State of the Service Report
State of the Service Series 2011–12

Effective leadership  Diverse workforce  Capable organisations and workforce  Employee conditions  APS Values
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ISBN 978-0-9873353-4-0
The Honourable Julia Gillard MP  
Prime Minister  
Parliament House  
Canberra ACT 2600

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 on the state of the Australian Public Service for 2011–12.

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 AO  
Public Service Commissioner  
29 November 2012
Contents

List of tables ...................................................................................................................................... vi
List of figures.................................................................................................................................. viii
Preface ............................................................................................................................................ xiii

Chapter one
Commissioner’s overview ........................................................................................................... 1

Theme one: Leadership and Culture

Chapter two
Leadership, culture and conduct ................................................................................................. 17
Leadership in the APS .................................................................................................................. 18
Leadership and management capability ...................................................................................... 23
Talent management ..................................................................................................................... 32
Learning and development ......................................................................................................... 35
APS strategies to enhance leadership and core skills ............................................................... 41
Key chapter findings ..................................................................................................................... 46

Chapter three
Transparency and integrity .......................................................................................................... 49
Breaches of the APS Code of Conduct ...................................................................................... 50
Whistleblowing reports .............................................................................................................. 54
Reporting suspected misconduct ................................................................................................. 55
Agency strategies and activities to embed the APS Values ....................................................... 57
Perceptions of corruption in the APS .......................................................................................... 58
Review of employment actions .................................................................................................... 60
Harassment and bullying ............................................................................................................ 61
Open government ........................................................................................................................ 65
Key chapter findings ..................................................................................................................... 71
Chapter four
Employee engagement .................................................................................................................... 75
Characteristics of APS employee engagement ........................................................................... 76
Employee engagement 2011 to 2012 ......................................................................................... 77
International comparisons—comparisons with the United Kingdom ........................................ 87
Workplace drivers of employee engagement ................................................................................ 88
The consequences of employee engagement ............................................................................... 90
Key chapter findings ................................................................................................................... 104

Theme two: Human capital management
Chapter five
Ageing and work ability .............................................................................................................. 107
The Workability and Ageing Project ......................................................................................... 109
APS workforce age profile ....................................................................................................... 110
Age, generation and period effects .......................................................................................... 112
Age and productivity ................................................................................................................ 123
Key chapter findings ................................................................................................................ 133

Chapter six
Diversity ..................................................................................................................................... 135
Trends in representation ............................................................................................................ 136
Indigenous employees .............................................................................................................. 138
Employees with disability ........................................................................................................ 143
Women ..................................................................................................................................... 148
Employees from non-English speaking background ............................................................... 153
Key chapter findings ................................................................................................................ 155
| Chapter seven | Workforce planning and strategy | 159 |
|              | Environmental scanning          | 161 |
|              | Workforce planning              | 163 |
|              | Recruitment and attraction strategies | 171 |
|              | Key chapter findings            | 177 |

| Chapter eight | Performance management | 179 |
|              | Understanding high performance | 180 |
|              | Maturity of performance management systems | 183 |
|              | Employee perceptions of performance management | 189 |
|              | Perceptions on underperformance in the APS | 192 |
|              | Key chapter findings            | 195 |

**Theme three: Organisational effectiveness**

| Chapter nine | Workforce bargaining and classification | 197 |
|             | 2011 APS enterprise bargaining round    | 198 |
|             | Remuneration                            | 206 |
|             | APS classification structures           | 211 |
|             | Key chapter findings                    | 214 |

| Chapter ten  | Organisational capability               | 217 |
|             | Part 1: Capability reviews—overview of scope and findings | 217 |
|             | Part 2: Strategies to manage in a tightening fiscal environment | 228 |
|             | Key chapter findings                     | 237 |
Appendix one
Workforce trends ............................................................................................................................ 241

Appendix two
APS agencies................................................................................................................................... 259

Appendix three
Survey methodologies ....................................................................................................................... 265

Appendix four
Unscheduled absence.................................................................................................................... 275

Appendix five
Capability review methodology ................................................................................................. 281

Glossary .......................................................................................................................................... 285

Index .............................................................................................................................................. 291
## List of tables

| Table 2.1 | Highest and lowest areas of satisfaction with immediate supervisors, 2011–12 | 28 |
| Table 2.2 | Agency measures to develop talent, by classification level, 2011–12 | 34 |
| Table 2.3 | Challenges in developing talent experienced by agencies, 2011–12 | 35 |
| Table 2.4 | Agency measures to identify staff learning and development needs, 2011–12 | 38 |
| Table 2.5 | Performance appraisal processes linked to functions, 2011–12 | 39 |
| Table 2.6 | Learning and development priorities for 2012–13, 2011–12 | 42 |
| Table 2.7 | Top skills employees intend to develop over the next 12 months, 2011–12 | 42 |
| Table 3.1 | Finalised investigations and breaches of the APS Code of Conduct, 2009–10 to 2011–12 | 50 |
| Table 3.2 | Elements of the Code of Conduct found to have been breached in finalised investigations, 2010–11 and 2011–12 | 52 |
| Table 3.3 | Types of misconduct in finalised investigations, 2010–11 and 2011–12 | 53 |
| Table 3.4 | Outcomes of investigations into suspected breaches of the Code of Conduct, 2010–11 and 2011–12 | 54 |
| Table 3.5 | Whistleblowing reports lodged within agencies, 2011–12 | 55 |
| Table 3.6 | Agency guidance on the use of social media, 2011-12 | 68 |
| Table 4.1 | Hours worked in the last fortnight, 2011–12 | 92 |
| Table 4.2 | Employee intention to stay with their agency, 2011–12 | 93 |
| Table 5.1 | Separations of ongoing employees by age group, 2010–11 and 2011–12 | 125 |
| Table 5.2 | Employee reasons for intending to leave their agency within the next 12 months, 2011–12 | 129 |
| Table 6.1 | Representation of Indigenous ongoing and non-ongoing employees, 2008 to 2012 | 139 |
| Table 6.2 | Agencies with the largest proportion of ongoing Indigenous employees, June 2012 | 140 |
| Table 6.3 | Separations by type for agencies with highest Indigenous separations, 2011–12 | 141 |
| Table 6.4 | APS employees with a disability by type of disability, 2011–2012 | 143 |
| Table 6.5 | Agency representation of employees from non-English speaking background, 2011–12 | 154 |
| Table 7.1 | APS agency assessments of workforce demand and supply, 2011–12 | 164 |
| Table 7.2 | Workforce risks facing APS agencies in the next five years, 2011–12 | 166 |
| Table 7.3 | Challenges facing APS agencies in implementing and/or progressing workforce planning, 2011–2012 | 167 |
| Table 7.4 | Extent of skill shortages experienced by agencies, 2011–2012 | 168 |
| Table 7.5 | Most common people strategies employed by agencies | 170 |
| Table 7.6 | Strategies to address skill shortages | 170 |
| Table 8.1 | Current and required performance management capability by agency size, 2010–11 | 183 |
| Table 8.2 | Agency measures to assist implementation of performance management | 186 |
| Table 8.3 | Key themes of employee perceptions of what is done well in performance management, 2011–12 | 190 |
| Table 8.4 | Key themes of employee perceptions of what is done poorly in performance management, 2011–12 | 191 |
| Table 8.5 | Employee perceptions of behaviours for good performance by level, 2011–12 | 193 |
| Table 8.6 | Employee perceptions of behaviours for poor performance by level, 2011–12 | 194 |
| Table 8.7 | Current and required performance management capability by agency size, 2010–11 | 183 |
| Table 8.8 | Agency measures to assist implementation of performance management | 186 |
| Table 8.9 | Key themes of employee perceptions of what is done well in performance management, 2011–12 | 190 |
| Table 8.10 | Key themes of employee perceptions of what is done poorly in performance management, 2011–12 | 191 |
| Table 8.11 | Employee perceptions of behaviours for good performance by level, 2011–12 | 193 |
| Table 8.12 | Employee perceptions of behaviours for poor performance by level, 2011–12 | 194 |
| Table 9.1 | APS employee view of their agency’s internal communication, 2011–12 | 200 |
| Table 9.2 | Employment terms and conditions where commonality was achieved | 200 |
| Table 9.3 | Employment terms and conditions where commonality was generally achieved | 201 |
| Table 9.4 | Employment terms and conditions where less commonality was achieved | 201 |
| Table 9.5 | Satisfaction with work-life balance by classification, 2011–12 | 204 |
| Table 9.6 | Satisfaction with ability to access and use flexible work arrangements, 2011–12 | 204 |
| Table 9.7 | Level of teleworking, 2011–12 | 205 |
| Table 9.8 | Agency reasons for not granting employees’ teleworking applications, 2011–12 | 206 |
| Table 9.9 | Median key remuneration components summary | 207 |
| Table 9.10 | Individual flexibility arrangements by classification | 210 |
| Table 9.11 | Number of APS employees by superannuation fund and classification | 211 |
| Table A1.1 | Ongoing employees by base classification, 1998, 2011 and 2012 | 249 |
| Table A1.2 | Ongoing employees—number of agencies worked in, 1998 and 2012 | 252 |
| Table A1.3 | Ongoing employees—proportion by classification and location, June 2012 | 254 |
| Table A3.1 | Margins of error for employee census results, 2011–12 | 269 |
| Table A3.2 | Margins of error for employee census item 18q ‘In general, employees in my agency appropriately assess risk’, 2011–12 | 269 |
| Table A3.3 | Measures of effect size | 271 |
| Table A3.4 | Reporting of practical significance | 272 |
# List of figures

<table>
<thead>
<tr>
<th>Figure</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>P.1</td>
<td>State of the Service report themes, 2011–12</td>
<td>xiv</td>
</tr>
<tr>
<td>2.1</td>
<td>Changed demand on agency head/executive time over the last three years, 2011–12</td>
<td>21</td>
</tr>
<tr>
<td>2.2</td>
<td>Changed demand on agency head/executive time over the next 12 months, 2011–12</td>
<td>21</td>
</tr>
<tr>
<td>2.3</td>
<td>How work has changed at current classification levels over the last five years, 2011–12</td>
<td>22</td>
</tr>
<tr>
<td>2.4</td>
<td>‘Knowing-Doing-Being’ framework for APS leadership development</td>
<td>24</td>
</tr>
<tr>
<td>2.5</td>
<td>SES employee views on their own capability, 2010–11 and 2011–12</td>
<td>24</td>
</tr>
<tr>
<td>2.6</td>
<td>Employee views of the quality of APS leadership, 2011–12</td>
<td>25</td>
</tr>
<tr>
<td>2.7</td>
<td>Employee views of their SES leadership capabilities, 2011–12</td>
<td>26</td>
</tr>
<tr>
<td>2.8</td>
<td>SES views on being part of an APS-wide leadership group, 2010–11 and 2011–12</td>
<td>27</td>
</tr>
<tr>
<td>2.9</td>
<td>Employee views of their immediate supervisor, 2011–12</td>
<td>28</td>
</tr>
<tr>
<td>2.10</td>
<td>Employee views on leadership ethics and integrity, 2010–11 and 2011–12</td>
<td>30</td>
</tr>
<tr>
<td>2.11</td>
<td>Employee views on agency ethics and integrity, 2010–11 and 2011–12</td>
<td>31</td>
</tr>
<tr>
<td>2.12</td>
<td>Employee views of their agency’s managerial environment, 2011–12</td>
<td>32</td>
</tr>
<tr>
<td>2.13</td>
<td>Methods used by agencies in training and development, 2011–12</td>
<td>36</td>
</tr>
<tr>
<td>2.14</td>
<td>Time spent by employees on formal training and education in the preceding 12 months, 2011–12</td>
<td>37</td>
</tr>
<tr>
<td>2.15</td>
<td>Average number of days of formal training and education, by classification, 2011–12</td>
<td>37</td>
</tr>
<tr>
<td>2.16</td>
<td>Employee views on the effectiveness of learning and development, 2010–11 and 2011–12</td>
<td>40</td>
</tr>
<tr>
<td>2.17</td>
<td>Evaluation of learning and development activities, 2011–12</td>
<td>40</td>
</tr>
<tr>
<td>2.18</td>
<td>Employee satisfaction with learning and development in the workplace, 2011–12</td>
<td>41</td>
</tr>
<tr>
<td>2.19</td>
<td>APS leadership and core skills strategy 2012–13, key areas of focus</td>
<td>45</td>
</tr>
<tr>
<td>Figure</td>
<td>Description</td>
<td>Page</td>
</tr>
<tr>
<td>--------</td>
<td>------------------------------------------------------------------------------</td>
<td>------</td>
</tr>
<tr>
<td>3.1</td>
<td>Main ways that suspected breaches of the APS Code of Conduct were identified, 2010–11 and 2011–12</td>
<td>51</td>
</tr>
<tr>
<td>3.2</td>
<td>In-scope queries to the Ethics Advisory Service by category, 2011–12</td>
<td>57</td>
</tr>
<tr>
<td>4.1</td>
<td>APS Employee Engagement Model (revised 2012)</td>
<td>77</td>
</tr>
<tr>
<td>4.2</td>
<td>APS engagement levels, 2011–12</td>
<td>78</td>
</tr>
<tr>
<td>4.3</td>
<td>APS employee engagement by generations, 2011–12</td>
<td>79</td>
</tr>
<tr>
<td>4.4</td>
<td>Comparison of engagement of Indigenous and non-Indigenous employees, 2011–12</td>
<td>80</td>
</tr>
<tr>
<td>4.5</td>
<td>Comparison of engagement of employees with disability and employees without disability, 2011–12</td>
<td>80</td>
</tr>
<tr>
<td>4.6</td>
<td>Comparison of engagement by sex, 2011–12</td>
<td>81</td>
</tr>
<tr>
<td>4.7</td>
<td>Comparison of employee engagement by classification level, 2011–12</td>
<td>82</td>
</tr>
<tr>
<td>4.8</td>
<td>SES employee engagement, 2011–12</td>
<td>83</td>
</tr>
<tr>
<td>4.9</td>
<td>Employee engagement and length of service, 2011–12</td>
<td>84</td>
</tr>
<tr>
<td>4.10</td>
<td>Variation in employee engagement by agency size, 2011–12</td>
<td>85</td>
</tr>
<tr>
<td>4.11</td>
<td>Variation in employee engagement by agency functional type, 2011–12</td>
<td>86</td>
</tr>
<tr>
<td>4.12</td>
<td>Variation in employee engagement by location, 2011–12</td>
<td>87</td>
</tr>
<tr>
<td>4.13</td>
<td>Comparison of 2011–12 APS employee census and 2011 CSPS results</td>
<td>88</td>
</tr>
<tr>
<td>4.14</td>
<td>Senior leader visibility and employee engagement, 2011–12</td>
<td>89</td>
</tr>
<tr>
<td>4.15</td>
<td>Senior leader communication on future challenges and employee engagement, 2011–12</td>
<td>90</td>
</tr>
<tr>
<td>4.16</td>
<td>Self-reported performance over the last fortnight and employee engagement, 2011–12</td>
<td>91</td>
</tr>
<tr>
<td>4.17</td>
<td>Employee engagement and hours worked in the last fortnight, 2011–12</td>
<td>93</td>
</tr>
<tr>
<td>4.18</td>
<td>Employee engagement and intention to stay, 2011–12</td>
<td>94</td>
</tr>
<tr>
<td>4.19</td>
<td>Employee engagement and use of sick leave in the last fortnight, 2011–12</td>
<td>95</td>
</tr>
<tr>
<td>4.20</td>
<td>Employee perception of effectiveness of workplace health and wellbeing programs, 2011–12</td>
<td>96</td>
</tr>
</tbody>
</table>
List of figures

