered and recommends that agencies should be timely and smart adopters of Web 2.0 tools and approaches, as set out in the report of the Government 2.0 Taskforce, *Engage: Getting on with Government 2.0.*

In many ways, Web 2.0 tools may offer the opportunity for governments and the public sector to consolidate a range of different collaborative initiatives and theories that emerged at different times over the past four or five decades, including ideas of citizen participation and engagement, public–private partnerships, collaborative governance, whole-of-government programs, co-production, public value and individualisation. Policy makers can play a useful role in facilitating open discussion between competing interests that can result in better, co-designed policy and creation of public value.

Employee responses to a number of questions that relate to an innovation culture within APS agencies are shown in Figure 5.4.
This year, there was a willingness on the part of APS employees to find better ways to do things. Collaboration and managerial support were both strong in this regard.

Similar to 2008–09, only half of employees believed their agency encourages innovation and the development of new ideas. It is a concern that the proportion of SES and EL2 employees who think the SES in their agency encourage innovation and creativity has fallen to 46% this year, from 53% last year.

The perception of a risk-averse culture in the APS remains an inhibiting factor although there was a significant improvement this year in the proportion of employees reporting that they want to try new ideas but their agency discourages risk taking (29%, compared to 36% last year).

As the Auditor-General wrote in his Foreword to the ANAO’s 2009 Better Practice Guide:

*All innovation inevitably involves a degree of risk because it changes the status quo or contributes towards an alternative future. Consequently an appetite for risk and risk management is essential; and risk avoidance is an impediment to innovation. In this context, engaging with clients and key stakeholders is central to managing innovation risks. Collaborative relationships that provide a broad range of experience across portfolios and jurisdictions are especially valuable when dealing with the increasingly complex and interconnected issues that influence the well-being of Australian citizens in an unpredictable world.*
Agencies were asked for the first time this year whether they had implemented any strategies to identify and reward innovation. Forty-three per cent of agencies reported having done so, while a further 13% were developing such strategies.

**Strategic policy based on strong data and effective analysis**

The APS needs to be alert to the danger that expectations about deliverables and shorter response times can lead to urgent tasks ‘crowding out’ the strategic issues. In this regard, agencies need to give priority to building and maintaining the capability necessary to take a long-term perspective and to better anticipate and respond to the needs of government, clients and stakeholders.11

The Advisory Group found that while some portfolios have retained the dedicated long-term research capabilities of the past, the long-term research capacity of APS agencies in general has diminished. Partly as a result, there is a concern that the overall emphasis on evidence-based policy in the APS has weakened.12

Thirty-six per cent of agencies reported experiencing difficulty recruiting or retaining employees with high level policy/research skills during 2009–10. Of these agencies, 68% said this had a moderate or severe impact on their agency’s capability.

Agencies need to develop a ‘research culture’. Establishing dedicated evaluation units, achieving a critical mass of researchers and strengthening links with academic and other research bodies, are all integral to achieving this goal.13 The Advisory Group recommended in the APS Reform Blueprint that the APS build partnerships with academia, research institutions and the community and private sectors.

This year, 79% of relevant agencies reported ‘often’ or ‘sometimes’ consulting with tertiary education and research groups in relation to policy development and/or review.

Many agencies reported having entered into formal partnerships with research and academic institutions, some examples of which are included later in this chapter. Institutions in the Australian Capital Territory featured prominently, particularly the Australian National University (ANU), the Commonwealth Scientific and Industrial Research Organisation (CSIRO) and the University of Canberra. Universities and institutions in Sydney and Melbourne were also well represented.

**Stronger partnerships forged with external organisations**

A key issue identified in both the Australian and international public administration literature has been the lack of real consultation with and engagement of external stakeholders and citizens when developing public sector policy. In formulating the APS Reform Blueprint, the Advisory Group recognised that the APS could do more to draw on external policy and program ideas, and engage more systematically with stakeholders in policy formulation.

_The bottom line is that more and better private sector input is needed in the design and implementation of policies and regulations. Collaboration—among governments and with business—to help shape policy is essential._14
Developing good policy requires a thorough understanding of the issue to be addressed and the impact any policy proposals would have on stakeholders. A key factor in developing such an understanding is engaging with stakeholders both within and external to the APS.

A good example of a collaborative approach to policy development is the recent work by APS agencies, including the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) and Centrelink, working with their state and territory counterparts and engaging with relevant service providers and other stakeholders to develop a national strategic approach to reducing homelessness.

The Report of the Panel for the Review of Australia’s Future Tax System, chaired by the Secretary of the Treasury and the associated review of Australia’s pension system, led by the Secretary of FaHCSIA, are further good examples of agencies working flexibly and collaboratively to help shape government policy. As well as discussions with other government departments and agencies, both reviews undertook extensive consultative arrangements, including opportunities for the public to make submissions, and engaged extensively with business and community groups. The Review of Australia’s Future Tax System involved a panel comprised of senior officials and independent experts.

Initiatives like these reflect recognition that governments are rarely able to impose policy solutions in isolation, and that the success of resultant programs is dependent to a large extent on the ability of government to mobilise wide community support.

Across the APS, consultation with external stakeholders is not limited to policy development. It covers a range of different functions including program design and management, service delivery to the public, and exercise of regulatory authority.

Table 5.1 reflects the level of consultation agencies reported through the State of the Service agency survey for various purposes.

Table 5.1: Extent of agency consultation with groups on various functions, 2009–10

<table>
<thead>
<tr>
<th>Group</th>
<th>Function on which agencies ‘often’ or ‘sometimes’ consulted (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Policy Development/Review (%)</td>
</tr>
<tr>
<td>NGOs</td>
<td>77</td>
</tr>
<tr>
<td>Industry</td>
<td>93</td>
</tr>
<tr>
<td>Tertiary education and research groups</td>
<td>79</td>
</tr>
<tr>
<td>Unions</td>
<td>79</td>
</tr>
<tr>
<td>Members of the public</td>
<td>69</td>
</tr>
<tr>
<td>Other APS agencies</td>
<td>99</td>
</tr>
<tr>
<td>State/Territory government agencies</td>
<td>88</td>
</tr>
<tr>
<td>Local government agencies</td>
<td>54</td>
</tr>
</tbody>
</table>

Note: (a) Excludes agencies where the function is not applicable.
Source: Agency survey
This data suggests that consultation by APS agencies in all areas is, where appropriate, a regular feature of the way agencies operate. Of course, the effectiveness of these consultations depends greatly on how they are conducted, the use made of the information received and how this affects the delivery of outcomes. In 2009–10, all relevant agencies reported integrating public feedback ‘often’ or ‘sometimes’ into decision-making processes to improve program design or service delivery, while 82% indicated ‘often’ or ‘sometimes’ providing public feedback to other agencies to aid policy development.

Some initiatives agencies took in 2009–10 to improve interactions with external stakeholders are summarised in the following box.

### Agency examples of initiatives to improve interactions with external stakeholders

**Department of Employment, Education and Workplace Relations (DEEWR)** implemented its Stakeholder Engagement Framework, consisting of a centrally-managed database of key stakeholder contacts and a network of contact officers across the department to help monitor key stakeholder interactions. A stakeholder engagement toolkit to aid more consistent portfolio stakeholder interaction has also been implemented.

**Department of Finance and Deregulation (Finance)** pursued a number of stakeholder engagement initiatives including:

- establishing a consultative committee on parliamentary entitlements
- creating online resources such as the GovDex portal and Deregulation blog to engage industry stakeholders in an interactive and accessible environment
- hosting meetings, such as the inaugural Better Regulation Business Forum, which gave key business stakeholders the opportunity to share perspectives and engage directly with government on regulatory issues.

The **Department of Infrastructure, Transport, Regional Development and Local Government (Infrastructure)** established the Community Engagement Branch, including a Stakeholder Engagement Section, as a result of a strategic audit undertaken in 2009. This area is helping business areas strengthen their relationships with stakeholders through a coordinated whole-of-department approach to stakeholder engagement. The Stakeholder Engagement Section is currently working with Divisions to identify and effectively engage stakeholders by implementing strategic practices, tools and templates, facilitating a shift in focus towards a continuous improvement model.

**Medicare Australia** developed and implemented its Stakeholder Engagement Framework, which provides a clear strategic direction for stakeholder engagement. It also provides a coordinated approach to stakeholder engagement and links the process to business planning. As part of this strategy Medicare Australia has increased communication channels through development of a bi-monthly e-newsletter, e-news alerts and an online community through GovDex.
Figure 5.5 compares the views of SES and EL policy development/review employees on their interactions with external stakeholders against those of all SES and EL employees.

The data suggests that interactions involving policy development and/or review work with non-government stakeholders are similar to interactions involving other types of work. Sharing information with stakeholders is a particular challenge for policy developers. To develop good policy it is important to work closely with stakeholders to maintain an open dialogue, while ensuring that stakeholders understand the confidential nature of some information and the deliberative process of government, so as not to pre-empt government decisions, or undermine trust in the policy advisory process.

**Partnerships with research organisations**

The Advisory Group recommended in the APS Reform Blueprint that the APS build partnerships with academia, research institutions and the community and private sectors. Agencies reported, for the first time, on the formal partnerships they had with academia and other research organisations during 2009–10 for developing initial policy ideas and/or conducting research. Formal partnerships are ones that are subject to contractual arrangements or memoranda of understanding. It is encouraging to note that many agencies reported having already established formal partnerships with research organisations (see box).
Agency examples of formal partnerships with research organisations

The Centre for Australian Weather and Climate Research is a partnership between Australia’s leading atmospheric and oceanographic research agencies: the Bureau of Meteorology (BOM) and the Commonwealth Scientific and Industrial Research Organisation (CSIRO). The Centre was established in 2007 to ensure Australia remains a world leader in climate, weather and oceans research.

The Department of Agriculture, Fisheries and Forestry (DAFF) has a partnership with the Australian National University to provide research and other intellectual property for departmental use on future directions for the European Union’s agricultural policies, particularly the Common Agricultural Policy and the broader Australia–European Union trade relationship.

The Department of Veterans’ Affairs (DVA) sources comparative research data from the BEACH program to aid policy development relating to health variables between DVA card holders and non-DVA card holders. The program, conducted by the Australian General Practice Statistics and Classification Centre at the University of Sydney, collects clinical activity information from general practitioners in Australia.

The Department of Health and Ageing (DoHA) has a funding agreement with the Australian National University for the Australian Primary Health Care Research Institute to conduct high quality, strategic, priority-driven health services research. The aim of the research is to help DoHA provide national leadership in improving quality and effectiveness of primary health care. DoHA also has a memorandum of understanding with the Australian Institute of Health and Welfare that includes a schedule to develop and conduct a national drug strategy household survey. The findings from this survey provide a quantitative evidence base on the prevalence of illicit drug, alcohol and tobacco use and behaviours in Australia; this information informs policy and program development in the drug and alcohol sector.

The Department of Innovation, Industry, Science and Research (DIISR) has entered into a memorandum of understanding with the Australian National University to guide a new, reinvigorated strategic relationship that recognises the need for a vibrant intellectual centre in Canberra to foster innovative thinking around the broad variety of critical public policy challenges and to drive the creative capacities of the APS. The memorandum of understanding aims to establish strong links between the public service, academia, and the broader Australian community, and foster trusted and transparent networks for the benefit of public policy development.

The Treasury has a formal relationship with the Australian National University for its staff to work as Visiting Fellows with university academics on short-term economic research projects.

Feedback from ministerial offices

Ministers and the APS work together to develop policy and implement government programs and services. As ministers differ in the type of interaction and support they need from departments, different kinds of partnerships develop between agencies and ministers, both within a government and as governments change. The APS must be flexible enough to meet the needs of each minister, within the framework of enduring working principles. The Advisory Group enumerated a set of principles in the APS Reform Blueprint by which this relationship can flourish (see box).15
The APS and ministers: principles for a strong relationship

- Clear roles and responsibilities in the management of the portfolio, recognising the Secretary’s legislative responsibilities
- Assured regular access to ministers
- Support for the minister in their parliamentary role
- Adaptability on the part of senior executives to the style of the minister, in terms of presentation of advice and assistance in meeting the demands of the minister’s role
- Freedom to give good and bad news
- A capacity to plan for and discuss short- and long-term priorities
- Understanding of the budgetary implications of decisions
- Whole-of-government collaboration to support effective implementation of government policy
- An ability to support the government to explain policy in a non-partisan way
- Clarity of processes and responsibilities in a crisis
- A creative and thoughtful approach to developing policy options to meet the government’s objectives
- A shared understanding about the working relationship between the APS and ministerial staff, consistent with the relevant Code of Conduct
- An appreciation that, after due discussion on policy advice, the minister has the last word and that the decision is accepted and implemented.

The nature of policy work in the APS means that employees involved in this type of activity are most likely to have regular and ongoing formal and informal contact with ministers and their advisers. There are formal protocols and codes of conduct to help guide these interactions, including the Standards of Ministerial Ethics (2007) and the Code of Conduct for Ministerial Staff (2008). The Code protects the apolitical nature of the APS and ensures that it provides advice directly to the relevant minister. It states that 'executive decisions are the preserve of Ministers and public servants and not ministerial staff acting in their own right'.

The proportion of SES and EL employees reporting direct contact with ministers and/or their offices in the past 12 months has remained stable this year. Thirty-two per cent had contact in 2009–10 and 34% in both of the two preceding years. This year, 31% of those SES and EL employees who had direct contact reported having ‘faced a challenge in balancing the need to be apolitical, impartial and professional; to be responsive to the government; and to be openly accountable in dealing with ministers and/or their offices’. This is higher than in 2007–08 (23%) and 2008–09 (24%).

SES and EL employee familiarity with and awareness of the Standards of Ministerial Ethics and the Code of Conduct for Ministerial Staff also declined this year. Fifty-nine per cent of employees who indicated familiarity with these documents were ambivalent about whether
they had improved the quality of their interactions with ministers and/or their offices in the last 12 months.

The proportion of agencies reporting formal feedback on the timeliness, quality and accuracy of advice to ministers was around 36%. While this result appears low, comments suggested that some ministers do not want to provide this sort of feedback to agencies. Moreover, it was noted that agencies also relied on a degree of informal contact, including meetings with advisers and feedback from agency liaison officers, which often focused on timeframes and style rather than quality of advice. Nonetheless, a key indicator of the quality of policy advice is whether, in the opinion of the minister, it comprehensively meets the government’s needs. This may not be possible on a day-to-day basis, especially where there is a high volume of work passing between the minister and the agency. For example, AusAID reported that in 2009 it drafted 454 ministerial submissions, 464 briefs and 1,450 pieces of correspondence to its portfolio ministers. It would be unrealistic to expect feedback on every piece of work that goes to the minister, so agencies should where possible try to harness as much informal feedback and make time for more formal feedback sessions that perhaps focus on key policy advice challenges.

Policy designed with implementation in mind

Reports in 2009–10 by the ANAO, the Commonwealth Ombudsman and other agency research on program delivery, point to the increasing complexity of policy solutions and the challenges in their delivery.

Particularly salient complex policy issues over this period have included the global financial crisis; climate change; water and the environment; major national reform agendas in health, education and infrastructure; Indigenous disadvantage and ‘closing the gap’ strategies; defence and security; health reform; immigration; and domestic demographic shifts, such as the ageing population. The solutions to these issues have been characterised by:

* the need for better problem definition
* systemic responses crossing traditional boundaries between policy sectors and portfolios
* highly scrutinised and constrained delivery timeframes
* alternative pathways with multiple decision points
* growing interdependence between departments and agencies, levels of government, the private sector, and not-for-profit and community groups.

The APS needs to improve its delivery capabilities to meet the challenges presented by these complex policy issues—hence a number of recommendations in the APS Reform Blueprint focusing specifically on implementation. Improving program and project management and delivery across the APS will require:

* More systematic analysis during policy development that establishes evidence-based objectives and targets to inform and evaluate implementation.
* A stronger focus on program objectives during all stages of policy and implementation planning. Many reports were unable to establish whether progress was being made
towards achieving the relevant program’s objectives, with the focus being on process rather than outcomes. This is particularly important where the objectives are long term.

• Stronger governance structures, systems and processes to maintain oversight over planning and implementation and to ensure effective accountability and communication.

• A preparedness to assess and develop agency capability and capacity to ensure implementation is not put at risk, and identify and deal with weaknesses early, particularly when the scope of the program lies outside an agency’s core business.

• Sufficient time for effective and comprehensive implementation planning—or good project management methodologies in place for programs that require speedy implementation.

• Flexibility in program design and delivery, so that programs can be amended during their implementation without loss of focus on the key outcomes.

• Implementation of comprehensive reporting, evaluation, risk and financial management strategies that focus on achieving the objectives and are ongoing:
  – Evaluation needs to begin in the policy development phase to ensure that the program’s objectives and targets are evidence-based and able to be implemented.
  – All agencies, jurisdictions and organisations involved need to regularly report to stakeholders to ensure clear understanding of the program’s progress and enable program improvement or termination, if necessary.

• Better consultation with stakeholders at key decision points. Involvement by all stakeholders through reporting and consultation could also improve implementation when stakeholders feel ownership of the program and are able to report on shortcomings, which can be potentially amended.

• Better program management to ensure that if programs need to be implemented urgently they do not have conflicting objectives; the agency has previously implemented similar programs and that this experience has informed active risk management; and required regulation is in place through existing legislation at the federal and state levels.

Key chapter findings


Agencies generally recognise the need—canvassed in all of these reports and particularly highlighted in the APS Reform Blueprint—to strengthen their strategic policy and delivery capability; indeed, many are creating or re-aligning functional groups to reflect this awareness. A need remains, however, to identify the skills required by people working
within these areas to ensure people with the requisite capabilities are employed. The indications are that agencies are still experiencing significant skill gaps in terms of strategic policy development and the ability to work collaboratively.

As evidenced by the reports released during 2009–10, the need to promote a culture of innovation in the APS is widely acknowledged, and the highest levels of government and the service strongly support systematically developing the innovative potential of the APS. The MAC report recommends that innovation should be part of an agency’s strategic thinking and planning. To implement a culture of innovation across the APS, agency strategic plans should include identifying and pursuing innovative options and solutions. The report provides an example of how this might be done—the ‘three horizons’ approach looks at the issues the APS is facing now as well as those it may face in the future.

At present, however, the perception persists that the APS has some way to go to establish a culture supportive of innovation. Employees reported a strong willingness to be innovative and there are some encouraging signs—for example, a significant improvement this year in the proportion of employees reporting that they want to try new ideas but their agency discourages risk taking. However, similar to last year, only half of employees believed their agency encourages innovation and the development of new ideas.

A strong perception remains among individual employees that financial and accountability arrangements negatively affect their ability to collaborate and, to a lesser extent, that performance management and information technology and communications systems are generally not supportive of the broader cultural inclination to cooperate with other public sector agencies in carrying out the business of government.

The APS Reform Blueprint places specific responsibility on the Secretaries’ Board to find better ways of joining up government services and articulating an accountability framework that reflects contemporary understanding of how government needs to interact with citizens. The Blueprint proposes introduction of shared cross-portfolio outcomes in priority areas where more than one portfolio is responsible for achieving government outcomes.

Building a strong evidence base is a key requirement for boosting strategic policy capability. Evidence and analysis play a vital role in informing policy-makers’ judgements. In this context, the APS Reform Blueprint calls for the APS to build partnerships with academia and research institutions and other external organisations. This year, agencies reported on a considerable range of formal partnerships already in place with research and academic institutions.

Endnotes


For decades, the Australian Public Service (APS) has been changing to meet the challenges posed by the rapidly evolving external environment. The global financial crisis was a powerful example of how quickly circumstances change, and how the APS was able to respond rapidly to global developments.

Embedding a culture of good governance and risk management is critical to managing in an increasingly fast-paced, complex environment. The Commonwealth Auditor-General, Ian McPhee, observed in a recent address:

Organisations need to encourage and grow a culture of risk management within an organisation; it should be part of day-to-day business and not a ‘one off’ activity; and the leadership group, through its actions, must show the way. Thus, for success, risk management must become a part of the management process applied to all aspects of the organisation’s business and part of everyone’s responsibilities. And this is as true for the public sector as it is for the business sector.¹

Also important to the future capability of the APS is development of a more innovative culture that will drive improved performance. This is reaffirmed by the recently released Management Advisory Committee (MAC) report Empowering Change: Fostering Innovation in the Australian Public Service² and the Australian National Audit Office (ANAO) Better Practice Guide on Innovation in the Public Sector: Enabling Better Performance, Driving New Directions.³
This chapter will examine the frameworks and strategies APS agencies are using to promote good governance, and effective risk management and innovation in order to improve agency agility, capability and efficiency. It will also assess employees’ views on the effectiveness of these arrangements to manage risk, reduce red tape and allow a reasonable level of autonomy and innovation.

**Principles of better governance**

The Commonwealth Auditor-General, Ian McPhee, noted in his 2008 address to the Public Sector Governance Forum that:

*Good governance is far more than a ‘check-the-box’ list of minimum board and management policies and duties. Even the most thoughtful and well-drafted policies and procedures are destined to fail if directors and management are not committed to enforcing them in practice.*

Sound governance must be integral to managing an organisation’s operations.

A recent survey of the corporate sector identified the top three risks in 2007–08 as ‘brand + image’, ‘systems’ and ‘corporate governance’. Table 6.1 shows that for the corporate sector brand + image replaced corporate governance as the primary risk for business in 2007–08 and corporate governance is now ranked third. ‘Systems’ and ‘human resources’ have stayed near the top and ‘legal’ risks have declined.

**Table 6.1: Top 10 risks for business, 2005–06 to 2007–08**

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<td>brand + image</td>
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<td>3</td>
<td>brand + image</td>
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<td>legal</td>
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<td>information management</td>
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<td>6</td>
<td>liquidity</td>
<td>information management</td>
<td>business interruption</td>
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<tr>
<td>7</td>
<td>information management</td>
<td>lack of innovation</td>
<td>legal</td>
<td>2</td>
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<tr>
<td>8</td>
<td>business interruption</td>
<td>business interruption</td>
<td>market environment</td>
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<td>9</td>
<td>capital structure</td>
<td>impact of regulation</td>
<td>lack of innovation</td>
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<td>10</td>
<td>lack of innovation</td>
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Government policy changes with time, but the importance of government being accountable for its performance and use of public funds remains constant. The importance of having a sound governance framework that is strategic in its outlook and focused on performance and accountabilities of agencies cannot be overstated.
The ANAO defines corporate governance as the system by which organisations are directed and controlled:

Governance arrangements must be tailored to individual agency circumstances and based on a risk management approach that considers potential benefits and costs associated with activities that contribute to meeting specified objectives. It is not a one size fits all situation—effective governance arrangements are those designed to match individual agency circumstances.

### Elements for success

The ANAO, through its audit work, highlights six elements that make a difference to agencies’ successful implementation of government policy and delivery of public services. The elements are:

- **Ensuring governance formalities are in place**
  - an executive board to support the chief executive officer
  - key subcommittees and an audit committee that rigorously discharge their responsibilities
  - ‘balanced scorecard’ reporting and summary reporting on major projects.

- **Providing leadership**
  - support from the top
  - getting to the substance of issues, not just the form.

- **Understanding the organisation (or virtual organisation), its goals and its environment**
  - legislation and policy framework
  - stakeholders, products and services, people, business systems
  - self awareness.

- **Investing in a sound planning approach to drive the agency forward and obtain ownership of the goals and strategies**
  - a corporate plan (three years)
  - a business plan (one year)
  - operational and project plans, as required.

- **Investing in risk management at the enterprise, divisional and project levels**
  - the goal is to develop a culture that manages risks as part of day-to-day operations.

- **Measuring, monitoring and evaluating performance**
  - measure key performance indicators
  - self-evaluating, self-regulating
  - it is everyone’s responsibility.
Ian McPhee, in his address to the Public Sector Governance Forum, distilled a number of key lessons for public sector managers from audits the ANAO has conducted. These included:

- good process delivers good outcomes
- investment up front is more cost-effective than 'recovery action'
- sound risk management (at the enterprise, divisional and project levels) is no longer discretionary
- project methodologies are designed to facilitate risk management
- regular reporting and monitoring allows for performance expectations to be confirmed or adjustments to be made where required
- in contracting out, ensure the incentives for the private sector are appropriately aligned to the program or project objectives.

The ANAO’s recent adverse findings on the Green Loans Scheme and the Home Insulation Program are a chilling reminder of what can happen when there is a serious failure in design and delivery of government programs.

The ANAO report concluded that overall, the Home Insulation Program was:

\[
\text{A costly program for the outcomes achieved, including substantial remediation costs … The fallout from the program has caused serious inconvenience to many householders, reputational damage to the insulation industry, and financial difficulties for many Australian manufacturers and installers. It has also harmed the reputation of the Australian Public Service for effective service delivery. This experience underlines very starkly just how critical sound program design and implementation practices are to achieving policy outcomes. There are important lessons here for those agencies with policy implementation responsibilities but also those responsible for policy development.}
\]

The Home Insulation Program was a component of the Energy Efficient Homes Package, which was one element of the government’s $42 billion Nation Building and Jobs Plan. The plan was launched in direct response to the global financial crisis and was unprecedented in its scale and speed of implementation. The program started on 1 July 2009, with the rate of rollout determined by householder demand (and industry supply), rather than by contract management through the Department of the Environment, Water, Heritage and the Arts (DEWHA) as originally proposed. This service delivery model contained inherent risks, many of which could never be fully mitigated and remained high throughout delivery of the program.

Take-up of the Home Insulation Program was extraordinarily high and unexpected. Early assumptions were that there would be around 90,000 installations per month. By November 2009, the number of claims had peaked at nearly 180,000 per month.

The rapid implementation of the program added to the complexity and the risk. As the program was being implemented there were often several phases of work still being developed (for example, while Phase 1 rebates were being managed, the business model for the implementation phase was still being developed). There were also substantial changes to the program while it was operational, that affected both the management of the program...
and industry participants. DEWHA needed to implement transitional arrangements at the same time as rolling out new requirements, contributing to further complexity of the task. Similarly, the Green Loans Program provided lessons for the APS in terms of governance and risk management. The ANAO report concluded that the primary cause of administration problems the program encountered was, to a large extent, an absence of effective governance by DEWHA during the program’s design and early implementation. As a program with a fixed budget and variable demand, the Green Loans Program needed greater oversight than the department’s business-as-usual activities, which did not occur.

**Agency strategies to manage risk**

In the last 10 to 15 years, the APS has seen significant improvements in governance frameworks with establishment of advisory boards, audit committees and improved scorekeeping and report regimes.

During 2009–10, 92% of APS agencies reported having policies and procedures in place to ensure appropriate conduct of risk assessments, while the remaining 8% had policies under development (Figure 6.1). Employees were kept informed about updates, changes or revisions that related to financial and other delegations in 98% of agencies, while 94% of agencies reported their staff had access to information that outlined their agency’s decision-making processes and/or relevant committee structures. It is positive to note that 99% of agencies reported their Chief Executive Instructions were available and easily accessible to all staff.

![Figure 6.1 Agencies with risk assessment policies/procedures in place, 2009–10](image)

Source: Agency survey

Now that policies and procedures are in place, the challenge for public sector managers is to focus on better integrating risk management strategies into the business and culture of the organisation. Leadership, effort by all levels of management and staff, and careful monitoring by boards and audit committees are needed to make these strategies successful.
During 2009–10, 44% of agencies reported implementation of strategies to encourage reasonable risk-taking; a further 18% had strategies under development; and 38% did not have such strategies in place. Most agencies reported improvements in existing risk management frameworks to enable a more consistent approach to risk management across their agencies, as well as establishment of greater engagement with identification and appropriate management of risk. Agencies also reported a focus on providing risk management training to encourage reasonable risk-taking and mitigate risk across their business areas.

In this year’s agency survey, agencies reported on a number of strategies they are using to build a better understanding and awareness of risk management throughout their organisations. They included:

- The Australian Securities and Investments Commission (ASIC) Risk Management Team conducts an annual strategic and operational risk assessment which involves identifying and rating the strategic, operational and fraud risks the organisation is facing along with the controls to manage these risks. One of the benefits of this organisation-wide approach is that it increases awareness of risks and the willingness of staff to take responsibility for managing risks. This was supported by a recent staff survey, which showed that 95% of staff saw risk management as their responsibility.

- The Australian Taxation Office (ATO) is implementing an Enterprise Risk Management Framework to increase its sophistication for identifying risk and building cultural responsibility for risk.

- The Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) has restructured a number of corporate functions to better align risk management and business planning and budget allocation processes. More than 1,000 FaHCSIA staff attended risk management and awareness sessions designed to encourage risk-based decision-making across the department. FaHCSIA conducted an internal audit of the maturity of its risk management approach, and it participated in the Comcover Risk Management Benchmarking Survey.

A number of agencies reported participating in Comcover’s Risk Management Benchmarking Survey. One of Comcover’s key functions is to improve transparency and accountability in the Australian Government’s management of risks through a range of educational and evaluation services including:

- benchmarking enterprise-wide risk management frameworks and programs
- training and education, delivered through formal training programs, complemented by an extensive seminar and forum series
- the annual Awards for Excellence program, recognising and rewarding agencies that demonstrate excellence in risk management
- a risk management assessment service, which measures implementation of agencies’ risk management frameworks and programs
- insurable risk profiling to identify the insurable risk exposures of both individual agencies and the fund as a whole.

Comcover’s Risk Management Benchmarking Survey measures member agencies’ risk management capability annually. The survey is designed to encourage agencies to consider...
the level of maturity that best suits their operations and objectives and to develop their approach to implementing an enterprise-wide framework.

Most APS employees agreed that employees in their agency appropriately assess risk (64%), a decrease from 69% reported last year. The results were quite similar across agencies of varying size with 64% of employees in large agencies agreeing that this was the culture within their agency, 63% in medium agencies and 61% in small agencies.

Developing a culture that effectively manages risk will be increasingly important to the future capability of the APS and its capacity to manage effectively in a more complex and rapidly changing environment. This year’s State of the Service results indicate that while agencies have the policies and procedures in place, there is still some work to be done to fully embed a culture of risk management in the APS where understanding, managing and accepting appropriate risk is part of an agency’s everyday decision-making processes.

Promoting agency innovation

Governments are recognising that innovation is the key to a more agile, productive public sector that can respond to the challenges of an increasingly complex policy environment. The MAC has captured this imperative in its 2010 report on innovation:

> As the pace of economic and social change quickens, governments must be more responsive than ever. Complex policy challenges are arising that require swift but surefooted responses. The APS must ensure it provides ministers with the evidence and options to make informed decisions … At the same time, new technologies are creating opportunities for government to improve the services it offers to citizens. The private sector is utilising these tools to deliver increasingly tailored services to consumers amplifying demand for public sector providers to follow suit. Without a culture of innovation underpinning the public sector’s activities it will struggle to deliver what is required within the resources available.12

The ANAO Better Practice Guide suggests that innovation is most likely to emerge if:

- public sector leaders are committed to achieving a supportive culture where innovation is encouraged and lessons disseminated
- innovation is embedded in corporate strategy and adequately resourced
- staff have the requisite skills, training and development opportunities
- departments and agencies encourage internally-generated innovation and actively engage with citizens, clients and stakeholders to garner external ideas and innovations
- there is a deep understanding of core business, government policy and aspirations, the broader external environment and internal/external sources of data and information
- there are mechanisms in place to assess and respond to new and emerging issues
- innovation is appropriately recognised and rewarded.13

The 2010 MAC report on innovation identified the importance of leadership as the key to building a more innovative culture. It recommended using innovation in leadership recruitment and performance management systems, annual reporting of innovation by
agencies, supporting communities of practice within agencies and across agencies, and identifying innovation champions for particular projects or issues. The MAC report recognised the importance of effectively managing risk to support innovation, particularly where the innovation is radical or large-scale and the risks high. It suggested that agencies consult ministers to identify and agree on a risk environment to enable innovative approaches.

The State of the Service agency survey results indicate that agencies are implementing strategies to promote innovation. Forty-three per cent of agencies had strategies to identify and reward innovation, while a further 13% had strategies under development. Feedback from agencies indicated that staff appreciate being publicly recognised for their ideas and that these activities make innovation more visible, relevant and tangible. Agencies reported that identifying innovative employees had led to increased efficiency, improved employee morale, and encouragement of further innovation.

A number of agencies provided specific examples of how innovation is being promoted within their agencies including:

- The Australian Bureau of Statistics (ABS) Great Innovation Competition allows employees at all levels to suggest innovative ideas to senior leaders.

- The Australian Taxation Office (ATO) Local Innovators Initiative is a strategy managed through the ATO site leadership network in each agency location across Australia, and is designed to showcase and reward innovations successfully implemented by employees.

- The Department of Agriculture, Fisheries and Forestry (DAFF) I-Gen (Innovative Generation) Initiative is an initiative designed to encourage staff to devise ideas to improve the way the agency operates and generate a culture of innovation, including a dedicated intranet site that provides support and tools to convert ideas into projects.

- The Department of Education, Employment and Workplace Relations (DEEWR) Innovation Café is an SES leaders forum that focuses on how the agency can generate new ideas and build on them to effect positive change.

- The Department of Veterans’ Affairs (DVA) Secretary’s Award for Business Innovation is an award that provides the opportunity to publicly recognise and acknowledge an individual or team that contributed to business improvement.

In order for innovation to progress from idea to implementation, agencies reported it had to be valued and understood, the business culture had to be supportive, resources had to be dedicated, and processes had to be easy to follow. Employees reported that staff needed to value reward schemes to encourage participation, and that there had to be a balance between internal and external reward mechanisms and that they needed to be carefully timed (that is, not occur too frequently).

Figure 6.2 shows that, during 2009–10, 86% of APS employees agreed they always look for better ways to do things, 65% agreed they receive support from their manager when they suggest new ideas, and 50% agreed their agency encourages innovation and development of new ideas. This is consistent with data from previous years.
Figure 6.2  Employee perceptions of APS innovation, 2007–08 to 2009–10

Figure 6.3 indicates that overall, the APS has some way to go to build a culture of innovation. SES employees were most likely to agree that their agency has a culture of innovation compared to employees at all other classification levels. There were varying levels of agreement as to whether agencies had particular innovation strategies in place across the classification levels, with agency celebration of success in innovation and agency sharing of ideas having the poorest ratings.

Source: Employee survey
While some APS staff were positive about innovation within their agency, for example:

_The Department of Finance’s GovDex initiative is a fantastic way to share information with stakeholders that my branch is using to great effect. This is a truly excellent example of innovation and cross-government cooperation and resource sharing._

... others raised concerns about how to effectively balance innovation with resource constraints and risk, for example:

_My agency is an innovation machine! We consistently deliver internationally innovative services. But we are seriously hampered by resourcing constraints. We have a great culture for seeing the future, and seeing what we need to do to improve services, but often have to wait many years before any business area or IT resources are available to follow through on these plans. This means we continue with inefficient processes because we lack the resources to develop the efficient workflows we know are possible to deliver better service to the public._

_Major innovations and projects are undertaken regularly at all levels of the organisation by general staff and middle management. Unfortunately many of these initiatives are crippled or stopped in the final steps by risk-averse decision makers or policies._

_Innovation is often quite hard work and involves the real risk of failure. This requires that there be real external pressure to stimulate innovation and real internal rewards to compensate staff for the risks that they take in pursuing innovation. Without both these forces, the most logical course of action is to manage the status quo._

**Agency efficiency measures and red tape reduction**

Based on the current outlook, it is likely the APS will be operating in a challenging fiscal environment for the foreseeable future. The current government has made a commitment to hold real growth in spending to 2% per year until the budget returns to surplus. To succeed in this environment, it will be essential for the APS to optimise efficiency.

The public service already has a range of efficiency mechanisms in place, such as reviews of lapsing programs, partial supplementation for wage increases and the annual efficiency dividend of 1.25% which has been applied to the operational appropriations of APS agencies since 1987–88. The Advisory Group’s _Ahead of the Game: Blueprint for the Reform of Australian Government Administration_ (the APS Reform Blueprint) has recommended reviewing the current mechanisms that drive efficiency in the APS in light of the concerns expressed about the unintended impact of the efficiency dividend and its interaction with other efficiency measures.

There is increasing recognition that the scope for new efficiency gains lies in reducing duplication through better coordination of systems and processes across the APS. While devolution of management to agencies in the 1980s and 1990s drove focus on output
and efficiency at an agency level, it weakened capacity to examine the scope for efficiency gains across agencies. Smaller agencies, in particular, were required to duplicate the same range of services larger agencies offered without the economies of scale that larger agencies could achieve.

More recently, a range of whole of government initiatives are being implemented with efficiency gains to be made. For instance, the Department of Finance and Deregulation (Finance) has introduced a number of measures to help realise economies of scale in relation to travel and property. In early 2009, the government signed a volume sourcing arrangement with Microsoft, which was the first of the government’s coordinated procurement initiatives. The result is that the APS has moved from having 42 contracts with Microsoft covering 41 agencies to one contract covering over 80 agencies, saving the APS more than $75 million over four years. Coordinated arrangements have since been established for security vetting, telecommunications, motor vehicle leasing, government advertising, air travel, travel management services and legal services. Finance is also conducting investigations to assess the potential of coordinated contracts for a range of other services, including stationery and office supplies, labour hire and recruitment services.

The Australian Public Service Commission’s development of a whole-of-government strategic information and communications technology (ICT) workforce plan in response to the Gershon Review is another example of a cross-government initiative designed to improve capability and increase efficiency. On release of the report, Sir Peter Gershon stated:

> At the heart of these findings is a conclusion that the current model of very high levels of agency autonomy, including the ability to self-approve opt-ins to whole-of-government approaches in the ICT domain, leads to sub-optimal outcomes in the context of prevailing external trends, financial returns, and the aims and objectives of the current government. The impact of this autonomy has been heightened by a previous lack of strong focus on whole-of-government ICT issues at both ministerial and top official levels. This conclusion applies no matter how well intentioned individual agencies are in their pursuit of whole-of-government outcomes.

The ICT workforce plan will help agencies better manage their ICT workforce, including strategies to identify gaps in capacity, and improve recruitment, retention and engagement of ICT employees. On full implementation, the ICT workforce plan is expected to result in savings of $400 million annually.

Following the Gershon Review, the APS Reform Blueprint has further recommended that the Commission develop a central human capital framework to support agencies in their development of human capital strategies. This would allow agency performance to be reported and benchmarked in the areas of:

- workforce planning
- leadership
- attraction, recruitment and retention
- talent, succession and performance management
- learning and development.
Agencies would use the framework to develop fit-for-purpose workforce plans. This whole-of-government approach to human resource planning and review would build capability across the APS and produce efficiencies, although it is difficult to quantify savings at this early stage.

The APS Reform Blueprint identified unnecessary red tape in the form of cumbersome regulatory or administrative arrangements as another barrier to efficiency, absorbing resources that could otherwise be used more productively. Red tape reduction strategies aim to minimise unnecessarily burdensome and prescriptive administrative requirements that often increase the cost of doing business. Four agencies (Finance, the Department of the Prime Minister and Cabinet, the Australian Public Service Commission, and the Attorney-General’s Department) have worked to identify major compliance requirements that apply to the APS and have sought to simplify both the requirements and their presentation. The aim is to help APS agencies more effectively manage their reporting and compliance requirements.

The State of the Service agency survey collected information on strategies agencies had implemented to reduce internal red tape. Fifty-seven per cent of agencies reported having existing strategies to reduce red tape, 10% had strategies under development, and 33% did not have red tape reduction strategies in place. Existing red tape reduction strategies that agencies reported included reviewing and streamlining Chief Executive Instructions, reviewing standard operating procedures, simplifying major policies and procedures, reviewing delegation levels, and developing online human resources, procurement and recruitment systems.

Agencies reported that some of the lessons learned from implementing internal red tape reduction strategies included the need for comprehensive planning, ensuring wide consultation and input from all levels of staff in design and development of strategies, a committed and well-resourced implementation team, senior leaders buy-in, balancing the desire for reducing red tape with appropriate risk management, and successfully managing change. Agencies also reported that some benefits of initiatives to reduce red tape included more effective cross-agency collaboration, enabling workflow to progress more quickly, and having more streamlined approval processes.

Agencies that reported specific strategies to reduce red tape included:

- **Aboriginal Hostels Limited (AHL)** has streamlined internal processes as a result of introducing new technology within the agency, and further re-engineering processes are underway.

- **The Australian Agency for International Development (AusAID)** is continuing a program of business process reform to minimise the administrative burden on employees by standardising mandatory processes, eliminating duplication, and providing a one-stop shop for guidance on necessary AusAID processes.

- **The Australian Public Service Commission (the Commission)** introduced a new intranet with the capacity for workflow and online collaboration, and an online recruitment system that has streamlined workflow arrangements.
• The **Australian Taxation Office (ATO)** has implemented an enterprise-wide e-recruitment solution that incorporates all recruitment activity across the ATO. It has provided a holistic picture of all recruitment activity and has enabled better management of recruitment processes with faster responses, feedback and communication to candidates.

• The **Department of Human Services (DHS)** has adopted Process Lite to reduce unnecessary and prescriptive information and forms used in service delivery. It ensures that crucial information to comply with governance and customer requirements is identified and resources are developed in consultation with staff to devise the simplest way to demonstrate that requirements have been satisfactorily met.

• The **National Native Title Tribunal (NNTT)** has developed a ‘simplify, perform, engage’ change management initiative, key features of which include:
  – implementing a discussion board, via the intranet, to propose and discuss simplification of processes and procedures
  – a project to simplify procedures has been commenced.

More than half of employees (59%) agreed they would be more productive in their current position if there was less red tape. Employees in large agencies were most likely to perceive red tape as a barrier to productivity (60%), compared to 51% of employees in medium agencies, and 56% of employees in small agencies. Specific work areas where most employees considered they would be more productive in their position if there was less red tape were legal (65%), and program design/management (65%).

**Key chapter findings**

The importance of having a sound governance framework that is strategic in its outlook and focused on agencies’ performance and accountabilities cannot be overstated. Sound governance must be integral to managing an organisation’s operations. This chapter has outlined a number of positive government initiatives; however, it is through discussion of flawed implementation of programs, such as the Home Insulation Program, that the APS will be able to evaluate, learn from its mistakes and ensure ideas can be improved and failures avoided in the future.

During 2009–10, most APS agencies had policies and procedures in place to ensure appropriate conduct of risk assessment. The challenge now for the APS is to focus on better integrating risk management strategies into the business and culture of its agencies. Developing a culture that effectively manages risk will be increasingly important to APS future capability and its ability to manage effectively in a more complex and rapidly changing environment. This year’s State of the Service survey results show that agencies are moving towards a positive culture where understanding, managing and accepting appropriate risk is part of everyday decision-making.

Public sector innovation is a central theme in the APS Reform Blueprint that seeks to equip staff and leaders with the skills to develop innovative, high calibre policy advice and services, tailored to the needs of citizens. This chapter identifies leadership as key to building a more
innovative environment and recommends championing innovation across all organisational practices. Agencies reported that identification of innovation had led to increased efficiency, improved employee morale and encouragement of further innovation; however, the APS has some way to go to build a culture of innovation. While agencies have sought to improve efficiency over many years through a range of measures, there is increasing recognition that the scope for new efficiency gains lies in better coordination of processes across agencies to reduce overlap and duplication. Red tape reduction strategies have aimed to minimise unnecessarily burdensome and prescriptive administrative arrangements that often increase the cost of doing business. The APS Reform Blueprint suggests strategies to reduce internal red tape, such as workplace autonomy; improved ICT, and devolved decision-making to ensure agencies are more effectively achieving government goals.

APS agencies determine many of their own structures, systems and procedures for successful development and implementation of policies. It is essential that these structures, systems and procedures are robust and include frameworks to mitigate risk and encourage innovation. This, in turn, leads to agile, capable APS agencies with efficient organisational performance, ready to tackle the complex challenges facing government and the APS now, and into the future.

Endnotes

10 Comcover is the Australian Government’s general insurance fund. It was established on 1 July 1998 to replace the policy of non-insurance that had been in place since Federation. More than 160 Australian Government departments and agencies are now insured through Comcover, which is managed by the Department of Finance and Deregulation.


The Intergenerational Report 2010 projected that between 2010 and 2050 the working age population, as a proportion of the total Australian population, will fall by around seven percentage points (from 67.4% in 2010). The increasing proportion of people reaching retirement age, combined with the reduced proportion of new labour force entrants, is expected to present a major workforce challenge for the Australian Public Service (APS) and the Australian economy more broadly (see Figure 7.1).

Over the years, the composition of the APS has shifted towards skills in high demand in the labour market, including knowledge workers and those skilled in managing and interpreting relationships. At a time when the APS is facing increased competition for a smaller pool of skilled labour market entrants, more than half (52%) of ongoing Senior Executive Service (SES) and Executive Level (EL) employees will be eligible for retirement in the next 10 years. Measures to improve recruitment, as well as retention rates among older workers, are needed.

APS-wide labour shortages have resulted in capability and skill gaps. The Advisory Group’s discussion paper, which informed the directions for Ahead of the Game: Blueprint for the Reform of Australian Government Administration (the APS Reform Blueprint) noted that sporadic workforce planning and a lack of clarity about capability requirements have exacerbated these gaps. The Australian Human Resources Institute, in its submission to the Advisory Group, said that striving towards a world’s best public service would require “the world’s best human capital framework founded on research, metrics and active assessment.”
The Australian Public Service Commission (the Commission) will develop a human capital framework building on the experience of a number of APS agencies that have been working in this area for some time. The framework will identify the different skills and competencies needed at different levels for the major occupational groupings that make up the APS workforce. It will support managers to make better workforce planning decisions and identify key workforce risks; and it will generate a common language and reference point for recruitment, retention, leadership development, succession planning, performance management and learning and development.

This chapter will examine the data trends and strategies that agencies currently have in place to support:

- coordinated workforce planning
- streamlined recruitment and improved retention
- strategic learning and development
- effective performance management
- clear and aligned employment conditions to support greater mobility.

Review of these five domains, combined with an assessment of agency leadership development and succession planning strategies outlined in Chapter 1, will provide key baseline data for an APS human capital framework. A human capital framework will enhance capacity for better human capital planning and development to move beyond a piecemeal approach to a more systematic, APS-wide approach to building capability.
Coordinated workforce planning

Building APS workforce capability will require a more consistent approach to workforce planning to identify systemic workforce challenges and focus action on the most critical workforce issues.5

Workforce planning is not a stand-alone process or system. It needs to be embedded in an organisation’s corporate planning, reporting, decision-making and management practices. Workforce plans must be refreshed and updated in terms of the skills needed to deliver on organisational strategic priorities, the emerging skill gaps and workforce strategies to address these gaps.

Workforce planning in the Australian Taxation Office (ATO)

The ATO Workforce Plan 2008–12 portrays how workforce planning operates in practice. It states, for example:

The evolving environment is characterised by trends towards increasing workforce scarcity and decreasing staff affordability. This will drive organisation responses that include both business-related solutions—such as changes to the business model, appropriate sourcing strategies, whole-of-government solutions, and automation—and alternative workforce strategies such as revisions to the workforce structure (most likely in association with business model changes), increased retention of staff and productivity increases (for example, through increased engagement, capability, performance management, or reduction in unplanned leave).

During 2009–10, few agencies reported having an agency-wide documented workforce plan. Figure 7.2 shows that only 21% of agencies reported having a workforce plan.6 These were distributed across different sized agencies with eight large, six medium and seven small agencies having a plan. This year, a further 41% of agencies reported they are developing a workforce plan.

Figure 7.2 Status of agencies’ workforce plans, 2009–10

Source: Agency survey
The lack of systemic workforce planning in agencies leads to poor succession management and a growing sense that the APS ends up paying too much for skills that unexpectedly become in demand.

Assessing the demand and supply of staff is difficult, particularly when agencies make this assessment without an established system for classifying skills/competencies. The experience of a sample of agencies is captured in the box below. The agency survey found that only 29% of agencies had a formal skill-based system for classifying occupations in 2009–10. A number of different frameworks were used ranging from the Australian and New Zealand Standard Classification of Occupations (ANZSCO) to the agency’s own work level standards. Another 6% of agencies reported that a system was being developed.

### Difficulties with assessing skill gaps

A number of agencies noted that a lack of a systematic approach to classifying skills and capabilities in the APS hinders identification of skills gaps.

The **Australian Customs and Border Protection Service** found effective identification of workforce risk was hindered by information gaps relating to job roles, critical job roles and critical skills; this is being addressed through development of a Careers Stream (Job Family) Framework.

During 2009–10, the **Department of Veterans’ Affairs (DVA)** began developing job categories relevant to the business and cutting across structural and classification boundaries to provide additional views of the workforce. These will help DVA identify risks associated with availability of staff capable of undertaking roles that are fundamental to its business, as well as highlight potential opportunities to address them.

The **Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA)** currently has limited ability to identify and record individual capabilities throughout the organisation, giving rise to a potential risk for skills gaps.

The **Department of Immigration and Citizenship (DIAC)** is identifying job families. It is also undergoing a period of significant transformation. Those factors have affected DIAC’s ability to forecast workforce demand, and therefore the ability to conduct a gap analysis and identify workforce risks.

The method the **Department of Health and Ageing (DoHA)** currently uses to classify positions and roles is a mixture of classifications and local titles related to specialist work groups (for example, Medical Officer, Research Scientist, Legal, Information Technology). DoHA needs to be able to categorise staff beyond classification levels into appropriate occupational groups (such as the ANZSCO framework) to enable measurement and tracking of staffing levels and movements and allow realistic comparisons against general workforce trends and issues.
Workforce plans agencies submitted demonstrated a range of best practice principles including:

- Focused on organisational capability that considered the challenges the organisation must meet and the workforce issues these raise.
- Demonstrated linkages to, and integration with, other strategic planning documents covering the same timeframes. In considering workforce directions they examined the business outcomes sought, the work processes that have to change to deliver them, and how the workforce will have to change to achieve the desired result.
- Assessed workforce risks in response to an uncertain future.
- Considered the infrastructure that enhances or hinders workforce capability, such as business processes, workloads, and tools to enhance productivity.
- Addressed workforce gaps that are existing, probable, common across alternative scenarios, and/or high risk. As a general principle, agencies will be better prepared for uncertainty with strategies that maximise the flexibility of the workforce.
- Considered the support that needs to be provided to individuals and teams to meet the organisation’s capability requirements, including training and development.
- Included strategies beyond those typically directed to the workforce and using human resources tools, that is, other business strategies.
- Used performance indicators to assess people capability alongside, and as well as, other relevant organisational outcomes, such as public satisfaction and service delivery standards.
- Considered current workforce needs but also recognised the importance of assessing the impact of long-term demographic changes.

**Workforce risks**

Workforce planning is a means of linking the agency’s business priorities to its workforce requirements. This year agencies with workforce plans in place reported that their plans helped them meet business priorities by:

- aligning workforce strategies with operational and strategic business plans (90%)
- identifying workforce risks (80%)
- outlining strategies to address skill gaps (79%)
- assessing demand for (65%) and supply of (55%) staff.

The percentage of agencies that have identified their workforce risks over the next five years has risen from 68% in 2008–09 to 74% this year (with a further 21% of agencies developing this function in 2009–10). While many agencies do not have an agency-wide workforce plan in place, most are developing strategies to address key workforce risks. The workforce risks nominated by agencies that had identified risks this year are shown in Table 7.1. Almost half of agencies (49%) that had identified workforce risks, covering more than two-thirds (69%) of all APS employees, selected ‘addressing capability gaps due to a changing operating environment’ as a key risk for them in the next five years.
Table 7.1: Workforce risks facing agencies in the next five years, 2009–10

<table>
<thead>
<tr>
<th>Workforce risk</th>
<th>No. of agencies (a)</th>
<th>% of agencies (a)</th>
<th>% of APS workforce (b)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retaining appropriately skilled employees</td>
<td>46</td>
<td>63%</td>
<td>42%</td>
</tr>
<tr>
<td>Recruitment of appropriately skilled people</td>
<td>42</td>
<td>58%</td>
<td>35%</td>
</tr>
<tr>
<td>Addressing capability gaps due to a changing operating environment</td>
<td>36</td>
<td>49%</td>
<td>69%</td>
</tr>
<tr>
<td>Retaining employees with a high potential for succession</td>
<td>30</td>
<td>41%</td>
<td>51%</td>
</tr>
<tr>
<td>Limited career advancement or mobility opportunities for employees</td>
<td>30</td>
<td>41%</td>
<td>6%</td>
</tr>
<tr>
<td>Skill shortages which impact on agency capability</td>
<td>29</td>
<td>40%</td>
<td>18%</td>
</tr>
<tr>
<td>Loss of corporate knowledge or talent due to ageing APS profile and retirement</td>
<td>26</td>
<td>36%</td>
<td>38%</td>
</tr>
<tr>
<td>Underdeveloped management or leadership capability among middle managers</td>
<td>24</td>
<td>33%</td>
<td>13%</td>
</tr>
<tr>
<td>Underdeveloped management or leadership capability among senior leaders</td>
<td>15</td>
<td>21%</td>
<td>26%</td>
</tr>
</tbody>
</table>

Notes: Agencies were asked to select up to five biggest workforce risks.
(a) Agencies that had identified their workforce risks over the next five years.
(b) Proportions of APS workforce at 30 June 2010 working in agencies with these risks.
Source: Agency survey

In nominating workforce risk mitigation strategies, agencies generally referred to generic strategies, such as recruitment, learning and development, and performance management systems. Some of the more specific strategies agencies identified include:

- anticipating the potential loss of corporate knowledge or talent due to an ageing APS profile and retirement (Australian Institute of Health and Welfare)
- increasing the agency’s understanding of its workforce composition to identify potential gaps and develop strategies to address them (Australian Bureau of Statistics)
- using technology to move the work to where skilled employees are (Centrelink)
- restructuring the organisation to create skill depth and corporate knowledge within teams (Cancer Australia)
- documenting and sharing corporate knowledge, and carefully setting priorities, managing expectations and allocating resources (Department of Finance and Deregulation)
- launching a new Optimising Staff Performance campaign that focuses on improved work practices and effective feedback for all staff (Department of Health and Ageing)
- increasing focus on change management and communication relating to future expectations and operational requirements to achieve service delivery reform (Medicare Australia)
- conducting a workload and workforce review (National Native Title Tribunal).
The challenges agencies noted in identifying workforce risks included:

- uncertainty about the future and achieving a consensus on the challenges agencies faced and on the capabilities employees needed
- lack of labour market knowledge
- lack of experience in workforce planning
- resources, time and opportunity cost in small agencies with other competing demands
- agency size, complexity and geographic spread in large agencies
- difficulties encountered in mapping current capability sets in order to predict future capability requirements
- not having a sophisticated human resources system or limitations on the reporting functions of those in place
- a number of features of the business of government can result in managing the ‘here and now’ and prevent a strategic approach, including changes in government direction, the efficiency dividend stalling programs and initiatives, the annual budget cycle, fluctuating workload, and changes in funding and staffing.

**Skill shortages**

A report in the *Australian Financial Review* of a survey of 1,609 firms by recruitment firm Hudson showed 57% of businesses were having difficulty finding skilled workers, up from 44% last year (however, still lower than the 77% reported before the global financial crisis). The survey also found that 62% of employees were actively looking to change jobs, and 93% planned to be in a new role within 18 months. The APS faces the same challenges and the same potential wave of retirements of the ‘baby boomer’ generation.

It is important to identify and plan for APS skill shortages because they put at risk the APS’ capacity to deliver government programs—the scale of such risks can be large. Figure 7.3 identifies skill shortages reported by APS agencies in this year’s agency survey.

The agency survey collected information on the types of skills agencies found difficult to recruit or retain, as well as the impact these skill shortages had on the agency’s capability in 2009–10. Consistent with last year, shortages in the areas of information and communications technology (ICT) and accounting and financial management remain a significant challenge. Many agencies (between 39 and 50) were having difficulty recruiting or retaining these skills. They also estimated the number of additional employees they thought they would need over the next three years—345 ICT, 165 accounting, and 116 financial management staff. Many agencies reported that current shortages were having a moderate or severe impact on capability.

Recruiting or retaining high-level policy/research capability was also a significant challenge for 32 agencies this year; of those, 68% reported that this shortage was having a moderate or severe impact on agency capability.

For the remaining skill sets listed in Figure 7.3, agencies were having the most difficulty recruiting and retaining in the areas of project management (34 agencies), human resources (33 agencies), and contract management (30 agencies).
Agencies with difficulty recruiting or retaining skill sets and that indicated this difficulty had a moderate or severe impact on agency capability, 2009–10

Table 7.2 provides the numbers of employees needed over the next three years in areas of identified skill shortage based on estimates provided by APS agencies which had difficulty recruiting or retaining staff for these skill sets.

Source: Agency survey
Table 7.2: Employees needed to meet identified skill gaps, 2009–10

<table>
<thead>
<tr>
<th>Skill set</th>
<th>Estimated number of new employees needed by agencies over the next three years(a)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>APS 1–6</td>
</tr>
<tr>
<td>Accounting</td>
<td>94</td>
</tr>
<tr>
<td>Administrators</td>
<td>76</td>
</tr>
<tr>
<td>Auditing</td>
<td>20</td>
</tr>
<tr>
<td>Communications/marketing</td>
<td>16</td>
</tr>
<tr>
<td>Contract management</td>
<td>23</td>
</tr>
<tr>
<td>Economists</td>
<td>41</td>
</tr>
<tr>
<td>Engineers</td>
<td>19</td>
</tr>
<tr>
<td>Financial management</td>
<td>79</td>
</tr>
<tr>
<td>High-level policy/research</td>
<td>58</td>
</tr>
<tr>
<td>Human resources</td>
<td>28</td>
</tr>
<tr>
<td>ICT</td>
<td>209</td>
</tr>
<tr>
<td>Legal</td>
<td>73</td>
</tr>
<tr>
<td>Management</td>
<td>22</td>
</tr>
<tr>
<td>Project management</td>
<td>28</td>
</tr>
<tr>
<td>Scientists</td>
<td>10</td>
</tr>
<tr>
<td>Statistical</td>
<td>17</td>
</tr>
<tr>
<td>Other(b)</td>
<td>330</td>
</tr>
</tbody>
</table>

Notes: (a) Only those agencies that reported difficulty recruiting or retaining staff for these skill sets provided numbers of required employees. (b) A wide range of professions were represented by the ‘other’ category. They included archival and curatorial staff, call centre staff, conservators, enforcement staff, graphic and web designers, health professionals and social workers, linguists, medical practitioners, patent examiners, spatial specialists (cartographers), tax specialists, town/urban planners, trade and investment managers, and trades people.

Source: Agency survey

While magnitude of the skill shortage is an important consideration when assessing its impact on an agency’s capability, it is not the only consideration. Addressing shortages can be a significant challenge even when small numbers are involved. For example, agencies with difficulty recruiting or retaining engineers estimated that 46 additional engineers would be needed over the next three years. Only 13 agencies reported difficulties in recruiting or retaining them, with just nine agencies reporting these difficulties were having a moderate or severe impact on capability. Even though these numbers are small, it is harder for these agencies to address their shortages as the training is technical, potential recruits are competitively sought, and only a few agencies are affected, suggesting there may not be as great a breadth of opportunity in the APS in this particular profession. Similar obstacles exist for other categories, such as statistical, scientific, marketing/communications, and auditing skills. However, for the latter two categories, on-the-job training has the potential to address agency needs for 29 marketing/communications and 37 auditing staff in the next three years.

The APS Reform Blueprint proposes development of a Human Capital Priority Plan that identifies systemic workforce issues, such as skill and capability gaps. Over time, this will help agencies respond to systemic challenges in a cooperative and cohesive way.
Agencies reported using a range of recruitment strategies to address their skills shortages, including varying the recruitment advertising approach (66%), employing specialist recruitment firms (56%), developing closer relationships with stakeholders (such as universities) (38%), placing greater emphasis on graduate programs, cadetships or student placements (31%), and revising agency branding and marketing (27%).

**Information and communications technology**

Agency responses indicated that ICT services are commonly either fully outsourced (13%), or partially outsourced and/or managed externally (52%). The remaining 35% managed their own ICT services.

The Gershon review identified that the ICT workforce of Financial Management and Accountability Act 1997 (FMA Act) agencies at 30 June 2008 was 10,244 staff plus 3,135 contractors. In 2007–08, 23% of agencies’ ICT workforce consisted of ICT contractors and there was a shortage of around 1,000 ICT skilled workers (7% of the total ICT workforce) across FMA Act agencies. The review also found that 29 large agencies accounted for 94% of the total ICT expenditure for all FMA Act agencies in 2007–08, and three large agencies represented around 86% of the shortfall in ICT skilled workers. The skills that were most in demand included software engineers (212), business analysts (157), analyst programmers (80), support technicians (92), project managers (74), and hardware technicians (36).

A recommendation of the Gershon review was to reduce the total number of ICT contractors across the APS by 50% over a two-year period (to October 2010) and increase the number of APS ICT staff to save the government an estimated $100 million. The government extended the timeframe for reducing ICT contractors within the APS from two to three years to allow for most reductions to occur after development of a strategic ICT workforce plan and a whole-of-government ICT career pathway.

As at 30 June 2010, the APS had 11,580 APS ICT employees and 2,706 ICT contractors (Figure 7.4). The APS ICT workforce was most commonly employed at the APS 6 and EL 1 classifications.

Based on the figures collected in this year’s agency survey, the percentage of contractors in the overall agencies’ ICT workforce was 19% (of the total number of 14,286 APS ICT employees and ICT contractors) as at 30 June 2010. Agency estimates for the 12 months to 30 June 2011 and the three years to 30 June 2013 indicate a predicted need for an additional 1,711 employees and 1,457 employees, respectively.