<table>
<thead>
<tr>
<th>Figure</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.21</td>
<td>Unscheduled absence rates by type of absence—small agencies, 2011–12</td>
<td>99</td>
</tr>
<tr>
<td>4.22</td>
<td>Unscheduled absence rates by type of absence—medium agencies, 2011–12</td>
<td>100</td>
</tr>
<tr>
<td>4.23</td>
<td>Unscheduled absence rates by type of absence—large agencies, 2011–12</td>
<td>101</td>
</tr>
<tr>
<td>5.1</td>
<td>Proportion of all APS employees aged 45 years or older, 1967–2012</td>
<td>108</td>
</tr>
<tr>
<td>5.2</td>
<td>Work ability and ageing in the APS Framework for Action</td>
<td>110</td>
</tr>
<tr>
<td>5.3</td>
<td>Ongoing employees—change in proportion by age group, 1998 to 2012</td>
<td>111</td>
</tr>
<tr>
<td>5.4</td>
<td>Age profile of ongoing APS employees and Australian labour force, June 2012</td>
<td>112</td>
</tr>
<tr>
<td>5.5</td>
<td>Satisfaction with work-life balance by age group, 2011–12</td>
<td>115</td>
</tr>
<tr>
<td>5.6</td>
<td>Employee engagement by age group, 2011–12</td>
<td>116</td>
</tr>
<tr>
<td>5.7</td>
<td>Employee perceptions of role demand by age group, 2011–12</td>
<td>118</td>
</tr>
<tr>
<td>5.8</td>
<td>Employee perceptions of role control by age group, 2011–12</td>
<td>118</td>
</tr>
<tr>
<td>5.9</td>
<td>Employee perceptions of manager support by age group, 2011–12</td>
<td>119</td>
</tr>
<tr>
<td>5.10</td>
<td>Employee perceptions of peer support by age group, 2011–12</td>
<td>119</td>
</tr>
<tr>
<td>5.11</td>
<td>Proportion of ongoing employees working part time by age group and sex, June 2012</td>
<td>120</td>
</tr>
<tr>
<td>5.12</td>
<td>Proportion of age groups with carer responsibilities, 2011–12</td>
<td>121</td>
</tr>
<tr>
<td>5.13</td>
<td>Caring responsibilities by age group, 2011–12</td>
<td>122</td>
</tr>
<tr>
<td>5.14</td>
<td>Satisfaction with ability to access and use flexible work arrangements by age group, 2011–12</td>
<td>122</td>
</tr>
<tr>
<td>5.15</td>
<td>Separations of ongoing employees, 1997–98 to 2011–12</td>
<td>124</td>
</tr>
<tr>
<td>5.16</td>
<td>Resignation or retirement rate for selected ages, 1997–98 to 2011–12</td>
<td>126</td>
</tr>
<tr>
<td>5.17</td>
<td>Employee intentions to leave by age group, 2011–12</td>
<td>127</td>
</tr>
<tr>
<td>5.18</td>
<td>Employee anticipated destinations on leaving current agency within the next 12 months, 2011–12</td>
<td>128</td>
</tr>
<tr>
<td>5.19</td>
<td>Main type of ongoing disability by age, 2011–12</td>
<td>130</td>
</tr>
<tr>
<td>5.20</td>
<td>Employees who agree that their agency genuinely cares about employees being healthy and safe at work by age group, 2011–12</td>
<td>131</td>
</tr>
<tr>
<td>Figure</td>
<td>Description</td>
<td>Page</td>
</tr>
<tr>
<td>--------</td>
<td>-------------</td>
<td>------</td>
</tr>
<tr>
<td>5.21</td>
<td>Employees who agree that their agency supports employees who are injured or become ill due to work by age group, 2011–12</td>
<td>131</td>
</tr>
<tr>
<td>6.1</td>
<td>Representation of Equal Employment Opportunity groups among ongoing employees, 1998 to 2012</td>
<td>137</td>
</tr>
<tr>
<td>6.3</td>
<td>Engagements and separations—Indigenous employees, 2002 to 2012</td>
<td>141</td>
</tr>
<tr>
<td>6.4</td>
<td>Employees with disability by classification level, 1998 to 2012</td>
<td>145</td>
</tr>
<tr>
<td>6.5</td>
<td>Engagements and separations—employees with disability, 2002 to 2012</td>
<td>146</td>
</tr>
<tr>
<td>6.6</td>
<td>Total employees by sex, 1998 to 2012</td>
<td>149</td>
</tr>
<tr>
<td>6.7</td>
<td>Ongoing employees by base classification and sex, June 2012</td>
<td>150</td>
</tr>
<tr>
<td>6.8</td>
<td>Proportion of ongoing employees working part time by sex, 1998 to 2012</td>
<td>151</td>
</tr>
<tr>
<td>6.9</td>
<td>Percentage of SES women working part time, 1998–2012</td>
<td>152</td>
</tr>
<tr>
<td>6.10</td>
<td>Engagements and separations—women, 2002 to 2012</td>
<td>152</td>
</tr>
<tr>
<td>6.11</td>
<td>Engagements and separations—employees from non-English speaking background, 2002 to 2012</td>
<td>155</td>
</tr>
<tr>
<td>7.1</td>
<td>APS Human Capital Planning Framework</td>
<td>160</td>
</tr>
<tr>
<td>7.2</td>
<td>Methods used to measure non-SES recruitment performance, 2011–12</td>
<td>172</td>
</tr>
<tr>
<td>7.3</td>
<td>Median working days from advertising to gazettal, 2007 to 2012</td>
<td>173</td>
</tr>
<tr>
<td>7.4</td>
<td>Employee separation rates, 2003 to 2012</td>
<td>174</td>
</tr>
<tr>
<td>7.5</td>
<td>Factors influencing employees’ decisions to leave their agency within 12 months, 2011–12</td>
<td>175</td>
</tr>
<tr>
<td>8.1</td>
<td>APS Performance Management Framework</td>
<td>181</td>
</tr>
<tr>
<td>8.2</td>
<td>Current and required performance management capability by agency, 2010–11</td>
<td>184</td>
</tr>
<tr>
<td>8.3</td>
<td>Agency systems for performance management, 2011–12</td>
<td>185</td>
</tr>
<tr>
<td>8.4</td>
<td>Performance feedback and employee engagement, 2011–12</td>
<td>188</td>
</tr>
<tr>
<td>8.5</td>
<td>Performance feedback helped the employee improve their performance</td>
<td>189</td>
</tr>
<tr>
<td>9.1</td>
<td>Hours worked in the last fortnight by classification 2011–12</td>
<td>203</td>
</tr>
</tbody>
</table>
# List of figures

| Figure 9.2 | APS base salaries—gap between top and bottom ranges, 1996, 2010 and 2011 | 208 |
| Figure 9.3 | Base salary dispersion, 2010 to 2011 | 209 |
| Figure 9.4 | APS profile, 1993, 2008 and 2012 | 212 |
| Figure 10.1 | Agency capability assessments | 220 |
| Figure 10.2 | How work has changed over the last five years, 2011–12 | 228 |
| Figure 10.3 | Workload demands on agency head/executive team time, 2011–12 | 229 |
| Figure 10.4 | Access to Web 2.0 by APS employees in the workplace, 2010–11 to 2011–12 | 231 |
| Figure 10.5 | Agency shared service arrangements, 2011–12 | 234 |
| Figure 10.6 | International comparisons of public sector employee perceptions of leadership and change management, 2011–12 | 236 |
| Figure 10.7 | Change management capability level | 237 |
| Figure A1.1 | APS employees, 1993 to 2012 | 243 |
| Figure A1.2 | Non-ongoing employees as a proportion of total employees, 1998 to 2012 | 245 |
| Figure A1.3 | Non-ongoing employees as a proportion of total employees by classification, June 2012 | 246 |
| Figure A1.4 | Total employees by sex, 1998 to 2012 | 247 |
| Figure A1.5 | Proportion of ongoing employees working part time by sex, 1998 to 2012 | 248 |
| Figure A1.6 | Ongoing employees—promotion and transfer rates between agencies, 2002–03 to 2011–12 | 251 |
| Figure A1.7 | Ongoing employees—length of service, 1998 to 2012 | 253 |
| Figure A1.8 | Ongoing engagement and separation rates, 1997–98 to 2011–12 | 255 |
| Figure A1.9 | Engagements of ongoing employees by classification, 1997–98 to 2011–12 | 256 |
| Figure A1.10 | Engagements of ongoing employees by age group, 1997–98 to 2011–12 | 256 |
| Figure A5.1 | Model for capability reviews | 282 |
Section 44 of the Public Service Act 1999 (the Act) provides that the 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 2011–12 identifies the year-to-year trends in workforce participation and capability across the APS. The report also details the initiatives and human resource management practices of APS agencies during 2011–12.

This year’s State of the Service report is the fifteenth annual report on the state of the APS that the 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 an employee census with up to 10 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 future challenges.

This year, the State of the Service report has been organised around three key workforce capability themes, namely:

• leadership and culture
• human capital management
• organisational effectiveness.

The 10 chapters in the report are grouped into these themes (as highlighted in the following figure) to provide a focus for understanding the range of workforce capability issues in the APS.
The State of the Service report draws on a range of information sources but its main data sources are the State of the Service agency survey and the State of the Service employee census. The agency survey includes all APS agencies employing at least 20 staff under the Act. All 101 APS agencies, or semi-autonomous parts of agencies, that were invited to participate in the online agency survey in June 2012, completed the survey. These agencies are listed in Appendix 2.

To aid analysis of survey data, and for comparability with previous years’ data, agencies have again been grouped according to size. Of the 101 responding agencies, 23 were classified as large (>1,000 APS employees), 31 as medium (251–1,000 APS employees) and 47 as small (20–250 APS employees). These size categories are generally consistent with those used by the Australian National Audit Office (ANAO).1 Appendix 2 provides information on agencies’ APS employee numbers.

To allow further comparisons between similar organisations, agencies have been categorised based on both their size and primary function. The functional clusters have been derived from information that agencies provided in the 2010–11 State of the Service agency survey. The functional clusters are: policy, smaller operational, larger operational, regulatory and specialist. Appendix 2 lists agency functions.

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This year the Commission issued a State of the Service employee census to all APS employees, instead of to a stratified random sample as in previous years. While the sample survey conducted previously has provided reliable results at the APS level, the 2012 census will provide more reliable results for smaller demographic groups such as Indigenous employees and employees with disability.

A total of 87,214 valid responses from the employee census were received, representing a response rate of 55%. The number of valid responses allowed a range of cross-tabulations to be used with a degree of confidence. Any ‘significant’ results in the report are statistically significant at the 95% confidence level.

While the size groupings for large and medium agencies are the same for the agency survey and employee census, it should be noted that, for the purposes of the employee census, ‘small’ refers to agencies with less than 251 APS employees. Appendix 3 provides information on the agency and employee data collection methodologies.

The Commission engaged the services of ORIMA Research and ORC International to help design, deliver and compile statistical outputs for the agency survey and employee census respectively.

Agency contact officers in a number of agencies helped develop and pilot test the agency survey. A number of individual APS employees from various agencies (including the Office of the Australian Building and Construction Commissioner, Department of Human Services, Department of Agriculture, Fisheries and Forestry, the Australian Securities and Investments Commission, the Australian Taxation Office and the Australian Public Service Commission) pilot tested the employee census. The Commission is very grateful for this input.

Chapter one

Commissioner’s overview

Two-and-a-half years have now elapsed since the government adopted the recommendations of *Ahead of the Game: Blueprint for the Reform of Australian Government Administration* (the APS Reform Blueprint).¹ Virtually all² of those recommendations have now been implemented (or are at an advanced stage) and are becoming ‘business as usual’. However, reform is an enduring reality. If the Australian Public Service (APS) wishes to remain relevant, while the external environment continually changes, and operate at peak efficiency and effectiveness, we must embrace this reality. As the Secretary of the Department of the Prime Minister and Cabinet (PM&C) recently observed:

> The Blueprint started a formal shift towards greater emphasis on building in continuous improvement into our organisations—and a lot has also been done in that respect by individual agencies—but we have more to do to cement that approach into our DNA and right across the APS.³

This State of the Service report confirms that the APS has much to be proud of in how it responds to contemporary challenges, refreshes its approach to policy advising, as well as delivers, implements and deepens organisational capability. Yet there is much still to be done to ensure the pace of change responds to that in the community we serve.

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² By the end of 2012, it is expected that most of the APS Reform Blueprint recommendations will be implemented. One of the recommendations not progressed is the citizen survey.
**Fiscal constraints**

An important feature of the APS landscape is a significantly tighter fiscal environment than has been common for a decade or more. The service has expanded continuously over several years, most recently to support the rapid implementation of initiatives designed to counter the potentially adverse effects of the global financial crisis. The focus has shifted to managing the withdrawal of those initiatives and the implications of a more uncertain and less robust global economy and slowing revenue growth as we enter the next phase of the ‘resource boom’. These implications require significant constraint on the growth of public spending, certainly by the standards of the last decade or so.

Yet the environment is never static. Even in times of greater fiscal constraint, government policy must respond to evolving community needs and expectations. New priorities for government support must be accommodated within the government’s overall funding envelope. This reinforces the enduring requirement that the APS always look for new ways to improve the efficiency of its operations, including its ‘back office’, and support the government with advice that enables it to reprioritise its activities and programs to cull the least effective and make room for emerging and higher priorities. The implementation of such decisions requires confident leadership, effective change and people management and a focus on realising benefits.

It has been many years since the APS has operated in such a constrained financial environment. In some respects old skills have had to be re-learned by senior managers. Recent decisions of government have increased the incentives agencies face to secure cost savings in their operations through increases in the efficiency dividend and related measures. At the margin, incentives of this kind will continue to focus managers’ minds on such matters in years to come. More substantial changes to the scale and priorities of the APS, however, require clear decisions by government about which activities should be scaled back or eliminated. Contrary to the commentary of some business spokespersons, the optimal size of the APS is difficult to establish *a priori*. It is best derived from the nature and scale of the activities the Australian Government undertakes and its preferred delivery model in pursuing them.

**Employee engagement in the APS**

The commitment and motivation of APS employees has long been acknowledged as a major strength of the APS. This State of the Service report is the first that has been informed by the results of a census of APS employees. The census was undertaken as a trial to examine the business case for a proposal that the Australian Public Service Commission (the Commission) undertake such a census each year on behalf of agencies, potentially offering significant saving to agencies that regularly conduct their own. In addition, the APS-wide census enables deeper analysis of some key issues, especially where the relatively small size of previous samples has limited the precision of estimates derived from them.

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1 A similar point can be made about the management of the industrial relations environment. This is discussed in more detail in later chapters.

5 All current APS employees were invited to complete the employee census. A total of 87,214 valid responses were received, representing a response rate of 55%.
(e.g. the attitudes of small groups). Discussions are underway with agencies regarding the 2013 census. Participating agencies would receive customised reports disaggregated by work group whenever privacy can be preserved. The prospects for useful savings look positive. The fruits of this deeper analysis are reported at appropriate points in this report.

Last year the Commission developed and reported using a new model of employee engagement. The work has been well received and is continued in this report. A key finding this year is that employee engagement remains high in the APS, higher indeed than in the United Kingdom Civil Service and slightly higher than last year. Our employees are generally highly motivated, are proud of what they do and respect their immediate managers. This has been an enduring strength of the APS, even at times of adversity. Interestingly there is little variation in the extent of engagement by age or length of service, though both younger and older employees seem slightly more engaged (especially with their team and agency) than do middle age employees.

**Service delivery and innovation**

The Australian Government has initiated several reforms that have as central objectives improving the quality of service delivery and outcomes to citizens, and reducing the burden of doing business with the government.

These initiatives include the extension of Standard Business Reporting for business, the trialling of a shared outcomes framework between portfolios and the introduction of processes that will allow citizens to communicate updated details to multiple agencies simultaneously, pre-fill forms using information previously submitted to a government agency and view all their communications with Australian Government agencies in one place. The implementation of these reforms complements major changes underway in policy and delivery, such as the delivery of better services for citizens through Service Delivery Reform in the Department of Human Services, and the work of the Social Inclusion Unit in PM&C.

Indeed, this year brought to fruition the formation of the Department of Human Services from five agencies, including Medicare and Centrelink. The culmination of years of preparation, this is a good example of non-incremental change that will drive continuous improvement in delivering better services for citizens. The department also implemented a number of budget-funded initiatives to trial more personalised and integrated approaches to service delivery, including across jurisdictional boundaries. For example, the establishment of baylink in the Eurobodalla Shire in New South Wales (NSW) that brings together the offices of the Australian Government Departments of Human Services, Education Employment and Workplace Relations (DEEWR) and Families, Housing, Community Services and Indigenous Affairs alongside NSW State Government agencies including Family and Community Services and Office of Communities.

The convergence of broadband, Web 2.0 technologies and social media is transforming the way people communicate and interact. Citizens increasingly expect to interact and transact

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6 Most of the associated analysis is reported in Chapter 4.

with government using these new technologies. Australian Government agencies have increasingly prioritised work in this area. For example, the Australian Electoral Commission has made online enrolment and postal voting available to more than 15 million voters. Similarly, more than one million people have submitted their tax returns electronically. The Australian Bureau of Statistics (ABS) promoted the 2011 Census through social media. Its census Twitter account has acquired more than 16,000 followers, making it the second-largest Australian Government Twitter account.  

Technology is also increasingly being used to drive internal efficiencies and productivity within the APS. Most agencies have developed web-enabled procurement, document management, travel and other corporate facilities, while the use of video-conferencing is increasingly driving down the costs of internal collaboration and training. In support of its approach to maximise the effectiveness of its workforce, DEEWR has developed a novel tool to assist APS employees and their supervisors to agree on the capabilities required to do each person’s job well and then assess capability gaps and establish priorities for addressing them.

More than one-third of employees have been given access to the whole range, or a subset of, online social media and networking tools, together with technical guidance on how to use them. Almost two-thirds of agencies reported they had provided guidance to employees on how to represent themselves online (e.g. in accordance with the APS Values and Code of Conduct) when using social media and networking tools for work purposes.

Employees, however, continued to report mixed views about the scope for, and value assigned to, innovative thinking and new ideas in their agencies. Encouragingly, similar to last year, 89% of employees reported making suggestions to improve their work area, two-thirds (66%) reported they had been supported by their managers when suggesting new ideas, and almost one-half (49%) reported that their work area had implemented an innovation in the last 12 months.

Yet, a significant proportion of employees rated the following as barriers to implementing innovation in their workplace:

- ideas will not be seriously considered by managers (50%)
- unwillingness of managers to take risks (45%)
- resistance to change by managers (40%).

These responses are not new. They have been a feature of employee survey responses for some years. Last year, Secretaries responded to this feedback by all agreeing to adopt an APS Innovation Action Plan, which they and the Commissioner signed personally. A number of initiatives have been taken as a consequence, including the establishment of a pilot Centre for Excellence in Public Sector Design which works through a network of public, private, community and academic organisations to explore some of the most complex policy issues (Chapter 10). There is little sign in the data to hand for this report, however, to suggest there has been a major positive shift yet in perceptions within agencies about attitudes to innovation or to engaging with risk.

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8 The largest Australian Government Twitter account is that of the Prime Minister with over 300,000 followers.
Leaders matter

The APS Reform Blueprint was a major opportunity to galvanise reform in the APS. The major drivers of change identified in the APS Reform Blueprint remain relevant. Increasing citizen and government expectations, rapidly evolving technology, crosscutting ‘wicked’ policy dilemmas and the sheer speed of change continue to challenge our systems and processes. Labour force and generational pressures, including a significant strengthening in the competition for the skilled workers that the APS will need in years to come, remain constant. Increasing demands for higher workforce productivity and capability are an enduring feature, in particular the need to ensure that the APS has a continuous source of leadership capability that is well placed to deliver on government and citizen expectations.

Most recently, these pressures and demands have been given added emphasis by the findings of the government’s *Australia in the Asian Century White Paper*[^10], which will require a considered response by the APS. Indeed the Secretary of PM&C and the Commissioner are charged with leading a process to ensure the APS develops the capabilities necessary to respond fully to the challenges and opportunities identified in the White Paper.

Leadership has been singled out as a key issue for attention in every review of the APS since the Coombs report[^11] in the mid-seventies. This is not necessarily because leadership is underdone in the APS. Rather it is a reflection of the fact that the external environment continually evolves (a reality, indeed, that the White Paper starkly confirms) and that APS leaders need to develop their skills and understanding of their role against the demands of the external environment.

The census results confirm that leaders matter for employee engagement. Leaders who are sufficiently visible to their employees and who make sense of the work environment for them significantly and positively affect employee engagement. Census results also continue to confirm that APS leadership is perceived by employees to need improvement.[^12] Responses to the 2011 agency survey also confirm that agencies agree that strengthening leadership is an important area for capability development, with most agencies seeking to improve the maturity of their capability in this respect by one or two levels. In fact, 60% of agencies indicated that they planned to reach the highest level of leadership capability (level five) over the next three years. At level five, there is a unifying culture that promotes energy, enthusiasm and pride in the organisation and its vision. Also at this level the organisation’s leadership works effectively in a culture of teamwork and seeks out internal expertise, skills and experience.

Individuals each have a responsibility to strengthen their own leadership skills. These efforts will be supported by major work in hand within the Commission to refresh the APS leadership development model and practices (Chapter 2). This responds to several


[^12]: Overall, employee satisfaction with their Senior Executive Service (SES) leadership capabilities showed room for improvement with 58% of employees agreeing their SES maintain a focus on the strategic direction of their agency and 58% agreeing their SES ensure that work effort contributes to that strategic direction. Employee satisfaction with their immediate supervisor capability is high; the capabilities achieving results (74%) and exemplifying personal drive and integrity (73%) were most commonly reported by employees.
recommendations of the APS Reform Blueprint and is funded by APS agencies. Trials of new approaches to leadership development and to accelerate the development of high-potential, high-performing senior leaders, have been very successful to date. These hold out the prospect of significantly strengthening the APS leadership cadre for the future.

Agency heads continue to give priority to developing their senior leadership group even as funding tightens. This is evidence of the importance the APS leadership attaches to this issue. With a high proportion of senior employees eligible to retire in the next decade, leadership development will continue to be a high priority. The next phase of the development work underway in the Commission is to roll out refreshed programs across the spectrum of the SES and cascade the revised thinking to the feeder groups at Executive Level (EL) 2 and below.

**Stewardship of the APS**

Secretaries and agency heads are each responsible for the stewardship of their own organisation. A primary function of the Secretaries Board, comprising the Secretary of each department and the Commissioner, is to take responsibility for the stewardship of the APS and for developing and implementing strategies to improve it.

The Public Service Amendment Bill 2012 (the Bill) puts the Secretaries Board on a statutory footing. It provides a much clearer statement of the roles and responsibilities of Secretaries, especially in relation to their stewardship of the APS. The Bill also requires Secretaries to undergo an annual review of their performance. These reviews will be carried out in accordance with a framework established by the Secretary of PM&C and the Commissioner. These measures will encourage a high-performing public service, supported by a leadership group that is proactive and forward-thinking.13

Stewardship has a number of connotations for the APS. At one level it refers to the fact that the APS has custody of taxpayers’ resources (both their funds through measures such as taxation and their time through the regulatory burden, compliance costs and the like). In the context of the APS Reform Blueprint the concept also refers to the need for the Secretaries Board to take responsibility to develop APS capability and ensure it remains fit-for-purpose over time. The Advisory Group that prepared the APS Reform Blueprint received feedback, including from ministers, that the APS had become too short-term and too reactive in its thinking. It recommended that the APS strengthen its strategic policy capability and delivery and implementation skills, its links to academics and other thinkers, and its creativity.

Further progress was made this year to implement a number of initiatives aimed to address these recommendations, including the Sir Roland Wilson Foundation Scholarships for high potential EL employees. Importantly, the Secretaries Board progressed a number of service-wide initiatives to strengthen APS capability, including financial support to the work of the Strategic Centre for Leadership, Learning and Development at the

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13 The Bill also strengthens the appointment and termination arrangements for Secretaries. As was the case before 1999, the Governor-General will have the responsibility of appointing Secretaries, acting on the advice of the Prime Minister. The Prime Ministers’ advice will be guided by a report made to the Prime Minister by the Secretary of PM&C, following consultation with the Commissioner. If the appointment concerns the Secretary of PM&C, the report must come from the Commissioner. The term of a Secretary’s appointment will be five years, unless the Secretary being appointed requests otherwise.
Commission, and collective support for the development of high performing colleagues at SES Band 2 and, most recently, Band 3 level. These interventions are consistent with the stewardship responsibilities of the members of the Secretaries Board and their increasing capacity to exercise those responsibilities with respect to their agency and ‘One APS’.

**Diversity**

The representation of some key diversity groups in the APS workforce continued to decline in the last 12 months and greater collaborative activity is needed to redress this trend.

The value of having a workforce that mirrors the community it serves has long been recognised as a strategic asset for the APS. In some cases this may have been perceived as an equity issue. Increasingly since the eighties, diversity has been seen as a business imperative, the strength of which has increased as perceptions have strengthened about the value of bringing as diverse a range of perspectives as possible to bear on problem definition and solution specification. This trend has been given added impetus by the analysis of how best to respond to so called ‘wicked’ problems or adaptive leadership challenges.14

There is still work to do in lifting the representation of women in the most senior levels15 of the APS. However, with the exception of a couple of departments16, new initiatives to increase female representation are not currently the highest priority diversity issue for the APS. This is in contrast to the private sector, where the Sex Discrimination Commissioner has successfully launched a number of initiatives, including Male Champions for Change. Two Secretaries17 and the Commissioner are supporting Ms Broderick as male champions along with a number of private sector senior leaders, typically CEOs.

This year the APS paid new attention to diversity, including redressing a resumed decline in the representation of Indigenous Australians and those identifying themselves with disability. These trends may accelerate if the APS is to downsize in years to come. Part of the response has been the establishment of the APS Diversity Council in February 2012. Chaired by Dr Ian Watt AO, Secretary of PM&C, this body includes the Secretaries of seven departments (including the largest APS employers), the Commissioner of Taxation and the Commissioner.

The Diversity Council is charged with reinforcing and reinvigorating the commitment of APS leadership to diversity and to strengthening the APS as an employer of choice for people from diverse backgrounds. The evidence is clear that best results are achieved when such bodies focus on a few issues at a time. Accordingly, the Diversity Council has given initial priority to improving employment in the APS for those who identify as Indigenous Australians and/or as people with disability. The approach is to ensure that APS workplaces are welcoming and safe places for people from diverse backgrounds—workplaces that

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15 During 2011–12 there were more women at APS 1–6 levels than there were males. Women are underrepresented at all levels above EL, including SES (38.2%).
16 Treasury and Defence are cases in point—they have targeted programs in place to address this concern. Action is also in hand to improve the representation of women on Australian Government Boards.
17 Secretary of PM&C and Secretary of the Department of the Treasury.
enable them to contribute their skills, ideas and abilities to furthering the national interest. The Diversity Council has given priority to raising awareness about these matters and to working with agencies to identify and promulgate good practice. Among other things, it is inviting each department and large agency to share experiences with the Diversity Council to better inform the policy development process.

Funding was made available in the 2012 Budget to continue a number of APS-wide initiatives to attract Indigenous recruits to the APS through targeted cadetships, graduate programs, traineeships and the like. This partly replaced the long-standing Budget support that lapsed at the end of 2011–12. These initiatives have underwritten the recruitment of around 730 ongoing Indigenous employees in recent years and were intended to support greater research into the reasons why Indigenous employees separate from the APS at a significantly higher rate than do non-Indigenous employees. The higher separation rate is puzzling because the employee census shows that Indigenous employees are at least as well engaged as other employees and that there is no difference in intention to leave between either group (Chapter 6).

There has also been considerable work in the APS on improving the attraction, recruitment and retention of people with disability. The ‘As One’ Disability Employment Strategy was launched by the Minister for the Public Service and Integrity on 14 May 2012. This strategy was prepared after broad-ranging consultation inside and outside the APS. It will be supported by revised guidance from the Commission to assist agencies to create more supportive and disability-confident workplaces, with particular attention to developing new material on mental health. Responses to the census show there is considerable work to do. Employees with disability are measurably less engaged than are others (including Indigenous employees) and report significantly higher levels of perceived harassment and bullying (though Indigenous employees also report higher perceptions on this score)\(^{18}\) (Chapter 6).

The need is urgent. Official data shows that the representation rates of people who identify as belonging to these groups declined through 2011–12. Around 4,500 ongoing APS employees identify themselves with disability. This is about 2.9% of ongoing APS employees today, compared with 5% in June 1999. Around 3,200 employees (ongoing and non-ongoing) identified themselves as Indigenous (2.2% of the APS workforce, down from 2.3% last year). Responses to the employee census suggest that actual representation rates are higher since there is a high level of non-disclosure in the published data bases. Although census responses suggest representation of those with disability is closer to 7% currently, and 2.5% for Indigenous employees, this is still well below the representation of these groups in the broader Australian community.

\(^{18}\) Employees with a disability have lower levels of engagement in all components compared to the rest of the APS. A higher proportion of employees with disability reported being bullied than other APS employees (51% compared to 16%).

State of the Service 2011–12
Building and maintaining public trust

The APS occupies a unique place in Australian society and underpins in a significant way, the operations of the country’s democratic institutions. In this regard, maintenance of public trust in the APS and its apolitical nature is vital. The APS and politicians on all sides have roles to play here to ensure, within an appropriate framework of accountability, that the role of the APS is properly understood and respected.

Importantly though, trust in the APS relies on its professionalism, adherence to high ethical standards (through the APS Values and Code of Conduct), a supportive culture, strong commitment to achieving good results and value for money, and a forward looking and outward (citizen) orientation as it supports the agenda of the government of the day.

Significant is the fact that the APS holds in trust a vast amount of sensitive information about the private affairs and views of individuals. Such information may relate to the personal circumstances and life story of an applicant for government support administered by Centrelink; to information supplied to enable the Australian Taxation Office to establish an individual’s liability to pay taxation; to commercial information provided by a business seeking reconsideration of government policy or financial support; or to views expressed by a minister during a discussion with officials as part of policy development. Indeed, such information may relate to views disclosed through a wide range and number of interactions between APS employees and citizens or ministers; or through workplace interactions among APS employees that bear on such matters.

It is fundamental to the integrity of public administration in Australia that such confidences and sensitive information are treated with care and respect and in accordance with the law. A range of legal requirements deal with disclosure of information, including the APS Code of Conduct, the Privacy Act 1988, and secrecy provisions in legislation applying to particular agencies or particular circumstances. In some situations, the law—for example, the Freedom of Information Act 1982—may require or authorise disclosure, but the responsibility of APS employees to protect appropriately personal or sensitive information (other than where there is legal obligation or authority or an ethical duty to disclose) is broader than an obligation to comply with the law, important as that obligation is.

Trust in the impartiality, integrity and professionalism of the APS will quickly erode if ministers, shadow ministers, members of parliament and senators, or the public, form the view that their confidences risk being broken through public gossip, including on the internet, about matters they have a right to expect should remain private. Lack of trust may in turn undermine the willingness of citizens to comply with their obligations to disclose private information, or the ability of APS employees to access ministers so they may properly and professionally advise the government of the day.

Following the publication of a book in September 2012 by a former APS employee reflecting on his time in the public service and containing descriptions of his discussions, including with a former prime minister, the Secretary of PM&C and the Commissioner released a statement stating, among other things:

The unauthorised disclosure of such conversations is, in our view, corrosive to the relationship of trust that must exist between ministers and the APS. Preservation of
this relationship is essential in maintaining the APS’s tradition of impartiality and its reputation for being apolitical and professional.

... the public service operates within ethical codes, including respect for the ministerial office and the secrecy that allows sensitive decisions to be made with confidence ...

Maintaining public trust in relation to everything the APS does is partly a matter of law. It is also, just as importantly, a matter of culture and practice. Action is in hand to formulate clearer guidance to agencies, including to ensure that induction arrangements for new employees appropriately cover such matters. In the light of recent commentary on the preparation of briefs for ministers, it is also desirable that a correct understanding of, and bipartisan support for, the role of the APS is respected and preserved, including by commentators (Chapter 2).

Public comment by APS employees

We have also seen continuing calls during the year to reform the APS to make it more open and prepared to engage in dialogue with the community it serves through government. This is a legitimate issue for public discussion. APS employees have a proper role in explaining how the programs they administer operate, in providing factual information that is helpful to public debate, and in engaging in consultation about policy development at the behest of government. At the same time, however, they must not disclose confidential or sensitive material that will erode trust in government or in the APS. They must remain apolitical in all utterances and dealings in the context of their APS employment. In making public comment, APS employees are required to abide by the APS Values and Code of Conduct, which regulate their behaviour in every aspect of their work, and require, among other things, that they treat everyone with courtesy and respect, and act honestly and with integrity.

Updated guidance on making public comment, including online, was published by the Commission in January 2012. The guidance clarifies the application of the APS Values and Code of Conduct to the different capacities in which APS employees make public comment. It distinguishes between employees’ participation in an official capacity (as part of their employment), in a personal capacity (as private citizens) and in a professional capacity (where an APS employee makes public comment as a subject matter expert, but not on behalf of their agency).

The guidance is not intended to be prescriptive. Underlying it is the understanding that APS employees are required to exercise careful judgement when they are considering making public comment, and to be mindful of their obligations, as well as their rights, in so doing.

This is an evolving area, especially as the role of the new media grows. The power of these media in facilitating public discourse and in disseminating information is strong, and growing. Governments are experimenting in using these new media tools to strengthen

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19 Statement by I Watt AO, Secretary of PM&C and S Sedgwick AO, Public Service Commissioner, 19 September 2012.
democracy and promote better policy outcomes for citizens. And we are all coming to terms with the robust, possibly even occasionally unpalatable, language of some debates using these forums. The approach advocated in the Commission’s guidance was initially deemed by some as excessively cautious (and worse). As Commissioner, I make no apology for this. There is much at stake here—including careers if an individual’s misjudgement has the effect of impugning their integrity or impartiality.

Similarly there are grounds for caution on the part of senior officials required to explain government policy in a public forum. This has long been a delicate area, but one in which senior officials have a proper role—such as in presenting facts and explaining the rationale for a government policy position. Appearances before Senate Estimates are a case in point, and non-parliamentary forums are also considered acceptable for this purpose; for example, during a process of public consultation undertaken with the full knowledge—and consent, as appropriate—of government. The issue becomes much more contentious when the matters at hand are politically contested, or where an APS employee is perceived to have moved beyond explanation into advocacy. A number of examples could be cited. For example, some policy options in respect of climate change that were not originally politically controversial became so as the political context shifted. This example reinforces the importance of the exercise of prudence and good judgement by APS employees when being called upon (or considering an invitation) to discharge such roles publicly.

**Working with ministers**

The relationship between ministerial offices and APS agencies arose in a recent public debate about whether ministerial staff had assumed an inappropriate policy-making role, sidelining advice from APS agencies that supported the minister, or, in some cases, allegedly seeking to direct individual APS employees.

In fact, there is little evidence to support a conclusion that this is a systemic problem within the Australian Government.

Importantly, it is not the role of the APS to make policy. Its obligation under the APS Values is to provide ministers with advice that is honest, comprehensive, accurate and timely. Decisions about policy positions of government rightly rest with ministers operating within a system of collective cabinet responsibility. The role of the APS is to assist government to develop and deliver its policy agenda and priorities, which involves advising on options in respect of policy, service delivery and program implementation. In this regard, the APS is well placed to draw on a depth of knowledge and experience, including longer-term perspectives and analytical capability. It is important that public servants framing such advice are fully apprised by ministers and their staff of the government’s objectives and constraints.

The behaviour of ministerial staff is regulated by the Code of Conduct for Ministerial Staff. Among other things, this Code makes explicit that a person employed under the Members of Parliament (Staff) Act 1984 (the MOPS Act) cannot direct APS employees. Only a minister can appropriately exercise such executive authority. Of course, if a member

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of a minister’s staff has a good idea or even a better one than the relevant APS employees have developed, it would be churlish and unprofessional of them not to agree with it. Their responsibility is to support the best idea, wherever it has originated. Of course, this presupposes that there is full transparency if ministerial staff provide alternative advice to the minister, and that public servants are appropriately involved where options are considered. It is also incumbent upon senior public servants to raise with the minister or chief of staff (as appropriate) instances in which they believe a ministerial staff member has sought to direct an APS employee or block the transmission of their advice to the minister. Not to do so is to condone the behaviour. APS employees who believe they have experienced inappropriate behaviour from a ministerial staff member should raise the matter with appropriately senior members of their agency in the first instance.

Policy advice is hotly contested because it occurs in the international market place for ideas. A minister would be wise to seek the advice of the professional advisers provided by taxpayers for this purpose. In practice the APS will be heard above the voices of others when its advice is well argued, relevant, timely and well researched—and when it offers a perspective and insights that others cannot. In an address to an audience of employees chosen to provide a vertical slice of the APS, the Secretary of PM&C has expressed this point in these terms:

My vision for the APS is for it to be and to remain the first choice for policy advice, policy implementation and program and service delivery for Australian governments.23

There has been recent commentary24 about the proper role of APS employees in providing advice to ministers about policy positions of others, including the merits or cost of their proposal. Guidance is available to assist ministers, the public and APS employees make informed judgements about such matters.25 As a general rule, however, ministers have a right to ask for and receive factual advice from the APS about such matters. Furthermore it is quite appropriate for senior public servants to be at least professionally curious about the merits of alternative policy proposals under debate—whether originating from a non-government party or any other source—subject to resource constraints and other priorities. These matters can become highly sensitive at times, especially in respect of ideas that are politically contested, or as an election approaches, albeit outside the caretaker period. Again, trust will be maintained when everyone involved exercises sound judgement in commissioning, preparing and using such material.

Bullying and harassment
The reported level of bullying and harassment in the APS remains worryingly high. For most of the last decade, between 15% and 19% of APS employees in each year have reported experiencing harassment and/or bullying in the workplace. At the same time, the number of employees investigated for a suspected breach of s.13(3) of the Public Service Act 199926 remains at a fraction of these levels.

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26 The *Public Service Act 1999*, section 13(3): ‘an APS employee, when acting in the course of APS employment, must treat everyone with respect and courtesy, and without harassment’.
The discrepancy between these figures in respect of the APS is notable and raises a series of questions: What is actually being captured by the data?; Are employees being bullied in large numbers, but not raising it within their agencies?; Are agencies addressing reports of bullying matters using procedures outside of the Code of Conduct framework (e.g. through the performance management system or alternative forms of dispute resolution such as mediation or counselling)?; Are employees feeling they are being bullied in circumstances broader than those captured by the definition of bullying used in the APS?; If this is what employees are experiencing, why are they construing it as bullying and harassment?

The Commission has sought to consider in greater depth the nature of this problem. This year’s employee census explored what behaviours employees might identify as harassment and bullying; who was most likely to be responsible for the behaviours; what factors employees who experienced harassment or bullying believed it was based on; whether employees reported it or not, and why; and, if they reported an incident how satisfied they were with the outcome.

The results are reported in Chapter 3. They suggest strong relationships between behaviour perceived as harassment or bullying and people management (including management of performance) or personality differences. The census also reported a very small number of instances (less than 0.06% of APS employees) in which employees perceived they had been bullied or harassed by a minister or ministerial staff member.