The highest numbers of contractors were in development and programming, program-management, testing, business process analysis/design, and systems analysis/design. These areas had the highest representation of ICT contractors in percentage terms, relative to the total number of staff (APS ICT employees and ICT contractors)—ranging from 2% to 6% of the workforce. These are the skill sets where the greatest shortages are expected in the next 12 months to three years.
A substantial percentage of agencies indicated that a number of ICT job roles are critical to achieving their business objectives. Figure 7.5 shows where agencies indicated improvement in ICT capability is needed in the next 12 months and next three years. Improvements covered three areas: 1) improved capability of current employees; 2) recruitment of new staff with required capability; and 3) both improved capability of current employees and recruitment of new staff with required capability.
It is important that agencies continue developing and updating their workforce plans in light of changing business priorities, changing business practices and broader workforce trends. It is expected that once the human capital framework and the Human Capital Priority Plan have been developed, the Commission will be able to help agencies develop and refine their workforce plans. It is further expected that the Human Capital Priority Plan will identify both APS-wide and agency-specific strategies that proactively respond to workforce needs and systemic challenges in a cohesive way.
Streamlined recruitment and improved retention

The APS is already facing significant recruitment challenges. A large proportion of the APS workforce will reach retirement age over the next decade. Employees in the 45 years and over age group, who will be eligible for retirement in the next 10 years, account for 43.4% of ongoing employees, up from 30.6% in 1996 (see Chapter 9).

Recruitment demands will therefore intensify at a time when the APS is in increased competition with the private sector for highly skilled new labour market entrants as the economy changes to more knowledge-based work. Measures to improve recruitment, as well as retention rates among older workers, are likely to be needed.13

Recruitment

If the APS is to build its workforce capability in a more competitive labour market, it will need to improve its recruitment processes so the right people are placed in the right job at the right time. Recruitment across the APS will need to become more efficient, transparent and applicant-friendly and will need to distinguish candidates on the basis of merit. The APS Reform Blueprint14 recommends the APS adopt a number of strategies to streamline recruitment, namely:

- develop best practice standards for recruitment that uphold the merit principle
- establish regular labour and demographic analyses for APS employment
- coordinate initial graduate and trainee recruitment application processes
- use new recruitment processes, where appropriate, for SES Band 3 officers
- implement specific mechanisms to increase APS diversity.

During 2009–10, across all agencies, the APS engaged 10,221 ongoing employees, nearly 6.8% of its workforce; and 14,004 employees were promoted.

In 2009–10, agencies measured their recruitment performance in a variety of ways with the most popular being assessment of new recruits through the agency probation and/or performance management system (65%), retention and turnover statistics (58%), and advertising effectiveness (55%; Figure 7.6). Ten per cent of agencies reported not measuring recruitment performance.
A quantitative measure nominated by almost half of all agencies is the time-to-fill statistics relating to the average number of days to finalise a competitive selection exercise and the average number of days to fill a position from a competitive selection exercise. Results for 2009–10 are presented in Table 7.3.

Table 7.3: Time-to-fill statistics for ongoing non-SES and ongoing SES, 2009–10

<table>
<thead>
<tr>
<th></th>
<th>Ongoing non-SES</th>
<th>Ongoing SES</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean</td>
<td>Minimum</td>
</tr>
<tr>
<td>Number of days to finalise a competitive selection exercise(^a)</td>
<td>54</td>
<td>19</td>
</tr>
<tr>
<td>Number of days to fill a position from a competitive selection exercise(^b)</td>
<td>75</td>
<td>20</td>
</tr>
</tbody>
</table>

Notes: 
\(^a\) Defined as the total number of working days taken to finalise all selection exercises divided by the number of exercises. The time to finalise a selection exercise is defined as the time taken from advertising to when an offer of employment is made. A bulk selection round is counted as one selection exercise.

\(^b\) Defined as the total number of working days taken to fill all selection exercises divided by the number of exercises. The time to fill a position is defined as the time taken from advertising to when the successful candidate commences in the position.

Source: Agency survey
On average, it took 54 working days to finalise a competitive selection exercise for ongoing non-SES, with agencies reporting recruitment processes ranging from 19 to 144 days. For ongoing SES, the average number of days to finalise a competitive selection exercise was 76 working days, ranging from 27 to 120 days.

It took on average 75 working days to fill a position from a competitive selection exercise for ongoing non-SES (ranging from 20 to 164 days), and 94 working days for ongoing SES (ranging from 40 to 159 days). This data reports on average recruitment times within each agency. Hence, individuals being recruited can experience timeframes significantly longer than these figures.

Based on employees’ most recent experience (within the last 12 months) in applying for an APS job, recruitment timeframes were one month or less in 25% of cases; one to two months in 29% of cases; two to three months in 18% of cases; and 25% took three months or longer. Table 7.4 presents the views of employees who had applied for an APS job in the previous 12 months, based on their most recent recruitment experience. The results indicate that improvements are needed in recruitment processes.

Table 7.4: Employees’ views on recruitment experience, 2007–08 and 2009–10

<table>
<thead>
<tr>
<th></th>
<th>2007–08 Agree (%)</th>
<th>2009–10 Agree (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>I found the process overly demanding</td>
<td>41</td>
<td>45</td>
</tr>
<tr>
<td>I found the process difficult to understand</td>
<td>21</td>
<td>21</td>
</tr>
<tr>
<td>I thought the process took far too long to complete</td>
<td>–</td>
<td>53</td>
</tr>
<tr>
<td>I believed that the process was transparent</td>
<td>44</td>
<td>46</td>
</tr>
<tr>
<td>I believe that the process was conducted efficiently</td>
<td>42</td>
<td>40</td>
</tr>
<tr>
<td>I was provided adequate opportunity to seek feedback on my application, interview and/or other selection method used</td>
<td>52</td>
<td>50</td>
</tr>
<tr>
<td>I was left with a positive impression of the agency following the selection process</td>
<td>40</td>
<td>40</td>
</tr>
</tbody>
</table>

Source: Employee survey

It is important that recruitment strategies and processes are seen within the broader context. For example, at a meeting on public sector recruitment in the United States, participants expressed the view that the federal government was lagging behind other sectors in recruitment, employee support and talent management activity, and saw its people as a cost rather than a key element of organisational success. The discussion also indicated the importance of building continuing relationships with educational institutions and other sources of future employees to attract the best recruits. Some examples of initiatives from the APS follow.
The Department of Infrastructure, Transport, Regional Development and Local Government (Infrastructure) continued measuring its recruitment performance against the key performance indicator of 20 working days from close of applications to delegate sign-off and this benchmark was generally met. It reduced its recruitment advertising cost from $670,000 in 2008–09 to $100,000 in 2009–10 by introducing composite recruitment campaigns. It developed a recruitment brand and employee value proposition to increase its employment profile in the wider community and help embed its values and vision internally. It introduced a targeted graduate recruitment campaign and a student vacation employment program.

The Department of Education, Employment and Workplace Relations (DEEWR) developed and implemented the Indigenous Australian Government Development Program in order to increase the number of Indigenous employees in the Department. DEEWR invited nine other portfolio agencies to be program partners, with the result that 75 new Indigenous Australians have been recruited into the APS.

The Department of Immigration and Citizenship (DIAC) went live with an e-recruit system that manages candidates from application to induction into the Department. The system recognises user delegations, which guards the integrity of the recruitment process. Reports can be obtained in various formats, data can be collated on recruitment exercises, and surveys can be sent to system users to gain feedback. These information sources will be used to streamline existing recruitment processes.

The National Library of Australia (NLA) implemented online recruitment in October 2009, developed a new recruitment policy and provided associated training to staff. As well, it commenced monthly reporting against recruitment performance targets in 2009–10. Recruitment timeframes fell from about 39 to 21 days.

The Department of the Prime Minister and Cabinet (PM&C) has a program of placing second year university students during study breaks. The program is reported to have effectively attracted potential future graduates/employees to the Department and provided positive marketing of PM&C. The Department is also developing secondment arrangements with specialist industry consulting firms and universities, and with key APS agencies.

The Commission has adopted a number of recruitment initiatives, including improved recruitment guidance to agencies, initiatives delivered through the APSjobs website, and a project to evaluate recruitment advertising.

APSjobs has continued to support agencies’ recruitment efforts by providing an online APS recruitment advertising portal and the virtual (and PDF) copy of the Public Service Gazette. Employment opportunities advertised in the Gazette in 2009–10 totalled 13,176, a 3.4% increase from the 12,729 vacancies advertised in 2008–09.

Agency-specific and APS-wide recruitment activities have been successfully advertised through APSjobs using its ‘Campaign’ advertising feature. The ‘Campaign’ functionality has been successfully used in the finance and accounting skills arena, with a new ‘Finance Jobs’ campaign being launched and refreshed every six weeks. Finance Jobs aims
to provide agencies with a pool of short-listed applicants with accounting or finance related capabilities from APS 3 to EL 2 classifications. These specific recruitment campaigns provided an efficient, APS-wide approach by streamlining the initial recruitment process for agencies and for candidates. The Commission plans to undertake further work in this area in 2010–11 to support a whole-of-government graduate recruitment portal and other activities that reduce costs and improve efficiency across the APS.

The Commission’s *Evaluation of Recruitment Advertising*, which examined the effectiveness of recruitment advertising, indicated that *APSjobs* supported when necessary by additional advertising continues to be a cost-effective recruitment advertising source.17

Streamlining recruitment and improving induction for APS employees is essential in the environment in which the public service operates. The existing APS labour force is both ageing and becoming increasingly diverse in its career patterns and working arrangements. The younger people coming into the APS are displaying a greater interest in career mobility than did their predecessors. The APS will need to be well positioned to respond to these challenges and to continue recruiting and maintaining a workforce that can deliver high quality advice to government and effective services to all Australians.18

**Retention**

APS agencies spend a lot of time and effort advertising, interviewing and selecting candidates for various positions, which raises an important question about the overall effectiveness of the recruitment process: are the right people being selected into the right positions? An indicator of the effectiveness of recruitment is the number of people who leave the APS within 12 months of their appointment. In 2009–10, for example, 1,082 employees (11.2% of those who separated during 2009–10) left the APS within the first 12 months of appointment. Figure 7.7 shows the number of APS employees that have left within a year compared with the numbers of APS employees leaving the APS after a longer period of service.

![Figure 7.7 Employee length of service in the APS at time of separation, 2009–10](image_url)

*Note: Any prior service is not included in this analysis.*

*Source: APSED*
Data was also collected on the total recruitment cost per vacancy (defined as the sum of all costs associated with recruitment activity, including advertising costs, consultant fees, recruiter salary costs, travel expenses, venue costs, and so on). While the data definition needs greater rigour, only 23 agencies were able to provide an estimate of this cost (13 small, six medium, and four large agencies). Of those that did provide an indication, the median cost was $2,800, with a range from approximately $700 to almost $19,000.

The employee survey revealed that significantly more employees intend to leave their agency in the next two years than was reported last year (28%, up from 21% in 2008–09). Consistent with last year, half of these employees were intending to depart to pursue a job in another agency and hence remain within the APS. Respondents were asked to select up to five reasons for wanting to leave their agency. The most frequently nominated reasons were:

- lack of future career opportunities in their agency (51%)
- desire to try a different type of work or seeking a career change (38%)
- desire to gain further experience (38%)
- poor quality of senior leadership in their agency (24%)
- promotions or rewards not being based on achievement (21%).

**Strategic learning and development**

Efficient and effective achievement of government outcomes by APS agencies depends on the capabilities of their people. Capability building, which is central to organisational performance, requires a systematic management approach to learning and development as an integral part of workforce planning. Learning and development is a key management function for all APS agencies.

The 2002 Australian National Audit Office (ANAO) report, *Management of Learning and Development in the Australian Public Service*, found that:

> While agencies had made significant efforts to ensure that learning and development strategies are properly aligned with business needs identified in their corporate plans, they were unable to demonstrate the efficiency and cost-effectiveness of their investment in learning and development and its contribution to organisational effectiveness.

In particular, the following observations apply:

- There was a lack of supporting management information and performance measures. Where performance indicators did exist they were, in general, measures of activity rather than effectiveness.
- As a consequence, agencies were not evaluating learning and development strategies, in part because of the lack of appropriate performance targets and data.
The APS requires a coordinated approach to expanding and strengthening learning and development to identify and respond to skill and capability gaps. Strategies for achieving this are outlined in the APS Reform Blueprint such as:

- identify core service-wide development needs
- endorse a principle of annual professional development for all APS employees
- deliver core learning and development programs that are centrally procured
- evaluate a range of courses and negotiate the best rates for the APS.

Employees reported that their learning and development needs have been fully (33%), or to some extent (51%), identified and agreed with their manager in the last 12 months. Only 14% indicated that this was not the case.

Agencies generally identified their staff learning and development needs through a range of avenues including the performance management system (93%), individuals self-identifying their own needs (88%), and informal employee discussions with line managers (83%). Other avenues agencies noted included consultation with senior managers, workforce planning processes, audits or program evaluations, or assessments made after changes to functions.

Most agencies reported coordinating learning and development through a centralised agency-wide learning and development area (79%); however, the responsibility was often devolved to line managers (48%) or individuals (32%) and may be coordinated at a regional level (26%) or a business line level (40%).

Most agencies monitored employee participation in learning and development activities (83%) or were developing the means to do so (11%)—few did not monitor participation (6%).

Levels of satisfaction with learning and development reveal that:

- More than half of APS employees were satisfied with their access to learning and development opportunities (58%), but 17% were dissatisfied (24% were neither satisfied nor dissatisfied).
- Over half (56%) were satisfied with the quality of informal, on-the-job training.
- Over half (54%) were satisfied with the quality of formal training and education courses (off-the-job).
- Less than half (48%) were satisfied with the quality of e-learning.
- Less than half (45%) were satisfied with the quality of coaching or mentoring.

Employee assessment of the overall effectiveness of learning and development they had received in the last year was mixed—31% rated it high, 44% rated it moderate, and 23% rated it low. These results have not changed much since these questions were introduced to the employee survey in 2006–07.

Agency investment in learning and development

Each year employees attend formal off-the-job training such as classroom-based workshops, programs, conferences and seminars. Table 7.5 displays the survey results for employees’ time spent on off-the-job learning and development activities during the last 12 months.
Table 7.5: Time spent on off-the-job learning and development in the last 12 months, 2009–10

<table>
<thead>
<tr>
<th>Time spent</th>
<th>Employees (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>No time</td>
<td>17</td>
</tr>
<tr>
<td>1 to 2 days (includes part days)</td>
<td>25</td>
</tr>
<tr>
<td>3 to 5 days</td>
<td>29</td>
</tr>
<tr>
<td>6 to 10 days</td>
<td>14</td>
</tr>
<tr>
<td>More than 10 days</td>
<td>12</td>
</tr>
</tbody>
</table>

Source: Employee survey

During 2009–10, 29% of employees reported undertaking between three and five days of learning and development activities, consistent with agency reporting of the most common average number of days of off-the-job learning and development provided to employees. Employee responses are consistent with previous years’ reporting.

This year, agencies’ mean expenditure on learning and development was between 1.3% and 2.3% of their operating expenses (based on agency size), whereas the best performers in the private sector spent between 3% and 6%. For the 68 agencies that could estimate their investment in formal off-the-job learning and development, total expenditure during 2009–10 was approximately $177 million (Table 7.6 excludes Defence expenditure of $80 million). This includes all costs associated with learning and development activity, including venue costs, catering, presenter fees, travel expenses, design and development costs, material, salary costs plus on-costs of participants.

Table 7.6: Expenditure on formal off-the-job learning and development, 2009–10

<table>
<thead>
<tr>
<th>Agency size (number of reporting agencies)</th>
<th>Total expenditure of agencies ($ million)</th>
<th>Mean expenditure ($’000)</th>
<th>Mean expenditure as a percentage of operating expenses (%)</th>
<th>Mean expenditure as a percentage of total salary bill (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small (31)</td>
<td>9.7</td>
<td>313.3</td>
<td>2.3</td>
<td>3.3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Range: 28.5–1,198.7)</td>
<td>(Range: 0.3–16.6)</td>
<td>(Range: 0.5–16.9)</td>
</tr>
<tr>
<td>Medium (22)</td>
<td>25.3</td>
<td>1,148.7</td>
<td>1.3</td>
<td>2.5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Range: 180.9–3,158.0)</td>
<td>(Range: 0.4–2.8)</td>
<td>(Range: 0.9–5.4)</td>
</tr>
<tr>
<td>Large (14)</td>
<td>62.5</td>
<td>4,464.1</td>
<td>1.5</td>
<td>2.3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Range: 2054.5–9,800.0)</td>
<td>(Range: 0.4–4.0)</td>
<td>(Range: 0.7–6.7)</td>
</tr>
</tbody>
</table>

Note: (a) Eight large agencies, nine medium agencies, and 13 small agencies did not provide data.
(b) Defence expenditure of $80 million has been excluded, as the training was integrated and available to both APS and military personnel and would distort the statistics for the remaining APS agencies.

Source: Agency survey

Agencies reported the top five learning and development priorities for each classification level in the coming year (Table 7.7). The results support the need for leadership development for the SES and development of interpersonal skills for all
employees, which is consistent with priorities identified in the APS Reform Blueprint—the reinvigoration of strategic leadership and the better delivery of services to citizens.

Table 7.7: Agencies’ top five learning and development priorities for each classification level, 2010–11

<table>
<thead>
<tr>
<th>Ranking</th>
<th>APS 1–4</th>
<th>APS 5–6</th>
<th>EL</th>
<th>SES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Technical, relevant to specific jobs</td>
<td>Technical, relevant to specific jobs</td>
<td>People management</td>
<td>Leadership</td>
</tr>
<tr>
<td>2</td>
<td>Corporate</td>
<td>Interpersonal skills</td>
<td>Leadership</td>
<td>People management</td>
</tr>
<tr>
<td>3</td>
<td>Self-management</td>
<td>People management</td>
<td>Interpersonal skills</td>
<td>Corporate</td>
</tr>
<tr>
<td>4</td>
<td>Interpersonal skills</td>
<td>Corporate</td>
<td>Business</td>
<td>Interpersonal skills</td>
</tr>
<tr>
<td>5</td>
<td>ICT</td>
<td>Self-management</td>
<td>Corporate</td>
<td>Policy skills</td>
</tr>
</tbody>
</table>

Source: Agency survey

These results have been consistent over a number of years and reflect a generic set of learning and development needs for each classification group. It is important that agencies continue to ensure the content of courses focuses on contemporary material. Similarly, development of technical skills relevant to specific APS jobs recurs each year as a top priority for APS classifications—agencies need a way to ensure they are addressing skills gaps and shortages within their workforce.

Learning and development are critical for enhancing productivity and organisational performance. Managing learning and development processes is central to their effectiveness. Research shows high-performing organisations in Australia and overseas share certain features in relation to learning and development, specifically:

- They align and integrate their learning and development initiatives with corporate and business planning by reviewing existing activities and initiating new learning and development programs to support corporate plans.
- Their corporate culture supports these initiatives and addresses cultural barriers to learning.
- Their managers invest in, and are accountable for, learning and development.
- They focus on the business application of training rather than the type of training, and they consider appropriate learning options.
- They evaluate learning and development formally, systematically and rigorously.23

Effective performance management

Performance management is an essential tool that is relevant at all levels in all APS agencies. It provides a means to improve organisational performance by linking and aligning individual, team and organisational objectives and results. It also provides a means to recognise and reward good performance and to manage underperformance.24
The APS Reform Blueprint recommends strengthening the performance management framework, providing performance management training to all SES and managers, and developing common APS-wide guidelines for dealing with underperformance.25

**Performance management systems**

Most agencies (93%) reported that it is mandatory for all employees to have a formal performance agreement. Agency performance management systems generally included:

- a clear statement of performance expectations derived through discussion with staff (96%)
- linkages between performance assessment and salary progression (94%)
- individualised learning and development plans (93%)
- a performance culture with regular feedback and discussion (92%)
- performance assessments with role accountabilities and key performance indicators (88%)
- support and assistance for line managers to develop skills in performance management (87%)
- regular evaluation of the system (76%)
- a reward and recognition scheme (66%)
- an electronic system (35%, with a further 17% being developed).

Most employees (88%) reported receiving formal individual performance feedback in the last year. This was generally from their supervisor (96%). However, only 51% of employees agreed that their most recent performance review would help them improve their performance.

One mechanism to improve the effectiveness of a performance management system is ensuring line managers are accountable for implementing the agency’s performance management system. Only 60% and 64% of agencies respectively included this in line managers’ and senior managers’ performance agreements. Another mechanism to test effectiveness of the performance management system is including appropriate questions in employee surveys; only 37% of agencies did this. The larger the agency, the more likely it was to have these mechanisms in place.

Agencies that assessed employee application of the APS values and/or agency-specific values used a number of performance management methods including:

- A requirement that an assessment of the values and the results be included in performance agreements (86%).
- Training provided to employees on how values relate to effective performance (55%; a further 13% were developing training).
- Regular use of multi-source feedback such as 360-degree assessments (32%).
Despite these efforts, the employee survey results indicated that only 60% of employees who had received formal performance feedback in the last 12 months had a discussion about the alignment of their performance with the APS Values and Code of Conduct.

A new performance management system

The Australian Pesticides and Veterinary Medicines Authority (APVMA) implemented a new performance management framework in 2009–10 with mandated key performance indicators relating to values and behaviours for all staff. EL 2 staff completed a 360-degree feedback on all SES performance, including demonstration of the APS Values and demonstrated behaviours. The Chief Executive Officer and SES held calibration meetings in relation to EL 2 performance; performance, values and behaviours were included in those discussions.

Managing underperformance

The agency survey revealed that 89% of agencies had a system or guidelines for managing underperformance, and a further 10% of agencies were developing them.

Thirty-six per cent of employees felt that a member or members of their immediate work group had consistently underperformed in the preceding year. These employees generally thought a co-worker (64%), someone more junior (35%) and/or a supervisor (13%) were underperforming. Most of these employees (94%) thought the underperformance had an adverse impact on the team's performance or workload (significant impact 28%, moderate impact 43%, and slight impact 22%).

During 2009–10, 78% of employees who felt a member or members of their immediate work group consistently underperformed indicated that the underperforming employee(s) had a performance agreement in place, support in the workplace and/or awareness of the deliverables, delivery timeframes and work’s purpose. Despite this, managing perceptions of underperformance remains a challenge in the APS as only 10% of these employees reported that the underperformance had been fully dealt with, a further 38% indicated the underperformance was dealt with to some extent, and 32% responded that it had not been dealt with.

Effective management of underperformance is challenging for other public sector organisations, not just the APS. A United States study, the Merit Principles Survey of 41,600 employees across 30 agencies, found that only 30% agreed that their supervisor takes steps to deal with poor performers, and 63% reported routinely doing more than their fair share of work because of poorly performing co-workers. This report made some universally appropriate recommendations relating to performance management. Agencies could find value in testing their own practices against the better practice principles that these recommendations contain.
Managing for Engagement—Communication, Connection, and Courage


Recommendations

• For all employees
  – Take an active role in managing your own performance
  – Adopt a continuous learning mindset
  – Prepare carefully for progress review meetings with your supervisor

• For leaders at all levels
  – Hire with care and use the probationary period as part of the selection process
  – Develop a strong working relationship with each employee
  – Meet regularly with each employee to review progress and provide feedback
  – Model requesting and applying feedback
  – Give all employees the opportunity to grow and develop
  – Hold employees accountable for their performance

• For managers and executives
  – Involve employees in building a high performance organisation
  – Build employee trust and confidence through frequent, open communication
  – Engage new employees with an on-boarding program
  – Closely link recognition and rewards to performance
  – Select supervisors who will effectively manage performance
  – Hold every supervisor accountable for effective performance management
  – Provide supervisors with the training, resources, and management support they need to effectively manage their employees to achieve high performance
  – Evaluate the effectiveness of your agency’s current performance appraisal system.

As the 2003 Management Advisory Committee (MAC) report on performance management stated:

*An effective approach to performance management enables employees and teams to understand the goals of the organisation and to see how individual and team outputs contribute to the achievement of organisational objectives and values. Integrating people, planning and performance with organisational objectives develops individual and organisational capability and leads to higher performance.*
Clear and aligned employment conditions to support greater mobility

An important aspect of workforce capability is the ability for APS employees to be mobile across the public service. Greater employee mobility promotes diversity in career experiences and strengthens the sense of one APS, which is supported by the APS Reform Blueprint.

The APS requires a mobility strategy that encourages and helps employees pursue diverse work opportunities to develop their capability. The APS Reform Blueprint recommends development of mechanisms for mobility, including inter-jurisdictional mobility.29

Consistent with employee responses on intentions to leave, a high percentage of employees are interested in gaining broader work experience through a secondment or short-term transfer outside of their agency. Preferences were for experiences in another APS agency (53%), another level of government (21%), and in the private sector (15%). Only 26% were not interested in these development opportunities. However, only 14% of employees have been offered an opportunity to gain broader work experience through a secondment or short-term transfer in the last three years. Of those who were offered such an opportunity, 69% accepted it.

Table 7.8 indicates the changes in work perceived by employees who have been at their current classification level for at least five years.

Table 7.8: Employees who have been at their current classification for at least five years and the perceived changes in their work, 2009–10

<table>
<thead>
<tr>
<th>Employees who agreed that this had increased (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Task complexity</td>
</tr>
<tr>
<td>Job requirements in terms of skills, knowledge or qualifications</td>
</tr>
<tr>
<td>Workload (for example, time required to do the job)</td>
</tr>
<tr>
<td>Individual ability to make judgements or decisions without further review from higher level staff</td>
</tr>
<tr>
<td>Managerial or supervisory responsibilities</td>
</tr>
</tbody>
</table>

Source: Employee survey

This data presents a picture of increasing demands on employees alongside limited opportunities to broaden their experience and skill sets. The cost of losing trained and experienced employees is high and agencies need to provide further opportunities for employees to remain engaged and challenged in their current positions; internal mobility or temporary absences to undertake new assignments is a means of achieving this.
Remuneration

Increasing disparity in remuneration between departments and agencies potentially leads to inequities and impedes mobility and establishment of one APS culture. The APS Reform Blueprint recommends ensuring employment bargaining arrangements support one APS by strengthening the Australian Government Employment Bargaining Framework (the Bargaining Framework) and streamlining existing APS bargaining arrangements. The Bargaining Framework, within which APS agencies negotiate terms and conditions of employment with their employees, was revised in September 2009 to reflect the requirements of the *Fair Work Act 2009* (FW Act), particularly those relating to good-faith bargaining and consultation, dispute resolution and flexibility terms.

The Bargaining Framework also required that the nominal expiry date for APS enterprise agreements would be no later than 30 June 2011. Additional scrutiny was introduced for APS agencies proposing greater than a 3% average annualised wage increase (AAWI). In such cases, the agency was required to provide DEEWR with sufficient evidence to demonstrate the increases to remuneration were offset by quantifiable productivity improvements. DEEWR was also required to consult with the Department of Finance and Deregulation on whether the cost of the agreement was affordable and funded from within the agency’s existing budget.

The Bargaining Framework requires that terms and conditions for non-SES employees be negotiated separately at each agency in an enterprise agreement. Fifty-nine APS agreements assessed against the Bargaining Framework commenced between 1 July 2009 and 30 June 2010. Most APS employees were covered by a collective or enterprise agreement. Forty-four per cent of APS agency agreements were enterprise agreements made under the FW Act.

It is important to consider how the total remuneration for APS employees compares to equivalent jobs in other jurisdictions, as well as with other sectors. Table 7.9 presents the median level of total remuneration package for APS employees for each classification in 2009. The median level is used as a benchmark for comparing APS remuneration levels with equivalent jobs in the state and territory public services and in the private sector. This table shows that APS remuneration continues to be above that of the public services in the states and territories. However, the remuneration of most APS classifications remains less than the median equivalent in the private sector.

For example, at the EL 2 classification, the combined state and territory public services remunerate jobs at only 74% of the APS median, while the private sector pays approximately 19% more than the APS.
## Table 7.9: Comparative levels of total remuneration package, 2009

<table>
<thead>
<tr>
<th>Classification</th>
<th>APS Median ($)</th>
<th>APS Median (%)</th>
<th>State and territory public services Median (%)</th>
<th>Private sector Median (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>APS 1</td>
<td>46,304</td>
<td>84</td>
<td>72</td>
<td></td>
</tr>
<tr>
<td>APS 2</td>
<td>54,963</td>
<td>90</td>
<td>91</td>
<td></td>
</tr>
<tr>
<td>APS 3</td>
<td>60,197</td>
<td>94</td>
<td>103</td>
<td></td>
</tr>
<tr>
<td>APS 4</td>
<td>67,798</td>
<td>93</td>
<td>110</td>
<td></td>
</tr>
<tr>
<td>APS 5</td>
<td>75,133</td>
<td>94</td>
<td>118</td>
<td></td>
</tr>
<tr>
<td>APS 6</td>
<td>86,391</td>
<td>92</td>
<td>126</td>
<td></td>
</tr>
<tr>
<td>EL 1</td>
<td>109,466</td>
<td>81</td>
<td>120</td>
<td></td>
</tr>
<tr>
<td>EL 2</td>
<td>136,310</td>
<td>74</td>
<td>119</td>
<td></td>
</tr>
<tr>
<td>SES Band 1</td>
<td>203,136</td>
<td>86</td>
<td>107</td>
<td></td>
</tr>
<tr>
<td>SES Band 2</td>
<td>254,222</td>
<td>86</td>
<td>125</td>
<td></td>
</tr>
<tr>
<td>SES Band 3</td>
<td>325,125</td>
<td>89</td>
<td>149</td>
<td></td>
</tr>
<tr>
<td>Departmental Secretaries (d)</td>
<td>470,790</td>
<td>n/a</td>
<td>n/a</td>
<td></td>
</tr>
</tbody>
</table>

Notes: (a) Total remuneration package includes base salary plus benefits such as superannuation and motor vehicle, but excludes bonuses.
(b) Mid-point of equivalent positions in the combined state and territory public services (excluding Tasmania and Western Australia).
(c) Percentage of the APS median total remuneration package.
(d) All 19 Departmental Secretaries are remunerated at the same rate ($470,790) except for higher-level Secretaries who receive 6.9% more, as at 23 October 2010.

Source: 2009 APS Remuneration Survey conducted by Mercer (Australia) for DEEWR.

Salary dispersion within the APS has been monitored and reported in previous State of the Service Reports. This year’s data indicates a slight contraction in salary dispersion from those reported in recent years. Figure 7.8 shows the range between the minimum and maximum salary rates for each classification from 1996 to 2009.

**Figure 7.8** Range between minimum and maximum salary by classification, 1996 and 2009

Source: 2009 APS Remuneration Survey conducted by Mercer (Australia) for salary ranges between minimum and maximum salary by classification; Continuous Improvement in the APS Enterprise Agreement 1995–96 for 1996 salary ranges.
While agency-level bargaining has delivered significant productivity gains and has helped agencies deal with labour market pressures and agency-specific issues, the disparity that has developed is possibly acting as a barrier to building a stronger, unified APS identity. In last year’s survey, employees were asked to outline what actions could be taken to help achieve greater efficiency and/or effectiveness in the APS. More than four in 10 employees (44%) cited the need for more consistent classification and remuneration across APS agencies. This theme was also raised in the APS Reform Blueprint within recommendations relating to clarifying and aligning employment conditions.

**Key chapter findings**

The APS is already facing significant challenges in recruitment. A large proportion of the APS workforce will reach retirement age during the next decade—43.4% of ongoing employees in 2010, an increase from 30.6% in 1996. Recruitment demands will therefore intensify at a time when the APS is facing increased competition for a relatively smaller pool of new labour market entrants. Measures to improve recruitment, as well as retention rates among older workers, are needed.