The link with people management may suggest, among other things, that supervisory relationships in the APS are not always well-managed or well-understood by those involved—perhaps especially in the arena of performance management. These findings suggest there is work to do to support employees and managers in the giving and receiving of feedback, and in fostering productive and respectful relationships more broadly. We certainly also need to create safe spaces in which issues like these can be constructively raised and explored and in which a better shared understanding of the issues behind the perceptions can be developed. The Commission will continue to explore this issue, seeking to build a clearer understanding of what is being experienced and perceived by employees, with a view to helping agencies deal effectively with this troubling phenomenon. At the same time, however, it remains the responsibility of every APS employee to monitor their own behaviour, and to treat others respectfully and with courtesy. Furthermore, it is incumbent on all of us to speak out about inappropriate behaviour we witness—even where the alleged perpetrator is an SES employee or a ministerial staff member—and for those in authority to deal with such allegations professionally and effectively.

Organisational capability

Organisational capability is built on the skills and capacities of individuals. It is, however, a much more sophisticated concept that involves an agency’s systems, structures, processes, governance and culture; and how resources are combined and recombined to address changing priorities. Capability takes time to build. The best performing organisations, therefore, devote energy to forming a view about what capabilities they may require and building resilience to ensure they can adapt to the unpredictable.
In December 2011, the Australian Government agreed to implement a program of structured reviews of the capability of portfolio departments and several large agencies. This followed a trial involving three departments, which led to the adoption of a new capability methodology (based largely on one successfully used in the United Kingdom). The capability reviews are high-level, independent and forward looking. They succeed because all parties involved understand there are always opportunities to improve performance. The reviews are not audits or ‘gotcha’ exercises. They are designed to inspire constructive discussion between an agency’s senior management and independent reviewers, focusing on building organisational capability. The reviews do not second guess an agency’s strategy or government policy or priorities. Instead they look at systems, processes, governance and culture to understand whether these are best aligned to achieving the agency’s strategic objectives over time.

So far the Commission has completed seven reviews. The government requires the Commission to report annually to Cabinet on systemic issues needing attention. Chapter 10 provides greater detail about capability review findings to date. In summary, these confirm that the APS has real strengths, especially with the commitment of its people and their capacity to respond to the government’s agenda. The findings are supported by other evidence, such as responses to the surveys conducted for this State of the Service report. It is still too early to draw firm conclusions about systemic weaknesses from the small number of capability reviews conducted, but there are a number of consistent themes which will be closely monitored as more reviews are completed. These include:

- Leadership—the two leadership challenges identified are leading organisational change and developing capabilities and skills of employees.
- Strategy—a gap between some agencies’ strategic plans and operational business plans has been identified. In addition, some agencies could use stakeholder management strategies and methodologies more systematically.
- Delivery—this is one of the stronger areas of capability in the agencies reviewed, in particular innovative delivery. These findings are, overall, consistent with the findings of the 2012 employee census which found that the most significant administrative innovations in the APS last year involved aspects of service delivery.

In future, State of the Service survey results and capability review findings will together form a comprehensive evidence base for identifying systemic strengths and weaknesses in organisational capability across the APS. This will help identify where effort is needed to build the APS institutional capability and reflect APS commitment to continuous improvement.

**Industrial bargaining in the APS**

Industrial bargaining was a challenge for the APS over the past year. Consistent with the recommendations of the APS Reform Blueprint the government adopted a new policy objective for the 2011–12 bargaining round. This was to apply wage restraint while making progress toward achieving greater commonality in terms and conditions, over time. Wage restraint is consistent with the current fiscal situation facing government as well as
the more subdued rates of increase in wages across the economy generally. Progress in reducing disparities is seen to facilitate mobility across the APS and reduce inequities.

A key feature of the most recent bargaining of enterprise agreements was the creation of the APS Bargaining Framework which sought the consistent adoption of 23 recommended core terms and conditions and assisted agencies in their journey to ‘One APS’. It was difficult to wind back conditions already in excess of the recommended approach. Nonetheless progress was achieved in a number of instances (Chapter 9).

The Commission oversaw the bargaining of enterprise agreements to ensure consistency with the APS Bargaining Framework and increase commonality of terms and conditions across the APS. Consequently, the Commission’s remuneration data shows there has been general wage constraint within the APS, with median base salary movement being 2.5% from 2011 to 2012 for all employees.

Bargaining was conducted at agency level. A large number of bargains occurred simultaneously because many agreements expired within a relatively short period. This presented some challenges for the industrial parties. The next bargaining round is expected to occur against the backdrop that all agreements will expire on a common date, 30 June 2014.

**Looking ahead**

The immediate future will be significant for the APS as we continue the reform process, respond to fiscal stringency, re-prioritise work to meet changing citizen demands, and, at an appropriate point, enter into the caretaker period before the next election. Work will continue to continuously improve the APS and maintain public trust. The momentum established over the past two years to strengthen leadership will be maintained and built upon.

In the longer-term, leadership—perhaps even the stewardship—of the APS faces many challenges, including the need to:

- respond to the *Australia in the Asian Century White Paper*
- build capability in advance of need, wherever possible, to reinforce the enduring effectiveness of the APS
- lift public sector productivity and further institutionalise a pro-innovation culture
- respond to a more connected and interdependent world
- manage through the greater unpredictability of the global economy, and domestic structural changes as the resources boom progresses through its life cycle.

These challenges also need to be framed within the reality of limited resources, the need to respond to new and complex policy and delivery priorities and, increasingly, the need to manage interacting and overlapping waves of change. Leadership will focus on encouraging the discretionary effort of our people to really engage, make a difference and perform to full capacity. ‘Getting by’ is not enough. The ability to think, imagine, collaborate, listen and respond will continue to be an important part of managing future challenges.
Leadership, culture and conduct

The Australian Public Service (APS) requires effective leaders and a highly capable workforce equipped to meet the challenges of the modern world, the changing nature of work and the increased expectations of citizens. In a recent address, the Secretary of the Department of the Prime Minister and Cabinet said:

If I can change the APS (Australian Public Service) in one way, I hope to help build a public service that is better at developing its leaders; a public service that is better at leading and managing for the benefit of Australia, the government of the day and the people who make up our APS.¹

Ahead of the Game: Blueprint for the Reform of Australian Government Administration (the APS Reform Blueprint)² concluded that one key reform required of the APS is to build its leadership capability. Since then, the APS has engaged in a concerted effort to improve its leadership development. A number of reforms have been instituted, including the establishment of the Secretaries Board and APS200 group³ to provide strategic direction across the APS. The Strategic Centre for Leadership, Learning and Development (the Strategic Centre) was also established. The Strategic Centre has worked across agencies to develop the APS Leadership Development Strategy which identifies leadership capabilities required for the APS to meet its current and future challenges. A strong commitment by the APS to build its leadership

³ The APS200 was established as part of the APS Reform Blueprint. It comprises the Secretaries Board, selected agency heads and Senior Executive Service Band 3 or equivalent officers from agencies that employ staff under the Public Service Act 1999. APS200 members have a leading role in communicating the vision of the APS of the future and building the understanding, engagement and commitment of employees to the reform agenda. In addition to their role as leaders in their organisations, and more widely across the APS, APS200 members also support the Secretaries Board by undertaking strategic projects and initiatives as cross-portfolio teams.
capability is evident through the contribution by larger agencies to the funding of the Strategic Centre.

During 2011–12, the Strategic Centre collaborated with agencies to refresh its Senior Executive Service (SES) orientation program in line with the APS Leadership Development Strategy and conduct an advanced leadership program for high-performing and high-potential SES Band 2s. A number of important initiatives have been put in place for Executive Level (EL) employees, including the Sir Roland Wilson Foundation Scholarships which fund PhD study and, in conjunction with the Jawun Program, a program of Indigenous community secondments for high-performing, high-potential EL staff. Work to refresh all SES leadership programs is well advanced and members of the leadership, learning and development community across the APS continue to be heavily engaged in working with the Australian Public Service Commission (the Commission) to contribute to this work, as well as to build their own leadership, learning and development expertise.

This report identifies areas of continuing strength that need to be maintained and advanced, as well as areas requiring ongoing attention across the APS. It also highlights a number of activities underway to continue to build leadership and workforce capability.

**Leadership in the APS**

The importance of developing APS leadership and management capabilities has been well documented, including in previous State of the Service reports and in the APS Reform Blueprint. Leaders are central to establishing the strategic direction of the APS as a whole, as well as their individual agencies. Leaders are also central to mobilising the change necessary to achieve best results. Leaders motivate and develop people. Critically in the APS, leaders have a stewardship role; they look beyond the immediate term and beyond their own organisational unit to build the long-term capability of the APS as an institution. As the APS Reform Blueprint noted:

> Leadership behaviour trickles down to influence an agency’s culture and APS employees rely on their leaders to model by example. Leaders must clearly articulate and demonstrate organisational values to ensure they become part of the culture.4

While it is clear that leadership can and does occur at all levels in the APS, the APS Reform Blueprint highlighted that people in senior leadership roles play a crucial part in establishing direction, setting the culture of agencies and driving change. Therefore, the focus here is on SES and EL employees.

**Changes in the work demand and requirement**

The fundamental role of leaders in the APS is enduring, however the context within which leadership occurs has changed over time. Key influences, which create challenges and opportunities for the APS of the 21st Century and its leaders, include:

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• The key role the APS will play in helping the Australian community flourish in the ‘Asian Century’.
• The public service’s institutional role in building and preserving trust in democratic and civil institutions.
• An environment characterised by policy and delivery challenges that cannot easily be resolved or solved by relying on internal APS know-how or expertise. These are sometimes termed ‘wicked’ or ‘adaptive’5 problems. They are characterised by the need for experimentation and discovery and the need to go beyond conventional authority. For these challenges, the locus of the solutions is with the stakeholders. This requires collaboration between multiple stakeholders with a range of expertise and experience. In addition to reinforcing the importance of collaboration across APS agencies, this includes seeking solutions outside the APS, working with citizens, across governments and across sectors.
• The unpredictability of circumstances wrought by the global economy and potentially fragile biosphere.6
• The closely related agendas of innovation and productivity, displayed, for example, in the adoption of information and communications technology to deliver better services to citizens, businesses and other sectors and jurisdictions, at less cost, and with less risk to the integrity of programs and their outcomes.
• The need, in an expanding market for policy advice, to balance responsiveness to government with providing robust, impartial advice. The APS needs to scan the environment to understand future drivers of policy and change, while being apolitical and values-based. This will need to occur in an environment where decisions are made quickly and under intense scrutiny.
• The need to deliver, against rising expectations of citizens and ubiquitous technology, joined-up, multi-channel services that increasingly offer tailored place-based, case-based, personalised and contextualised solutions.
• The need to deal with a networked, connected, interdependent world where the local can quickly become global and where technological advances mean the APS has access to and must manage more data and information than ever before (while being mindful of privacy versus transparency).
• The essential need to attract and retain a more diverse workforce, including different generations, cultures, values and minority groups, in an environment where competition for talent is at a premium.

**Changing demands on APS leaders**

The importance of the APS adapting leadership practice in light of changing demands was highlighted in a recent speech by the Secretary of the Department of the Prime Minister and Cabinet:

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We know that in the years ahead, the world will not stand still. If we are performing well today as a public service, we won’t be in five or ten years’ time unless we continue to embrace change and develop public service capabilities. The rise of Asia will undoubtedly bring change that we cannot yet imagine. To prepare for that, we need to ensure that we develop strong public sector leaders, with well-honed and varied experience, officers who are flexible and adaptable and who make good judgements, communicate well and inspire others. These are all attributes, of course, that would serve anyone well—in any job, at any time—but it has never been more important than now to ensure that our public service has the capacity to change and adapt ...7

The challenges and opportunities outlined above impact on how leaders operate, both with the issues and problems they are responding to—complexity, boundary-spanning, change and innovation—and in terms of the human and organisational resources they have to work with, particularly in relation to resource constraints and people leadership.

Indeed APS leaders often respond to complex problems which do not reflect agency boundaries. The need to collaborate has been an imperative for many years because of the importance, highlighted in the APS Reform Blueprint, of a consistent and joined-up approach to policy development across departments.8

Complexity and boundary-spanning are reflected in leaders’ roles in setting strategies and working with stakeholders, so it is interesting to note that almost half of APS agencies9 (47%), as illustrated in Figure 2.1, felt that demands on their agency head and/or executive team’s time in setting strategic directions and priorities had increased greatly over the last three years, and one-third (32%) indicated that the demand for managing sensitive stakeholder relationships had increased greatly over the last three years. Looking forward (Figure 2.2), more than one-third (35%) of agencies10 expect these demands on their senior executives’ time in setting strategic directions and priorities to continue to increase greatly over the next 12 months, while 23% expect demand to increase greatly in managing sensitive stakeholder relationships.

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9 Only 78 agencies provided detailed data on agency capability and efficiency. To reduce the administrative burden on small agencies, those with fewer than 100 employees completed a shortened version of the agency survey.
10 Only 78 agencies provided detailed data on agency capability and efficiency. To reduce the administrative burden on small agencies, those with fewer than 100 employees completed a shortened version of the agency survey.
Figure 2.1 Changed demand on agency head/executive team time over the last three years, 2011–12

Source: Agency survey

Figure 2.2 Expected changed demand on agency head/executive team time over the next 12 months, 2011–12

Source: Agency survey
The impact of such challenges is experienced throughout organisations, not only by their executive teams. Figure 2.3 shows that over two-thirds of APS employees (68%) reported an increase in the requirement to deal with a complex working environment over the last five years and 37% an increase in the extent of collaboration with other APS agencies.

**Figure 2.3 How work has changed at current classification levels over the last five years, 2011–12**

![Figure 2.3: How work has changed at current classification levels over the last five years, 2011–12](image)

Change is increasingly a feature of the working environment. In 2011–12, 50% of APS senior executives identified that the demand on their time for managing significant change had increased greatly over the last three years. Two-thirds of employees reported they have been affected by major workplace change in the last 12 months. Nearly half of these employees identified changes in functional responsibilities as the principal type of change. Only 41% of APS employees agree their senior leaders lead and manage organisational change effectively.

The leadership of people, always essential, will take on increased significance as the APS workforce becomes more diverse and as new skills are required. Currently, 30% of executives identified a greatly increased demand on their time for workforce planning and 26% indicated their time for workforce planning will increase greatly in the next 12 months.

The APS operates in a resource-constrained environment, which must balance responsiveness with long-term, strategic direction. As shown in Figure 2.1, 55% of APS agencies\(^{11}\) reported that demands on their senior executives’ time for reallocation of resources increased greatly over the last three years, while 42% anticipate this will increase greatly in priority over the next 12 months (Figure 2.2).

\(^{11}\) Only 78 agencies provided detailed data on agency capability and efficiency. To reduce the administrative burden on small agencies, those with fewer than 100 employees completed a shortened version of the agency survey.
Only 21% of employees who have been at their current level for at least five years reported an increase in the size of their budget, but almost three-quarters (71%) experienced an increase in workloads such as the number or size of tasks to be completed within a given timeframe.

**Leadership and management capability**

Working within the changing context of the APS outlined earlier requires that the APS develop new leadership and management capabilities, and preserve critical leadership capabilities with enduring value; for example, leaders should be role models for the APS Values.

In particular, the pressures and challenges highlighted earlier suggest that the knowledge and skills to deal with strategic, change and people leadership are increasingly important. The capabilities to take a future orientation, anticipate changes in citizen and business expectations and opportunities—often brought on by technology—and mobilise people and systems to change and innovate in response, are critical. Important elements are the capability to understand and manage sensitive stakeholder relationships, work with multiple constituencies who contribute expertise, and build coalitions for change.

Research and consultation undertaken by the Strategic Centre also highlighted the importance, in the highly complex, joined-up and fast-changing APS environment, of building leadership capabilities that allow a leader to be effective in working with people and mobilising systems for change. These capabilities include self-awareness, situational awareness and being able to work collaboratively.

Most importantly in this context, the ability of leaders to learn and to help those around them to learn becomes paramount. It is simply not enough to rely on conventional thinking or past solutions; leaders need to be committed to learning and changing as new ideas emerge and as the source of those ideas become more varied.

The development of these capabilities across the APS is underway through the implementation of the APS Leadership Development Strategy, notably through the ‘Knowing-Doing-Being’ framework\(^{12}\) (Figure 2.4).

In addition to leadership skills, it is also evident that people in authority positions in the APS must have strong management knowledge and skills. While leadership is about using influence, management is about using authority and processes to get things done.\(^{13}\) Being effective in the APS requires a combination of leadership and management, and these capabilities are being developed in parallel in implementing the APS Leadership and Core Skills Strategy 2012–13.

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SES leadership capability

The SES continues to demonstrate a high level of confidence in its own leadership capability (Figure 2.5). Ninety-five per cent of SES employees are confident they have the leadership skills to do their job effectively and 85% agree they are actively engaged in the leadership of their agency. These results are broadly consistent with 2010–11.

Source: Employee census

Note: 2010–11 data has been recalculated to exclude EL 2 responses for comparison purposes.
Employee views of the demonstrable areas of strength in the quality of APS leadership are highlighted in Figure 2.6. For example, 48% of employees agreed with the statement that leadership is of high quality in their agency, compared with 47% in 2010–11 and 46% in 2009–10. This result is comparable with national and international benchmarks (55% for the general Australian public sector, 47% for the United Kingdom public sector, 52% for the public sector worldwide, and 54% for the private sector worldwide\textsuperscript{14}).

Similarly, 45% of employees agreed that their most senior leaders are sufficiently visible (e.g. can be seen in action) compared with 40% in 2010–11 and 39% in 2009–10. Agreement with the statement that ‘communication between senior leaders and other employees is effective’ increased to 38%, from 36% in 2010–11 and 34% in 2009–10. A total of 40% of employees agreed that senior leaders in their agency engage with staff on how to respond to future challenges. This is consistent with results from the previous two years.

Figure 2.6 Employee views of the quality of APS leadership, 2011–12

In addition to reporting their perceptions of the quality of leadership, this year employees were asked to comment on their perception of leadership capabilities of SES in their agency. Figure 2.7 shows that 58% of employees agreed their SES maintain a focus on the strategic direction of their agency and the APS, and 55% agreed their SES ensure that work effort contributes to that strategic direction.

While strategic capability is relatively strong, the areas of lowest satisfaction with SES leadership capability relates to people leadership, particularly employee development.

\textsuperscript{14} ORC International, (2012).
Only 30% of employees agreed their senior leaders give their time to identify and develop talented people and 33% agreed senior leaders are personally active in efforts to improve diversity in employment.

Similarly, while the ability to address ‘adaptive’ or ‘wicked’ problems and opportunities is becoming increasingly important, only 33% of employees agree their senior leaders seek to learn from their own efforts and develop their own skills and capabilities.