The Advisory Group’s discussion paper, which informed the directions for the APS Reform Blueprint, noted that sporadic workforce planning and a lack of clarity about capability requirements have exacerbated the capability and skill gaps across the APS. This chapter has provided an overview of the data trends and strategies that agencies have in place to support:

- coordinated workforce planning
- streamlined recruitment and improved retention
- strategic learning and development
- effective performance management
- clear and aligned employment conditions to support greater mobility.

Consistent with last year’s findings, the greatest workforce risk APS agencies identified is that of recruiting and retaining appropriately skilled people. The shortage of ICT professionals remains the most pressing challenge. The greatest numbers will be required in the ICT areas of development and programming, program-project management, testing, business process analysis/design, and systems analysis/design. Accountancy and financial management, and high-level policy/research skills also continue to feature as shortages and are having a negative affect on agency capability. Some of the shortages, while difficult to address in individual agencies, are relatively small in number and could be alleviated with a concerted APS-wide effort.

While some agencies have invested in e-recruitment solutions, recruitment processes are viewed negatively on many dimensions. There is wide variation between agencies on recruitment timeframes and these are generally too long—with an average of 54 working days to finalise a competitive selection exercise for ongoing non-SES, and an average of 75 days to fill the position. Actual timeframes can be significantly longer as agencies report on
the average for their agency. This suggests there is significant scope for improving the efficiency of APS recruitment processes.

Clearly, APS agencies spend a lot of time and effort advertising, interviewing and selecting candidates for various positions yet, of those who separated from the APS this year, 11.2% (1,082 employees) left within the first 12 months. This suggests there is significant scope for improving the effectiveness of APS recruitment.

Agencies make a significant investment in learning and development—agency estimates for formal off-the-job activities totalled $177 million (including $80 million by Defence). However, only 54% of employees were satisfied with the quality of formal off-the-job training.

Agencies have clearly adopted and implemented performance management processes within their workplaces; however, only 51% of employees agreed that their most recent performance review would help them improve their performance. Evidence from both the agency and employee surveys suggests that it is the application of performance management processes by managers that requires improvement. Agencies could put accountability mechanisms in place for all supervisory staff, such as including an assessment of these activities in supervisors’ performance agreements, and obtaining feedback from employees on the benefits—or otherwise—of the performance management system.

Endnotes


Hosted by Harvard University’s John F. Kennedy School of Government and the University of Maryland School of Public Policy, in collaboration with the US Office of Personnel Management.


The Australian Public Service (APS) is committed to progressing equity and diversity to ensure the public service workforce is representative of the broader Australian community. To support this commitment, agencies are required to improve workforce representation across the diversity groups through a number of whole-of-government initiatives.

The Australian Government, as party to the Council of Australian Governments (COAG) National Partnership on Indigenous Economic Participation, has agreed to increase Indigenous employment across the Commonwealth public sector to 2.7% by 2015 to reflect the projected national Indigenous working-age population share.

The National Mental Health and Disability Employment Strategy sets out a number of priority actions to get Australians with disability, including those with a mental illness, into work. As part of the actions outlined in the strategy, the Australian Public Service Commission (the Commission) will ask all APS agencies to consider, over the next 12 months, what an appropriate target could be for the employment of people with disability in their agency, and what strategies could be adopted to increase employment of people with disability in the APS.

This chapter examines the trends in employment of key diversity groups in the APS, including Indigenous Australians, people with disability, and people from non-English speaking backgrounds (NESB). It also outlines the extent to which the APS is attracting diverse talent to provide the APS with a wider range of experiences and skill sets; implementing specific mechanisms to increase APS diversity; and promoting an APS career to individuals from under-represented backgrounds.
Workplace diversity

Under section 18 of the Public Service Act 1999, agency heads must establish workplace diversity programs that help give effect to the APS Values. This program must include measures directed at ensuring the agency’s corporate, business and human resource plans demonstrate that it values the diverse backgrounds of its employees and promote and uphold equity in employment. Agencies are required to evaluate and assess the effectiveness and outcomes of their workplace diversity program, as well as review their program at least once every four years.

During 2009–10, 68% of APS agencies reported having an existing workplace diversity program, while 21% had one under development, and 10% did not have such a program in place. Overall, there has been a decline in the proportion of agencies with an existing workplace diversity program this year (68%) from 2008–09 (71%) and 2007–08 (77%), a concerning trend given that it is mandatory for all agencies to have one. Large agencies were most likely to have a workplace diversity program; 83% reported having an existing program, compared to 74% of medium agencies and only 57% of small agencies. It is positive to note that for those agencies with a workplace diversity program in place or under development, most (67%) monitored their program through reporting in their annual report, and 28% included monitoring as a part of their annual business planning cycle.

The employee survey collected information on employees’ general impressions of their supervisors’ ability to work effectively and sensitively with people from diverse backgrounds, their senior leaders’ efforts to improve equality and diversity in employment, and their agency’s commitment to creating a diverse workforce. Results for 2009–10 indicated that 74% of employees thought their supervisor worked well with people from diverse backgrounds and 69% thought their agency was committed to a diverse workforce. Only 34% of higher classified employees—Senior Executive Service (SES) and Executive Level 2 (EL 2)—agreed that their senior leaders were active in improving equality and diversity in employment, a continuing decline from the proportions reported in 2008–09 (42%) and 2007–08 (47%).

Trends in representation of EEO groups

Diversity is important if the APS is to draw on the full range of skills and experience to build its capability. Table 8.1 shows proportional representation in the APS for Indigenous Australians, people with disability, and people born overseas whose first language was not English (NESB 1) for the past 10 years. It shows that the proportional representation of Indigenous Australians and people with disability has remained steady since last year, and increased for people from a non-English speaking background. Over the longer term, representation of Indigenous Australians and people with disability has fallen, while NESB 1 representation has risen.

<table>
<thead>
<tr>
<th>EEO Group</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indigenous Australians (%)</td>
<td>2.6</td>
<td>2.6</td>
<td>2.6</td>
<td>2.5</td>
<td>2.4</td>
<td>2.2</td>
<td>2.2</td>
<td>2.2</td>
<td>2.2</td>
<td>2.2</td>
</tr>
<tr>
<td>People with disability (%)</td>
<td>4.3</td>
<td>4.0</td>
<td>4.1</td>
<td>4.1</td>
<td>3.9</td>
<td>3.6</td>
<td>3.4</td>
<td>3.2</td>
<td>3.1</td>
<td>3.1</td>
</tr>
<tr>
<td>People from NESB 1 (%)</td>
<td>5.6</td>
<td>5.6</td>
<td>5.5</td>
<td>5.6</td>
<td>5.8</td>
<td>6.0</td>
<td>6.1</td>
<td>6.1</td>
<td>6.2</td>
<td>6.3</td>
</tr>
</tbody>
</table>

Source: APSED
A small improvement in data quality was apparent this year, suggesting that agencies are having some success in establishing environments where employees feel more comfortable in identifying their EEO status, as well as developing systems to collect the data. For all groups, last year’s proportions have been revised upwards as a result of improved data quality; for example, the Indigenous figure in last year’s report was 2.1% at June 2009, but by June 2010 had been adjusted to 2.2%.

Of the data provided by agencies to the Australian Public Service Employment Database (APSED) at the end of June 2010, only around half had comprehensive EEO data. Once an employee’s data is provided to APSED, it is stored permanently unless the employee subsequently chooses not to provide it. If the person moves to another agency that has not provided this information to APSED, then the previous data is retained.

Using this approach, Indigenous status is available for 75.5% of ongoing employees in the database, and disability status is available for 68.7%. These proportions are higher than those reported last year, indicating improved data quality in some agencies. The quality of employee-provided data overall, however, is still of concern and many agencies are still unable to provide this data for nearly half of their employees.

To help agencies collect diversity data from employees, amendments are planned to the Commissioner’s Directions to ensure agencies are required to ask all employees for this information, while ensuring that employees can still choose not to provide it, if that is their preference. This approach should ensure improved data quality, and more meaningful analysis of data to support improved employment outcomes for these groups, while still ensuring individuals’ privacy.

Agencies used a number of targeted recruitment strategies in 2009–10 to increase the representation of particular categories of staff in the APS workforce (see Table 8.2).

Table 8.2: Agencies targeting recruitment and retention strategies to particular people, 2009–10

<table>
<thead>
<tr>
<th>Target group</th>
<th>Agencies with targeted recruitment strategies (No.)</th>
<th>Agencies with ‘effective’ targeted recruitment strategies (%)</th>
<th>Agencies with targeted retention strategies (No.)</th>
<th>Agencies with ‘effective’ targeted retention strategies (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
<td>0</td>
<td>–</td>
<td>1</td>
<td>100</td>
</tr>
<tr>
<td>Men</td>
<td>0</td>
<td>–</td>
<td>0</td>
<td>–</td>
</tr>
<tr>
<td>Indigenous Australians</td>
<td>40</td>
<td>70</td>
<td>18</td>
<td>78</td>
</tr>
<tr>
<td>People with disability</td>
<td>9</td>
<td>89</td>
<td>8</td>
<td>75</td>
</tr>
<tr>
<td>People from a non-English speaking background</td>
<td>2</td>
<td>100</td>
<td>2</td>
<td>50</td>
</tr>
<tr>
<td>Younger workers</td>
<td>6</td>
<td>83**</td>
<td>2</td>
<td>100</td>
</tr>
<tr>
<td>Older workers</td>
<td>3</td>
<td>33**</td>
<td>4</td>
<td>100</td>
</tr>
<tr>
<td>Graduates (through a formal graduate program)</td>
<td>41</td>
<td>95</td>
<td>17</td>
<td>100</td>
</tr>
<tr>
<td>People with specific skill sets</td>
<td>32</td>
<td>84**</td>
<td>12</td>
<td>92**</td>
</tr>
<tr>
<td>No particular group targeted</td>
<td>30</td>
<td>–</td>
<td>63</td>
<td>–</td>
</tr>
</tbody>
</table>

Note: Agencies self-reported whether the strategy was effective or not. (a) Includes one ‘Not stated’ response. (b) Includes two ‘Not stated’ responses.

Source: Agency survey
Few agencies had targeted recruitment or retention strategies for people with disability, younger workers, older workers, people from a non-English speaking background or women. Where agencies did undertake targeted recruitment or retention initiatives, they generally considered these strategies effective.

**Indigenous employees**

The APS Employment and Capability Strategy for Aboriginal and/or Torres Strait Islander Employees (the Strategy) is designed to support APS agencies to increase the representation of Indigenous Australians across the APS to achieve the COAG target. The Strategy was revised recently to ensure that it meets the expectations of the government’s ‘closing the gap’ agenda and continues to respond to the needs of Indigenous APS employees and their managers. The key objectives of the Strategy are to attract more Indigenous Australians to the APS, provide current Indigenous employees with opportunities for skills and career development across APS agencies, help agencies create and maintain supportive and culturally respectful workplaces, and support employers to enhance their agency’s skills in working with and sustaining Indigenous staff.

**2009 Census Report—Aboriginal and Torres Strait Islander APS Employees**

Since August 2005, the APS Employment and Capability Strategy for Aboriginal and/or Torres Strait Islander Employees has contributed to the stabilisation of Indigenous employment levels in the APS, as well as to the Australian Government’s wider agenda of improving employment and equity outcomes for Indigenous Australians. As part of the research component under this Strategy, the Commission conducted the first comprehensive census of Indigenous APS employees in 2005. The results provided valuable insights into the views of Indigenous employees on the nature of their employment in the APS and helped shape the work under the Strategy. The Commission conducted a second census of Indigenous APS employees [in 2009] to again ask them about their experience as employees in the APS, and about what is and is not working well for them. It also aimed to determine if current initiatives for the employment, development and retention of Indigenous staff were meeting their needs.

The outcomes from the 2009 Census indicate that there have been no major changes in what Indigenous APS staff report about their experience of working in the APS since the first census in 2005. The findings highlight that there are many areas where the APS is performing well, in addition to areas requiring further attention by APS agencies. In particular, four key areas for improvement were identified: strengthening the focus on retaining Indigenous employees; recruiting Indigenous employees; promotion of wider job opportunities for Indigenous employees; and improving opportunities for career development and advancement.

The 2009 Census findings, together with the impetus created by both the Australian Government’s commitment to achieving the COAG target and the release of Ahead of the Game: Blueprint for the Reform of Australian Government Administration, are a catalyst for agencies to focus their efforts to improve the employment outcomes for Indigenous staff across the APS. The mechanisms for success are now largely in place … to [meet] this undoubted challenge.
The number of ongoing Indigenous employees rose slightly this year, from 3,266 to 3,307, an increase of 1.3%, and higher than the increase in the APS overall (0.4%). Proportional representation remained steady.11

Indigenous representation is still lower than representation in the Australian community (2.5%)12 and also lower than the COAG target of at least 2.7% by 2015 for the Commonwealth public sector. These figures clearly demonstrate that agencies will need to do more than they are currently doing. A business-as-usual approach will not achieve the COAG target.

Indigenous employment by agency

Representation of Indigenous employees varies widely among agencies. It is highest in agencies that deliver services predominantly to, or work with Indigenous communities, suggesting a concentration of Indigenous employees in Indigenous-specific roles. As Table 8.3 shows, the agencies with the highest Indigenous representation are those with significant Indigenous functions. The Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) is the only large agency in this group.

<table>
<thead>
<tr>
<th>Agency</th>
<th>Total ongoing employees</th>
<th>Indigenous ongoing employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aboriginal Hostels Ltd.</td>
<td>369</td>
<td>297</td>
</tr>
<tr>
<td>Torres Strait Regional Authority</td>
<td>39</td>
<td>22</td>
</tr>
<tr>
<td>AIATSIS</td>
<td>44</td>
<td>10</td>
</tr>
<tr>
<td>National Native Title Tribunal</td>
<td>167</td>
<td>15</td>
</tr>
<tr>
<td>FaHCSIA</td>
<td>3,433</td>
<td>299</td>
</tr>
</tbody>
</table>

Source: APSED

Of those agencies with more than 1,000 ongoing employees at June 2010, five had Indigenous representation equal to or above the APS average. Those agencies were FaHCSIA (8.7%); the Department of Education, Employment and Workplace Relations (DEEWR 6.0%); the Department of the Environment, Water, Heritage and the Arts (DEWHA 4.6%); Centrelink (4.0%); and the Department of Health and Ageing (DoHA 2.4%). Smaller agencies with higher-than-average representation included the Australian Institute of Aboriginal and Torres Strait Islander Studies (AIATSIS 22.7%), and the Commission (6.4%).

Indigenous employees are concentrated in a small number of agencies. At June 2010, four agencies accounted for 59.8% of all ongoing Indigenous employees—Centrelink (1,036; 31.3%), DEEWR (345; 10.4%), FaHCSIA (299; 9.0%), and Aboriginal Hostels Ltd (297; 9.0%).

Twenty-six agencies reported having no ongoing Indigenous employees, and a further 17 reported having only one.

During 2009–10, the largest growth in Indigenous employment was in DEEWR (an additional 27 employees), the Department of Human Services (DHS 9), and the Australian
Electoral Commission (4). The largest decreases were in Medicare (16), Aboriginal Hostels Ltd (9), and Centrelink (6).

In this year’s survey, employees who had identified as an Aboriginal and/or Torres Strait Islander in the employee survey were asked whether they were identified as such in their agency’s human resource information system. Seventy-eight per cent of Indigenous employees reported that they were identified in their agency’s system, 10% reported that they had never been asked for this information, and 10% reported that they had chosen not to advise their agency.

**Indigenous employment by classification**

Table 8.4 shows that Indigenous representation grew most at the APS 5–6, EL and Graduate APS classifications during 2009–10. The number of Indigenous APS 5–6s increased from 922 at June 2009 to 959 at June 2010, the number of Indigenous ELs grew from 371 to 400, and for Graduate APS employees the increase was from 28 to 41. While the number of trainees fell slightly (from 52 to 49), their proportional representation grew strongly during the year to be 27.7% of all trainees at June 2010. The number of Indigenous SES employees fell from 15 to 12 during the year.

| Table 8.4: Representation of Indigenous employees by classification, 1996, 2009 and 2010 |
|-----------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                                               | 1996            | 2009            | 2010            |
| % of class’n who are Indigenous               | % of Indigenous employees | % of class’n who are Indigenous | % of Indigenous employees | % of class’n who are Indigenous | % of Indigenous employees |
| APS 1–2                                       | 1,031           | 377             | 368             | 11.5            | 11.1            |
| APS 3–4                                       | 1,459           | 1,501           | 1,478           | 46.0            | 44.7            |
| APS 5–6                                       | 620             | 922             | 959             | 18.3            | 29.0            |
| EL                                            | 133             | 371             | 400             | 0.6             | 12.1            |
| SES                                           | 18              | 15              | 12              | 0.5             | 0.4             |
| Trainee                                       | 105             | 52              | 49              | 13.6            | 1.5             |
| Grad APS                                      | 23              | 28              | 41              | 2.8             | 1.2             |
| Total                                         | 3,390           | 3,266           | 3,307           | 2.6             | 100.0           |

Source: APSED

The proportion of Indigenous employees with graduate qualifications remained much lower than the APS average—28.3% compared with 55.5% at June 2010—and fell slightly from 28.6% in 2009.13

**Indigenous engagements and separations**

Indigenous employee numbers are affected by the number of Indigenous engagements to the APS and the number of Indigenous employees separating from the APS. During 2009–10, there were 425 Indigenous employees engaged, which accounted for 4.2% of all engagements—the highest proportion since 1997–98. The number of Indigenous
engagements fell slightly from the previous year but, in proportional terms, the fall was less than that for overall engagements.

Indigenous separations can be looked at in two ways—either as a proportion of Indigenous employees, or as a proportion of total separations. Using the first method, 11.8% of all ongoing Indigenous employees separated during 2009–10, almost unchanged from 11.7% the previous year. The comparable separation rate for the APS overall during 2009–10 was much lower (6.4%).

Table 8.5 looks at Indigenous separations using the second method described above. As a proportion of all separations, those of Indigenous employees rose this year, from 3.6% to 4.0%. The separation rate was lower than the engagement rate for the first time since 2001–02.

Table 8.5: Indigenous representation in engagements and separations of ongoing employees, 2000–01 to 2009–10

<table>
<thead>
<tr>
<th>Year ending June</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engagements</td>
<td>436</td>
<td>438</td>
<td>477</td>
<td>322</td>
<td>328</td>
<td>486</td>
<td>576</td>
<td>442</td>
<td>432</td>
<td>425</td>
</tr>
<tr>
<td>% of engagements</td>
<td>3.2</td>
<td>3.6</td>
<td>3.1</td>
<td>3.4</td>
<td>2.8</td>
<td>2.3</td>
<td>3.0</td>
<td>2.7</td>
<td>3.3</td>
<td>4.2</td>
</tr>
<tr>
<td>Separations</td>
<td>269</td>
<td>286</td>
<td>309</td>
<td>303</td>
<td>444</td>
<td>401</td>
<td>370</td>
<td>461</td>
<td>380</td>
<td>387</td>
</tr>
<tr>
<td>% of separations</td>
<td>3.4</td>
<td>3.4</td>
<td>4.3</td>
<td>5.4</td>
<td>4.2</td>
<td>4.2</td>
<td>3.5</td>
<td>3.8</td>
<td>3.6</td>
<td>4.0</td>
</tr>
<tr>
<td>% of ongoing employees</td>
<td>2.6</td>
<td>2.6</td>
<td>2.6</td>
<td>2.5</td>
<td>2.4</td>
<td>2.2</td>
<td>2.2</td>
<td>2.2</td>
<td>2.2</td>
<td>2.2</td>
</tr>
</tbody>
</table>

Source: APSED

Indigenous employees continued to have a much shorter length of service before leaving the APS than did non-Indigenous employees. During 2009–10, 16.8% of Indigenous employees who separated had less than one year’s service, compared with only 9.1% of non-Indigenous employees. It seems that, while the APS is having some success in attracting Indigenous employees with a relatively high engagement rate, a substantial proportion of this group is leaving quickly—retention strategies are clearly less successful than employment strategies.

**Agency employment strategies**

It is important for agencies to adopt inclusive employment strategies that recognise the inherent value different individuals can bring to the workplace. The presence of formal employment plans/strategies to increase Indigenous employment, positions the APS as an ‘employer of choice’ for Indigenous Australians and commits agencies to the employment, retention and advancement of Indigenous Australians at all levels of work activity and across all classification levels.

One-third of APS agencies reported having a formal Indigenous Employment Strategy (IES) in place in 2009–10, an increase from 27% in 2008–09. Thirty-six per cent reported having an IES under development this year and 32% did not have a formal IES in place. Of those agencies that did not have an IES in place, 53% embedded their agency’s Indigenous
employment practices in their Workplace Diversity Plan and 20% in their Reconciliation Action Plan (RAP). Large agencies were most likely to have an IES, with 87% reporting an existing strategy, compared with only 19% of medium agencies and 14% of small agencies.

The agency survey sought information on whether exit interviews or exit surveys were conducted with Indigenous employees leaving the agency, and any themes that had been observed in resulting data. The proportion of agencies conducting exit interviews (21%) and surveys (29%) with Indigenous employees remained low this year. The main theme observed from exit interview/survey data on why Indigenous employees left an agency, was reportedly pursuit of career progression opportunities and promotions outside the agency.

In 2009–10, the proportion of agencies that collected data on the number of Indigenous Australians who applied for positions in their agency increased to 53%, a substantial increase since 2006–07 (35%).

**Agency recruitment and retention strategies**

APS agencies have access to a variety of initiatives for recruiting and retaining Indigenous Australians. The Commission coordinates recruitment activities to engage Indigenous Australians in career opportunities in a wide range of Australian Government agencies.

This year, the Commission worked in partnership with around 50 APS and non-APS agencies to provide targeted recruitment programs under the Pathways to Employment program, which includes opportunities for Indigenous graduates, cadets and trainees. Thirty-two graduates were placed across 16 APS agencies. Forty-five cadets were employed across 17 APS agencies and two non-APS agencies; this is the highest number of cadets so far employed through the Pathways program. Since the program began, 440 Indigenous Australians have been employed in APS agencies in various regional and urban locations.

In 2009–10, 54% of agencies reported participation in the Commission’s Pathways to Employment program, an increase from 47% in 2008–09. It is encouraging that 91% of large APS agencies reported using this program for entry level, cadet and graduate recruits. It is also encouraging that almost half of all APS agencies promoted participation in the Commission’s Career Trek learning and development programs for their Indigenous employees, consistent with the previous year’s reporting.

The agency survey collected information on measures that agencies used to recruit and/or retain Indigenous Australians. During 2009–10, the strategies most utilised by relevant agencies included encouraging all staff to participate in cultural events, such as Reconciliation Week, National Aboriginal and Islander Day Observance Committee (NAIDOC) week (72%); providing study options (72%); encouraging participation in external Indigenous employees’ networks, such as the Indigenous APS Employees Network (68%); participating in the Commission’s Pathways program (54%); and providing mentoring and/or coaching to Indigenous employees (54%). These and other measures to recruit and retain Indigenous employees are shown in Figure 8.1.
This year, more agencies advertised employment opportunities in Indigenous media (from 37% in 2008–09 to 45% in 2009–10); more participated in the Commission’s Pathways program (from 47% in 2008–09 to 54%); and more provided Indigenous cultural awareness training for all employees (from 31% in 2008–09 to 40%). However, fewer agencies had an agency-based Indigenous employment scheme (from 22% in 2008–09 to 17%), or encouraged participation in external Indigenous employees’ networks (from 80% in 2008–09 to 68%).

Most agencies reported implementing other recruitment/retention strategies for Indigenous Australians, with most reporting initiatives through their Reconciliation Action Plan. Other specific strategies APS agencies implemented included hosting Indigenous work experience students, providing flexible working hours and a family friendly work environment, and providing opportunities to gain experience at higher classification levels and on exchange programs.
In 2010, DEEWR coordinated the Indigenous Australian Government Development Program (IAGDP), an integrated employment and development program, delivered over a 12 month period for Indigenous Australians. The IAGDP is based on a program originally developed in 2002 to increase both the number of Aboriginal and Torres Strait Islander peoples within the APS and the number of employees with contract management skills, an identified skill shortage within the APS at that time.

In addition to ongoing employment, during the course of the program participants are provided with professional and personal development opportunities to enhance their capability to undertake a career in contract management, project management or community capacity. The program consists of three main components:

- a Diploma of Government
- twelve months practical work experience incorporating on-the-job training
- defined complementary structured learning and development opportunities.

DEEWR facilitated the recruitment and placement of 75 Indigenous Australians in 10 agencies. Participants commenced employment through the IAGDP from June 2010 and are expected to graduate from the program in June 2011. IAGDP participants who successfully complete the program will receive a qualification that is not only portable, but also recognised within the Australian Qualification Framework, and valid for articulation against other vocational and tertiary qualifications.

**Attraction and selection**

Data collected on the attributes that attracted employees to their current position varied between Indigenous and non-Indigenous employees. For Indigenous employees, the top three most important attributes were job security (87%); remuneration package (83%); and their interests/experiences matching their job responsibilities or the business of the agency (80%). These attraction attributes were similar to those reported by other employees, who also rated job security (80%) as most important; followed by interests/experiences matching their job responsibilities or the business of the agency (73%); and geographical location (71%). Table 8.6 provides further information on the top five work attributes that attracted Indigenous employees to their current positions and whether their expectations were met well.
Table 8.6: Top five agency attraction attributes and meeting expectations for Indigenous and non-Indigenous employees, 2009–10

<table>
<thead>
<tr>
<th>Agency attributes</th>
<th>Rated important in attracting employee to current job</th>
<th>Expectations met well(a)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Indigenous employees (%)</td>
<td>Other employees (%)</td>
</tr>
<tr>
<td>Job security</td>
<td>87</td>
<td>80</td>
</tr>
<tr>
<td>Remuneration</td>
<td>83</td>
<td>69</td>
</tr>
<tr>
<td>Interests match job</td>
<td>80</td>
<td>73</td>
</tr>
<tr>
<td>Career opportunities</td>
<td>78</td>
<td>59</td>
</tr>
<tr>
<td>Making a difference</td>
<td>76(b)</td>
<td>66</td>
</tr>
<tr>
<td>Gaining experience</td>
<td>76(b)</td>
<td>54</td>
</tr>
<tr>
<td>Location</td>
<td>68</td>
<td>71</td>
</tr>
</tbody>
</table>

Note: The top five attributes selected by Indigenous employees and other employees are highlighted.
(a) Expectations relate only to those employees who rated the agency attributes as important.
(b) Rated equal fifth in importance with another attribute.

Source: Employee survey

For those work attributes rated most important in attracting Indigenous employees, their expectations were mostly well met for geographical location and interests/experiences matching job responsibilities or the business of the agency. For other employees, their expectations were mostly well met for job security and location.

While job security was rated by Indigenous employees as the most important factor, only 65% of Indigenous employees felt their expectations were well met, down substantially from 90% last year. There was also a decrease in expectations being well met for doing important work (down from 93% in 2008–09 to 78%). These results, coupled with the relatively high separation rate for Indigenous employees noted earlier in this chapter, suggest possible ways to improve retention of Indigenous employees.

Learning and development

Data collected on employee satisfaction in terms of access to learning and development opportunities within their agency indicated that 60% of Indigenous employees were satisfied with their access, similar to the levels reported by other employees (59%).

Providing Indigenous employees with opportunities for skills and career development across APS agencies is a key objective of the APS Employment and Capability Strategy for Aboriginal and/or Torres Strait Islander Employees. In 2009–10, 61% of Indigenous employees were satisfied with the opportunities for career progression in their current agency, similar to the proportion reported in 2008–09 (59%), while 76% were satisfied with the opportunities for career progression in the APS, an increase from 68% in 2008–09.

Cultural awareness training is integral in building recognition of the diversity of Indigenous cultures, histories, languages and beliefs and to facilitate better working and social relationships between Indigenous and non-Indigenous people. The agency survey
collected information on agencies that offered Indigenous cultural awareness training to their staff. In 2009–10, most APS agencies offered Indigenous cultural awareness training (45%) or were developing such training (23%). Less than one-third (32%) did not offer any training.

For those agencies which did offer Indigenous cultural awareness training, the majority offered it to all employees (73%), followed by those new to the agency (18%), those new to the APS (5%), or to other specific groups (18%). Of these agencies which offered the training, 27% reported that undertaking training was mandatory for those target groups identified above.

**Employee satisfaction**

Indigenous employees were more likely to agree that their agency is committed to creating a diverse workforce culture (77%) than non-Indigenous employees (69%). This matter will be explored further in future reports. Seventy per cent of Indigenous employees agreed this year that their supervisor works effectively and sensitively with people from diverse backgrounds.

Indigenous employees were more likely to be satisfied with their job (77%) than non-Indigenous employees (68%). The attributes that primarily contributed to overall job satisfaction for Indigenous employees were having a good manager and good working relationships with colleagues. The attributes that Indigenous employees were least satisfied with were opportunities to be innovative, to develop skills, and to develop their career.

**Employees with disability**

The objectives of the *National Mental Health and Disability Employment Strategy* are to increase the employment of people with disability, promote social inclusion, and improve national economic productivity. Six action areas aim to progress this agenda; they are, engaging people with disability, improving disability employment services, providing better access to education and training, supporting and encouraging employers, improving public sector employment of people with disability, and pursuing innovative strategies.15

The *Intergovernmental Agreement—National Disability Agreement* has as a core objective that people with disability achieve economic participation and social inclusion. It also suggests measures to ensure that people with disability have an enhanced quality of life and participate as valued members of the community.16

The Commission’s publication, *Ability at Work—Tapping the Talent of People with Disability*,17 aims to assist agencies and their managers by providing practical advice and information about issues associated with employing people with disability. It also dispels common assumptions about employing people with disability by providing advice such as:

- Most people with disability require no workplace modifications, and if modifications are required they are usually simple and inexpensive.
- Employees with disability have, on average, higher job retention and better attendance rates than those without disability.
• There is little difference between people with disability and other people when comparing levels of productivity.

• Employers report significant benefits to the organisation as a whole as a result of employing people with disability.

In July 2010, the Commissioner’s Directions were amended to provide agency heads with the power to engage, as either an ongoing or non-ongoing APS employee, a person with disability without having to conduct a full competitive merit assessment process. This will facilitate the employment of people with disability who are unable, or who would find it very difficult, to compete in an open merit process for an APS position. It will also give agencies the flexibility to design positions according to individual capabilities. Agencies’ use of this power will be monitored in future reports.

Agencies are required to use a disability employment service provider when engaging a person using these new provisions. The mandated use of such a provider is intended to ensure agencies do not have to make an assessment of an individual’s disability and their capability for a particular position. It also enables the provider to assist the agency with the design of the position and the level of ongoing support required both for the person employed and the agency.

This year, employees who had identified as having an ongoing disability in the employee survey were asked whether this was recorded on their agency’s human resource information system. Fifty-eight per cent of employees with disability reported that this was recorded, 9% reported that they had never been asked for this information and 17% reported that they had chosen not to inform their agency. A further 5% indicated their ongoing disability was not recorded for other reasons, including no interference with capacity to work, fear of discrimination, and limitations in agency recordkeeping processes.

Representation of people with disability in the APS steadied this year, at 3.1%, unchanged from 2008–09. In absolute terms, the number of employees with disability fell from 4,638 to 4,618, although that decline was the smallest for several years. Representation in the APS is low compared with the Australian population overall. According to the Australian Bureau of Statistics, approximately 20% of the population have a reported disability. Due to definitional differences, this figure cannot be directly compared with representation in the APS. It is, however, essential that the APS actively promotes the employment of people with disability to reflect the diversity of the broader Australian community.18

The long-term decline in employment of people with disability can be partly explained by a reduction in the number of positions at the APS 1–2 levels, where employees with disability have historically been over-represented. The decline, however, has been evident at all classification levels. Figure 8.2 shows employees with disability, as a proportion of all ongoing employees, by classification, for the past 15 years. The representation of people with disability in the APS 1–2 cohort has actually risen over the past three years, and was 5.8% at June 2010. Representation in other classification groups remained steady or fell slightly. The higher representation at APS 1–2 levels will not have much impact on overall representation as this classification group continues to decline in the APS overall.
Employees with disability are somewhat less likely to have graduate qualifications than other employees (45.4% compared with the APS average of 55.5%).

**Employees with disability by agency**

Agencies with relatively high proportions of employees with disability are the Commission (8.7%), the National Health and Medical Research Council (8.0%), and the CrimTrac Agency (7.6%). These are all small agencies, so the number of employees with disability is relatively low. Eighteen agencies reported having no ongoing employees with disability.

Large agencies with representation equal to or above the APS average were FaHCSIA (6.0%), Centrelink (5.0%), the Bureau of Meteorology (BOM 4.7%), DoHA (4.4%), DEEWR (3.3%), and DHS (3.1%).

Large or medium agencies with low representation of people with disability included the Australian Securities and Investments Commission (ASIC 0.1%), Defence Housing Australia (0.7%), Austrade (0.8%), the Department of Foreign Affairs and Trade (DFAT 1.0%), and AusAID (1.0%).

Despite the overall drop in employment of people with disability, there was a net increase in some agencies including the DoHA (an increase of 32), BOM (21), and DHS (12). The largest net decreases were in Centrelink (41), the Department of Defence (32), the Australian Bureau of Statistics (ABS 12) and the Department of Immigration and Citizenship (DIAC 10).
The age profile of employees with disability is somewhat higher than that for the APS overall, with a median age of 47 years compared with the APS average of 42 years. This group also has a much longer length of service than the APS overall with a median of 15 years compared with the APS average of eight years.

Table 8.7 shows engagement and separation rates for people with disability for the past 10 years. The engagement rate of 1.4% was the lowest in the past decade. For each of the past 10 years, the engagement rate has been lower and the separation rate higher than the overall representation rate for people with disability.

Table 8.7: Representation of employees with disability in engagements and separations of ongoing employees, 2000–01 to 2009–10

<table>
<thead>
<tr>
<th>Year ending June</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engagements</td>
<td>236</td>
<td>289</td>
<td>544</td>
<td>253</td>
<td>291</td>
<td>397</td>
<td>314</td>
<td>281</td>
<td>202</td>
<td>146</td>
</tr>
<tr>
<td>% of engagements</td>
<td>1.7</td>
<td>2.4</td>
<td>3.6</td>
<td>2.7</td>
<td>2.5</td>
<td>1.9</td>
<td>1.6</td>
<td>1.7</td>
<td>1.5</td>
<td>1.4</td>
</tr>
<tr>
<td>Separations</td>
<td>332</td>
<td>363</td>
<td>338</td>
<td>384</td>
<td>477</td>
<td>503</td>
<td>438</td>
<td>483</td>
<td>470</td>
<td>413</td>
</tr>
<tr>
<td>% of separations</td>
<td>4.2</td>
<td>4.3</td>
<td>4.7</td>
<td>5.2</td>
<td>4.5</td>
<td>5.3</td>
<td>4.2</td>
<td>4.0</td>
<td>4.4</td>
<td>4.3</td>
</tr>
<tr>
<td>% of ongoing employees</td>
<td>4.3</td>
<td>4.0</td>
<td>4.1</td>
<td>4.1</td>
<td>3.9</td>
<td>3.6</td>
<td>3.4</td>
<td>3.2</td>
<td>3.1</td>
<td>3.1</td>
</tr>
</tbody>
</table>

Source: APSED

The under-representation of employees with disability in engagement has a relatively greater impact than their higher separation rate. This may reflect a range of factors, including misconceptions agencies have about their ability to undertake a wide range of work, lack of support in the workplace, or inability to access job information.

**Attraction and selection**

For employees with disability, the attributes that were most important in attracting them to their current position were job security (86%), geographical location (74%) and remuneration package (73%). Working on leading edge projects, developmental opportunities and gaining experience were rated as least important in attracting employees with disability to their current position. Table 8.8 provides information on the top five agency attraction attributes for employees with disability, and whether their expectations were well met in terms of these attributes.
Table 8.8: Top five agency attraction attributes and meeting expectations for employees with and without disability, 2009–10

<table>
<thead>
<tr>
<th>Agency attributes</th>
<th>Rated important in attracting employee to current job</th>
<th>Expectations met well&lt;sup&gt;a&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Employees with disability (%)</td>
<td>Other employees (%)</td>
</tr>
<tr>
<td>Job security</td>
<td>86</td>
<td>80</td>
</tr>
<tr>
<td>Location</td>
<td>74</td>
<td>71</td>
</tr>
<tr>
<td>Remuneration</td>
<td>73</td>
<td>69</td>
</tr>
<tr>
<td>Ethical workplace</td>
<td>70</td>
<td>62</td>
</tr>
<tr>
<td>Interests match job</td>
<td>69</td>
<td>73</td>
</tr>
<tr>
<td>Making a difference</td>
<td>68</td>
<td>66</td>
</tr>
</tbody>
</table>

Note: The top five attributes selected by employees with disability and other employees are highlighted.  
<sup>a</sup> Expectations relate only to those employees who rated the agency attributes as important.  
Source: Employee survey

The expectations of employees with disability were relatively well met for location (77%) and job security (66%), however, less than 60% reported expectations well met for the remaining attraction attributes.

The agency survey sought information on whether exit interviews or surveys were conducted with employees with disability leaving the agency, and any themes observed at the time. The proportion of agencies conducting exit interviews (26%) and exit surveys (29%) for employees with disability was lower this year (32% and 41% respectively in 2008–09). The main themes observed were reportedly dissatisfaction with employment conditions, medical reasons and insufficient career development opportunities.

In 2009–10, the proportion of agencies that collected data on the number of people with disability who applied for positions in their agency was 42%, a substantial increase since 2006–07 (30%).

Agency implementation of Management Advisory Committee objectives

The Management Advisory Committee (MAC) report, Employment of People with Disability in the APS, took a holistic approach to increasing the employment of people with disability in the APS. It committed agency heads to take a leadership role, to ensure their management practices are supportive, and to monitor and review what they do. The MAC agreed to eight objectives for promoting the employment of people with disability in the APS and identified a range of better practice strategies for meeting those objectives. The 2010 agency survey collected information on all APS agencies’ implementation of these eight objectives.

Cultural change

The first MAC objective relates to building a culture that values diversity and actively promotes the employment of people with disability. During 2009–10, 36% of APS agencies had initiatives specifically targeted at developing a culture that values diversity and actively supports the employment of people with disability. This proportion has remained unchanged since last year.
Fifty-nine per cent of agencies had mainstream policies and procedures that encouraged the recruitment and/or retention of people with disability, similar to last year. Fewer than half (45%) of all APS agencies had workforce and business plans, workplace diversity programs, or recruitment and/or retention policies that highlighted the business case for employing people with disability, however, this was a substantial increase from 31% in 2008–09.

Other specific measures agencies used to promote the employment of people with disability and build a workplace culture that values diversity included establishing disability action plans, appointing disability champions, membership of disability networks, disability employment committees, and the provision of mentoring opportunities and assistance for interviews.

Access to employment

Access to employment for people with disability is covered by three of the MAC objectives relating to: the provision of flexible recruitment strategies that are accessible to applicants with disability; accessible training, cadetship and mentoring opportunities for people with disability; and the use of special employment measures to employ people with intellectual disability. Table 8.9 outlines the proportions of agencies that implemented initiatives during the last three years aimed at improving access to employment for people with disability.

<table>
<thead>
<tr>
<th>MAC Objective Two—Flexible recruitment strategies that are accessible to applicants with disability</th>
<th>Agencies (%) 2007–08</th>
<th>Agencies (%) 2008–09</th>
<th>Agencies (%) 2009–10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work with organisations that specialise in placing people with disability in employment</td>
<td>37</td>
<td>36</td>
<td>36</td>
</tr>
<tr>
<td>Advertise vacancies through disability employment and support services/networks</td>
<td>13</td>
<td>12</td>
<td>7</td>
</tr>
<tr>
<td>Ensure contracted recruitment agencies encourage and support people with disability</td>
<td>39</td>
<td>46</td>
<td>36</td>
</tr>
<tr>
<td>Accept applications from people with disability in different formats, provide reasonable time to lodge applications and/or make appropriate adjustments to any direct testing situation</td>
<td>88</td>
<td>87</td>
<td>81</td>
</tr>
<tr>
<td>Have processes in place to ensure methods of selection do not indirectly discriminate against applicants with disability</td>
<td>90</td>
<td>91</td>
<td>91</td>
</tr>
<tr>
<td>Ensure delegates and selection panels are cognisant of the diverse needs of applicants with disability</td>
<td>83</td>
<td>84</td>
<td>86</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MAC Objective Three—Accessible training, cadetship and mentoring opportunities for people with disability</th>
<th>Agencies (%) 2007–08</th>
<th>Agencies (%) 2008–09</th>
<th>Agencies (%) 2009–10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide opportunities for people with disabilities to gain skills and experience under an agency-based employment scheme</td>
<td>9</td>
<td>11</td>
<td>10</td>
</tr>
<tr>
<td>Participate in mentoring programs for students with disability interested in a career in the APS</td>
<td>7</td>
<td>3</td>
<td>10</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MAC Objective Four—Special employment measures to employ people with intellectual disability</th>
<th>Agencies (%) 2007–08</th>
<th>Agencies (%) 2008–09</th>
<th>Agencies (%) 2009–10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use special employment measures limiting employment opportunities only to people with intellectual disability</td>
<td>7</td>
<td>6</td>
<td>4</td>
</tr>
<tr>
<td>Use external organisations to assist in designing appropriate positions and selection criteria and identifying suitable applicants for positions to be filled by people with intellectual disability</td>
<td>11</td>
<td>8</td>
<td>7</td>
</tr>
</tbody>
</table>

Source: Agency survey
It is positive to note that 91% of agencies reported that they had processes in place to ensure that methods of selection do not indirectly discriminate against applicants with disability, and 81% of agencies accepted applications in different formats and gave people with disability reasonable time to lodge applications and/or make appropriate adjustments to any direct testing situation.

There was a decline from 46% in 2008–09 to 36% this year in the proportion of agencies that ensured recruitment agencies contracted by the agency encourage and support people with disability. However, there was an increase in the proportion of agencies that participated in mentoring programs for students with disability interested in a career in the APS (from 3% in 2008–09 to 10% this year).

The information collected on accessible training, cadetship and mentoring opportunities for people with disability indicated that only 10% of agencies this year provided opportunities for people with disability to gain skills and experience under an agency-based employment scheme.

Other specific measures APS agencies implemented to improve access to employment for people with disability included reviewing recruitment documentation, placing APS gazette advertisements encouraging people with disability to apply, conducting training on employment of people with disability, establishing departmental contact officers for people with disability applying for positions, and developing a disability strategy.

Special employment measures allow for positions to be advertised that limit employment opportunities only to people with intellectual disability. During 2009–10, only 4% of agencies used special employment measures, while 7% used external organisations to help design appropriate positions and selection criteria, and identify suitable applicants with intellectual disability for nominated positions. These results were similar to last year.

**Support**

Agency initiatives to improve support for employees with disability and their managers are covered by the MAC objectives which call for the provision of accessible premises, workplaces and supportive work environments for people with disability, and the reduced complexity, cost and risk for managers employing people with disability. Table 8.10 shows the proportions of agencies that have implemented initiatives during the last two years to support employees with disability and managers of employees with disability.
### Table 8.10: Agency initiatives to improve support to employees with disability and managers of employees with disability, 2008–09 and 2009–10

<table>
<thead>
<tr>
<th>Initiatives</th>
<th>Agencies (%) 2008–09</th>
<th>Agencies (%) 2009–10</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>MAC Objective Five—Accessible premises, workplaces and supportive work environments for people with disability</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Identify the reasonable adjustments required by new employees with disability, before they commence duty</td>
<td>95</td>
<td>93</td>
</tr>
<tr>
<td>Provide access to adaptive technology or other practical support required by employees with disability</td>
<td>99</td>
<td>100</td>
</tr>
<tr>
<td>Identify an SES employee to act as a senior-level advocate for employees with disability</td>
<td>32</td>
<td>35</td>
</tr>
<tr>
<td>Operate an agency network for people with disability</td>
<td>8</td>
<td>11</td>
</tr>
<tr>
<td>Offer individual workplace agreements to people with disability to provide flexibility to meet individual reasonable adjustment needs</td>
<td>27</td>
<td>20</td>
</tr>
<tr>
<td><strong>MAC Objective Six—Reduced complexity, cost and risk for managers employing people with disability</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Centralised funding for adaptive technology or other forms of practical support</td>
<td>64</td>
<td>62</td>
</tr>
<tr>
<td>Adaptive technology provided to employees is transferred with them when they move within the agency</td>
<td>100</td>
<td>96</td>
</tr>
<tr>
<td>Centralised source of information and expertise to assist managers and employees with disability</td>
<td>90</td>
<td>86</td>
</tr>
<tr>
<td>Provide training and/or awareness programs for managers and/or employees on mental illness, depression or related disorders</td>
<td>72</td>
<td>63</td>
</tr>
</tbody>
</table>

(a) Excludes agencies where there were no people with disabilities.

Source: Agency survey

It is encouraging that all agencies who employed people with disability provided access to technology or other practical support required by employees with disability, consistent with the previous year’s reporting.

During 2009–10, there were slight decreases in the proportions of agencies that identified the reasonable adjustments required by new employees with disability before they commenced duty (from 95% in 2008–09 to 93%) and those that offered individual workplace agreements to people with disability to provide flexibility to meet individual reasonable adjustment needs (from 27% in 2008–09 to 20%).

The MAC objective aimed at reduced complexity, cost and risk for managers employing people with disability has several indicators of better practice strategies to achieve this objective. During 2009–10, the proportion of agencies that provided training and/or awareness programs for managers and/or employees on mental illness, depression or related disorders decreased from 72% to 63%.

Other agency-specific strategies to improve support for employees with disability and their managers included access to part-time or home-based work, a circular on disability awareness, workplace adjustment and the provision of disabled car parks.
Improving and monitoring performance

The remaining MAC objectives relate to improving and monitoring the performance of agency support for employees with disability. These objectives include the development of a consistent conceptual framework for defining disability and striving for continuous improvement in recruiting and retaining people with disability. Just over half (53%) of APS agencies adopted the definition of ‘disability’ from the Disability Discrimination Act 1992 for developing recruitment and retention strategies, similar to last year, while 49% of agencies used the definition from the ABS Disability, Ageing and Carers: Summary of Findings 2003 survey to collect data and statistics from APS employees (a decrease from 58% last year).

The seventh MAC objective relates to agencies actively encouraging employees to update their disability status on human resource systems. During 2009–10, less than two-thirds of agencies (61%) used this initiative, consistent with previous years’ reporting.

The high proportion of agencies that are not actively encouraging employees to update their disability status is reflected in the high ‘no data’ component recorded on APSED.

The eighth MAC objective relates to other agency-specific strategies for continuous improvement in recruiting and retaining people with disability. This year, these included:

- Australian Bureau of Statistics (ABS): ‘Willing and Able’—participated in this structured program, an initiative from the Australian Employers’ Network on Disability, which matches job seekers or tertiary students who have a disability with mentors in leading organisations who work in the job seekers/students’ field of interest.
- Australian Human Rights Commission (AHRC): Employee consultation—regular consultations with employees with disability to ensure that accessibility issues are considered across employment practices and unintended barriers rectified.
- Comcare/Department of Veterans’ Affairs (DVA): Membership on the Australian Employers’ Network on Disability—a not-for-profit organisation funded by its members to take a leadership role in advancing the equitable inclusion of people with disability in all aspects of business.
- Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA): Traineeships through Special Measures Employment—a not-for-profit organisation funded by its members to take a leadership role in advancing the equitable inclusion of people with disability in all aspects of business.
- Department of Human Services (DHS): Work experience—provision of work experience to job seekers with a disability, specifically to assist job seekers to compete in merit selection processes.
Case study—FaHCSIA implementation of MAC objectives

FaHCSIA is committed to ensuring an inclusive work environment enabling people with disability to fully participate in all aspects of employment. It aims to be an employer of choice for people with disability through attraction and recruitment initiatives and practices and currently has 5.3% of employees identifying as having disability. FaHCSIA is the first APS agency to implement all eight objectives of the MAC report and the agency’s strategies to address these objectives are outlined below:

**OBJECTIVE 1:** Ensure a culture that values diversity and actively promotes the employment of people with disability
- well established diversity culture
- operate programs on diversity
- produce publications on diversity
- actively participate in events such as Carers Week, Mental Health Week, Beyond Blue events and International Day for People with Disability

**OBJECTIVE 2:** Establishment of flexible recruitment strategies that are accessible to applicants with disability
- advertise positions with Disability Employment Services and Disability Services in universities
- actively encourage people with disability to apply for all job vacancies advertised
- operate internships for people with disability
- provide paralympians with the opportunity to work at FaHCSIA for 12 months

**OBJECTIVE 3:** Ensure accessible training, cadetships and mentoring opportunities for people with disability
- use the services of Australian Sign Language (AUSLAN) interpreters
- provide adaptive technology such as captioning and hearing loops
- conduct inclusive training
- operate a mentoring program

**OBJECTIVE 4:** Special employment measures to employ people with intellectual disability
- conduct 18 month traineeships for people with an intellectual disability (employees complete a Certificate II in business administration and work 18 hours a week, 3 hours of which is training)
- each trainee is supported by a Disability Employment Network

**OBJECTIVE 5:** Ensure accessible premises, workplaces and supportive work environments for people with disability
- property services are responsible, making sure that there is advocacy for people with disability
- provision of disabled car parking, monitored by the diversity team
- ‘lunch box’ sessions conducted with a Disability Champion to raise issues of concern

**OBJECTIVE 6:** Reducing the complexity, cost and risk for managers employing people with disability
- centralised funds allocated
- disability action officer
- disability awareness and training and events
- epilepsy awareness
- deafness resource centre
- e-learning courses

**OBJECTIVE 7:** Ensure consistent conceptual framework for defining disability
- a definition is included in the FaHCSIA recruitment strategy

**OBJECTIVE 8:** Continuous improvement in recruiting and retaining people with disability
- FaHCSIA Leadership disAbility Group (FLAG)
- new Diversity Plan developed.
Employee satisfaction

Key indicators for measuring the experience of employees with disability working in the APS included employee perceptions of their organisation’s commitment to creating a diverse workforce, their supervisor’s ability to work sensitively and effectively with people from diverse backgrounds, and overall job satisfaction.

Employee perceptions of their agency’s commitment to creating a diverse workforce indicated that only 47% of employees with disability agreed that this was the culture within their agency (a slight decrease from 51% in 2008–09) compared to 71% of other employees. Employees with disability were also less likely (61%) to agree that their supervisor works sensitively and effectively with people from diverse backgrounds, compared to other employees (75%).

Employees with disability were less likely to report overall job satisfaction, with just over half (52%) reporting job satisfaction compared to 70% of other employees. Among the reported diversity groups, overall job dissatisfaction was highest for employees with disability, with almost one-third (32%) indicating they are not satisfied with their job. The attributes that contributed to overall job satisfaction for employees with disability were flexible working arrangements and good working relationships. The attribute that least contributed to overall job satisfaction for employees with disability was access to opportunities to develop their skills.

Generally, employees with disability reported less favourable experiences of working in the APS compared to employees from the other reported diversity groups.

Employees from a non-English speaking background

Australia attracts people from all parts of the world and the proportion of citizens and permanent residents from non-English speaking backgrounds has risen over the past few decades. As an ethnically and linguistically diverse society with individuals of varying language, religion, race and culture, the APS is challenged to deliver services in ways that are relevant, meaningful and easily accessed by all Australians.

Diversity in the workplace brings substantial potential benefits such as better decision-making, improved problem solving, greater creativity and innovation. It allows for diversity in opinions and perspectives in order to better meet the needs of our diverse citizens.

The proportion of APS employees who identified themselves as being from a non-English speaking background rose slightly this year to 6.3%. Representation for this group has grown steadily over the past decade, up from 5.6% in 2001.

The largest group of employees from a non-English speaking background were born in South-East Asia (23.1% of those who provided their country of birth), followed by Southern and Central Asia (21.4%), North-East Asia (15.3%) and Southern and Eastern Europe (14.5%). The most common first languages spoken by ongoing NESB 1 employees, beginning with the most common, were Chinese (including Cantonese and Mandarin), Vietnamese, Spanish, Polish, German and Arabic.

During 2009–10, representation of employees from a non-English speaking background grew at all classifications except for APS 1–2, where it fell slightly and SES, where it
remained steady. Growth was particularly strong in the Trainee and Graduate APS group, up from 6.0% in 2009 to 7.6% this year.

Employees from a non-English speaking background are much more likely to have graduate qualifications than are other employees—at June 2010, over three-quarters (77.4%) had a bachelor's degree or higher, compared with the APS average of 55.5%.

Agencies with a high representation of employees from a non-English speaking background included the Royal Australian Mint (27.7% of all ongoing employees), the Private Health Insurance Ombudsman (18.2%), the Migration Review Tribunal and Refugee Review Tribunal (MRT/RRT 17.4%), and the National Library of Australia (15.9%). Large agencies with high representation included IP Australia (15.5%), the Department of Immigration and Citizenship (DIAC 12.5%), Medicare (12.3%), the Department of Innovation, Industry, Science and Research (12.3%), and BOM (12.1%).

Large agencies with the lowest representation were DEWHA (2.5%), FaHCSIA (3.4%), Defence (3.6%), and the Attorney-General’s Department (3.8%).

**Agency recruitment and retention strategies**

The majority of agencies did not have targeted recruitment and retention initiatives for employees from a non-English speaking background. During 2009–10, most agencies embedded recruitment and retention initiatives in general workplace diversity plans and considered people from a non-English speaking background in generalist recruitment activities; 2% of agencies reported existing targeted retention/recruitment strategies for employees from a non-English speaking background.

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**Strategy for the Employment of Culturally and Linguistically Diverse People—Department of Immigration and Citizenship (DIAC)**

DIAC aims to create a supportive, flexible and fair work environment where cultural and linguistic diversity is respected and viewed as an organisational asset. The department is committed to using the skills, experiences and knowledge that employees bring, in order to respond effectively to the needs of clients on a day-to-day basis. By doing this, DIAC seeks to remove any barriers that clients may face when accessing services. To encourage and remove barriers to the participation of people in the DIAC workforce, the department has developed a Strategy for the Employment of Culturally and Linguistically Diverse People.

The benefits to DIAC of employing and retaining people from culturally and linguistically diverse backgrounds include: better understanding of the needs of clients; improved client service; and reduction in skills shortages due to the tight labour market.

The Strategy aims to ensure that the workplace environment supports the retention of culturally and linguistically diverse people and that opportunities are provided for all staff to learn about and celebrate the diverse cultural backgrounds of DIAC employees and the Australian people in general.
Attraction and selection

The agency attraction attributes for employees from a non-English speaking background are outlined in Table 8.11. For employees from a non-English speaking background, the most important attraction attributes were job security (86%), interests/experiences match the responsibilities of the job or the business of the agency (80%), and geographical location (77%). The top three attributes of employees from a non-English speaking background match those of other employees.

Table 8.11: Top five agency attraction attributes and meeting expectations for employees from a non-English speaking background, 2009–10

<table>
<thead>
<tr>
<th>Agency attributes</th>
<th>Rated important in attracting employee to current job</th>
<th>Expectations met well(a)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Employees from a non-English speaking background (%)</td>
<td>Other employees (%)</td>
</tr>
<tr>
<td></td>
<td>Employees from a non-English speaking background (%)</td>
<td>Other employees (%)</td>
</tr>
<tr>
<td>Job security</td>
<td>86</td>
<td>80</td>
</tr>
<tr>
<td>Interests match job</td>
<td>80</td>
<td>72</td>
</tr>
<tr>
<td>Location</td>
<td>77</td>
<td>70</td>
</tr>
<tr>
<td>Making a difference</td>
<td>74(b)</td>
<td>65</td>
</tr>
<tr>
<td>Important work</td>
<td>74(b)</td>
<td>62</td>
</tr>
<tr>
<td>Remuneration</td>
<td>74(b)</td>
<td>69</td>
</tr>
<tr>
<td>Ethical workplace</td>
<td>74(b)</td>
<td>61</td>
</tr>
</tbody>
</table>

Note: The top five attributes selected by employees from a non-English speaking background and other employees are highlighted.
(a) Expectations relate only to those employees who rated the agency attributes as important.
(b) Rated equal fourth in importance with other attributes.
Source: Employee survey

When looking at the most important attributes in attracting employees from a non-English speaking background to their current position, their expectations for job security (82%) and location (78%) were well met, however, a lower proportion (63%) rated their expectations as well met for interests/experiences match the responsibilities of the job or the business of the agency. These views were again similar to those reported by all other employees.

Employee satisfaction

Employees from a non-English speaking background were slightly more likely to agree that their supervisor works sensitively and effectively with people from diverse backgrounds; 78% agreed with this statement, compared to 74% of other employees.

In comparison to all other employees, those from a non-English speaking background were more likely to perceive their agency as committed to creating a diverse workforce with 73% of employees from a non-English speaking background reporting this, an increase from 67% in 2008–09, compared to 68% of other employees.
Employees from a non-English speaking background were more likely to report satisfaction with their current position; 72% reported overall job satisfaction, compared to 68% of other employees. The attributes that contributed to overall job satisfaction for employees from a non-English speaking background included good working relationships and flexible working arrangements. Employees from a non-English speaking background were least likely to be satisfied with opportunities for career development.

**Key chapter findings**

The APS Reform Blueprint suggests that, in order to be a strong, high performing organisation, the APS must make the most of the talents, energy and integrity of its people. The proposed reforms seek to boost and support the APS workforce and leadership, and to embed new practices and behaviour into the APS.

Both the COAG target for Indigenous representation in the APS and the *National Mental Health and Disability Employment Strategy* place responsibility on the APS to increase representation of these groups.

This year, there was a slight increase in the number and representation of ongoing Indigenous employees in the APS. This was the second year of growth for this group and while encouraging, it is too early to indicate whether the growth can be sustained and whether the long-term decline in Indigenous employment has been reversed. There are concerns as to whether the APS will meet the COAG target.

The results were less encouraging for people with disability, although the decrease appears to have slowed this year.

Representation of employees from a non-English speaking background continued to improve.

The quality of data provided by agencies on these groups continues to be of concern. All data sources—APSED as well as agency and employee surveys—indicate that agencies can do much more to improve data quality. Progress in this area will be monitored in future reports.

While agencies report making efforts to attract and retain people from diverse backgrounds, the employee survey and APSED results suggest their efforts are sometimes missing the mark; for example, Indigenous employees’ satisfaction ratings of agency attraction attributes, with only 60% to 80% indicating their expectations were well met.

Progress in implementing the MAC objectives to increase the employment of people with disability in the APS appears to be patchy. This is reflected in employee survey results where overall job satisfaction is significantly lower for employees with disability than for other employees.

Access to a greater range of backgrounds and insights contribute to better decision-making and policy development, which is critical in the APS, as its agencies are the front-line service provider to the Australian community. The APS needs to be an organisation whose composition and values reflect that of the community and as Australia becomes more integrated into the global market, it is essential to harness the diverse skills of the workforce.
Endnotes

1 Diversity has a broad connotation and includes many facets of differences in gender, age, language, ethnicity, cultural background, religious belief and family responsibilities. In the context of the workplace, diversity encompasses all of these characteristics, as well as differences between individuals in educational level, life experience, work experience, socio-economic background and personality.


4 In the absence of alternative measures, the concept ‘NESB’, representing people from a non-English speaking background, is used in the Australian Public Service Employment Database (APSED). This captures information about first language spoken, place of birth and parents’ language. NESB 1, the measure reported here, includes people born overseas whose first language was not English. NESB 2 has previously been reported in addition to NESB 1 and includes children of migrants, including those who were born overseas and arrived in Australia when they were aged five or younger and did not speak English as a first language, those who were Australian-born but did not speak English as a first language and had at least one NESB 1 parent, and those who were Australian-born and neither of whose parents spoke English as a first language. Analysis of APSED data has found that the NESB 2 group does not have a substantial disadvantage compared to other employees, and it is therefore not reported on here.

5 The Values that relate specifically to diversity in the APS include; the provision of a workplace that is free from discrimination and recognises and utilises the diversity of the Australian community it serves; and the promotion of equity in employment.

6 In the absence of alternative measures, the concept ‘NESB’, representing people from a non-English speaking background, is used in APSED. This captures information about first language spoken, place of birth and parents’ language. NESB 1, the measure reported here, includes people born overseas whose first language was not English. NESB 2 has previously been reported in addition to NESB 1 and includes children of migrants, including those who were born overseas and arrived in Australia when they were aged five or younger and did not speak English as a first language, those who were Australian-born but did not speak English as a first language and had at least one NESB 1 parent, and those who were Australian-born and neither of whose parents spoke English as a first language. Analysis of APSED data has found that the NESB 2 group does not have a substantial disadvantage compared to other employees, and it is therefore not reported on here.

7 Due to improvements in the quality of historical data, proportions in this table may differ from those published in previous years.

8 The Closing the Gap strategy aims to reduce Indigenous disadvantage with respect to life expectancy, child mortality, access to early childhood education, educational achievement and employment outcomes.


11 Representation rose very slightly, from 2.17% to 2.19%, but when rounded to one decimal place there was no change.


13 The method used to calculate the proportion of employees with graduate or tertiary qualifications includes those with qualifications at bachelor’s degree level and above. It excludes from the denominator those for whom no data was provided by agencies, and those who chose not to provide details of their highest educational qualification.


19 The method used to calculate the proportion of employees with graduate or tertiary qualifications includes those with qualifications at bachelor’s degree level and above. It excludes from the denominator those for whom no data was provided by agencies, and those who chose not to provide details of their highest educational qualification.

20 The quality of data on the disability status of employees varied widely among agencies. At June 2010, eight agencies had ‘no data’ recorded on APSED for more than half of their ongoing employees. Large and medium agencies in this group included Defence (no data for 69.0% of ongoing employees), Office of the Fair Work Ombudsman (65.7%), Austrade (52.8%) and Customs (52.2%).


22 Public Service Commissioner’s Directions 4.2, 4.3 and 4.6A allow agency heads to limit specified employment opportunities to people with an intellectual disability within the framework provided by the Commonwealth discrimination legislation.