**Figure 2.7 Employee views of their SES leadership capabilities, 2011–12**

The ability to collaborate and work across organisational boundaries remains strong, with most SES (85%) reporting they consider themselves ‘definitely’ or ‘somewhat’ part of a broader APS-wide leadership group, a result similar to last year (Figure 2.8).
Leadership capability at non-SES levels

As in previous years, APS employees’ views on the capabilities of their immediate supervisors were more complimentary than for leaders more generally, perhaps reflecting the greater visibility of supervisors.

Overall employee satisfaction with immediate supervisor capability is high, as demonstrated by subordinates’ ratings of their supervisors’ leadership behaviours (Figure 2.9 and Table 2.1). Supervisory capabilities are particularly appreciated in the areas included in the APS Integrated Leadership System, such as achieving results (74%) and exemplifying personal drive and integrity (73%). In line with employee views of the SES, subordinates were least likely to be satisfied with their supervisors’ ability to motivate and develop people (61%).

Figure 2.8 SES views on being part of an APS-wide leadership group, 2010–11 and 2011–12

Source: Employee census
Figure 2.9 Employee views of their immediate supervisor, 2011–12

Table 2.1 Highest and lowest areas of satisfaction with immediate supervisors, 2011–12

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<tr>
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<th>The highest proportion ‘satisfied’ with their supervisor were satisfied with:</th>
<th>The highest proportion ‘dissatisfied’ with their supervisor were dissatisfied with:</th>
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<tbody>
<tr>
<td>APS 1–6</td>
<td>Achieves results (73%)</td>
<td>Motivates people (16%)</td>
</tr>
<tr>
<td>EL 1–2</td>
<td>Exemplifies personal drive and integrity (76%)</td>
<td>Motivates people (17%)</td>
</tr>
<tr>
<td>SES</td>
<td>Exemplifies personal drive and integrity (88%)</td>
<td>Motivates people (10%)</td>
</tr>
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Source: Employee census

Leadership and embedding a culture based on APS Values

What people in government do, and how they do it, is of exceptional importance ... A professional, non-partisan, well-motivated civil service is, without doubt, one of the pillars of democracy.\textsuperscript{15}

The Secretary of the Department of the Prime Minister and Cabinet has outlined his belief in, and vision of, ‘One APS’, indicating that he would ‘work, as my predecessors have, to protect the impartiality and integrity of the APS ...’\textsuperscript{16} In June 2012, the Secretary expanded on this theme to an APS audience, saying that the APS should deliver on what governments and Australia expects ‘... through our approach: how we work, our guiding principles ... we should be united by our ethics ...’\textsuperscript{17}


\textsuperscript{17} I Watt, unpublished speech to the Australian Government Leadership Network (South Australia), 22 June 2012.
How leaders undertake their roles and responsibilities sends strong messages to other employees about ‘how things are done around here’. In effect, leaders are the embodiment of an organisation’s values. Those watching, particularly immediate subordinates, are likely to do what their leader does, even if it is in opposition to what the leader says should be done. Alignment or misalignment of leadership behaviour and organisational values exerts a powerful influence on the way people behave. The APS Reform Blueprint emphasised the dominant role APS leaders play in shaping the culture and behaviour of their agencies, encouraging excellence in public service and championing the APS Values to all employees.\textsuperscript{18}

The APS Reform Blueprint recommended that the APS Values be revised, tightened and made more memorable, for the benefit of all employees. The Public Service Act Amendment Bill 2012\textsuperscript{19} seeks to implement this recommendation, proposing this new set of APS Values:

- **Committed to service:** The APS is professional, objective, innovative and efficient, and works collaboratively to achieve the best results for the Australian community and the government.
- **Ethical:** The APS demonstrates leadership, is trustworthy, and acts with integrity, in all that it does.
- **Respectful:** The APS respects all people, including their rights and their heritage.
- **Accountable:** The APS is open and accountable to the Australian community under the law and within the framework of ministerial responsibility.
- **Impartial:** The APS is apolitical and provides the government with advice that is frank, honest, timely and based on the best available evidence.

Work undertaken by the Commission indicates that the best way for APS leaders to help embed these Values into their agencies and the wider APS is by:

- taking a stewardship role and building the APS Values into governance practices
- building a culture of trust with employees, clients and others
- modelling the APS Values, having the highest standards of behaviour and taking sound, reliable, fair and ethical decisions
- coaching and guiding others to take such decisions
- making clear that conduct consistent with the APS Values is expected and dealing appropriately and effectively with behaviour that is not consistent with the Values
- guiding employees in understanding the relevance of the APS Values to their day-to-day work.\textsuperscript{20}

**Perceptions of agency ethics and integrity**

APS employees continue to have strong levels of confidence in the integrity and ethical behaviour of their leaders and agencies generally. In 2011–12, most employees agreed that


\textsuperscript{19} The Bill was introduced into parliament on 1 March 2012. It has been passed in the House of Representatives and is currently before the Senate.

their supervisor (87%) and their senior leaders (68%) often or always act in accordance with the APS Values. These results are similar to last year—89% for supervisors and 70% for senior leaders.

Similar to last year, most employees agreed their supervisor demonstrates honesty and integrity, but are less confident that the senior managers in their agency lead by example in ethical behaviour (Figure 2.10). This may be due to limited interaction with, or an incomplete understanding of, the decisions taken by senior leaders, a view supported by the employee responses noted in Figure 2.6 about the visibility of the most senior leaders in their agency.

Figure 2.10 Employee views on leadership ethics and integrity, 2010–11 and 2011–12

![Employee views on leadership ethics and integrity](image)

Source: Employee census

Figure 2.11 shows that most employees continue to score their agency highly against a range of ethics and integrity indicators, though not as highly as in 2010–11. The largest decrease was for the perceived management of conflicts of interest (with the percentage of employees agreeing with the statement that employees effectively managed conflicts of interest, which dropped from 65% to 52%). This appears to be largely attributable to an increase in the percentage of employees who neither agreed nor disagreed with this statement, which increased markedly from 20% in 2010–11 to 37% in 2011–12. At the same time, the data indicates that the number of inquiries into alleged breaches of the APS Code of Conduct concerning conflicts of interest increased during the year, despite a reduction in the number of inquiries for most other types of potential misconduct (Chapter 3). This is encouraging to the extent that it suggests increased confidence of employees that agency processes are dealing with conflicts of interest. This result will be monitored in future State of the Service reports.
Management capabilities across the APS

While leadership capability plays a critical role in any organisation, leadership capability must be complemented by the management skills needed to operate effectively within APS systems, processes and rules.  

Management capabilities include those associated with exercising decision-making and judgement in the public sector, working with government, developing people and the organisation and exercising professional public service skills.

Management capabilities is an area of strength in the APS: almost three-quarters (73%) of employees agreed with the proposition ‘I have a good manager’. More than half of all employees (57%) reported their supervisor always or often encourages them (compared with 16% who felt they were rarely or never encouraged). Just under two-thirds of employees (65%) reported their supervisor is effective in managing people. Sixty-two per cent agreed with the proposition ‘I receive adequate feedback on my performance to enable me to deliver required results’ and 54% agreed they are satisfied with the recognition they receive for a job well done. These results are similar to those reported last year.

While there are areas of significant strength in its management capabilities, the APS needs to continue to focus on developing management skills where there are weaknesses, and maintain its skills where there are strengths. For example, only 10% of agencies identified ‘underdeveloped management or leadership capability among senior leaders’ as a significant workforce risk over the next five years. However, more than half (53%) identified underdeveloped management or leadership capabilities among middle managers as a significant risk. This risk was prioritised in the Commission’s APS Leadership and Core Skills Strategy 2012–13.


22 Only 78 agencies provided detailed data on workforce planning. To reduce the administrative burden on small agencies, those with fewer than 100 employees completed a shortened version of the agency survey.
Similarly, governance processes appear relatively well-managed with more than half of employees (51%) reporting their agency has sound governance processes (Figure 2.12). Areas for improvement include internal communication (39% of employees said this was ‘effective’), change management (32% said it was ‘managed well’) and management of underperformance (21% said this was dealt with ‘effectively’). Performance management is discussed in Chapter 8. These results are slightly lower than those reported for 2010–11, except for internal communications which was not included in the previous year’s survey.

Figure 2.12 Employee views of their agency’s managerial environment, 2011–12

Talent management

Talent management complements broader leadership development initiatives being implemented within agencies or across the APS, by providing a systematic approach to accelerate the development of a sustainable pool of talented people for critical leadership roles.23 This approach includes identifying leadership roles that are critical to the APS or agency business, identifying people with high potential to develop the capabilities required for these roles and putting in place development plans to build these capabilities.

As such, talent management programs in the APS focus on building the ‘bench strength’ of the APS or an agency. That is, these programs enhance the capabilities of a pool of people who have the potential to fill more senior roles in the future. However, participation in a program is neither a guarantee nor a prerequisite for promotion. Recruitment and appointment for APS leadership roles continue to be based on merit and conducted under the Public Service Act 1999. Talent management programs help reduce the risk that suitable

23 While talent management approaches can be used for other critical roles (e.g. specialist technical roles), the approach within the APS focuses on developing leadership capabilities.
candidates for senior roles will not be found. For participants, such programs provide an opportunity to build on strengths and develop potential in a tailored, intensive manner. In 2010, a more systematic introduction of talent management approaches was signalled in the APS Reform Blueprint. Since then, the APS has implemented talent management initiatives in a number of ways.

**Implementation of talent management in the APS**

During 2011–12, 55% of agencies had in place, or were developing a talent management strategy in all or part of their agency.

Implementation and development of talent management strategies were most common in large agencies (87%), followed by medium agencies (52%) and then small agencies (29%). Talent management programs are targeted at middle and senior management.

As Table 2.2 indicates, during 2011–12, agencies put in place measures for developing talented employees. For example, 41% of agencies had fully or partially put in place programs to systematically develop high-potential SES employees, 51% for EL and 29% for APS 1–6. Critical positions were identified in agencies for SES (59%), for EL (62%) and APS 1–6 (47%). Emerging skill set needs were identified by 69% of agencies for SES, 76% for EL and 73% for APS 1–6.

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24 Only 78 agencies provided detailed data on learning and development. To reduce the administrative burden on small agencies, those with fewer than 100 employees completed a shortened version of the agency survey.
Table 2.2 Agency measures to develop talent, by classification level, 2011–12

<table>
<thead>
<tr>
<th>% responding ‘fully’ or ‘partially’ with reference to:</th>
<th>APS 1–6</th>
<th>EL</th>
<th>SES</th>
</tr>
</thead>
<tbody>
<tr>
<td>A program to systematically develop high potential employees</td>
<td>29</td>
<td>51</td>
<td>41</td>
</tr>
<tr>
<td>Identification of critical positions</td>
<td>47</td>
<td>62</td>
<td>59</td>
</tr>
<tr>
<td>Identification of emerging skill set needs</td>
<td>73</td>
<td>76</td>
<td>69</td>
</tr>
<tr>
<td>A means of assessing leadership strength in the agency</td>
<td>40</td>
<td>65</td>
<td>63</td>
</tr>
<tr>
<td>Programs for building leadership strength</td>
<td>64</td>
<td>85</td>
<td>75</td>
</tr>
<tr>
<td>Use of relation-based development opportunities (e.g. mentoring, coaching, peer support schemes)</td>
<td>76</td>
<td>78</td>
<td>76</td>
</tr>
<tr>
<td>Focus on creating in-depth experience within the agency (e.g. internal job rotations)</td>
<td>71</td>
<td>77</td>
<td>60</td>
</tr>
<tr>
<td>Development opportunities in other APS agencies</td>
<td>58</td>
<td>66</td>
<td>31</td>
</tr>
<tr>
<td>Development opportunities in other public sector jurisdictions</td>
<td>26</td>
<td>40</td>
<td>21</td>
</tr>
<tr>
<td>Development opportunities in the private sector</td>
<td>13</td>
<td>21</td>
<td>10</td>
</tr>
<tr>
<td>Development opportunities in the not-for-profit sector</td>
<td>6</td>
<td>13</td>
<td>8</td>
</tr>
</tbody>
</table>

Source: Agency survey

Challenges to talent development
The most frequently reported challenge to talent development across all employee levels is the lack of an agency talent management framework or strategy (65% for APS 1–6, 62% for EL and 45% for SES) (Table 2.3). This is similar to last year’s results. Agencies also identified specific challenges in talent development. For APS 1–6 and EL employees, agencies identified lack of career or mobility opportunities within the agency. For the SES, difficulty in developing talent internally and retirement leading to a loss of corporate knowledge were identified. Small agencies also reported size as a challenge.
Table 2.3 Challenges in developing talent experienced by agencies, 2011–12

<table>
<thead>
<tr>
<th>% responding ‘fully’ or ‘partially’ with reference to:</th>
<th>APS 1–6</th>
<th>EL</th>
<th>SES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identifying talent across the agency</td>
<td>57</td>
<td>56</td>
<td>35</td>
</tr>
<tr>
<td>Difficulty in developing talent internally</td>
<td>62</td>
<td>60</td>
<td>44</td>
</tr>
<tr>
<td>Difficulty in attracting the required talent</td>
<td>59</td>
<td>64</td>
<td>44</td>
</tr>
<tr>
<td>Losing key staff due to competition with other APS agencies</td>
<td>64</td>
<td>66</td>
<td>31</td>
</tr>
<tr>
<td>Losing key staff due to competition with the private sector</td>
<td>47</td>
<td>43</td>
<td>17</td>
</tr>
<tr>
<td>Retirements leading to a loss of corporate knowledge</td>
<td>51</td>
<td>66</td>
<td>44</td>
</tr>
<tr>
<td>Lack of career or mobility opportunities within agency</td>
<td>71</td>
<td>74</td>
<td>34</td>
</tr>
<tr>
<td>Lack of talent management framework or strategy</td>
<td>65</td>
<td>62</td>
<td>48</td>
</tr>
<tr>
<td>Large size of the agency</td>
<td>13</td>
<td>13</td>
<td>8</td>
</tr>
<tr>
<td>Small size of the agency</td>
<td>59</td>
<td>63</td>
<td>37</td>
</tr>
<tr>
<td>Limitations in rewarding talent</td>
<td>51</td>
<td>51</td>
<td>34</td>
</tr>
<tr>
<td>Lack of employee aspiration</td>
<td>26</td>
<td>26</td>
<td>10</td>
</tr>
</tbody>
</table>

Source: Agency survey

Learning and development

Attention to learning and development of all employees is a critical driver of agency and APS success, especially in today’s environment where change is rapid. More than half of employees (54%) reported that work at their current classification level had changed over the past five years in terms of the skills, knowledge or qualifications required. The Secretary of the Department of the Prime Minister and Cabinet has clearly signalled the centrality of learning and development to the role of managers and as a responsibility that all APS employees have. Similarly, ‘improving the relevance, immediacy and quality of learning and development across all agencies’ is an important objective of the Strategic Centre.

Approach to learning and development

Learning and development is an important investment in capability. It is therefore critical that learning and development opportunities maximise the learning of participants. Contemporary research indicates that approximately 70% of learning occurs through supported on-the-job experiences, 20% through peer-based learning (including mentoring and coaching) and only 10% through formal classroom-based training.

A shift towards 70–20–10 learning and development principle was signalled in the APS Leadership and Core Skills Strategy 2012–13. This identified that leadership development in

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28 Based on Lombardo and Eichinger’s 70–20–10 principle of program design, which identifies that development is most effective when it is a combination of structured on-the-job learning (around 70%), network or relationship-based learning (around 20%) and formal learning (around 10%). For more information see APS Leadership Development Strategy 2011–12, <http://www.apsc.gov.au>.
particular is most effective when learning takes place over time and using a range of learning methods, including learning through reflection and through real experiences in the workplace.

There is evidence of strong adoption of the 70–20–10 principle across the APS. While formal training continues to be almost universally adopted as the most used method of learning and development, for both leadership and technical and job-specific development, supported on-the-job learning is the second most used (Figure 2.13). There is also evidence that agencies are targeting learning and development to outcomes, with methods such as coaching, mentoring and networks used more frequently for leadership development, and formal education and training used more frequently for technical skills development.

**Figure 2.13 Methods used by agencies in training and development, 2011–12**

![Graph showing methods used in training and development]

Source: Agency survey

Note: Multiple responses accepted.

**Investment in learning and development**

The APS investment in learning and development is significant. Eighty-three per cent of employees reported spending time in formal training and education during the last 12 months (a minor increase from last year). Figure 2.14 shows 29% of employees reported between three and five days in formal training and education, while another 27% reported six days or more.

Investment in learning and development was ranked equal highest with retention strategies (66% of agencies) as a strategy adopted to address skill shortages.

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Formal training and education, as defined here, includes seminars, conferences, classroom training, academic study or formal in-house programs.
The number of days spent in formal training and education across APS classifications varies somewhat (Figure 2.15). The proportion of agencies reporting the average length of time spent by employees on short courses (one to two days) increased with seniority, with a corresponding decrease in the proportion of employees reporting the average time spent on longer courses (three to five days).

![Figure 2.14](image1)

**Figure 2.14** Time spent by employees on formal training and education in the preceding 12 months, 2011–12

Source: Employee census

![Figure 2.15](image2)

**Figure 2.15** Average number of days of formal training and education, by classification, 2011–12

Source: Agency survey, Employee census

Note: Excludes agencies that were unable to provide information at this level.

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30 Only 78 agencies provided detailed data on learning and development. To reduce the administrative burden on small agencies, those with fewer than 100 employees completed a shortened version of the agency survey.
The APS investment in learning and development compares well with Australia-wide and worldwide public sector benchmarks. Almost two-thirds (64%) of APS employees agreed with the proposition ‘My workplace provides access to effective learning and development’ such as formal training, learning on the job, e-learning and secondments. Similarly, 63% of employees felt their workplace ‘provides opportunities to increase knowledge and/or experience in their job’. Looking beyond their individual agencies, 54% of employees felt the APS provides access to effective learning and development (although just under one-third [31%] neither agreed nor disagreed).

Learning and development planning
In 2011–12, just over half (51%) of agencies had a fully developed learning and development plan in place, linked to their agency’s strategy. A partially developed plan was in place for 31% of agencies, or not in place but in development for 10% of agencies.

These learning and development plans are most often based on individual strategies set through individuals’ self-identification, followed by informal staff discussions with line managers or through consultation with senior managers (Table 2.4). They are far less frequently the product of agency-wide workforce planning or governance processes.