23 Public Service Commissioner’s Directions 4.2, 4.3 and 4.6A allow agency heads to limit specified employment opportunities to people with an intellectual disability within the framework provided by the Commonwealth discrimination legislation.


25 ‘The term ‘NESB’, representing people from non-English speaking backgrounds, is used in APSED to capture information about employment disadvantage experienced by employees on the basis of race or ethnicity. The analysis in this section concentrates on the category of NESB 1, which includes people born overseas whose first language was not English. NESB 2 data, which includes children of certain migrants, has not been included as there is little evidence of employment related disadvantage occurring for this group.

26 The proportion of employees, as measured by the employee survey, who identified as being from non-English speaking backgrounds, defined as being born outside of Australia and not speaking English as a first language was 14%—a result closer to the combined figures for NESB 1 and NESB 2 from APSED (14.0%). This higher level of reporting in the employee survey has been consistent over a number of years. It is likely that this result reflects some definitional confusion among respondents, but the extent of this cannot be assessed. As with other diversity groups, it is also likely that some under-reporting is occurring on APSED. Given the disparity in results, the employee survey results for employees from non-English speaking backgrounds should be treated with some caution.

27 The method used to calculate the proportion of employees with graduate or tertiary qualifications includes those with qualifications at bachelor’s degree level and above. It excludes from the denominator those for whom no data was provided by agencies, and those who chose not to provide details of their highest educational qualification.

This chapter explores time series demographic and structural patterns for APS employees—those people employed under the *Public Service Act 1999* (the PS Act). The main source of data for the chapter is the APS Employment Database (APSED), which the Commission maintains. APSED contains information about recruitment, mobility and separations for all ongoing and non-ongoing employees.\(^1\)

Data in this chapter refers to the APS at 30 June 2010. Machinery-of-government changes following the August 2010 election will be reflected in the 2010–11 State of the Service Report.

**APS employment trends**

At June 2010, the APS had 164,596 employees, compared with 161,837 at June 2009; a growth of 2,759 (1.7%). This growth was somewhat higher than the previous year (1.3% in 2008–09) but lower than the previous two years of 6.3% in 2006–07 and 2.8% in 2007–08.

Those agencies with the largest growth in total employment during 2009–10 were the Department of Climate Change and Energy Efficiency (DCCEE) with an addition of 605 or 146.1%, mainly due to machinery-of-government changes with 417 staff moving from the Department of the Environment, Water, Heritage and the Arts (DEWHA); and the Australian Taxation Office (ATO; 597 additional staff or 2.5%).

Smaller agencies with large proportional increases included the Australian Organ and Tissue Donation and Transplant Authority (AOTDTA; 13 or 72.2%), the Australian Institute of Health and Welfare (AIHW; 113 or 41.9%) and the Murray–Darling Basin Authority (85 or 37.1%).
The largest decrease was in Centrelink (641 or 2.3%).

During 2009–10, the Australian Industrial Registry, Workplace Authority, Australian Fair Pay Commission Secretariat and the Office of the Workplace Ombudsman were abolished and new agencies—Fair Work Australia and the Office of the Fair Work Ombudsman—were established. Safe Work Australia was established with staff and functions from the Department of Education, Employment and Workplace Relations (DEEWR). The Australian Transport Safety Bureau was also established with staff and functions from the Department of Infrastructure, Transport, Regional Development and Local Government (Infrastructure). Also, the Department of Climate Change was renamed Department of Climate Change and Energy Efficiency.

Figure 9.1 shows the change in total staff numbers for the past 20 years. The adjusted line takes account of coverage changes in the APS during the period, by adjusting the total for the number of employees performing those functions at the time the function moved into or out of coverage of the PS Act. Adjusted for coverage changes, the increase in APS employment during 2009–10 remains 1.7%.^2

<table>
<thead>
<tr>
<th>Figure 9.1 APS employees, 1991 to 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number (‘000)</td>
</tr>
<tr>
<td>1991</td>
</tr>
<tr>
<td>1992</td>
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<td>1993</td>
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<tr>
<td>2007</td>
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<tr>
<td>2008</td>
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<tr>
<td>2009</td>
</tr>
<tr>
<td>2010</td>
</tr>
</tbody>
</table>

Source: APSED

**Ongoing and non-ongoing employees**

The increase in overall employment during the year was mostly due to a large increase in non-ongoing employment with only a slight increase in ongoing employment.

**Ongoing employment**

At June 2010, the APS had 150,871 ongoing employees, an increase of 604 or 0.4%. This was the smallest proportional increase in over a decade, and much lower than growth in the previous few years—6.6% in 2006–07, 2.7% in 2007–08 and 1.7% in 2008–09.
The largest increases in ongoing employment during 2009–10 were in DCCEE (an increase of 424 or 119.1%, mainly due to machinery-of-government changes); the Department of Defence (362 or 1.8%), and the Department of Health and Ageing (DoHA; 255 or 5.7%). Smaller agencies with large proportional increases were AOTDTA (10 or 125.0%), Screen Australia (28 or 50.0%), and the AIHW (92 or 38.0%).

The largest decreases in ongoing employment were in the ATO (851 or 3.9%), mainly due to the agency introducing a unified approach to external recruitment processes, Centrelink (319 or 1.2%) and the Department of Agriculture, Fisheries and Forestry (DAFF; 247 or 5.0%).

**Non-ongoing employment**

Non-ongoing employment grew by 18.6% this year—the largest proportional increase for many years. At June 2010, there were 13,725 non-ongoing employees, an increase of 2,155 from 11,570 in 2009. Non-ongoing employees accounted for 8.3% of all employees at June 2010, an increase of 1.2 percentage points on the previous year, and the largest proportion since 2003. The number of non-ongoing employees was the largest since 1997.

Figure 9.2 shows how non-ongoing employment, as a proportion of total employment, has changed over the past 15 years. There has been a long-term reduction in the representation of non-ongoing employees and, despite the strong growth this year, the proportion is still lower than it was a decade ago. The representation rate for women has been consistently higher than that for men over all of this period.

At June 2010, 61.4% of non-ongoing employees were women, compared with 57.4% of ongoing employees.

![Figure 9.2 Non-ongoing employees as a proportion of total employees, 1996 to 2010](image-url)

Source: APSED
Large year-to-year shifts have occurred in use of non-ongoing employment in individual agencies. This variation suggests that agencies are using non-ongoing employment to deal with peaks and troughs in work demands. This year, the largest increases in non-ongoing employee numbers were in the ATO (an increase of 1,448 or 102.6% which reflects the ATO’s need for greater workforce responsiveness to provide service delivery), the Australian Bureau of Statistics (ABS; 371 or 209.6% due to cyclical staffing requirements for the 2011 Census) and DCCEE (181 or 312.1%, mainly due to machinery-of-government changes). The number of non-ongoing employees fell in Centrelink (by 322 or 18.6%), DEWHA (114 or 15.1%, also mainly due to machinery-of-government changes) and the Department of Human Services (DHS; 100 or 19.0%).

Agencies with the largest number of non-ongoing employees at June 2010 were the ATO (2,859 or 11.9% of total employees), Centrelink (1,410 or 5.2%) and DEWHA (641 or 20.6%).

Non-ongoing employees can be engaged in three different categories: specified term, specified task, or for duties that are irregular or intermittent. At June 2010, most (67.5%) were engaged for a specified term, 3.5% for a specified task, and 29.0% for irregular or intermittent duties. Agencies’ use of the different non-ongoing categories varies considerably—85.1% of non-ongoing employees in the ATO were engaged for irregular or intermittent duties; at Medicare Australia (Medicare), 97.5% of non-ongoing employees were employed for a specified term.

Non-ongoing employees have historically been concentrated at lower classification levels—at June 2010, 71.0% of non-ongoing employees were at the APS 1–4 classifications compared with only 37.9% of ongoing employees.

Overall representation of non-ongoing employees is generally much lower at higher classifications—only 4.4% of APS 5–6 employees and 3.7% of EL employees are non-ongoing compared with the APS average of 8.3%. In contrast, 10.0% of SES Band 3s are non-ongoing.

Non-ongoing employees have traditionally been concentrated in younger age groups, with 35.3% of those aged less than 25 years at June 2010 being non-ongoing. Older employees (those aged 55 years and over) are also slightly more likely to be employed as non-ongoing (9.3% compared with the APS average of 8.3%). Many in this latter group have also had previous experience as ongoing employees (often at a higher classification than their current non-ongoing employment), and have chosen to return to the APS, to supplement their retirement income, and/or remain actively engaged with the workforce. See ‘Re-engagement and prior service in the APS’ below for further discussion.

**Male and female employment**

One of the consistent, long-term trends in the APS has been continuing growth of women’s representation. This year, that trend has reversed, albeit very slightly. The total number of women increased by 1.6%—from 93,600 to 95,052—while the number of men increased by 1.9%—from 68,237 to 69,544. Despite this, the APS remains a more feminised workforce; women still account for a majority of APS employees—57.4% of ongoing employment and 57.7% of total employment, down from 57.5% and 57.8% respectively last
This was the first year that women’s proportional representation among ongoing employees had fallen since 1994–95 when the ACT Public Service and several repatriation hospitals (all of which had highly feminised workforces) moved out of coverage of the PS Act. Before that, the last time their proportional representation fell was in 1961.

The increase in non-ongoing employment during 2009–10 was much greater for men than for women (22.2% growth compared with 16.5%). Trends for total employment by sex are shown in Figure 9.3.

![Figure 9.3 Total employment by sex, 1996 to 2010](image)

Source: APSED

There is still considerable variation between agencies in the proportional representation of men and women. Of agencies with more than 1,000 ongoing employees, Medicare (80.4%) had the highest proportion of women, followed by DHS (75.6%). Large agencies with the highest proportion of men were the Bureau of Meteorology (BOM; 76.5%) and Defence (60.5%).

### Part-time employment

At June 2010, 13.7% of ongoing employees were working part-time, up from 12.9% last year. Women are still much more likely to work part-time, with 20.9% working part-time at June 2010 compared with 4.0% of men. These trends are shown in Figure 9.4.
Centrelink remains the largest employer of part-time employees in the APS with 5,780 or 28.0% of all ongoing part-time APS employees at June 2010. This group accounted for 22.3% of Centrelink’s ongoing workforce—almost twice the APS average. Other agencies with large numbers of part-time employees were the ATO (2,425), DHS (1,444), Medicare (1,205) and Defence (1,035).

All of the growth in ongoing employment during 2009–10 was in part-time employment; indeed, there was a decline in the number of full-time ongoing employees.

Non-ongoing employees are much more likely to work part-time—38.2% of non-ongoing employees were working part-time at June 2010, compared with 13.7% of ongoing employees. The proportion of non-ongoing employees working part-time has grown considerably over time, particularly in the past year when it grew by 5.6 percentage points.

**Part-time work by age**

Part-time work for women is highest in the 30–44 years age group, with 29.4% of ongoing women in this age group working part-time at June 2010. For men, the proportion in this age group working part-time was only 4.5%. Part-time work is less frequent in the 45–54 years age group, before rising again for both men and women in the 55 years and over age group, who are more likely to work part-time as they age (see Figure 9.5).
Classification structures

To allow comparisons over time, substantive or base classification is used in this analysis—this excludes employees’ temporary assignment at a classification that is different to their base classification. Temporary assignment is discussed in detail later in this chapter. Table 9.1 compares ongoing employee numbers by classification at June 1996, 2009 and 2010. In the past year, numbers rose at all levels above APS 4. The number of employees at APS 1 and APS 2 classifications fell by 1,058 or 17.4%. Most of the decline was at the APS 2 classification, with decreases in Medicare (406 fewer APS 2s), DAFF (365) and Defence (91). These changes were mostly due to advancements within classification broadbands.

Consistent with the trend in recent years, most of the growth this year was in the EL classifications: EL 1s grew by 4.5% and EL 2s by 4.4%. These growth rates are much higher than that for the APS overall (0.4%) and reflect the continuing trend towards a higher classification profile. The number of SES grew by 1.6%.

The APS 4 classification remains the largest in the APS, with 20.7% of all ongoing employees being at that level. Using temporary assignment, APS 6 classification is the largest.

There was a large drop in the number of trainees during the year, from 267 at June 2009 to 177 at June 2010, a decline of 33.7%. Much of the decline was due to reductions in trainees at the ATO (–73) and Defence (–29), although an extra 47 trainees at the Australian Customs and Border Protection Service (Customs) partly offset the decline. Some agencies employ trainees at the APS 1–2 levels rather than in the actual trainee classification, so variation over time may not necessarily reflect agencies’ use of trainees more broadly. The
number of employees in the Graduate APS classification remained relatively steady this
year, with a slight drop from 1,231 to 1,208.

Over the past 15 years, there has been a consistent and strong shift in the classification
profile of the APS. APS 1 and APS 2 classifications now account for only 3.3% of all
ongoing employees, down from 20.0% in 1996. Over that period, the number of trainees
has fallen by 77.1%, and the number at Graduate APS level has grown by 47.0%, compared
with an increase in the size of the APS overall of 17.2%. The strongest growth has been at
the EL 1 classification, with growth of 103.1% over the 15 years, while the SES has grown by
47.8% (from 1.4% to 1.7% of all ongoing employees). Part of the decline at lower
classification levels may be attributed to changes in coverage of the PS Act, with a relatively
high proportion of employees at lower levels moving out of coverage over the past 15 years.
The trend in engagements, however, parallels the shift to a higher classification profile, and
has had a much larger impact on overall numbers than have net coverage changes.

One measure of a shifting classification profile is change over time in the ratio of EL 2
employees to those at lower classifications—Trainees and Graduate APS, APS 1–6 and EL
1s. Over the past 15 years, the ratio has fallen from 15.5 employees at lower classifications for
each EL 2, to 10.9. As would be expected, there is also considerable variation between
agencies, based on the different types of work undertaken. At June 2010, in agencies with
more than 1,000 ongoing employees, the ratio varied from 42.5 in Centrelink to 2.9 in the
Australian Securities and Investments Commission (ASIC).

This trend towards a higher classification profile reflects the changing nature of APS
employment, with a more skilled workforce undertaking increasingly complex and difficult
roles, as well as the outsourcing of a number of low skill functions.

Table 9.1: Ongoing employees by base classification, 1996, 2009 and 2010

<table>
<thead>
<tr>
<th>Classification</th>
<th>1996</th>
<th>2009</th>
<th>2010</th>
<th>% change 2009 to 2010</th>
<th>% change 1996 to 2010</th>
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<tr>
<td>APS 1</td>
<td>11,984</td>
<td>9.3</td>
<td>985</td>
<td>0.7</td>
<td>892</td>
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<td>10.7</td>
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<td>3.4</td>
<td>4,145</td>
</tr>
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<td>APS 3</td>
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<td>20.4</td>
<td>21,786</td>
<td>14.5</td>
<td>20,890</td>
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<td>APS 4</td>
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<td>13.2</td>
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<td>31,184</td>
</tr>
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<td>APS 5</td>
<td>16,253</td>
<td>12.6</td>
<td>20,093</td>
<td>13.4</td>
<td>20,522</td>
</tr>
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<td>15.1</td>
<td>2,996</td>
<td>20.0</td>
<td>30,827</td>
</tr>
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<td>EL 1</td>
<td>12,804</td>
<td>9.9</td>
<td>24,897</td>
<td>16.6</td>
<td>26,009</td>
</tr>
<tr>
<td>EL 2</td>
<td>7,692</td>
<td>6.0</td>
<td>11,881</td>
<td>7.9</td>
<td>12,407</td>
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<td>1.0</td>
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<tr>
<td>SES 2</td>
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<td>535</td>
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<td>551</td>
</tr>
<tr>
<td>SES 3</td>
<td>100</td>
<td>0.1</td>
<td>118</td>
<td>0.1</td>
<td>126</td>
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<tr>
<td>Trainee</td>
<td>773</td>
<td>0.6</td>
<td>267</td>
<td>0.2</td>
<td>177</td>
</tr>
<tr>
<td>Graduate APS</td>
<td>822</td>
<td>0.6</td>
<td>1,231</td>
<td>0.8</td>
<td>1,208</td>
</tr>
<tr>
<td>Total</td>
<td>128,734</td>
<td>100.0</td>
<td>150,267</td>
<td>100.0</td>
<td>150,871</td>
</tr>
</tbody>
</table>

Source: APSED
Women by classification

As noted earlier in this chapter, there was a very slight proportional drop in women’s overall representation this year. Women’s representation fell at most lower classifications—including Trainee and Graduate APS—but rose at all classifications from APS 4 to SES 3.

Women outnumber men at all classifications up to and including APS 6. Fifteen years ago, the ‘cross-over’ point was APS 4. Women’s representation at EL and SES classifications has grown steadily over time; however, the growth has slowed somewhat in the past few years. Realisation of last year’s prediction of equality at the SES 1 classification within the next 10 years is unlikely if the slower growth of the past few years continues.

Despite the long-term growth, women continue to be under-represented at higher classifications. At June 2010, women comprised 45.5% of ELs (up from 45.0% in 2009) and 37.1% of the SES (up from 36.9% in 2009). The number and proportion of women rose in all SES bands, reversing the proportional drop for women at SES 2 and 3 in 2008–09. Women’s representation at higher levels continues to grow; however, that growth has slowed somewhat in recent years.

Figure 9.6 shows that women’s representation among promotions to all classification groups is higher than their representation; however, they are under-represented in engagements, particularly in the EL group. The number of promotions is much higher than the number of engagements for both EL and SES groups so, in the long-term, relatively higher promotion rates for women will have more impact on their representation in these classifications than will the lower engagement rates.

![Figure 9.6 Ongoing employees—engagement and promotion rates for women, 2009–10](image)

Source: APSED
The trend towards greater representation for women at higher classifications is reinforced when looking at their representation in different age groups. Representation of women in both EL and SES classifications is higher for younger age groups—women account for 54.8% of ELs aged less than 40 years and 38.6% of SES aged less than 40 years.

The large agencies with the highest representation of women at higher classifications are DEEWR (58.5% of SES and 56.8% of ELs are women), DoHA (54.2% and 62.8%), Medicare (53.3% and 50.0%), and FaHCSIA (53.0% and 61.4%).

Large agencies with relatively low representation of women at higher classifications include ASIC (no women in the SES) and BOM (11.1% of SES are women and 18.1% of ELs are women). The Department of Finance and Deregulation (Finance) has the greatest disparity between women’s representation in the SES and in the EL feeder group, with EL representation (48.0%) being above the APS average, and SES representation (23.5%) being well below the APS average.

**Temporary assignment**

At June 2010, 16,069 or 10.7% of all ongoing employees were on temporary assignment, usually at a higher classification. Data on temporary assignment was not collected 15 years ago; however, analysis of data over the past 10 years shows that around 10% of employees have been on temporary assignment at any one time.

As most employees on temporary assignment are performing duties at a higher classification, including it in analysis of classification skews the profile slightly away from lower classifications and towards higher classifications: at June 2010, the number of APS 1–2 employees declined from 5,037 (3.3% of all ongoing employees) to 4,344 (2.9%), and the size of the SES increased from 2,610 (1.7% of all ongoing employees) to 3,049 (2.0% of all ongoing employees). This is the equivalent figure to that reported in previous years’ reports.

The number of SES, including those on temporary assignment, rose by 181 or 6.3% during 2009–10. Those agencies with the largest increases in SES were DCCEE (+25 from June 2009 mainly due to machinery-of-government changes), Defence (+19) and the Department of the Prime Minister and Cabinet (PM&C; +16). Excluding those on temporary assignment, the size of the SES rose by 41 or 1.6%—the smallest proportional increase in a decade.

Women are more likely than men to be on temporary assignment—61.8% of those on temporary assignment are women, compared with their overall ongoing representation of 57.4%; however, they are also more likely than men to be on temporary assignment at a lower level than their substantive or base level.

**Workforce agility**

As noted in *Ahead of the Game: Blueprint for the Reform of Australian Government Administration* (the APS Reform Blueprint), workforce agility is essential for ensuring the APS can deliver the government’s reform agenda. This section of the report assesses a range of workforce agilities, and how the APS measures up against them.
Mobility within the APS

Figure 9.7 shows how mobility between agencies has varied over the past 10 years, with periods of decline, stability and growth. During 2009–10, mobility rates fell slightly, with a promotion rate of 0.6% and a transfer rate of 1.4%. Over the period, the transfer rate has been higher than the promotion rate, and there has been more variability in the transfer rate.

![Figure 9.7](image)

Source: APSED

Mobility between agencies has consistently been higher for women than for men. During 2009–10, the mobility rate was 2.1% for women and 1.8% for men—down from 2.4% and 2.1% respectively during 2008–09.

In general, the mobility rate is greater at higher classifications, and is particularly so for women in the SES. During 2009–10, the mobility rate for SES was 6.0%, up from 5.7% the previous year. This classification group was the only one whose mobility rate increased during 2009–10.

Educational qualifications

APSED data, while incomplete, shows that 55.5% of ongoing employees have graduate qualifications, up slightly from 54.6% last year. The proportion is higher for men than for women (59.3% compared with 52.3%).

Over time, there has been a steady increase in the proportion of APS employees with graduate qualifications. During 2009–10, 71.1% of those engaged had graduate qualifications, up from 69.0% the previous year; 20 years ago the proportion was 44.3%.
The gap in qualifications between men and women has narrowed in the past few years. The proportion of women with graduate qualifications has almost doubled in the past 20 years, while the increase for men has been around 50%.

Length of service
The median length of service for ongoing employees in the APS at June 2010 remained at eight years—nine years for men and eight for women, reflecting women’s over-representation in engagements in recent years.

The proportion of ongoing employees with fewer than five years’ service has remained relatively steady for the past five years at around 35%. Similarly, the proportion with 20 or more years’ service has also remained steady at around 20%.

Length at level
The median length at level for all ongoing APS employees was 3.7 years at June 2010, down from 3.8 years in 1996. Median length at level for SES employees was 4.0 years, down from 5.2 years in 1996.

Experience across agencies
The APS Reform Blueprint is the latest in a number of reports that noted the importance of ensuring depth of experience and exposure at all classifications, particularly for the SES. One way of measuring broad experience is by looking at the number of agencies in which APS employees have worked. Table 9.2 shows a decline in the number of agencies worked in for all classification groups since 2001.

As would be expected, the number of agencies worked in increases at higher classification levels—similar to mobility between agencies. Fewer than half of the current SES cohort have worked in only one agency (35.5%), compared with 57.1% of ELs and 76.1% of APS level employees. Almost one in four SES (23.4%) have worked in four or more agencies, compared with only 9.3% of ELs and 2.3% of APS level employees.

Table 9.2: Ongoing employees—number of agencies worked in, 2001 and 2010

<table>
<thead>
<tr>
<th>Classification</th>
<th>One agency</th>
<th>2 to 3 agencies</th>
<th>4 or more agencies</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2001 %</td>
<td>2010 %</td>
<td>2001 %</td>
</tr>
<tr>
<td>APS</td>
<td>73.3</td>
<td>76.1</td>
<td>23.4</td>
</tr>
<tr>
<td>EL</td>
<td>53.3</td>
<td>57.1</td>
<td>34.7</td>
</tr>
<tr>
<td>SES</td>
<td>30.8</td>
<td>35.5</td>
<td>43.2</td>
</tr>
<tr>
<td>Total</td>
<td>68.8</td>
<td>70.5</td>
<td>25.9</td>
</tr>
</tbody>
</table>

Source: APSED
**Re-engagement and prior service in the APS**

Of the 10,221 ongoing engagements during 2009–10, 1,561 (15.3%) had previously worked in the APS as ongoing employees. Of these, almost one-third (490) were re-engaged by the same agency in which they had previously worked. The median length of service prior to re-engagement was 5.5 years.

A total of 3,851 engagements (37.7%) had previously worked as non-ongoing employees in the APS. Of these, 3,109 (80.7%) were engaged by the same agency in which they had been employed previously on a non-ongoing basis—non-ongoing employment continues to be a major entry point into the APS. The median length of service as a non-ongoing employee prior to ongoing engagement was 1.1 years. A total of 4,605 (45.1% of all ongoing engagements) had some prior experience in the APS—ongoing, non-ongoing or both.

The proportion of re-engagements among ongoing engagements has risen over the past few years, indicating perhaps that the APS is becoming part of a ‘portfolio career’ where employees spend time in and outside of the APS, rather than being career public servants as was the situation in the past.

Of the 13,725 non-ongoing employees at June 2010, 2,207 or 16.1% had previously worked in the APS as ongoing employees. The proportion of employees with prior experience increased with level up to EL 2, where 45.7% of non-ongoing employees had previously worked as ongoing employees. For non-ongoing SES, the proportion was 38.5%. Previous ongoing experience was also high among older non-ongoing employees—49.0% of those in the 55–59 years age group and 49.8% of those in the 60 years and older age group having previously worked as ongoing employees.

**Age profile**

At June 2010, the median age of ongoing APS employees was 42 years (44 years for men and 41 years for women). The overall median, and that for men are unchanged from last year; however, the median age for women has increased from 40 years in 2009.

The largest age group is the 45–49 years age group; however, the strongest growth again this year has been in the 60 years and over age group. At June 2010, 4.9% of ongoing employees were aged 60 years and over (up from 4.4% at June 2009).

Representation of young people (that is, those aged less than 25 years) fell again from 4.6% to 4.0%; 0.1% younger than 20 years and 3.9% aged 20–24 years. The actual number of young employees also fell; at June 2010, there were 176 ongoing employees aged less than 20 years (down from 245 last year) and 5,911 aged 20–24 years (down from 6,685 last year).

Older age groups had the largest proportional growth in ongoing employment this year, with the 60 years and over age group growing by 11.8%, significantly higher than the APS average growth of 0.4%. Those groups aged 50–54 years and 55–59 years also increased at well above the APS average (1.9% and 5.3% respectively). Despite still being the largest in the APS, the 45–49 years age group fell by 1.2% over the year.
There has been a consistent long-term trend towards an older age profile. The 55 and over age group has more than doubled in the past 15 years, rising from 5.6% of all ongoing employees in 1996 to 13.6% in 2010. This strong growth in the number of older workers reflects the impact of policies to encourage older, highly skilled workers to either remain in the APS or to return after taking early retirement—see analysis on prior service earlier in this chapter. It also reflects the removal of compulsory age 65 retirement in 1999, which has facilitated increased recruitment of older workers since then, and a reduction in separation rates for older workers in the past few years. Further information on the age profile of engagements to, and separations from, the APS can be found later in this chapter.

The growth in representation of older workers and the concurrent drop in younger age groups over time is shown in Figure 9.8. It shows that the 55 years and over age group has increased representation by 8.0 percentage points since 1996, and the 35–44 years age group’s representation has decreased by 5.4 percentage points over the same period.

![Figure 9.8](image)

Source: APSED

The ageing of the APS workforce raises significant workforce planning and succession management challenges for agencies. Employees in the 45 years and over age group, who will be eligible for retirement in the next 10 years, account for 43.4% of ongoing employees, up from 30.6% in 1996. The ageing of the cohort at more senior classifications, and with longer lengths of service, is particularly evident: for example, at June 2010, 20.5% of SES and 14.3% of ELs were aged 55 years and over, compared with 10.7% and 6.4% in 1996. It is important that agencies implement appropriate strategies to manage for the future, either by retaining or replacing these skills. See Chapter 1 for a discussion of these issues.

There is substantial variation in agencies’ age profiles. Those agencies with a relatively high proportion of older workers may face more critical and different workforce planning and
succession management pressures than those with a younger age profile. Of those agencies with more than 1,000 ongoing employees, four have more than half their workforce aged 45 years and over—the Department of Veterans’ Affairs (DVA; 60.3%), BOM (56.4%), ATO (52.4%) and Defence (51.2%). DVA also has more than 10% of its workforce aged 60 years and over. These results may indicate a workforce planning challenge for those agencies with relatively older age profiles; however, they may also indicate that some of these agencies have already been successful in implementing strategies to retain older workers.

In contrast, three agencies have at least two-thirds of their workforce aged under 45 years—the Department of the Treasury (72.0%), the Attorney-General’s Department (AGD; 70.2%) and Finance (67.8%).

The APS has an older age profile than the Australian labour force, with a much lower proportion of young people, and more in the 35–54 age group—at June 2010, 58.2% of ongoing employees were in this age group, compared with only 43.9% of the Australian labour force at July 2010.12 Despite the continuing growth in older workers in the APS, they are still under-represented compared with the Australian labour force.

**Location**

More than one-third of APS employees (38.8% of ongoing employees and 38.6% of all employees) are located in Canberra. There has been a steady rise in this proportion for many years—in 1996, for example, 31.8% of ongoing employees were located in Canberra.

The proportion of employees located in Canberra increases at higher classifications—at June 2010, 76.5% of SES and 62.3% of ELs were employed in Canberra compared with only 42.7% of APS 5–6s and 16.8% of APS 1–2 and APS 3–4 employees. The increase in Canberra-based employment over time is likely to reflect, in part, increases in employment at these higher levels. Table 9.3 shows the classification profile, by location, for ongoing employees at June 2010.

Table 9.3: Ongoing employees—proportion by classification and location, June 2010

<table>
<thead>
<tr>
<th>Classification</th>
<th>ACT %</th>
<th>NSW %</th>
<th>Vic %</th>
<th>Qld %</th>
<th>SA %</th>
<th>WA %</th>
<th>Tas %</th>
<th>NT %</th>
<th>O’seas %</th>
</tr>
</thead>
<tbody>
<tr>
<td>APS 1–2</td>
<td>16.8</td>
<td>28.2</td>
<td>19.6</td>
<td>16.1</td>
<td>7.3</td>
<td>5.6</td>
<td>2.2</td>
<td>3.8</td>
<td>0.4</td>
</tr>
<tr>
<td>APS 3–4</td>
<td>16.8</td>
<td>26.0</td>
<td>21.1</td>
<td>15.7</td>
<td>7.0</td>
<td>7.2</td>
<td>3.9</td>
<td>2.1</td>
<td>0.1</td>
</tr>
<tr>
<td>APS 5–6</td>
<td>42.7</td>
<td>17.1</td>
<td>15.0</td>
<td>10.2</td>
<td>6.1</td>
<td>4.5</td>
<td>2.0</td>
<td>1.7</td>
<td>0.7</td>
</tr>
<tr>
<td>EL</td>
<td>62.3</td>
<td>10.0</td>
<td>11.0</td>
<td>5.8</td>
<td>4.6</td>
<td>2.4</td>
<td>1.0</td>
<td>0.8</td>
<td>2.0</td>
</tr>
<tr>
<td>SES</td>
<td>76.5</td>
<td>5.3</td>
<td>6.3</td>
<td>2.4</td>
<td>1.6</td>
<td>1.0</td>
<td>0.5</td>
<td>0.4</td>
<td>6.0</td>
</tr>
<tr>
<td>Trainee/Grad APS</td>
<td>73.4</td>
<td>7.0</td>
<td>9.0</td>
<td>5.5</td>
<td>2.5</td>
<td>0.9</td>
<td>0.8</td>
<td>0.8</td>
<td>0.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>**38.8</td>
<td>**18.4</td>
<td>**16.1</td>
<td>**11.0</td>
<td>**5.9</td>
<td>**4.9</td>
<td>**2.4</td>
<td>**1.6</td>
<td>**0.9</td>
</tr>
</tbody>
</table>
in three agencies had all their staff in Canberra, while one in 10 had none in Canberra. Twenty-six agencies had fewer than one-third of their total staff in Canberra. Large agencies in this group included DVA (29.2%), Customs (28.0%), Medicare (22.0%), ATO (14.3%), DHS (12.0%), Centrelink (11.4%), BOM (3.1%), and ASIC (1.1%).