Table 2.4 Agency measures to identify staff learning and development needs, 2011–12

<table>
<thead>
<tr>
<th>% responding ‘fully’ or ‘partially’ with reference to:</th>
<th>APS 1–6</th>
<th>EL</th>
<th>SES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Through individuals’ self-identification</td>
<td>100</td>
<td>100</td>
<td>99</td>
</tr>
<tr>
<td>Through informal staff discussions with line managers</td>
<td>97</td>
<td>99</td>
<td>93</td>
</tr>
<tr>
<td>Through consultation with senior managers</td>
<td>95</td>
<td>96</td>
<td>93</td>
</tr>
<tr>
<td>Through the agency’s performance management system</td>
<td>97</td>
<td>97</td>
<td>85</td>
</tr>
<tr>
<td>Through workforce planning processes</td>
<td>65</td>
<td>66</td>
<td>53</td>
</tr>
<tr>
<td>Through business/agency planning processes</td>
<td>81</td>
<td>85</td>
<td>79</td>
</tr>
<tr>
<td>From the results of audits or evaluations</td>
<td>59</td>
<td>61</td>
<td>57</td>
</tr>
<tr>
<td>Through assessments made after changes to functions</td>
<td>62</td>
<td>61</td>
<td>55</td>
</tr>
</tbody>
</table>

Source: Agency survey

Forty per cent of agencies had a fully or partially implemented system for assessing skill-set gaps in their SES in 2011–12, with another 6% in development. A number of smaller agencies had not identified significant skill-set gaps, but were working to develop their existing knowledge base. One portfolio department noted that it has used its capability review (Chapter 10) to identify SES skills gaps in organisational and policy stewardship and to develop an action plan in response. Agencies also frequently identified change management, people management, political acumen, policy and strategic skills and leadership in the SES as areas of focus.
The majority of performance appraisal processes in APS agencies are linked to learning and development planning (Table 2.5). Less than one-quarter linked performance appraisal to talent management. There is room to improve the extent to which individual performance appraisal feeds into whole-of-agency skills planning.

Table 2.5 Performance appraisal processes linked to functions, 2011–12

<table>
<thead>
<tr>
<th>Performance appraisal is linked to the following functions:</th>
<th>Agencies (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development of learning and development strategies</td>
<td>74</td>
</tr>
<tr>
<td>Agency learning and development activity planning</td>
<td>85</td>
</tr>
<tr>
<td>Identification of skill imbalances across agency</td>
<td>26</td>
</tr>
<tr>
<td>Development of talent management strategies</td>
<td>24</td>
</tr>
<tr>
<td>Identification and management of high performers</td>
<td>60</td>
</tr>
<tr>
<td>Identification and management of low performers</td>
<td>82</td>
</tr>
</tbody>
</table>

Source: Agency survey

Improved access to advice, increased access to training, and improved guidelines on performance management are especially important ways to build confidence in managing people. Support for line managers to develop skills in performance management is almost universal across the APS. Ninety-one per cent of agencies had fully or partially operational programs of support and 8% reported such measures would be implemented within 12 months. Eighty-six per cent of agencies provide coaching and case management services to support managers.

A majority of agencies (83%) had fully or partially implemented a system to identify and provide assistance to managers needing to improve their staff management skills. Continuing to encourage and develop such systems across the APS is an important way of lifting organisational performance and employee engagement, given the strong links already established between these outcomes and the role of leaders and managers in communications and building organisational culture.

Evaluation of learning and development

Given the significant investment in the learning and development of APS employees, it is important to ensure there is a return on investment through improved performance, stronger skills sets and changed behaviours in the workplace. Twenty-five per cent of employees reported high effectiveness of learning and development this year and 25% rated the effectiveness of their learning and development as ‘low’ (Figure 2.16).
Agencies primarily rely on feedback from participants to evaluate investment in learning and development activities, by assessing reaction to the learning activity (95%) or the skills or knowledge developed (77%) (Figure 2.17). Fifty-eight per cent of agencies measure improvements in job performance, 33% measure improvement in agency performance and 31% measure return on training investment to evaluate their learning and development activities.

Figure 2.16 Employee views on the effectiveness of learning and development, 2010–11 and 2011–12

![Employee views on the effectiveness of learning and development, 2010–11 and 2011–12](image)

Source: Employee census, Employee survey 2010–11
Note: The 2010–11 data has been recalculated to exclude ‘not sure’ responses for comparison purposes.

Figure 2.17 Evaluation of learning and development activities, 2011–12

![Evaluation of learning and development activities, 2011–12](image)

Source: Agency survey
More than half of employees were satisfied with their quality of learning through peers or networks, the quality of support for learning on the job and the quality of learning through formal training and education (Figure 2.18). Employees were least satisfied (41%) with e-learning and coaching or mentoring (45%). These activities are likely to become more relied upon in future, suggesting scope for more work to improve their (perceived) effectiveness.

**Figure 2.18 Employee satisfaction with learning and development in the workplace, 2011–12**

![Employee satisfaction with learning and development](chart.png)

Source: Employee census

Note: Does not include ‘not applicable’ responses.

**APS strategies to enhance leadership and core skills**

Strategies to enhance the APS current and future leadership are being implemented as an important theme in APS-wide reform and are the focus of individual agency efforts discussed below.

Tables 2.6 and 2.7 show the learning and development priorities identified by agencies and individual employees respectively, highlighting the importance of ongoing support for leadership and people management skills. As Table 2.7 shows, at all classification levels, employees are most likely to nominate strategic thinking and analysis as their learning and development priority. The table also shows that SES employees frequently chose leadership and influencing and negotiation skills. EL employees chose leadership, influencing and negotiation, and technical/professional skills; and APS 1–6 employees, communication, technical/professional and leadership skills.
Table 2.6 Learning and development priorities for 2012–13, 2011–12

<table>
<thead>
<tr>
<th>Classification</th>
<th>% of agencies (multiple response)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership</td>
<td>87</td>
</tr>
<tr>
<td>People management</td>
<td>64</td>
</tr>
<tr>
<td>Project and program management</td>
<td>42</td>
</tr>
<tr>
<td>Strategic thinking and analysis</td>
<td>38</td>
</tr>
<tr>
<td>Communication</td>
<td>36</td>
</tr>
<tr>
<td>Technical/professional</td>
<td>36</td>
</tr>
<tr>
<td>Policy development and implementation</td>
<td>25</td>
</tr>
<tr>
<td>Risk management</td>
<td>22</td>
</tr>
</tbody>
</table>

Source: Agency survey

Table 2.7 Top skills employees intend to develop over the next 12 months, 2011–12

<table>
<thead>
<tr>
<th>Classification</th>
<th>APS 1–6</th>
<th>EL</th>
<th>SES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communication</td>
<td>26</td>
<td>15</td>
<td>18</td>
</tr>
<tr>
<td>Strategic thinking and analysis</td>
<td>30</td>
<td>38</td>
<td>39</td>
</tr>
<tr>
<td>Influencing and negotiation</td>
<td>16</td>
<td>23</td>
<td>27</td>
</tr>
<tr>
<td>Project and program management</td>
<td>17</td>
<td>19</td>
<td>9</td>
</tr>
<tr>
<td>People management</td>
<td>16</td>
<td>18</td>
<td>13</td>
</tr>
<tr>
<td>Leadership</td>
<td>20</td>
<td>29</td>
<td>38</td>
</tr>
<tr>
<td>Technical/professional</td>
<td>23</td>
<td>23</td>
<td>16</td>
</tr>
</tbody>
</table>

Source: Employee census

Note: Employees could each select up to three skills.

Agency initiatives in leadership and core skills development

Some of the better practices reported by agencies on their own initiatives in leadership and core development include:

- Department of Agriculture, Fisheries and Forestry—rolled out a tailored leadership development program for APS 6 and EL 1 employees which will lead to a Diploma in Government Award.
- National Native Title Tribunal—developed a leadership initiative comprising quarterly tribunal-wide forums and an emerging leaders program aimed at APS 6 and EL 1 employees.
- Department of Infrastructure and Transport—developed and implemented a career management strategy, shaping an approach to career management, rather than talent management. The strategy is designed to support managers and employees with career management conversations and activities.
• Department of Education, Employment and Workplace Relations—made seminars available as live and interactive events and streamed to desktops. The department also launched a coaching and mentoring portal, conducted agency-wide budget workshops and enhanced its Collaboration Central Blog to encourage ongoing, real-time information sharing and problem solving.

A leading agency initiative to support values-based leadership is the Australian Customs and Border Protection Service’s Listen Respect Lead program for employees who manage or supervise others. The program is designed to complement and build on the APS Values by providing a common framework about the behaviours expected of leaders, as well as practical tools and techniques for improved communication and interaction.

The Strategic Centre

The Commission, through the Strategic Centre, is charged with developing an annual learning and development strategy addressing leadership, management and core skills development as priorities across the APS.

In the first iteration in 2011, the Strategic Centre focused on leadership development strategy and implementation. In 2012, it expanded its focus to identify management and core skills learning programs. These programs are for developing skills and knowledge specific to the public sector and common to all public servants regardless of the agency they work for or their job type. The programs focus on skills essential to the APS.

The resulting APS Leadership and Core Skills Strategy 2012–13 was endorsed by the Secretaries Board in September 2012. The strategy was developed by analysing drivers in the external environment and APS business needs, to understand capability areas with current gaps or emerging requirements. Immediate development priorities are identified in Figure 2.19. The leadership focus areas on the right-hand side of the figure are consistent with the findings outlined in the APS Leadership Development Strategy 2011–12. However, they have greater emphasis on building the leadership capabilities needed to position the APS to respond to the key themes of the ‘Asian Century’, drive for higher public sector productivity and respond to citizen and community expectations. Notably, the leadership capabilities directly reflect the changing demands on APS leaders identified by senior executives earlier in this chapter, including strong emphasis on strategic and systems thinking, change leadership and the collaboration skills required to respond to complex, boundary-spanning challenges.

Since the release of the APS Leadership Development Strategy 2011–12, the Strategic Centre has collaborated closely with agencies to develop contemporary leadership development offerings to build the SES leadership capabilities needed across the APS now and into the future. Offerings include refreshing and delivering an SES orientation program and leadership programs for SES. Refreshed programs recognise that senior leaders need to develop knowledge and skills (Knowing and Doing) spanning political nous (ability to read the context), strategic capability (ability to shape the context), change leadership (ability to operate within and across contexts), and people leadership (working with and through people). The programs also focus on building the self and social awareness to support continued self-learning, collaboration and understanding of others (Being a leader).
The Strategic Centre is also building the bench strength of SES Band 2 and 3 leaders who are ready, and able to take on more senior roles in the APS. A program for SES Band 2 employees piloted in 2012 will be delivered again in 2013. The program design recognises that senior leadership development in complex, collaborative and fast-paced environments requires building relevant knowledge sets (Knowing), developing a range of skills (Doing) and emphasising the qualities and attributes associated with being a leader in the APS (Being). This learning takes time and must be integrated with real experience. Consequently, the Band 2 program operates over a 12-month period, on the principle that most learning occurs on the job. The Band 3 program is more individually tailored to developing leadership capabilities and readiness at the most senior echelons of the APS. Research into talent management for EL 2 employees is underway.

The Strategic Centre will continue to collaborate closely with agencies as it implements a contemporary approach to cross-APS leadership development and as it begins implementation of core and management skills learning programs. This will ensure programs complement the significant initiatives already underway within agencies and address the leadership, management and core skills challenges and opportunities common across the APS.
Strategies to enhance values-based leadership

Ninety-eight per cent of APS agencies indicated they promoted the complete and unaltered set of APS Values in 2011–12, using a range of learning and awareness-raising strategies. The most common strategy was raising awareness through induction/orientation (90% implemented agency-wide and another 6% in part of the agency). The next most common strategy was providing information on the intranet (83% agency-wide and 9% partially). Both online (31% agency wide and 13% partially) and face-to-face (44% agency-wide and 22% partially) training sessions were used to a lesser degree.

Source: The Strategic Centre for Leadership, Learning and Development

Induction plays a critical role in signalling to new employees the importance an agency attaches to the APS Values. With induction, it is useful to present the Values as a package integrated with other policies so employees understand the total framework in which the APS operates and its operating ethos. It is essential that new employees, especially senior employees joining from other employment sectors with different cultures, understand APS standards.

While assessment of the application of the APS Values was included in performance assessments in 79% of agencies, only 32% had fully rolled out training on how the Values relate to performance, and only 18% tested all employees on their understanding of the Values. Eight per cent of agencies assessed the application of the Values in multi-source feedback, such as 360-degree feedback. Twenty-five per cent included it in part of the agency.

Forty-eight per cent of agencies fully monitored the role of senior leaders in embedding the APS Values through mechanisms such as staff surveys (ranging from 38% of small agencies to 70% of large agencies).

Embedding the APS Values in individual and agency practices generally, and ensuring employees are trained in their meaning and application, are critical to the enduring nature of the APS as an institution. They are also critical to generating higher levels of trust in the relationship between citizens and the APS. Strategies used by agencies to raise awareness of the APS Values with all employees, and embed values-based practices, are reported on in Chapter 3.

**Key chapter findings**

The context and outlook for the work of the APS continue to present significant opportunities and challenges. These include responding to new and complex policy and delivery priorities, handling interacting and overlapping waves of change, and ‘doing more with less’ while maintaining the integrity and values base of the APS.

This chapter identifies that the important work of building APS leadership and workforce capabilities remains critical. As the work environment changes and as technology and the place of Australia in Asia and the rest of the world evolve, the focus on building APS leadership and workforce capabilities must be maintained and remain focused.

Perceptions of SES leadership capability continue to be consistent with international benchmarks. Areas of strength include role modelling of values and ethics and demonstrating personal drive and integrity. Importantly, SES continue to see themselves as a part of a broader APS-wide leadership group, which is essential to addressing complex challenges and opportunities across agencies. Opportunities remain to continue to enhance SES leadership capability, notably in areas related to strategic thinking, leading people and leading change. These are being addressed through the implementation of the APS Leadership and Core Skills Strategy 2012–13.
Perceptions of leadership capability at EL and APS 1–6 classifications are positive, especially with achieving results and exemplifying personal drive and integrity. However, building middle management capabilities in leading people remains a priority, notably in relation to developing and motivating subordinates.

Management capability is positive, with most employees surveyed agreeing with the proposition that they have a good manager. However, under-developed management, or leadership capabilities, among middle-managers was noted as a future risk by agencies.

In systemic terms, this year’s employee census and agency survey identified that the APS continues to invest heavily in learning and development, with 83% of employees having spent time in formal training and education over the last 12 months. Also, the majority of agencies undertook formal learning and development planning for 2012–13 and are using a range of development modes in addition to formal classroom learning, such as coaching, networks and on-the-job learning.

While more than two-thirds of employees (67%) rated their learning and development opportunities as moderately to very effective, there is a continued need to focus on the outcomes and benefits from this investment. For example, more than half of agencies assessed improvement in job performance as a result of learning and development and only one-third considered improvements in agency performance and effectiveness.

Investment by agencies in learning and development, supported by the ongoing implementation of the APS Leadership and Core Skills Development Strategy 2012–13 remains critical to building the leadership and workforce capability needed for the APS to continue to respond to its complex and fast-changing environment. This will include continuing to embed the ‘Knowing-Doing-Being’ principles in learning and development practices across the APS. It will also include the shared development of learning programs to efficiently leverage APS expertise, as well as ongoing development of leadership. Finally, learning and development communities of practice are important for sharing ideas and innovative practice across the APS.
Chapter three

Transparency and integrity

Available data suggests that Australia’s public sector, including the Australian Public Service (APS), continues to perform well on perceptions of the quality and independence of its public administration.

For example, according to the World Bank’s Governance Matters rankings of 2012, Australia is ranked in the 95th percentile for the:

- government effectiveness indicator, which measures perceptions of the quality of public services
- quality of the civil service and its independence from political pressures
- quality of policy formulation
- credibility of the government’s commitment to such policies.

Australia performed better than the United Kingdom and the United States for the government effectiveness indicator.

For the control of corruption indicator, which captures perceptions of the extent to which public power is exercised for private gain as well as ‘capture’ of the state by elites and private interests, Australia ranked in the 96th percentile, performing better than the United States, the United Kingdom, Canada and Switzerland.

As well, Transparency International’s Corruption Perceptions Index 2011 ranked Australia equal eighth best in the world with Switzerland on a spectrum of least to most corrupt. Countries that ranked more highly than Australia were New Zealand, Denmark, Finland, Sweden, Singapore, Norway and the Netherlands.

These indicators relate to Australian governments generally, but they are, nevertheless, a good starting point for assessing the ethical health of the APS.
Breaches of the APS Code of Conduct

Important elements of an ethical framework are clear standards of conduct, effective systems and processes for identifying behaviour inconsistent with those standards, and fair dealing with employees where misconduct is proven.

Section 15(3) of the Public Service Act 1999 (the Act) requires agency heads to establish procedures, having due regard to procedural fairness, for determining if an employee has breached the APS Code of Conduct.

Overall, the level of misconduct in the APS appears to be low. In 2011–12, less than three in every 1,000 employees (0.28%) were found to have breached the APS Code of Conduct.

Levels of investigation

The number of Code of Conduct investigations finalised during the year is in line with that for 2010–11. However, the number of employees found to have breached the Code of Conduct in 2011–12 fell by 95, building on a small drop in the previous year. Table 3.1 shows APS results for investigations into, and breaches of, the Code of Conduct over the past three years. Care should be taken in interpreting these falls as indicative of a trend, as the small numbers involved are inherently volatile.

Table 3.1 Finalised investigations and breaches of the APS Code of Conduct, 2009–10 to 2011–12

<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>(% of finalised investigations)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009–10</td>
<td>970</td>
<td>590</td>
<td>61</td>
</tr>
<tr>
<td>2010–11</td>
<td>796</td>
<td>576</td>
<td>72</td>
</tr>
<tr>
<td>2011–12</td>
<td>793</td>
<td>481</td>
<td>61</td>
</tr>
</tbody>
</table>

Source: Agency survey

As in previous years, there is variation between agencies in the number of investigations conducted, which may reflect different practices and emphasis, particularly around deciding whether to investigate under section 15(3) procedures. In some cases, particularly those involving less serious matters, agencies may prefer to use other means, such as training, counselling or performance management.

This year, four large agencies accounted for 80% of finalised Code of Conduct investigations in the APS, although they employed 54% of APS employees. These agencies also accounted for 78% of employees found to have breached the Code of Conduct.

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1 Section 15(3) procedures are the procedures established by the agency head in accordance with section 15(3) of the Act for determining whether an APS employee in the agency has breached the Code of Conduct.

2 A total of 278 investigations were finalised in the Department of Human Services; 135 in the Department of Immigration and Citizenship; 123 in the Australian Taxation Office (ATO); and 96 in the Department of Defence.
Figure 3.1 shows the main ways that suspected breaches of the Code of Conduct were identified. The data shows that agencies rely on multiple, complementary approaches to identify suspected misconduct. This year shows a marked change in the proportion of suspected breaches identified through agency compliance and monitoring systems (down from 35% last year to 25%). Investigations undertaken as a result of identification by supervisors or managers increased from 31% to 37%, while those undertaken as a result of identification by colleagues only increased slightly to 16%.

**Figure 3.1 Main ways that suspected breaches of the APS Code of Conduct were identified, 2010–11 and 2011–12**

![Bar chart showing the percentage of investigations for each type of identified conduct]

Source: Agency survey

Note: (a) Excludes the Department of Immigration and Citizenship from both numerator and denominator as the department did not categorise conduct identified by staff (i.e. by supervisors/managers or work colleagues).

**Nature of reported breaches**

Table 3.2 indicates the rates at which individual elements of the Code of Conduct were breached in 2010–11 and 2011–12. In most cases, there were small variations in the numbers of employees investigated for breaching various elements of the Code in 2011–12 compared with 2010–11. The proportion of employees found to have breached specific elements remained relatively stable. The most notable exception was use of Commonwealth resources. Here, there was a substantial fall in the number of suspected breaches (140 less). In 2010–11, the ATO implemented more sophisticated detection systems, including screening all internal and external emails, which may have contributed to the higher number of investigations and percentage of determined breaches for this element of the Code compared with 2011–12.
Table 3.2 Elements of the Code of Conduct found to have been breached in finalised investigations, 2010–11 and 2011–12

<table>
<thead>
<tr>
<th>Element of the Code of Conduct</th>
<th>Employees investigated for this element of the Code (no.)</th>
<th>Employees found to have breached this element of the Code (%)</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>351</td>
<td>335</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>350</td>
<td>299</td>
</tr>
<tr>
<td>Behave honestly and with integrity in the course of APS employment</td>
<td>281</td>
<td>261</td>
</tr>
<tr>
<td>When acting in the course of APS employment, treat everyone with respect and courtesy, and without harassment</td>
<td>210</td>
<td>235</td>
</tr>
<tr>
<td>Act with care and diligence in the course of APS employment</td>
<td>199</td>
<td>225</td>
</tr>
<tr>
<td>Use Commonwealth resources in a proper manner</td>
<td>356</td>
<td>216</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>154</td>
<td>162</td>
</tr>
<tr>
<td>When acting in the course of APS employment, comply with all applicable Australian laws</td>
<td>114</td>
<td>91</td>
</tr>
<tr>
<td>Not make improper use of: inside information, or the employee’s duties, status, power or authority, to gain, or seek to gain, a benefit or advantage for the employee or any other person</td>
<td>105</td>
<td>89</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>52</td>
<td>38</td>
</tr>
<tr>
<td>While on duty overseas, at all times behave in a way that upholds the good reputation of Australia</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Comply with any other conduct requirement that is prescribed by the regulations</td>
<td>10</td>
<td>3</td>
</tr>
<tr>
<td>Maintain appropriate confidentiality about dealings that the employee has with any minister or minister’s member of staff</td>
<td>3</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: Agency survey

Note: An individual employee may be counted against more than one element of the Code of Conduct.

Table 3.3 shows the types of behaviour resulting in Code of Conduct investigations. Misuse of internet/email continued to decline and was replaced by inappropriate behaviour (other than harassment or bullying) of employees as the most common type of misconduct investigated in 2011–12. Misuse of internet/email remained the most common type for which a breach of the Code of Conduct was found. The other notable shift this year was
the drop in cases of fraud other than theft in which an APS employee was found to have breached the Code (from 53 cases to 17 cases).

Table 3.3 Types of misconduct in finalised investigations, 2010–11 and 2011–12

<table>
<thead>
<tr>
<th>Type of misconduct</th>
<th>Employees investigated for this type of misconduct (no.)</th>
<th>Employees found to have breached the Code (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inappropriate behaviour (other than harassment or bullying) of employees during working hours (e.g. unprofessional, offensive or disrespectful behaviour and comments to other employees, clients or stakeholders)</td>
<td>148</td>
<td>171</td>
</tr>
<tr>
<td>Improper use of internet/email</td>
<td>213</td>
<td>163</td>
</tr>
<tr>
<td>Improper access to personal information (e.g. browsing)</td>
<td>145</td>
<td>162</td>
</tr>
<tr>
<td>Harassment and/or bullying</td>
<td>114</td>
<td>118</td>
</tr>
<tr>
<td>Conflict of interest</td>
<td>72</td>
<td>94</td>
</tr>
<tr>
<td>Fraud other than theft (e.g. identity fraud)</td>
<td>64</td>
<td>53</td>
</tr>
<tr>
<td>Improper use of resources other than internet/email (e.g. vehicles)</td>
<td>72</td>
<td>51</td>
</tr>
<tr>
<td>Improper use of position status (e.g. abuse of power, exceeding delegations)</td>
<td>58</td>
<td>39</td>
</tr>
<tr>
<td>Unauthorised disclosure of information (e.g. leaks)</td>
<td>24</td>
<td>24</td>
</tr>
<tr>
<td>Private behaviour of employees (e.g. at social functions outside working hours)</td>
<td>25</td>
<td>23</td>
</tr>
<tr>
<td>Misuse of drugs or alcohol</td>
<td>10</td>
<td>9</td>
</tr>
<tr>
<td>Theft</td>
<td>11</td>
<td>8</td>
</tr>
</tbody>
</table>

Source: Agency survey

Note: An individual employee may be counted against more than one type of misconduct.

Outcomes of finalised investigations

Table 3.4 shows the outcomes of finalised investigations of suspected breaches of the Code of Conduct. Reprimands remain the most commonly imposed sanction, accounting for almost half of sanctions imposed. The next most common sanction was deductions from salaries (26%). While the number of investigations remained steady (796 in 2010–11 and 793 in 2011–12), fewer employees were found to have breached the Code of Conduct. Sanctions are intended to be proportional to the nature of the breach, provide a clear message to the employee that their behaviour was not acceptable and act as a deterrent to the employee and other employees.
Table 3.4  Outcomes of investigations into suspected breaches of the Code of Conduct, 2010–11 and 2011–12

<table>
<thead>
<tr>
<th>Outcome</th>
<th>Employees affected (no.)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010–11</td>
</tr>
<tr>
<td>Reprimand</td>
<td>268</td>
</tr>
<tr>
<td>Deductions from salary by way of a fine</td>
<td>176</td>
</tr>
<tr>
<td>Reduction in salary</td>
<td>99</td>
</tr>
<tr>
<td>Investigation discontinued because of resignation of employee under investigation</td>
<td>98</td>
</tr>
<tr>
<td>Termination of employment</td>
<td>71</td>
</tr>
<tr>
<td>Employee counselled</td>
<td>49</td>
</tr>
<tr>
<td>Breach found but no sanction imposed</td>
<td>26</td>
</tr>
<tr>
<td>Reduction in classification</td>
<td>33</td>
</tr>
<tr>
<td>Reassignment of duties</td>
<td>10</td>
</tr>
<tr>
<td>Other (e.g. retraining, suspension with or without pay, performance improvement plans)</td>
<td>26</td>
</tr>
<tr>
<td>No breach found</td>
<td>133</td>
</tr>
</tbody>
</table>

Source: Agency survey

Note: An individual employee may be counted against more than one outcome.

(a) This figure appears inconsistent with the figure reported in Table 3.1. This may be due to agencies reporting discontinued cases as finalised investigations.

Whistleblowing reports

According to the Organisation for Economic Co-operation and Development (OECD), it is essential, as part of an effective public sector ethics management regime, to have clear rules and procedures for officials to follow, and a clear chain of responsibility, in cases where officials report wrongdoing.4 A whistleblowing scheme can provide this.

Section 16 of the Act provides protection for whistleblowers, and Regulation 2.4 of the Public Service Regulations requires agencies to develop procedures for dealing with whistleblowing reports (reports of suspected breaches of the Code of Conduct made by an APS employee to an agency head or authorised person).

Whistleblowing reports within agencies are considered, and a decision made about whether to conduct an investigation, under an agency’s section 15(3) procedures to determine whether there has been a breach of the Code of Conduct.

In 2011–12, all large and medium agencies, and 96% of small agencies, reported having procedures in place. The two small agencies (4%) reporting that they do not, have been contacted by the Australian public Service Commission (the Commission) with an offer of assistance. One agency indicated it is working with the Australian Government Solicitor to finalise new procedures and the other—a very small and recently established agency—is developing its procedures.

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3 The Public Service Amendment Bill 2012, introduced into parliament on 1 March 2012, contains a technical amendment to the Act to make it clear that misconduct processes can continue even when an employee resigns. Among other things, this should reduce the incidence of employees resigning to avoid a finding of misconduct, only to apply for employment in other APS agencies.

This year, 54 whistleblowing reports were made in APS agencies. Forty-seven of these were finalised in the year. Of those finalised, 10 (21%) resulted in a decision to start an investigation into the alleged misconduct. In 2010–11, 76 whistleblowing reports were made within APS agencies.

Table 3.5 shows the subject matter of whistleblowing reports in 2010–11 and 2011–12. Together, harassment and bullying, and inappropriate behaviour during working hours (for example, dishonest or unprofessional behaviour to other employees, clients or stakeholders) accounted for 44% of all allegations in 2011–12 (32% in 2010–11).

### Table 3.5 Whistleblowing reports lodged within agencies, 2011–12

<table>
<thead>
<tr>
<th>Subject matter</th>
<th>Reports lodged (no.) (^{(a)})</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010–11</td>
</tr>
<tr>
<td>Harassment and bullying</td>
<td></td>
</tr>
<tr>
<td>Inappropriate behaviour (other than harassment or bullying) of employee during working hours (e.g. dishonest or unprofessional behaviour to other employees, clients or stakeholders)</td>
<td></td>
</tr>
<tr>
<td>Improper use of position or status (e.g. abuse of power, exceeding delegations)</td>
<td></td>
</tr>
<tr>
<td>Improper access to personal information (e.g. browsing)</td>
<td></td>
</tr>
<tr>
<td>Improper use of resources other than internet/email (e.g. vehicles)</td>
<td></td>
</tr>
<tr>
<td>Improper use of internet/email</td>
<td></td>
</tr>
<tr>
<td>Conflict of interest</td>
<td></td>
</tr>
<tr>
<td>Fraud other than theft (e.g. identity fraud)</td>
<td></td>
</tr>
<tr>
<td>Theft</td>
<td></td>
</tr>
<tr>
<td>Private behaviour of employees (e.g. at social functions outside working hours)</td>
<td></td>
</tr>
<tr>
<td>Misuse of drugs or alcohol</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
</tr>
</tbody>
</table>

Source: Agency survey

Note: \(^{(a)}\) An individual report can be counted against more than one subject.

### Reporting suspected misconduct

The integrity of the APS—and of individual APS agencies—relies on the willingness of employees to report suspected misconduct. Twelve per cent of APS employees reported witnessing another APS employee engaging in behaviour they saw as a serious breach of the Code of Conduct in 2011–12, compared with 15% of employees in 2010–11.

Of those who said they had witnessed serious misconduct, 56% said they had reported this within their agency. The 44% of employees who said they had witnessed an incident, but did not report it, gave as the most common reasons:

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\(^{5}\) Large agencies account for 85% of whistleblowing reports, with the ATO and Defence together accounting for 67% of all reports.

\(^{6}\) Serious breach of the Code of Conduct was defined for the purpose of this question as fraud, theft, misusing clients’ personal information, sexual harassment, leaking classified documentation or other behaviour that would be likely to result in termination of employment.

\(^{7}\) Employees were able to nominate more than one reason.
• I did not think any action would be taken. (46%)
• It could affect my career. (33%)
• I did not want to upset relationships in the workplace. (30%)

Of those who reported serious misconduct by another employee in their agency, 55% reported they were not satisfied with the outcome. The most common reasons they gave were:\n
• The agency did not take any effective action. (68%)\n• The employee continued to breach the Code. (48%)
• The managers accepted the behaviour. (47%)
• My working relationships have been negatively affected. (35%)
• My career has been negatively affected. (25%)

These results suggest agencies need to do more to create an environment in which employees feel confident in the integrity of their agency and the ethical behaviour of their senior managers, and in which employees are encouraged to bring issues of concern to the attention of their agency, confident that they will be dealt with seriously. The Commission’s publication _Handling Misconduct: A human resources practitioner’s guide to the reporting and handling of suspected and determined breaches of the APS Code of Conduct_ 10 provides assistance to agencies in reviewing and improving their guidance material and procedures for reporting and dealing with suspected breaches of the Code of Conduct. A second publication, _Not just about process: the review of actions scheme_, assists agencies to respond to employee complaints and disputes in the context of the Values. 11

**The Ethics Advisory Service**

The Ethics Advisory Service (EAS) is available to assist all APS employees, including Senior Executive Service (SES) staff and agency heads, by providing advice on public sector ethical issues. It provides an avenue to seek guidance on how to apply the APS Values and Code of Conduct, and strategies and techniques for ethical decision-making in the APS.

In 2011–12, the EAS received 1,079 enquiries (a small increase from the 1,065 received in 2010–11), of which 893 (83%) were in scope (compared to 71% last year). Enquiries came from across the APS, with 90 agencies represented, indicating that awareness and take up of the service is widespread and that APS employees are confident to use the service for advice about ethical issues before they act. Figure 3.2 shows the proportion of in-scope enquiries in each category. The most frequent type of report was regarding misconduct in the workplace.

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8 Employees were able to nominate more than one reason.
9 It is possible that action was taken by the agencies but those reporting suspected misconduct would not be advised to protect the privacy of those involved.
Of the enquiries that fell within the scope of the EAS in 2011–12, 5% came from SES employees, 30% from Executive Level (EL) employees, and 21% from APS 1–6 employees. An additional 23% of employees making enquiries chose not to give their classification and 5% chose to remain anonymous. Twenty-eight per cent of enquiries came from employees in corporate areas, which included queries about management approaches to various matters concerning the APS Values.

Enquiries from APS employees in the Australian Capital Territory (ACT) accounted for 45% of total queries (40% of the total APS workforce is located in the ACT).

**Agency strategies and activities to embed the APS Values**

As reported in Chapter 2, 98% of APS agencies indicated they promoted the complete set of APS Values in 2011–12, using a range of learning and awareness-raising strategies. The most common strategy was raising awareness through induction and/or orientation (90% of agencies implemented agency-wide and another 6% in part of the agency). Chapter 2 also highlights the critical role of induction in signalling the importance an agency attaches to the APS Values.

Agencies were asked about additional strategies that were effective in raising awareness of and embedding the APS Values.
Examples of strategies identified by agencies

**IP Australia** applies ‘Upholding the APS Values’ as a guiding principle in its strategic statement 2009–14 for how it will carry out its business. IP Australia’s online induction module ‘Welcome to IP Australia’ includes an overview of the APS Values by its Deputy Director General who also describes how the Values are applied in IP Australia.

The **Australian Crime Commission** undertook an integrity survey of all employees to better understand their awareness of the APS Values, using definitions and scenario-based questions.

The **Australian Human Rights Commission** undertakes induction for all new employees, which emphasises the APS Values. The Commission also uses its intranet to feature case studies on mediated complaints to reinforce the importance of the Values.

The **Department of Education, Employment and Workplace Relations** conducted a series of audience participation panel sessions around the themes of respect, diversity and ethics, with the format based on television hypothetical programs. One panel included the Merit Protection Commissioner. Employees could provide questions for discussion. The sessions enabled employees to gain an appreciation of the complexities of the issues and the importance of judgement in applying the APS Values in the workplace.

The Public Service Amendment Bill 2012, passed by the House of Representatives on 20 August 2012, proposes a new set of APS Values. The Bill is before the Senate. If enacted, the new Values will need to be deeply embedded and championed by senior executives to reap the benefits of the values-based culture envisaged by *Ahead of the Game: Blueprint for the Reform of Australian Government Administration* (APS Reform Blueprint).  

Perceptions of corruption in the APS

The Parliamentary Joint Committee on the Australian Commission for Law Enforcement Integrity (ACLEI) released its report for the inquiry into the operation of the *Law Enforcement Integrity Commissioner Act 2006* in July 2011. Among other things, the Committee recommended that the Australian Government examine the merits of establishing an integrity commission with anticorruption oversight of all Australian Government agencies, taking into account the need to retain the expertise of ACLEI in the area of law enforcement.

In noting this recommendation the government response to the report of that inquiry stated the government’s approach to preventing corruption is based on the premise that no single body should be responsible. Instead, a strong constitutional foundation (separation of

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powers and the rule of law) is enhanced by a range of bodies and government initiatives that promote accountability and transparency. This distribution of responsibility is a great strength in Australia’s approach to corruption because it creates a strong system of checks and balances.

The establishment of ACLEI in 2006, together with other measures to strengthen the integrity framework, are indicative of the changing risk environment for Australian Government agencies and risk management strategies adopted to address or minimise corruption risks. ACLEI has provided an avenue of forensic investigation of fraudulent or otherwise corrupt conduct that was previously available only for matters referred for police investigation and, if warranted, criminal prosecution.

Other elements of the integrity framework governing the activities of APS agencies and employees include the Commonwealth Fraud Control Guidelines (2011), Commonwealth Procurement Rules (2012), which update and strengthen the former Commonwealth Procurement Guidelines (in effect from 2008), Commonwealth Grant Guidelines (2009) and the National Anti-Corruption Plan currently under development.

While corruption is not defined in the Act, types of misconduct that could include corrupt conduct are conflict of interest, fraud, improper use of position status, unauthorised disclosure and theft. Table 3.3 details the number of employees investigated and number of breaches found for these categories of misconduct for the last two years.

Media reports from late 2011 to mid-2012 suggested that corruption in the APS was rife and an integrity watchdog was required. The reports were based on a small number of cases in a small number of APS agencies. The reports did not unearth cases other than those which agencies were already aware of and acting on, by taking appropriate investigative and disciplinary action and/or referring for criminal investigation and prosecution as necessary.

Incidents reported in the media suggest that the current system of checks and balances is working and that APS agencies are appropriately managing risks in their operating environments. However, while reported incidence of breaches of the Code of Conduct in areas suggesting there may be risks of corrupt conduct—abuse of power or position, fraud, theft or bribery—remain low, the data only tells us about cases where suspected misconduct has been identified. There is no room for complacency and the APS needs to remain vigilant in managing its corruption risks.