APS employees are concentrated in metropolitan areas. At June 2010, 85.7% of all employees were located in the capital cities.13

Each year, a substantial number of APS employees relocate interstate: during 2009–10, 9,192 ongoing employees relocated interstate, either through promotion or transfer. There was a net move to Canberra of 560 employees, with net moves away from most other locations.

Engagements and separations

During 2009–10, there were 10,221 engagements and 9,646 separations of ongoing employees. Both engagements and separations decreased, compared with the previous year. Figure 9.9 shows ongoing engagements and separations as a proportion of all ongoing employees for the past 15 years. It shows that the separation rate has been relatively steady for the past 10 years, while the engagement rate has varied considerably. The engagement rate has fallen steadily for each of the past four years, reflecting the slowing in growth of the size of the APS over this period.

<table>
<thead>
<tr>
<th>Year ending June</th>
<th>Engagements</th>
<th>Separations</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>18</td>
<td>10</td>
</tr>
<tr>
<td>1997</td>
<td>16</td>
<td>12</td>
</tr>
<tr>
<td>1998</td>
<td>14</td>
<td>14</td>
</tr>
<tr>
<td>1999</td>
<td>12</td>
<td>16</td>
</tr>
<tr>
<td>2000</td>
<td>10</td>
<td>18</td>
</tr>
<tr>
<td>2001</td>
<td>8</td>
<td>20</td>
</tr>
<tr>
<td>2002</td>
<td>6</td>
<td>22</td>
</tr>
<tr>
<td>2003</td>
<td>4</td>
<td>24</td>
</tr>
<tr>
<td>2004</td>
<td>2</td>
<td>26</td>
</tr>
<tr>
<td>2005</td>
<td>0</td>
<td>28</td>
</tr>
<tr>
<td>2006</td>
<td>0</td>
<td>30</td>
</tr>
<tr>
<td>2007</td>
<td>0</td>
<td>32</td>
</tr>
<tr>
<td>2008</td>
<td>0</td>
<td>34</td>
</tr>
<tr>
<td>2009</td>
<td>0</td>
<td>36</td>
</tr>
<tr>
<td>2010</td>
<td>0</td>
<td>38</td>
</tr>
</tbody>
</table>

Source: APSED

Engagements

During 2009–10, the overall number of engagements fell by 22.0%. All classification levels fell, particularly at APS 1–2 (down by 43.8%), APS 3–4 (down by 34.7%), and SES (down
Engagements at Trainee and Graduate APS classifications also fell, but by a smaller proportion than the APS average. As a proportion of all engagements, this group increased from 10.2% to 12.2% compared with the previous year.

Figure 9.10 shows the proportion of engagements by classification group for the past 15 years. It confirms the long-term decline in engagements at the APS 1–2 classifications which have dropped from 29.7% of all engagements in 1995–96 to 6.1% in 2009–10. Engagements at the APS 3–4 classifications fell sharply this year, but they still account for over one-third of all engagements (36.5% in 2009–10).

Women accounted for 56.8% of engagements during 2009–10—a sharp decline from 59.9% the previous year, and somewhat lower than their overall APS representation (57.4% of ongoing employment at June 2010).

Engagements fell in all age groups during 2009–10, particularly in the under 25 years age group. Proportionally, the strongest growth was in the 25–34 years age group (which increased by 2.3 percentage points) and the 55 and over age group (which increased by 0.2 percentage points). Over the past 15 years, this age group has increased from 2.2% of all ongoing engagements to 5.4%, with most of the growth happening after removal of compulsory age 65 retirement in 1999. The median age of engagements during 2009–10 was 31 years (32 years for men and 30 for women), and has varied by only one year over the past decade, except for 2005–06 when the move of Medicare Australia into the APS skewed the engagement data. Figure 9.11 shows changes in the age profile of ongoing engagements for the past 15 years.
Centrelink (1,629 or 15.9%) and Defence (1,332 or 13.0%) accounted for over one-quarter of all engagements during 2009–10. The number of engagements to Centrelink in 2009–10 fell by 40.2% compared with 2008–09.

Mobility between the APS and the wider labour market can be gauged by employment opportunities filled by engagement (that is, from outside the APS) as a proportion of all opportunities filled by engagement and promotion. During 2009–10, 42.2% of employment opportunities were filled by engagement—a drop from the previous year (45.8%). The decline reflects the reduction in the total number of engagements during the year. Excluding ‘base-grade’ recruitment—the APS 1 to APS 3, Graduate APS and Trainee classifications—the proportion of opportunities filled by engagement during 2009–10 was 31.6%, the same proportion as in 2008–09. While the number of engagements fell by 22.0% during the year, the number of promotions fell by 9.6%. Promotions within an agency accounted for 93.9% of all promotions during 2009–10, up slightly from 93.1% in 2008–09.

**Separations**

There were 9,646 separations of ongoing employees during 2009–10, a decrease of 9.0% on the 10,605 separations the previous year. The overall separation rate for the APS during 2009–10 was 6.4%—the lowest since 2003–04. The number of resignations fell from 6,569 to 5,677, a decrease of 13.6%. Retrenchments fell by 3.6% and age retirements by 2.7%. This was the second year in which the number of age retirements fell, after rising for most of the past 10 years. Invalidity retirements increased by 11.3%—up from 256 in 2008–09 to 285 in 2009–10.
Figure 9.12 shows how the main separation types have varied over the past 15 years. Age retirements, while relatively low, increased steadily over the period. Terminations remained relatively steady over the past few years, and the inverse relationship between resignations and retrenchments continued.

![Figure 9.12 Ongoing separations, 1995–96 to 2009–10](image)

Source: APSED

Separations by age group for 2008–09 and 2009–10 are shown in Table 9.4. The proportion of ongoing employees in each age group at June 2010 is included for comparison. The number of separations fell in all age groups, except the 60 years and over age group. For the 50–59 years age group, the fall in separations was proportionally lower than that for the APS overall. Comparing separations to the age profile of the APS, those aged less than 30 years and those aged 50 years and over separated at a higher rate than their APS representation.
Table 9.4: Separations of ongoing employees by age group, 2008–09 and 2009–10

<table>
<thead>
<tr>
<th>Age group</th>
<th>2008–09</th>
<th>2009–10</th>
<th>% change 2008–09 to 2009–10</th>
<th>Ongoing employees June 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>%</td>
<td>No.</td>
<td>%</td>
</tr>
<tr>
<td>Under 20</td>
<td>38</td>
<td>0.4</td>
<td>36</td>
<td>0.4</td>
</tr>
<tr>
<td>20–24</td>
<td>693</td>
<td>6.5</td>
<td>526</td>
<td>5.5</td>
</tr>
<tr>
<td>25–29</td>
<td>1,472</td>
<td>13.9</td>
<td>1,252</td>
<td>13.0</td>
</tr>
<tr>
<td>30–34</td>
<td>1,374</td>
<td>13.0</td>
<td>1,134</td>
<td>11.8</td>
</tr>
<tr>
<td>35–39</td>
<td>1,247</td>
<td>11.8</td>
<td>1,067</td>
<td>11.1</td>
</tr>
<tr>
<td>40–44</td>
<td>981</td>
<td>9.3</td>
<td>844</td>
<td>8.7</td>
</tr>
<tr>
<td>45–49</td>
<td>927</td>
<td>8.7</td>
<td>846</td>
<td>8.8</td>
</tr>
<tr>
<td>50–54</td>
<td>1,498</td>
<td>14.1</td>
<td>1,454</td>
<td>15.1</td>
</tr>
<tr>
<td>55–59</td>
<td>1,219</td>
<td>11.5</td>
<td>1,182</td>
<td>12.3</td>
</tr>
<tr>
<td>60 &amp; over</td>
<td>1,156</td>
<td>10.9</td>
<td>1,305</td>
<td>13.5</td>
</tr>
<tr>
<td>Total</td>
<td>10,605</td>
<td>100.0</td>
<td>9,646</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: APSED

Figure 9.13 shows the proportion of ongoing employees in the 50–65 years cohort that separated through resignation or retirement, during the past 15 years. The sharp rise in the separation rate for 54-year-olds from 1997–98 to 2001–02 is most likely due to the strong growth in earnings rates for the Commonwealth Superannuation Scheme (CSS), and the subsequent effect of the financial incentive for some members to resign just before their fifty-fifth birthday—the so-called 54/11 effect. Separations for this cohort then plateaued for several years before falling sharply during the past two years—the resignation rate for 54-year-olds declined from 24.0% in 2007–08 to 14.0% in 2009–10. This latter pattern is probably due to two factors: first, the CSS closed to new members in 1990, so the proportion of 54-year-olds who are members of the CSS has declined over time; and second, the negative effects of the global financial crisis on the value of superannuation earning rates, and the reduced incentive for resigning at 54/11.

Women accounted for 57.8% of all ongoing separations during 2009–10, up from 56.2% the previous year, and slightly higher than their overall representation (57.4%). As has been the case for many years, women are over-represented in resignations (60.1% in 2009–10), but under-represented in all other separation types.

The agencies with the largest number of ongoing separations during the year were Centrelink (1,881), the ATO (1,165), and Defence (1,018). These three agencies accounted for 42.1% of all ongoing separations, slightly lower than their combined 45.1% of ongoing APS employment.

Another way of measuring separations from an agency is to count separations from the APS, as well as promotions and transfers to other agencies—an agency exit rate. Of those agencies with more than 1,000 ongoing employees at June 2010, those with the highest exit rates included Infrastructure (15.6%), AGD (14.8%), the ABS (13.7%) and Finance (13.2%). Smaller agencies with relatively high exit rates included the National Blood Authority and the AOTDTA (both 38.5%), Wheat Exports Australia (32.0%), Cancer Australia (30.0%) and the Federal Magistrates Court (29.2%).
Key chapter findings

Overall, the APS growth rate was low this year. The growth in ongoing employment was particularly low, with agencies using the flexibilities of non-ongoing employment to manage peaks and troughs in work demands. The trend towards a highly qualified workforce continued, with close to three-quarters of new APS employees having graduate qualifications. The long-term feminisation of the workforce slowed, particularly at lower classifications.

The reduction in cross-agency experience—fewer agencies worked in and reduced mobility between agencies—is of concern. These issues were raised in the APS Reform Blueprint, and the 2010 results reinforce these concerns.

The ageing of the APS workforce continued this year; fewer young people were engaged, and the representation of older workers increased, both through higher engagement and retention rates. The impact of the global financial crisis on discretionary separations, that is, resignations, continued.

The decrease in representation of young people was reflected in lower levels of engagement at Trainee and Graduate APS classifications. It is important that agencies recognise the importance of investing in these groups to renew their workforce capability in the long-term.

The ‘typical’ new starter in the APS in 2009–10 was a 31-year-old woman, with graduate qualifications, engaged at the APS 3 level. The ‘typical’ APS employee is a 42-year-old woman, with graduate qualifications and experience in only one agency, working at the APS 6 level.
Endnotes

1 The Commission makes every effort to ensure the integrity of APSED data, but it is not responsible for inaccuracies in the data agencies provide. The Commission undertakes extensive audits of the data and, as a result, some errors in historical data have been corrected. For this reason, caution should be exercised when comparing data presented in this report with that from earlier years. Most significantly, previously published data on employee numbers may have been revised and therefore may not be directly comparable. Due to different data sources and definitions, there may be variations between the data published here and that published by individual agencies. For further information on the size and composition of the APS, including definitions, see the Australian Public Service Statistical Bulletin 2009–10.

2 During 2009–10, Tourism Australia (with 21 employees) moved into coverage of the PS Act, as part of the Department of Resources, Energy and Tourism. A full list of coverage changes during the past 10 years can be found in the Australian Public Service Statistical Bulletin 2009–10.

3 For ongoing employees, women’s representation fell from 57.47% to 57.41%; and for total employees it fell from 57.84% to 57.75%. From June 2009 to June 2010, there were an additional 604 ongoing employees. Excluding DCCEE, where growth was mainly due to machinery-of-government changes, the largest growth was in Defence, where almost three-quarters of the additional staff were male. The magnitude of this growth was sufficient to influence the overall representation of men and women and reduce women’s proportional representation.

4 APSED data for DHS includes CRS Australia. In earlier chapters, separate employee survey results for DHS and CRS Australia are provided where they differ significantly from the APS average on important variables.

5 In 1996, 175 ongoing employees were employed in ‘other classification’ and are included in the total for that year.

6 ASIC had eight women on temporary assignment at SES classifications at June 2010.

7 Mobility rates are calculated as the number of promotions or transfers between agencies during the financial year, divided by the average number of employees at the beginning and end of the financial year.

8 The method used to calculate the proportion of employees with graduate or tertiary qualifications includes those with qualifications at bachelor’s degree level and above. It excludes from the denominator those for whom no data was provided by agencies, and those who chose not to provide details for their highest qualification.

9 Median length at level includes prior ongoing and non-ongoing service at that same level undertaken before the current period of employment. Periods of temporary assignment are not included.

10 The method used to calculate number of agencies worked in has changed from that used in previous years’ reports. The new method also takes into account ongoing APS experience prior to the current period of employment, so the proportion of employees with experience in two or more agencies has increased.

11 Non-ongoing employment experience gained before July 1999 is not recorded on APSED, and is excluded from this analysis.


13 Defined as the ABS’ Statistical Divisions of Sydney, Melbourne, Brisbane, Adelaide, Perth, Greater Hobart, Darwin, and Canberra.

14 The resignation/retirement rate is calculated as the number of resignations or retirements at a particular age in a financial year, divided by the average number of people at that age over the financial year.
### APS agencies (or semi-autonomous parts of agencies) and APS employees as at 6 April 2010

<table>
<thead>
<tr>
<th>Agency</th>
<th>Total APS employees</th>
<th>Included in employee survey</th>
<th>Included in agency survey</th>
</tr>
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<td>Included in agency survey</td>
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</table>

(a) For the purpose of the employee survey, these semi-autonomous parts of agencies were treated as part of their department so as not to be excluded from the employee survey.

(b) CRS Australia was included with its department (Department of Human Services) for the agency survey.

Source: APSED
Survey methodologies

Agency survey methodology
The scope of the agency survey was the 98 Australian Public Service (APS) agencies, or semi-autonomous parts of agencies, employing at least 20 staff under the Public Service Act 1999.

The 98 participating agencies were provided with access to the online survey on 3 June 2010. Agencies had six weeks to complete and submit their response. As part of their survey return, agency heads were required to 'sign off' their agency’s response. All 98 agencies responded to the online agency survey. The results of the agency survey are one of the key sources of information on which the Australian Public Service Commission (the Commission) has relied throughout the preparation of this report.

Employee survey methodology
The employee survey sampling methodology was developed in consultation with the Australian Bureau of Statistics (ABS). This year, the content was designed to establish the views of APS employees on a range of issues, including work-life balance, learning and development, job satisfaction, leadership, interactions with government and general impressions about the APS. The results of the employee survey are one of the main sources of information from which the Commission has drawn in preparing this report.
Scope and coverage
The scope of the employee survey was all APS employees (both ongoing and non-ongoing) in agencies with at least 100 APS employees. Employees in agencies that employed fewer than 100 APS employees were excluded on the basis that their responses could possibly identify them.

The survey sample was drawn from the Australian Public Service Employment Database (APSED) on 6 April 2010, at which time APSED indicated that the total number of APS employees was 162,237. The survey sample was selected from the total population of APS employees from agencies with at least 100 APS employees, which numbered 161,195. Appendix 1 provides information on agencies' APS employee numbers as at 6 April 2010.

Stratification
A stratified random sample of 9,083 APS employees was selected from APSED. The sample was stratified by:
- level (APS 1–6 [including Trainee and Graduate APS], Executive Level [EL] and Senior Executive Service [SES] classification groups)
- agency size (small: 100–250 APS employees; medium: 251–1,000 APS employees; and large: >1,000 APS employees)
- agency (for agencies with at least 400 employees and the Commission)
- location (ACT and non-ACT).

To enable sound statistical inferences to be made about all APS employees, individuals were randomly selected from each of the strata. Each individual within a stratum had an equal chance of selection.

The sampling rates varied between the strata (level, agency size, agency and location) to ensure accuracy of any population estimates in terms of these key characteristics. For example, a much higher sampling rate was required for the same accuracy for a smaller population (such as the SES) than for a larger population (such as APS 1–6 employees).

The required accuracies varied between the strata, and this also led to differing sampling rates for these strata.

The stratification process has not introduced a bias in the population estimates because the responses are appropriately weighted to take these differing sample rates into account (see also ‘Weighting and estimation’ below).

Reporting of results from agencies with at least 400 employees
The survey was designed to enable agencies with at least 400 employees and the Commission to receive a copy of their own results from the employee survey for internal management purposes—subject to the results satisfying a statistical accuracy benchmark. For this to occur, these 45 agencies were included separately in the stratification process (see ‘Stratification’ above).
Privacy, anonymity and confidentiality

Maintaining confidentiality throughout the employee survey process was of primary concern to the Commission.

Privacy arrangements for APSED precluded Commission staff, other than those in the APSED Team, the Group Manager of the APS Workforce Group, and the Commission’s Executive, from accessing APSED data relating to individuals. This meant the identity of those individuals selected in the sample from APSED was not available to the Commission's State of the Service Team or any other non-APSED staff involved in the survey. A small number of ORIMA Research staff had access to the sample. All responses to the survey were anonymous so individuals could not be identified.

Each person invited to participate in the employee survey was provided with a unique password to prevent multiple responses from individual respondents.

Survey design

The employee surveys conducted in previous years were used as the basis for this year’s survey. Some questions are included annually, other questions are cycled through on a two- or three-year basis, and others were included for the first time this year to address topical issues. To ensure the Commission maintains comparable time series data, any changes to questions repeated from previous years were kept to a minimum.

The draft employee survey was subjected to individual and paired pilot testing involving individuals at the APS 1–6 and EL classifications from the ABS, Comcare, Defence Housing Australia, Department of Health and Ageing, Department of Finance and Deregulation and Department of Defence.

The employee survey was delivered using two methods. The main delivery method was online via a password-protected Internet site. Most employees in the sample were sent an email from ORIMA Research on behalf of the Commissioner inviting them to participate in the online survey.

A secondary, paper-based delivery method was used for employees working in agencies who do not have access to an individual email account or do not have (or have only limited) access to the Internet. These employees received a letter from the Commissioner inviting them to participate in the survey, as well as a paper copy of the survey to complete and return to ORIMA Research.

The 9,083 invitation emails and letters were sent out to employees in the sample on 10 May 2010. Respondents were asked to complete the survey and submit or return it to ORIMA Research by 4 June 2010.

An adjustment was made to the final sample size to account for those excluded from the survey; these included repeatedly bounced emails, returned paper copies, those 'out of office' for the entire survey period and those known to be no longer employed in the APS at the time of the survey. As a result, the final sample was reduced by 351 to 8,732.
Weighting and estimation

The survey responses were weighted to reflect the characteristics of the underlying population of APS employees. This was done to ensure the demographic characteristics (used for sample selection) of the survey results matched those of all APS employees. The weighting process was based on the four demographic characteristics used for selection of the sample, namely:

- level (APS 1–6 [including Trainee and Graduate APS], EL and SES classification groups)
- agency size (small: 100–250 APS employees; medium: 251–1,000 APS employees; and large: >1,000 APS employees)
- agency (for agencies with at least 400 employees and the Commission)
- location (ACT and non-ACT).

There were, therefore, 282 different weights applied—level (3), multiplied by location (2), multiplied by agency size and agency (47). For this survey, the weight for each stratum (for example, ACT-based EL staff in a particular large agency) was calculated by dividing the population share of that stratum by the proportion of survey respondents in that stratum. For example, if 1% of APS employees, within the scope of the survey, were ACT-based EL staff working for a particular large agency, and 2% of all survey respondents were ACT-based EL staff within that agency, then the applied weight would be 0.5. If the data was not weighted, some strata would be over-represented and others under-represented in the total survey results.

The weighting approach was based on that taken in previous years. Application of a uniform approach to sample selection and weighting continued to assist in the development of time series data. The weighting approach assumes that respondents respond in the same way as non-respondents for the characteristics of interest: that is, the responding persons represent the non-responding persons.

In this survey, with a response rate of 64%, there would need to be a marked difference in the views of non-respondents from those of the respondents to alter or bias the overall results to any significant extent. For analysis presented in this report it was assumed there was no significant bias between those who responded to the survey and those who did not respond. This should be considered when using the data to make inferences about the APS population.

Results have generally been presented rounded to the nearest whole percentage point (that is, 38% not 37.7%). Due to this rounding, the percentage results for some questions may not add up to exactly 100%.

Measures of error and accuracy

Two types of error can occur in sample surveys: non-sampling error and sampling error. Non-sampling error causes bias in statistical results and can occur at any stage of a survey and can also occur with censuses (that is, when every member of the target population is included). Sampling error arises because not all of the population are surveyed in a sample survey. Hence a measured sample statistic is not usually identical with the true population behaviour. Estimating non-sampling error can be difficult, whereas sampling error can be estimated mathematically. It is important to be aware of these errors and in particular, non-sampling error, so they can be either minimised or eliminated from the survey.
Non-sampling error

This year’s employee survey achieved a response rate of 64%. This response rate excludes responses that were received but were insufficiently complete to provide input into the final data. This response rate is creditable for a voluntary survey.

Non-sampling errors can result from imperfections in reporting by respondents, errors made in recording and coding of responses, and errors made in processing the data. No quantifiable estimates are available on the effect of non-sampling errors. However, every effort has been made to reduce the non-sampling errors to a minimum by careful survey design and efficient operating procedures. In particular, the online survey design minimised the possibility of errors being made in the recording and coding of responses, as the respondents themselves entered the data when responding to the survey.

In addition, identifiable errors respondents made while completing the survey were removed from the results database. Blank responses were generally coded to non-response categories. The exception to this practice arose where responses were needed for demographic items for weighting purposes. Where this occurred, survey responses were disregarded.

Sampling error

One measure of the sampling error of a population estimate is the standard error. There are about 19 chances in 20 that a sample estimate will be within two standard errors of the true population value. This is known as the 95% confidence interval.

We are 95% confident, for instance, that the true percentage of the population who agree that their supervisor ensures fair access to developmental opportunities for employees in their work group is between 69.7% and 72.3% (a sample estimate of 71.0% and a confidence interval of ±1.3 percentage points, based on a standard error of 0.65 percentage points).

The following table illustrates the confidence intervals from the sample design associated with estimates from some key questions in the employee survey.

<table>
<thead>
<tr>
<th>Question</th>
<th>95% confidence interval</th>
<th>Estimate result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agree that their supervisor ensures fair access to developmental opportunities for employees in their work group</td>
<td>±1.3pp</td>
<td>71.0%</td>
</tr>
<tr>
<td>Agree that their agency has sound governance processes for effective decision making</td>
<td>±1.4pp</td>
<td>58.8%</td>
</tr>
<tr>
<td>Agree that in their agency, the leadership is of a high quality</td>
<td>±1.4pp</td>
<td>42.5%</td>
</tr>
<tr>
<td>Agree that their agency encourages the public to participate in shaping and administering policy</td>
<td>±1.4pp</td>
<td>45.2%</td>
</tr>
<tr>
<td>Agree that their input is adequately sought and considered about decisions that directly affect them</td>
<td>±1.5pp</td>
<td>51.0%</td>
</tr>
<tr>
<td>Considering their work and life priorities, are satisfied with the work-life balance in their current job</td>
<td>±1.3pp</td>
<td>73.0%</td>
</tr>
<tr>
<td>Agree that in their experience, their agency always/usually encourages collaboration with other public service agencies</td>
<td>±2.2pp</td>
<td>72.1%</td>
</tr>
<tr>
<td>Would recommend their current agency as a good place to work</td>
<td>±1.4pp</td>
<td>66.3%</td>
</tr>
<tr>
<td>Want to try new ideas, but the APS discourages risk taking</td>
<td>±1.3pp</td>
<td>28.9%</td>
</tr>
<tr>
<td>Are satisfied with their own access to learning and development opportunities in their agency</td>
<td>±1.4pp</td>
<td>58.4%</td>
</tr>
</tbody>
</table>
Results have not been reported for questions where the number of unweighted responses was fewer than 30. This approach has been adopted for two reasons: firstly, to eliminate the possible identification of individuals who responded to these questions; secondly, to remove less reliable results from the analysis. Results with a confidence interval of more than ±15 percentage points have also been excluded from the analysis. This approach has not affected reporting of results at the aggregate level; however, it has limited our ability to report on disaggregated data where the sample size is small—as is sometimes the case for questions following ‘filter’ questions.

It should be noted that estimates relating to disaggregated data where the sample size is small, will have wider confidence intervals than estimates for aggregated data or disaggregated data where the sample size is large. For example, the following table illustrates that the confidence interval for Indigenous employees is wider than the confidence intervals for other employees responding to the same question because the Indigenous population is small.

<table>
<thead>
<tr>
<th>Question</th>
<th>95% confidence interval</th>
<th>Estimate result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agree that their supervisor ensures fair access to developmental opportunities for employees in their work group (women)</td>
<td>±1.5pp</td>
<td>72.1%</td>
</tr>
<tr>
<td>Agree that their supervisor ensures fair access to developmental opportunities for employees in their work group (men)</td>
<td>±1.8pp</td>
<td>69.6%</td>
</tr>
<tr>
<td>Agree that their supervisor ensures fair access to developmental opportunities for employees in their work group (people with disability)</td>
<td>±5.3pp</td>
<td>58.5%</td>
</tr>
<tr>
<td>Agree that their supervisor ensures fair access to developmental opportunities for employees in their work group (people without disability)</td>
<td>±1.2pp</td>
<td>71.9%</td>
</tr>
<tr>
<td>Agree that their supervisor ensures fair access to developmental opportunities for employees in their work group (Indigenous employees)</td>
<td>±7.5pp</td>
<td>62.9%</td>
</tr>
<tr>
<td>Agree that their supervisor ensures fair access to developmental opportunities for employees in their work group (non-Indigenous employees)</td>
<td>±1.2pp</td>
<td>71.3%</td>
</tr>
</tbody>
</table>

**Interpretation of scales**

Scales were included in any question that required a respondent to measure the strength or level of an attitude or opinion. In its simplest form in the survey, a scale asked a respondent to rate the level of importance, satisfaction or effectiveness of various workplace variables on a five-point scale.

The scales used in the surveys were generally balanced, that is, they allowed respondents to express one of the two extremes of view (for example, satisfaction and dissatisfaction). These scales were also designed with a midpoint that allowed respondents to enter a ‘neutral’ response.

When interpreting scales, it is important to realise there is not an ordinal relationship between points in a scale, that is, the strength of opinion to shift a respondent from ‘neutral’ to ‘satisfied’ may be much smaller than the strength required to shift a respondent from ‘satisfied’ to ‘very satisfied’.
**Open-ended responses**

The employee survey questionnaire provided specified response options for most questions. It also included open-ended response options for some questions, which enabled respondents to provide a text response to a question. Open-ended options were commonly provided, for example, as part of a specified response question in the form of ‘other (please specify)’.

**Coding**

Some open-ended responses have been coded to aid analysis. Coding involved, for example, removing irrelevant and incidental comments from statistical outputs.

**Interpretation**

The report draws on the actual comments employees provided through the open-ended questions to complement other information. Employees’ comments represent a rich and valuable data source; however, they do not necessarily represent the views of all employees.

**Data cleaning**

Every effort has been made to ensure the integrity of data from the employee and agency surveys. Where inaccuracies are discovered, or a different methodology is adopted, the historical data has been revised. For this reason, caution should be exercised when comparing data in this year’s report with that in previous reports. Time series analysis in this report incorporates the historical revisions made to previous datasets.
A factor analysis was conducted on a broad range of questions in the 2010 State of the
Service employee survey. Factor analysis is a ‘data reduction’ technique, which
statistically groups together highly related questions. The factor analysis process
primarily uses high correlations between question responses to group them together.
A high positive correlation between two questions, for example, is where most of the
responses to one question show a very similar pattern of responses as those to the
other question (i.e. across individuals, high scores on one generally correspond to
high scores on the other). Factors are considered to reflect underlying processes or
relationships that have created the correlations among variables.

In this case, a factor analysis was conducted to determine whether, based on the questions
from the employee survey, broader groups of workplace issues or ‘factors’ existed. Therefore,
each factor represents a measure of a broader construct than the individual questions in the
2010 employee survey.

Similar to last year, the factor analysis is structured around the ORIMA Research
Employee Engagement Model (OREEM).

**About the OREEM**

The OREEM is based on current theory within organisational psychology and human
resource management and has been validated through numerous studies conducted in
Australia and overseas. This analytical framework is designed to measure the strength of
relationships between the workplace factors that have an impact on an individual employee’s
satisfaction and engagement with their job/agency and several key agency outcomes.
The main elements of the OREEM are described below and summarised in the following figure.

- A broad range of workplace factors have an impact on levels of employee engagement—measured primarily in the model through motivation/discretionary effort.  
- An individual employee’s engagement with their agency is likely to have a significant impact on their job/agency satisfaction, their loyalty/commitment to their agency and broader on-the-job performance/effectiveness.  
- Loyalty/commitment to agency appears to have a strong link with a range of agency outcomes, including agency performance, turnover and absenteeism.  
  - Loyalty/commitment to agency can be conceptualised as a ‘reservoir’ of goodwill towards the organisation. Employees who are engaged and satisfied with their job tend to accumulate greater loyalty/commitment to their agency over time. Conversely, disengagement and dissatisfaction tends to gradually reduce loyalty/commitment to their agency.  
- Improvements in overall agency performance and individual job/agency satisfaction are also likely to feed back into higher levels of employee engagement.

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**ORIMA Research Employee Engagement Model (OREEM)**

<table>
<thead>
<tr>
<th>Workplace factors</th>
<th>Agency outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Key drivers of Motivation/Discretionary Effort:</strong></td>
<td>Individual Performance/Effectiveness</td>
</tr>
<tr>
<td>• Intrinsic Rewards</td>
<td>Enhancing Agency Performance</td>
</tr>
<tr>
<td>• Social Identification</td>
<td></td>
</tr>
<tr>
<td>• Job-Skills Match</td>
<td></td>
</tr>
<tr>
<td>• Goal Clarity</td>
<td></td>
</tr>
<tr>
<td><strong>Additional key drivers of Job/Agency Satisfaction:</strong></td>
<td>Lowering Absenteeism</td>
</tr>
<tr>
<td>• Autonomy/Empowerment</td>
<td></td>
</tr>
<tr>
<td>• Career Progression</td>
<td></td>
</tr>
<tr>
<td>• Work-Life Balance</td>
<td></td>
</tr>
<tr>
<td>• Remuneration and Conditions</td>
<td></td>
</tr>
<tr>
<td>• Recognition and Feeling Valued</td>
<td></td>
</tr>
<tr>
<td>• Team Performance and Relationships</td>
<td></td>
</tr>
<tr>
<td>• Learning and Development</td>
<td></td>
</tr>
<tr>
<td>• Supervisor</td>
<td></td>
</tr>
<tr>
<td><strong>Additional key drivers of Loyalty/Commitment to Agency:</strong></td>
<td>Reducing Turnover</td>
</tr>
<tr>
<td>• Agency Culture</td>
<td></td>
</tr>
<tr>
<td>• Senior Leaders</td>
<td></td>
</tr>
<tr>
<td><strong>Other factors (not statistically significant in 2010)</strong></td>
<td></td>
</tr>
<tr>
<td>• Performance Feedback/Accountability</td>
<td></td>
</tr>
</tbody>
</table>

---

Note: (a) Social identification is not considered with the other 14 factors in the report but is described in the section on summary indices, within this appendix.
Using the OREEM to focus the analysis of the employee survey results allows prioritisation of potential improvements to those workplace factors that are likely to have the greatest impact on the key agency outcomes of agency performance, absenteeism and turnover.

**Factors for the 2010 State of the Service employee survey**

A ‘confirmatory’ factor analysis approach was used to verify the core relationships from the OREEM. Confirmatory factor analysis involves compiling a group of questions that relate to an underlying ‘latent variable’ and running a series of statistical tests on this group of questions to ensure they form a single coherent factor. Factors are tested individually and a single question can only be allocated to one factor.

The factor analysis resulted in a 15 factor structure. The 15 factors were:

- Intrinsic Rewards
- Social Identification
- Job-Skills Match
- Goal Clarity
- Autonomy/Empowerment
- Career Progression
- Work-Life Balance
- Remuneration and Conditions
- Recognition and Feeling Valued
- Team Performance and Relationships
- Learning and Development
- Supervisor
- Agency Culture
- Senior Leaders
- Performance Feedback/Accountability.

**Relationship between factors and several key agency outcomes**

Regression analysis was used to estimate relationships between the above factors within the context of the OREEM. The results of this regression analysis are summarised in the above figure, which shows that:

- four of the factors (Intrinsic Rewards, Social Identification, Job-Skills Match, and Goal Clarity) were key drivers of Motivation/Discretionary Effort (the primary measure of employee engagement used in the model)
- Motivation/Discretionary Effort and eight additional factors (Autonomy/Empowerment, Career Progression, Work-Life Balance, Remuneration and Conditions, Recognition and Feeling Valued, Team Performance and Relationships, Learning and Development and Supervisor) were key drivers of Job/Agency Satisfaction
• Motivation/Discretionary Effort, Job/Agency Satisfaction and two additional factors (Agency Culture and Senior Leaders) were key drivers of Loyalty/Commitment to Agency
• one of the factors, Performance Feedback/Accountability, was not statistically significant within the context of the model but was still important in driving employee engagement.

The figure also highlights the important role of Motivation/Discretionary Effort, Loyalty/Commitment to Agency and Job/Agency Satisfaction in influencing several key agency outcomes, including:
• minimising staff turnover
• minimising absenteeism
• maximising staff effectiveness and overall agency performance.

Comparability with 2009 factor analysis

Results for the 2010 factor analysis are not directly comparable with the 2009 results, as although some factors may measure the same concept, the principal components of each factor are not necessarily the same.

The similarity of the 2009 and 2010 factor analysis results suggests, however, that the 2010 factor analysis model is robust and highlights ongoing relationships between workplace factors and agency outcomes.

Factor content

The following tables show the principal components of each factor. In the text of the report, factor names appear with the first letter of each word capitalised to distinguish them from other uses of the word(s).

Principal components of factors

<table>
<thead>
<tr>
<th>Intrinsic Rewards</th>
</tr>
</thead>
<tbody>
<tr>
<td>q16a. I enjoy the work in my current job.</td>
</tr>
<tr>
<td>q16i. My job gives me a feeling of personal accomplishment.</td>
</tr>
<tr>
<td>q21a. My agency is a good place to work.</td>
</tr>
<tr>
<td>q26d. [Please indicate your level of satisfaction in your current job with]: ...chance to make a useful contribution to society.</td>
</tr>
<tr>
<td>q26e. [Please indicate your level of satisfaction in your current job with]: ...seeing tangible results from my work.</td>
</tr>
<tr>
<td>q26i. [Please indicate your level of satisfaction in your current job with]: ...interesting work provided.</td>
</tr>
<tr>
<td>q31iib. [In your current job, how well have your expectations been met in]: ...contributing to making a difference?</td>
</tr>
<tr>
<td>q31iif. [In your current job, how well have your expectations been met in]: ...opportunities to work on innovative or ‘leading edge’ projects?</td>
</tr>
<tr>
<td>q31iik. [In your current job, how well have your expectations been met in]: ...the agency’s reputation for doing important work?</td>
</tr>
<tr>
<td>Appendix 3</td>
</tr>
<tr>
<td>------------</td>
</tr>
</tbody>
</table>

### Job-Skills Match

- **q16e.** My job allows me to utilise my skills, knowledge and abilities.
- **q16m.** My job gives me the opportunity to work on the tasks I do best.
- **q26f.** [Please indicate your level of satisfaction in your current job with]: …opportunities to utilise my skills.
- **q31ie.** [In your current job, how well have your expectations been met in]: …matching your interests/experience to the responsibilities of the job or the business of the agency?

### Goal Clarity

- **q16j.** I have a clear understanding of how my own job contributes to my work team’s role.
- **q16n.** I clearly understand what is expected of me in this job.
- **q18i.** I have a clear understanding of how my work group’s role contributes to my agency’s strategic directions.
- **q26a.** [Please indicate your level of satisfaction in your current job with]: …duties/expectations made clear.

### Autonomy/Empowerment

- **q16o.** I have the authority (e.g. the necessary delegation(s), autonomy, level of responsibility) to do my job effectively.
- **q18d.** I feel that my own ideas are genuinely considered when strategies, goals or tasks are being set for my work group.
- **q19f.** My supervisor delegates work effectively.
- **q19i.** My supervisor encourages and manages innovation.
- **q26c.** [Please indicate your level of satisfaction in your current job with]: …chance to be innovative.
- **q26o.** [Please indicate your level of satisfaction in your current job with]: …appropriate level of autonomy in my job.
- **q54c.** I receive support from my manager when I suggest new ideas.
- **q71b.** My input is adequately sought and considered about decisions that directly affect me.

### Career Progression

- **q16h.** My current job will help my career aspirations.
- **q22c.** I am satisfied with the opportunities for career progression in my current agency.
- **q26g.** [Please indicate your level of satisfaction in your current job with]: …opportunities to develop my skills.
- **q26k.** [Please indicate your level of satisfaction in your current job with]: …opportunities for career development.
- **q31iia.** [In your current job, how well have your expectations been met in]: …gaining experience or greater experience in the APS?
- **q31iig.** [In your current job, how well have your expectations been met in]: …future career opportunities in the agency?

### Work-Life Balance

- **q26m.** [Please indicate your level of satisfaction in your current job with]: …flexible working arrangements.
- **q29.** Considering your work and life priorities, how satisfied are you with the work-life balance in your current job?
- **q30.** Overall, how satisfied are you with your ability to access and use flexible working arrangements?
- **q71a.** My workplace culture supports people to achieve a good work/life balance.
### Remuneration and Conditions

<table>
<thead>
<tr>
<th>Question</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>q16t.</td>
<td>I am fairly remunerated for the work that I do.</td>
</tr>
<tr>
<td>q21s.</td>
<td>I am satisfied with my non-monetary employment conditions (e.g. leave, flexible work arrangements, other benefits).</td>
</tr>
<tr>
<td>q21t.</td>
<td>I am well paid compared to what I would receive in other agencies.</td>
</tr>
<tr>
<td>q26j.</td>
<td>[Please indicate your level of satisfaction in your current job with]: …remuneration package (e.g. salary, superannuation).</td>
</tr>
<tr>
<td>q31iii.</td>
<td>[In your current job, how well have your expectations been met in]: …your remuneration package (e.g. salary, superannuation)?</td>
</tr>
</tbody>
</table>

### Recognition and Feeling Valued

<table>
<thead>
<tr>
<th>Question</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>q16l.</td>
<td>I receive adequate recognition for my work contributions and accomplishments.</td>
</tr>
<tr>
<td>q16s.</td>
<td>I am satisfied with the recognition I receive for doing a good job.</td>
</tr>
<tr>
<td>q18a.</td>
<td>The people in my work group feel they are valued for their contribution.</td>
</tr>
<tr>
<td>q21d.</td>
<td>Employees in my agency feel they are valued for their contribution.</td>
</tr>
<tr>
<td>q26b.</td>
<td>[Please indicate your level of satisfaction in your current job with]: …regular feedback/recognition for effort.</td>
</tr>
</tbody>
</table>

### Team Performance and Relationships

<table>
<thead>
<tr>
<th>Question</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>q18b.</td>
<td>The people in my work group use time and resources effectively.</td>
</tr>
<tr>
<td>q18c.</td>
<td>The people in my work group cooperate to get the job done.</td>
</tr>
<tr>
<td>q18e.</td>
<td>The people in my work group share job knowledge with each other.</td>
</tr>
<tr>
<td>q18f.</td>
<td>The people in my work group are honest, open and transparent in their dealings.</td>
</tr>
<tr>
<td>q18g.</td>
<td>The people in my work group treat each other with respect.</td>
</tr>
<tr>
<td>q18h.</td>
<td>The people in my work group resolve conflict quickly when it arises.</td>
</tr>
<tr>
<td>q26h.</td>
<td>[Please indicate your level of satisfaction in your current job with]: …good working relationships.</td>
</tr>
<tr>
<td>q37a.</td>
<td>[Based on your experience in the workplace, how frequently]: …do colleagues in your immediate work group act in accordance with the APS Values in their everyday work?</td>
</tr>
</tbody>
</table>

### Learning and Development

<table>
<thead>
<tr>
<th>Question</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>q19a.</td>
<td>My supervisor ensures fair access to developmental opportunities for employees in my work group.</td>
</tr>
<tr>
<td>q21e.</td>
<td>My agency places a high priority on the learning and development of employees.</td>
</tr>
<tr>
<td>q21o.</td>
<td>My workplace provides increased knowledge and/or experience in the job.</td>
</tr>
<tr>
<td>q21p.</td>
<td>My workplace provides access to effective learning and development.</td>
</tr>
<tr>
<td>q31iih.</td>
<td>[In your current job, how well have your expectations been met in]: …developmental/educational opportunities in the agency?</td>
</tr>
<tr>
<td>q46a.</td>
<td>Overall, how satisfied are you with your own access to learning and development opportunities in your agency?</td>
</tr>
<tr>
<td>q46b.</td>
<td>How satisfied are you with the quality of formal training and education courses (off-the-job) in your agency?</td>
</tr>
<tr>
<td>q46c.</td>
<td>How satisfied are you with the quality of informal, on-the-job training in your agency?</td>
</tr>
<tr>
<td>q46d.</td>
<td>How satisfied are you with the quality of coaching or mentoring in your agency?</td>
</tr>
<tr>
<td>q46e.</td>
<td>How satisfied are you with the quality of e-learning in your agency?</td>
</tr>
<tr>
<td>q47.</td>
<td>How would you rate the overall effectiveness of the learning and development you have received in the last 12 months (in your current agency only) in helping you improve your performance?</td>
</tr>
</tbody>
</table>
### Supervisor

<table>
<thead>
<tr>
<th>Question ID</th>
<th>Question Content</th>
</tr>
</thead>
<tbody>
<tr>
<td>q19d</td>
<td>My supervisor demonstrates honesty and integrity.</td>
</tr>
<tr>
<td>q19e</td>
<td>My supervisor works effectively and sensitively with people from diverse backgrounds.</td>
</tr>
<tr>
<td>q19g</td>
<td>My supervisor shows concern for the welfare of his/her staff.</td>
</tr>
<tr>
<td>q19h</td>
<td>My supervisor draws the best out of his/her staff.</td>
</tr>
<tr>
<td>q21q</td>
<td>My workplace provides good working relationships with my manager and colleagues.</td>
</tr>
<tr>
<td>q26n</td>
<td>[Please indicate your level of satisfaction in your current job with]: …good manager.</td>
</tr>
<tr>
<td>q37b</td>
<td>[Based on your experience in the workplace, how frequently]: …does your supervisor act in accordance with the APS Values in his or her everyday work?</td>
</tr>
<tr>
<td>q49a</td>
<td>[To what extent does your supervisor exhibit the following leadership capabilities]: …achieves results?</td>
</tr>
<tr>
<td>q49b</td>
<td>[To what extent does your supervisor exhibit the following leadership capabilities]: …cultivates productive working relationships?</td>
</tr>
<tr>
<td>q49c</td>
<td>[To what extent does your supervisor exhibit the following leadership capabilities]: …exemplifies personal drive and integrity?</td>
</tr>
<tr>
<td>q49d</td>
<td>[To what extent does your supervisor exhibit the following leadership capabilities]: …shapes strategic thinking?</td>
</tr>
<tr>
<td>q49e</td>
<td>[To what extent does your supervisor exhibit the following leadership capabilities]: …communicates with influence?</td>
</tr>
<tr>
<td>q71h</td>
<td>My supervisor is effective in managing people.</td>
</tr>
</tbody>
</table>

### Agency Culture

<table>
<thead>
<tr>
<th>Question ID</th>
<th>Question Content</th>
</tr>
</thead>
<tbody>
<tr>
<td>q21f</td>
<td>My agency operates with a high level of integrity.</td>
</tr>
<tr>
<td>q21g</td>
<td>My agency deals with underperformance effectively.</td>
</tr>
<tr>
<td>q21u</td>
<td>My agency provides an ethical working environment.</td>
</tr>
<tr>
<td>q31ij</td>
<td>[In your current job, how well have your expectations been met in]: …the agency’s reputation for good work practices (e.g. work-life balance, people management)?</td>
</tr>
<tr>
<td>q31ii</td>
<td>[In your current job, how well have your expectations been met in]: …the agency’s reputation for having an ethical workplace?</td>
</tr>
<tr>
<td>q71c</td>
<td>My agency actively encourages ethical behaviour by all of its employees.</td>
</tr>
<tr>
<td>q71f</td>
<td>I have confidence in the processes that my agency uses to resolve employee grievances.</td>
</tr>
<tr>
<td>q71g</td>
<td>My agency is committed to creating a diverse workforce (for example gender, age, cultural background, disability status, Indigenous status).</td>
</tr>
<tr>
<td>q71i</td>
<td>My agency acted on concerns identified by last year’s State of the Service survey.</td>
</tr>
</tbody>
</table>

### Senior Leaders

<table>
<thead>
<tr>
<th>Question ID</th>
<th>Question Content</th>
</tr>
</thead>
<tbody>
<tr>
<td>q17b</td>
<td>I feel change is managed well in my agency.</td>
</tr>
<tr>
<td>q20a</td>
<td>In my agency, the leadership is of a high quality.</td>
</tr>
<tr>
<td>q20b</td>
<td>My agency is well managed.</td>
</tr>
<tr>
<td>q20c</td>
<td>In my agency, communication between senior leaders and other employees is effective.</td>
</tr>
<tr>
<td>q20d</td>
<td>In my agency, senior leaders are receptive to ideas put forward by other employees.</td>
</tr>
<tr>
<td>q20e</td>
<td>In my agency, senior leaders discuss with staff how to respond to future challenges.</td>
</tr>
<tr>
<td>q20f</td>
<td>In my agency, the most senior leaders are sufficiently visible (e.g. can be seen in action).</td>
</tr>
<tr>
<td>q37c</td>
<td>[Based on your experience in the workplace, how frequently]: …do senior leaders (i.e. the SES) in your agency act in accordance with the APS Values?</td>
</tr>
<tr>
<td>q71d</td>
<td>Senior managers in my agency lead by example in ethical behaviour.</td>
</tr>
</tbody>
</table>
Performance Feedback/Accountability
q16q. I receive adequate feedback on my performance to enable me to deliver required results.
q19b. My supervisor encourages me to build the capabilities and/or skills required for new job roles.
q19c. My supervisor appropriately deals with employees that perform poorly.
q19j. My supervisor provides effective feedback.

Calculation of factor scores for each factor
A factor score was calculated for each of the 14 factors. Each factor score is the average (mean) of the responses to the questions contained in the factor. Factor scores will therefore range from 1 to 5 on a continuous scale (i.e. they will not necessarily be whole numbers). Factor scores can be used in a similar way to question results, for example, in cross-tabulations with other questions and other factor scores. Each respondent to the survey has one score for each factor. For ease of interpretation, the factor scores have been recoded as such:
1 to 2.499 = agreed/satisfied
2.5 to 3.499 = neutral (neither agreed nor disagreed)
3.5 to 5 = disagreed/dissatisfied

Factor score results
The table below contains the APS-wide frequency results for the 14 factors based on the approach outlined above.

- Caution should be used in interpreting the proportions of ‘agreed/satisfied’, ‘neutral’ and ‘disagreed/dissatisfied’ responses for each factor shown in the table below. This is due to the sensitivity of these proportions to the cut-off points of the recoded factor scores, which may understake the proportion of positive responses for certain factors.

<table>
<thead>
<tr>
<th>Factor</th>
<th>Agreed/ Satisfied (%)</th>
<th>Neutral (%)</th>
<th>Disagreed/ Dissatisfied (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal Clarity</td>
<td>81</td>
<td>16</td>
<td>3</td>
</tr>
<tr>
<td>Team Performance and Relationships</td>
<td>79</td>
<td>18</td>
<td>4</td>
</tr>
<tr>
<td>Supervisor</td>
<td>73</td>
<td>20</td>
<td>7</td>
</tr>
<tr>
<td>Work-Life Balance</td>
<td>71</td>
<td>20</td>
<td>10</td>
</tr>
<tr>
<td>Intrinsic Rewards</td>
<td>64</td>
<td>29</td>
<td>7</td>
</tr>
<tr>
<td>Agency Culture</td>
<td>60</td>
<td>31</td>
<td>9</td>
</tr>
<tr>
<td>Autonomy/Empowerment</td>
<td>57</td>
<td>34</td>
<td>8</td>
</tr>
<tr>
<td>Job-Skills Match</td>
<td>56</td>
<td>30</td>
<td>14</td>
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<tr>
<td>Remuneration and Conditions</td>
<td>55</td>
<td>31</td>
<td>14</td>
</tr>
<tr>
<td>Performance Feedback/Accountability</td>
<td>53</td>
<td>33</td>
<td>15</td>
</tr>
<tr>
<td>Learning and Development</td>
<td>53</td>
<td>34</td>
<td>13</td>
</tr>
<tr>
<td>Recognition and Feeling Valued</td>
<td>49</td>
<td>34</td>
<td>18</td>
</tr>
<tr>
<td>Senior Leaders</td>
<td>45</td>
<td>37</td>
<td>18</td>
</tr>
<tr>
<td>Career Progression</td>
<td>38</td>
<td>38</td>
<td>23</td>
</tr>
</tbody>
</table>

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## Summary indices

To complement the factor analysis, a series of summary indices have been created to aid the analysis of results of survey questions that comprise several parts or are related survey questions. The indices operate to condense a multiple response question or a series of questions into a single index for comparative purposes. In exploring respondents' overall level of job satisfaction, for example, a question comprising 15 attributes was summarised in a single index using a point scoring system. In this way, analysis of the 15 job satisfaction attributes can be supplemented by analysis at the summary level.

These summary indices comprised the following questions:

### Summary indices

<table>
<thead>
<tr>
<th>Motivation/Discretionary Effort (Measure of Employee Engagement)</th>
</tr>
</thead>
<tbody>
<tr>
<td>q16b. I am motivated to do the best possible work that I can.</td>
</tr>
<tr>
<td>q16c. I do my work for the satisfaction I experience from taking on interesting challenges.</td>
</tr>
<tr>
<td>q16d. When needed, I am willing to put in the extra effort to get a job done.</td>
</tr>
<tr>
<td>q16f. My work has become a fundamental part of who I am.</td>
</tr>
<tr>
<td>q16v. I am motivated at work because it helps me achieve my career goals.</td>
</tr>
</tbody>
</table>

| Job Satisfaction
<table>
<thead>
<tr>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>q26a. [Please indicate your level of satisfaction in your current job with]: ...duties/expectations made clear</td>
</tr>
<tr>
<td>q26b. [Please indicate your level of satisfaction in your current job with]: ...regular feedback/recognition for effort</td>
</tr>
<tr>
<td>q26c. [Please indicate your level of satisfaction in your current job with]: ...chance to be innovative</td>
</tr>
<tr>
<td>q26d. [Please indicate your level of satisfaction in your current job with]: ...chance to make a useful contribution to society</td>
</tr>
<tr>
<td>q26e. [Please indicate your level of satisfaction in your current job with]: ...seeing tangible results from my work</td>
</tr>
<tr>
<td>q26f. [Please indicate your level of satisfaction in your current job with]: ...opportunities to utilise my skills</td>
</tr>
<tr>
<td>q26g. [Please indicate your level of satisfaction in your current job with]: ...opportunities to develop my skills</td>
</tr>
<tr>
<td>q26h. [Please indicate your level of satisfaction in your current job with]: ...good working relationships</td>
</tr>
<tr>
<td>q26i. [Please indicate your level of satisfaction in your current job with]: ...appropriate workload</td>
</tr>
<tr>
<td>q26j. [Please indicate your level of satisfaction in your current job with]: ...remuneration package (e.g. salary, superannuation)</td>
</tr>
<tr>
<td>q26k. [Please indicate your level of satisfaction in your current job with]: ...opportunities for career development</td>
</tr>
<tr>
<td>q26l. [Please indicate your level of satisfaction in your current job with]: ...interesting work provided</td>
</tr>
<tr>
<td>q26m. [Please indicate your level of satisfaction in your current job with]: ...flexible working arrangements</td>
</tr>
<tr>
<td>q26n. [Please indicate your level of satisfaction in your current job with]: ...good manager</td>
</tr>
<tr>
<td>q26o. [Please indicate your level of satisfaction in your current job with]: ...appropriate level of autonomy in my job</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Loyalty/Commitment to Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>q22a. I am proud to work in my current agency.</td>
</tr>
<tr>
<td>q22b. I would recommend my current agency as a good place to work.</td>
</tr>
</tbody>
</table>
Loyalty/Commitment to APS

q22d. I am proud to work in the APS.
q22e. I would recommend the APS as a good place to work.

Social Identification

q21i. Working at my agency is important to the way that I think of myself as a person.
q21j. When someone praises the accomplishments of my agency, it feels like a personal compliment to me.
q21k. When I talk about my agency, I usually say “we” rather than “they”.

The scores for Motivation/Discretionary Effort, Loyalty/Commitment to Agency, Loyalty/Commitment to APS and Social Identification were calculated using the same scale as that used for the factors. The following table shows the APS-wide frequency results for these summary indices.

<table>
<thead>
<tr>
<th>Index</th>
<th>Agreed/ Satisfied</th>
<th>Neutral</th>
<th>Disagreed/ Dissatisfied</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motivation/Discretionary Effort</td>
<td>64</td>
<td>31</td>
<td>5</td>
</tr>
<tr>
<td>Loyalty/Commitment to Agency</td>
<td>60</td>
<td>28</td>
<td>12</td>
</tr>
<tr>
<td>Loyalty/Commitment to APS</td>
<td>76</td>
<td>21</td>
<td>3</td>
</tr>
<tr>
<td>Social Identification</td>
<td>50</td>
<td>36</td>
<td>14</td>
</tr>
</tbody>
</table>

The score for Job Satisfaction was calculated using a 10-point scale based on the following approach:

9 to 10 = high satisfaction
6 to 8 = moderately high satisfaction
3 to 5 = moderately low satisfaction
0 to 2 = low satisfaction

The table below shows the APS-wide frequency results for Job Satisfaction using this approach.

<table>
<thead>
<tr>
<th>Index</th>
<th>9 to 10</th>
<th>6 to 8</th>
<th>3 to 5</th>
<th>0 to 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job Satisfaction</td>
<td>27%</td>
<td>56%</td>
<td>14%</td>
<td>3%</td>
</tr>
</tbody>
</table>

Endnotes

1 All of the items included in the factor analysis are listed in this appendix under each factor heading. Individual item results for all employee survey questions are available in the State of the Service Employee Survey Results 2009–10 publication.


3 The OREEM has been developed and validated using data from over 50 employee surveys conducted by ORIMA Research for Australian Public Service (APS) agencies between 2000 and 2010.

4 Recent examples of studies that have explored these relationships include A. M. Saks, ‘Antecedents and Consequences of Employee Engagement’, Journal of Managerial Psychology, Vol. 21, No. 7, 2006, pp. 600–609;
Appendix 3


5 There is debate in the academic literature about the definition and appropriate ways of measuring employee engagement. The approach used in the OREEM (based on motivation/discretionary effort) draws on the core elements and themes from this literature and has been applied and validated across a broad range of employee surveys conducted with APS agencies.

6 The OREEM figure shows the core causal relationships between workplace factors, employee engagement, job/agency satisfaction, loyalty/commitment to agency, and agency outcomes. In many agencies, additional causal relationships exist but these are not shown in this figure to provide a focus on the key relationships.

7 Job/agency satisfaction is also a key driver of loyalty/commitment to agency.

8 Individual performance or effectiveness is not reliably measurable in staff surveys of this nature, however, there is strong support in the academic literature that it is positively affected by increased employee engagement and has an impact on overall agency performance.


10 In this case, the latent variables tested were a range of workplace issues related to motivation/discretionary effort, job/agency satisfaction and loyalty/commitment to agency.

11 Social Identification is not considered with the other 14 workplace factors in the report but is described in the section on summary indices, within this appendix.

12 Social Identification is not considered with the other 14 workplace factors in the report but is described in the section on summary indices, within this appendix.

13 Technically, each factor is influenced to some extent by many of the workplace issues examined in the survey (including some that are not mentioned above). The ‘principal components’ of each factor that are listed here are the workplace issues that have their strongest relationship with this factor.

14 Frequency results for some factors may not add up to exactly 100% due to rounding.

15 Factors that have an even number of questions often record factor scores of 2.5 and 3.5, which are allocated to ‘neutral’ and ‘disagreed/dissatisfied’, respectively, under the current approach.

16 Calculated from respondent satisfaction with up to five workplace attributes that had the most impact on their satisfaction with their current job.

17 Social Identification is a measure of the extent to which employees perceive themselves as psychologically connected to their work group or their agency. This leads employees to see themselves as similar to other employees, to take the agency’s goals on as their own, and to define themselves through characteristics of the agency. This concept is based on social identity theory, which suggests that the groups that people belong to (including their work organisation) make up an important part of their self-concept or ‘social identity’ (see J. Turner, ‘Social Identification and Psychological Group Formation’, in H. Tajfel (ed.), *The Social Dimension: European Developments in Social Psychology* (Vol. 2), Cambridge University Press, Cambridge, 1984). Employees who have higher social identification are more likely to engage in positive group-related behaviours.

## Glossary

<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009 agency survey</td>
<td>The agency survey conducted in June–July 2009 for the State of the Service Report</td>
</tr>
<tr>
<td>2009 employee survey</td>
<td>The employee survey conducted in May–June 2009 for the State of the Service Report</td>
</tr>
<tr>
<td>2010 agency survey</td>
<td>The agency survey conducted in June–July 2010 for the State of the Service Report</td>
</tr>
<tr>
<td>2010 employee survey</td>
<td>The employee survey conducted in May–June 2010 for the State of the Service Report</td>
</tr>
<tr>
<td>AAT</td>
<td>Administrative Appeals Tribunal</td>
</tr>
<tr>
<td>ABCC</td>
<td>Office of the Australian Building and Construction Commissioner</td>
</tr>
<tr>
<td>ABS</td>
<td>Australian Bureau of Statistics</td>
</tr>
<tr>
<td>ACC</td>
<td>Australian Crime Commission</td>
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<tr>
<td>ACCC</td>
<td>Australian Competition and Consumer Commission</td>
</tr>
<tr>
<td>ACIAR</td>
<td>Australian Centre for International Agricultural Research</td>
</tr>
<tr>
<td>ACLEI</td>
<td>Australian Commission for Law Enforcement Integrity</td>
</tr>
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<td>ACMA</td>
<td>Australian Communications and Media Authority</td>
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<tr>
<td>Act</td>
<td>Public Service Act 1999</td>
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<td>ACT</td>
<td>Australian Capital Territory</td>
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<tr>
<td>Advisory Group</td>
<td>Advisory Group on Reform of Australian Government Administration</td>
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<tr>
<td>AEC</td>
<td>Australian Electoral Commission</td>
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<tr>
<td>AFMA</td>
<td>Australian Fisheries Management Authority</td>
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<tr>
<td>AGD</td>
<td>Attorney-General’s Department</td>
</tr>
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<td>AGIMO</td>
<td>Australian Government Information Management Office</td>
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<td>AHL</td>
<td>Aboriginal Hostels Limited</td>
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<td>AHRC</td>
<td>Australian Human Rights Commission</td>
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<tr>
<td>Acronym</td>
<td>Full Form</td>
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<td>---------</td>
<td>-----------</td>
</tr>
<tr>
<td>AIATSIS</td>
<td>Australian Institute of Aboriginal and Torres Strait Islander Studies</td>
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<td>AIFS</td>
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<td>AIHW</td>
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<td>ANAO</td>
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<tr>
<td>ANU</td>
<td>Australian National University</td>
</tr>
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<td>ANZSOG</td>
<td>Australia and New Zealand School of Government</td>
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<td>AOFM</td>
<td>Australian Office of Financial Management</td>
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<td>AOTDTA</td>
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<td>APS</td>
<td>Australian Public Service</td>
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<td>APS 200</td>
<td>An APS senior leadership forum to support the Secretaries Board</td>
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<tr>
<td>APSjobs</td>
<td>APSjobs website</td>
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<td>APS Reform Blueprint</td>
<td><em>Ahead of the Game: Blueprint for the Reform of Australian Government Administration</em></td>
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<td>APSC</td>
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<td>APVMA</td>
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<td>ARC</td>
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<td>ARPANSA</td>
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<td>Australian Transport Safety Bureau</td>
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<td>Description</td>
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<td>---------</td>
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<td>Department of Agriculture, Fisheries and Forestry</td>
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<td>DBCDE</td>
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<td>DCCEE</td>
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<td>Federal Court</td>
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<td>Future Fund Management Agency</td>
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<td>Department of Finance and Deregulation</td>
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<td>FSANZ</td>
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<td>FTE</td>
<td>Full-time equivalent</td>
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<td>Gershon Review</td>
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<td>GovDex</td>
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<td>ICT</td>
<td>Information and communications technology</td>
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<td>people of NESB who are born overseas and their first language is not English</td>
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<td>people of NESB who are born in Australia but their first language is not English</td>
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<td><strong>RET</strong></td>
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<td><strong>RSS</strong></td>
<td>Really Simple Syndication</td>
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<td>An APS leadership forum of Secretaries and the Australian Public Service Commissioner</td>
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<td><strong>SES</strong></td>
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<td><strong>SOSR</strong></td>
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<td>Examples of Web 2.0 include social media and networking tools (e.g. Facebook, YouTube, Twitter, blogs, wikis)</td>
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