**Auditor-General’s performance audits**

Each year the Australian National Audit Office (ANAO) conducts performance audits and tables them in parliament. Recommendations are made to improve weaknesses identified. Performance audits play a key role in assuring the integrity of public administration.

The Auditor-General said in his 2011–12 annual report that two areas continue to receive audit attention—administration of grants and government procurement. He reported:

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14 The *Sydney Morning Herald* ran investigative reports by Linton Besser and others into suspected corruption in the APS.
Grant administration is an important activity for many government entities involving the payment of billions of dollars in public funds each year. The transparency, accountability and probity with which grant decisions are made have been of longstanding parliamentary and public interest. While the 2009 Commonwealth Grant Guidelines were a significant advance in public administration, our audits continue to highlight aspects of their implementation where there is room for improvement.

Government entities enter into tens of thousands of contracts valued at tens of billions of dollars each year (79,000 contracts valued at $36.6 billion in 2011–12). Given its importance, the ANAO has audited aspects of government procurement practice over the years, most recently reporting on the establishment and use of procurement panels and the administration of the Australia Network tender process. The ANAO found that agencies generally established procurement panels through sound tender processes but that there was considerable scope for agencies to employ more competitive arrangements when selecting suppliers from panels. The audit of the Australia Network tender process highlighted, amongst other things, the importance of: departments assisting government in establishing any formal role for ministers in tender processes; maintaining information security during tenders; adhering to conventional procurement arrangements; and effectively managing the range of risks involved in procurement processes.\(^\text{15}\)

In this sense the Auditor-General’s annual report reinforces the APS Values and Code of Conduct. It highlights the need for agencies to focus on achieving value for money through competitive tendering, using proper processes to maintain trust and manage risk, and maintaining appropriate levels of confidentiality.

**Review of employment actions**

The Act establishes a review of action scheme for non-SES employees to use to seek review when they believe an action taken relating to their employment is unfair or unreasonable.

The Act requires that an APS employee applies to the agency head for review in the first instance for the majority of employment-related decisions and actions (a ‘primary review’). If an employee is not satisfied with the outcome, or the agency head considers the action is not reviewable, the employee can apply for secondary review to the Merit Protection Commissioner.

In 2011–12, 37% of agencies received at least one application for a primary review of an employment action\(^\text{16}\), down from 43% in 2010–11. In all, 396 applications for review were made and 360 applications finalised by APS agencies. Applications in 2011–12 were concentrated in three large agencies: Department of Defence, Department of Human Services and the ATO, which together accounted for 66% of all applications and 49% of the APS workforce.

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\(^{16}\) This figure excludes APS Code of Conduct matters and review applications considered by a Promotion Review Committee.
Forty-nine per cent of agencies that finalised applications for review reported that those applications involved performance feedback and/or assessment and 46% of agencies finalised applications for review involving access to leave or other employment conditions. Procedural issues in selection exercises was a topic for finalised reviews in 46% of agencies, and bullying or harassment was another significant topic for agencies (32%). A single application for review can involve more than one subject matter. For example, an application for review could involve performance feedback/assessment and harassment or bullying.

Most agencies (84%) that finalised applications this year reported an average timeframe of less than three months for finalising the reviews. Agencies reported 83% of finalised reviews resulted in no change to the original decision. Reviews were most commonly undertaken by human resources or other specialist staff of the agency (65%) or by managers from a different work area (41%). A smaller proportion was undertaken by external consultants (22%).

This year, employees were asked in the employee census about their views on a range of issues in their agencies, including their agency’s processes to resolve employee grievances. Thirty-six per cent of employees indicated they had confidence in their agency’s processes to resolve employee grievances, similar to last year’s result (38%).

**Harassment and bullying**

Employers have a duty to manage risks to health and safety in their workplaces under the *Work Health and Safety Act 2011* (WHS Act).

Safe Work Australia has produced guidance and resource materials to support implementation of the WHS Act, including the Model *Code of Practice—How to Manage Work Health and Safety Risks*. The code provides information on developing and implementing systematic risk management processes in the workplace, including for workplace harassment and bullying.17

Safe Work Australia is developing a specific code to deal with workplace bullying. The draft *Code of Practice: Preventing and Responding to Workplace Bullying* is being revised, based on feedback from the public. Safe Work Australia report they expect the code to be finalised in late 2012.

**House of Representatives workplace bullying inquiry**

In May 2012 the House of Representatives Standing Committee on Education and Employment began an inquiry into bullying in Australian workplaces, which is due to report on 30 November 2012.18

The inquiry is examining the nature, causes and extent of workplace bullying, and ways to address bullying cultures and prevent their development in the workplace. It will complement the work by Safe Work Australia to develop a code of practice on preventing and responding to workplace bullying.19

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Harassment and bullying in the APS

APS workplaces should be fair, flexible, safe and rewarding. However, for most of the last decade, between 15% and 19% of APS employees have reported, in the annual State of the Service employee survey, that they experienced harassment or bullying in the workplace during the past 12 months.

In 2011–12, 17% of employees reported having experienced harassment or bullying in the past 12 months. A higher proportion of employees with disability reported being bullied than other employees (31% compared with 16% for the rest of the APS).

The most common form of harassment or bullying cited by employees was verbal abuse (55%), followed by inappropriate or unfair application of work policies or rules (43%). Initiations or pranks and interference with personal property or work equipment each accounted for less than 5% of unacceptable behaviour.

Employees most commonly nominated their supervisor (39%) or someone more senior (40%) as the person responsible for harassment or bullying, followed by a co-worker (33%), then someone more junior (10%). Clients, customers or stakeholders (5%) were also identified as being responsible for the harassment or bullying of APS employees.

The most commonly identified factor on which harassment or bullying was perceived to be based was personality differences (46%), followed by work performance (30%). Other factors included age (9%), gender (9%), employment status (8%) and race/ethnicity (5%).

Analysis of responses to the employee census shows a relationship between employee experiences of harassment or bullying and employee engagement. Employees who reported being subjected to harassment or bullying were significantly more likely to have lower engagement levels.

Employees who said they had been bullied were slightly more likely to have used sick leave in the fortnight preceding the employee census (32% of employees who reported having been bullied had done so, compared with 26% of employees who said they were not bullied). Perhaps unsurprisingly, employees who said they had been bullied were more likely to report an intention to leave their agency as soon as possible or in the next 12 months (37% of employees who reported being bullied, compared with 18% of other employees).

Employees who reported experiencing harassment or bullying were also less likely than other employees to consider their colleagues, supervisors and SES leaders acted in accordance with the APS Values.

Employees who said they had been bullied were more likely to have reported that their immediate work group had been directly affected by major workplace changes in the last 12 months (20% reporting workplace change also said they had been bullied; 12% who had not experienced change reported bullying).

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20 Section 10(1)(j), Public Service Act 1999.
21 Examples of verbal abuse provided in the employee census include offensive language, derogatory remarks, shouting or screaming.
22 Examples provided in the employee census include performance management, access to leave, access to learning and development.
International research points to a range of factors associated with the likelihood of employees feeling harassed and bullied at work. These include organisational change; lack of ‘humanity’ or civility in the workplace; employees feeling they are expendable; perceived or actual lack of organisational justice; dictatorial management; conflicting demands; financial pressure; and limited resources. These factors can put pressure on organisations and individuals; erode employee engagement and commitment; and perpetuate a culture of defensiveness and intransigence.

Reporting incidents
Of the employees who indicated they had been subjected to harassment or bullying, only 43% reported it. Common reasons cited for not doing so included that employees:

- believed that no action would be taken (50%)
- were fearful it could affect their career (40%)
- did not wish to upset relationships in the workplace (39%)
- did not think it was worth the hassle of going through the report process (34%).

For those who reported an incident of harassment or bullying they had experienced, few employees were satisfied with the outcome (22%). Employees who reported an incident and who were not satisfied with action taken as a result cited the following reasons for their dissatisfaction:

- agency did not take effective action (63%)
- managers accepted the behaviour (52%)
- employee continued to harass or bully others (50%)
- their working relationships were negatively affected (43%).

Further work
Despite the work undertaken by the Commission and within agencies, the incidence of harassment and bullying reported by APS employees remains unacceptable.

Following the release of the report of the House of Representatives inquiry into workplace bullying, the Commission will examine its findings for identified risk factors and recommendations for strategies that may assist APS workplaces to reduce harassment and bullying.

Relationships with ministers and their offices
Similar to last year, 75% of agencies reported providing regular (monthly or more often) services and advice to ministers and/or their offices during 2011–12. All large agencies provided such services and advice, compared with 71% of medium agencies and 65% of small agencies.

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24 Employees were able to nominate more than one reason.
25 Employees were able to nominate more than one reason.
Agencies reported on their efforts to promote the following guidelines to their staff:

- **Standards of Ministerial Ethics** (December 2007, updated September 2010). Sixty-one per cent of large agencies indicated they promoted the standards fully or partially to their staff, while only 32% of medium and 13% of small agencies indicated they promoted the standards. Seven per cent of agencies indicated they were developing promotional strategies.

- **Register of Lobbyists** (May 2008). Sixty-five per cent of large agencies indicated they promoted the register fully or partially to their staff, while only 32% of medium and 13% of small agencies indicated they promoted the register. Four per cent of agencies indicated they were developing promotional strategies.

- **Lobbying Code of Conduct** (May 2008, updated June 2011). Sixty-one per cent of large agencies indicated they promoted the lobbying code fully or partially to their staff, while 41% of medium and only 17% of small agencies indicated they promoted the code. Four per cent of agencies indicated they were developing promotional strategies.

- **Code of Conduct for Ministerial Staff** (July 2008). Sixty-five per cent of large agencies indicated they promoted this code fully or partially to their staff, while only 27% of medium and 17% of small agencies indicated they promoted the code. Four per cent of agencies indicated they were developing promotional strategies.

Among other requirements, the Code of Conduct for Ministerial Staff requires that staff working in ministerial offices “Treat with respect and courtesy all those with whom they have contact in the course of their employment.”26 In 2011–12, less than 0.06% of APS employees reported being bullied by a minister or ministerial adviser.

Effective government relies on professional relationships between agencies and their ministers. The role of the APS is to serve the government of the day and to provide the same high standard of policy advice, implementation and professional support, irrespective of which political party is in power. This is at the core of the professionalism of the APS.

Following the publication of a book in September 2012 by a former public servant reflecting on his time in the public service from late 2008 to early 2010 as a speechwriter, and containing descriptions of his discussions with a former Prime Minister, the Secretary of the Department of the Prime Minister and Cabinet and the Public Service Commissioner released a statement which said, among other things:

> The unauthorised disclosure of such conversations is, in our view, corrosive to the relationship of trust that must exist between ministers and the APS. Preservation of this relationship is essential in maintaining the APS’s tradition of impartiality and its reputation for being apolitical and professional.

> ... the public service operates within ethical codes, including respect for the ministerial office and the secrecy that allows sensitive decisions to be made with confidence ...

Open government

Open government involves creating the framework for mature, informed debate about government’s role and the participative development of government policies and services. In July 2010 the government published the Declaration of Open Government27, which states 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.

The government has established mechanisms for open and honest discussion with stakeholders and citizens, such as community cabinets, and specific consultations on policies and services. This takes place through traditional face-to-face meetings and submission processes, which are augmented or sometimes replaced by the use of social media.

The new set of APS Values in the Public Service Amendment Bill 2012 before parliament includes a new value—‘Respectful: The APS respects all people, including their rights and their heritage.’ This proposed value proposes to support, through binding Directions issued by the Public Service Commissioner on its scope and application, the notion of collaboration and being open to ideas in policy development and implementation.

The APS Reform Blueprint included Recommendation 2.1, to ‘enable citizens to collaborate with government in policy and service design’.28

Managing stakeholder relationships

Agency and employee perceptions of their relationships with stakeholders were sought for this year’s State of the Service report. Agencies were asked about demands on the time their agency head and/or executive spent in managing sensitive stakeholder relationships over the past three years. Employees were asked whether responsibility at their classification level in this area had changed over the past five years.

Thirty-two per cent of agencies indicated that demands on the time their agency head and/or executive spent managing sensitive stakeholder relationships had increased greatly over the past three years and another 53% indicated a slight increase. Only 15% of agencies indicated no change.

Sixteen per cent of employees who had been at their current substantive classification level for at least five years reported that responsibility for managing sensitive stakeholder relationships at their level had increased greatly over that time and another 28% indicated a slight increase. Of these, more than 60% of SES employees indicated that their responsibility for managing sensitive stakeholder relationships had increased at their classification level. Forty-four per cent of employees reported no significant change, while 12% indicated a decrease.

Gov 2.0
Social media and networking tools have changed the way people communicate and also their expectations about the speed with which others, including government, will respond. This provides opportunities, challenges and risks for all. It fundamentally changes how government and the APS do business.

APS-wide guidance
In May 2010 the government published its response to the final report of the Gov 2.0 Taskforce, Engage: Getting on with Government 2.0. Among other things the Taskforce commented that:

… online engagement by public servants, involving robust professional discussion as part of their duties or as private citizens, benefits their agencies, their professional development, those with whom they are engaged and the Australian public. This engagement should be enabled and encouraged.

Web 2.0 provides public servants with unprecedented opportunities to assist the government to open up government decision making and implementation to contributions from the community. Many agencies use social media to engage with the communities they serve.

On 10 January 2012, the Commission updated its guidance for APS employees on participating online in official and unofficial capacities, noting additional considerations for doing so. The guidance advises that the APS Values and Code of Conduct, including Public Service Regulation 2.1, apply to using online media in the same way as when participating in any other public forum. The requirements include:

• 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 Australian Government resources
• upholding the APS Values and the integrity and good reputation of the APS
• not acting in a way that would call into question the APS employee’s ability to be apolitical, impartial and professional in the performance of their duties.

The Department of Finance and Deregulation (Finance) maintains a Gov 2.0 Primer that describes scenarios and tools which apply to agency government 2.0 activities, including engaging with the public and releasing government data online. While it is not a comprehensive guide, the primer assists agencies achieve the aims stated in the government’s July 2010 Declaration of Open Government. Finance has also developed guidance for using

social media for its employees entitled Social Media 101: A Beginner’s Guide for Finance Employees which may be a useful start for other agencies developing or updating their guidance.

Availability and use of social media in agencies
Eight per cent of employees indicated that access was available to all social media in their agency and another 28% indicated that access was available to some social media. Forty-eight per cent indicated no access.

Forty-six per cent of employees with access to some or all social media tools reported that they used social media and networking tools for work purposes. Sixty-eight per cent who used social media and networking tools to work with government stakeholders agreed that the use of these tools helped them carry out their work more effectively and 70% who used these tools in their work with non-government stakeholders agreed they helped them work more effectively. Levels of disagreement were low (6% and 4% respectively) and 26% were neutral on the benefits of using social media in their work.

An emerging issue for APS employees, associated with increasing use in the Australian community of social media and other networking tools, is cyberbullying of employees by members of the public. In recent months the Commission has been approached by several APS agencies seeking advice in circumstances where employees have been the target of adverse comments by clients on social media websites. In some of these cases employees were abused online by clients dissatisfied with their agency’s services; however, the statements made tended to be of a highly personal nature.

Very few APS employees (1%) reported being subjected to cyberbullying in the past 12 months as a result of their APS work. Recent media reports show, however, that the abuse of people using Twitter can have a devastating impact on the person who is the target of the attacks. For the few APS employees who reported being cyberbullied, other APS employees were most commonly cited as being responsible (50% of incidents), followed by members of the general public (29%) and then clients, customers and stakeholders (23%).

Levels of perceived bullying and harassment in the APS, and strategies to deal with these, have been discussed earlier in this chapter. In relation to harassment by clients, the Commission is working with a group of APS agencies to develop an understanding of the nature and scope of cyberbullying in the APS and to consider strategies that may be useful for agencies in managing the impacts of this behaviour on agencies’ business and, importantly, their employees.

Agency guidance and training on the use of social media
Of the agencies asked, 88% indicated they provided guidance material for their employees on the use of social media and networking tools, and the remaining 12% indicated such guidance was under development. Table 3.6 details the specific areas of guidance provided by agencies.

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33 Agencies with less than 100 employees were not asked this question.
### Table 3.6 Agency guidance on the use of social media, 2011–12

<table>
<thead>
<tr>
<th>Type of guidance</th>
<th>Agencies (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guidance on how to represent yourself online (e.g. in accordance with the APS Code of Conduct) when using social media and networking tools for work purposes</td>
<td>65</td>
</tr>
<tr>
<td>Guidance on how to represent yourself online (e.g. in accordance with the APS Code of Conduct) when using social media and networking tools for other personal or home use (not including professional network participation)</td>
<td>54</td>
</tr>
<tr>
<td>Guidance on how to represent yourself online (e.g. in accordance with the APS Code of Conduct) when using social media and networking tools as a participant in a professional network for non-job related purposes</td>
<td>46</td>
</tr>
<tr>
<td>Guidance provided as part of more general information technology guidance</td>
<td>45</td>
</tr>
<tr>
<td>Technical guidance on how to use social media and networking tools</td>
<td>36</td>
</tr>
<tr>
<td>Being developed</td>
<td>12</td>
</tr>
</tbody>
</table>

Source: Agency survey

Note: Agencies with less than 100 employees were not asked this question.

Agencies reported on the provision of training to their staff in 2011–12 on the use of social media and networking tools for work purposes. Forty-one per cent indicated they provided such training, another 17% indicated they were developing training and 35% reported that no training was provided.

Employees were asked about their awareness of their agency’s policy on the use of social media and networking tools. Sixty-three per cent indicated they were aware of their agency’s policy for work purposes and 54% were aware of a policy for personal or home use. Thirty per cent of employees indicated they were unsure if their agency had a policy for work use and 36% were unsure if their agency had a policy for personal or home use. Six per cent of employees indicated their agency did not have a policy for work use of social media and networking tools and 10% indicated there was no policy for personal or home use.

**Agency use of social media**

The use of Web 2.0 is now commonplace in APS agencies. There are hundreds of government social media sites, including Twitter accounts, Facebook pages and YouTube channels. Web 2.0 approaches are regularly used in policy development opportunities and many Australian Government datasets are included on data.gov.au with more being added regularly.³⁴

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Agencies were asked a series of open questions about their experiences with using social media. The following case studies have been drawn from the answers provided. They illustrate the issues and benefits for agencies in using social media to connect with their communities and the broader public.

**Department of Defence: Review of Social Media and Defence**

The Department of Defence (Defence) identified that its social media policy and guidance needed to be refreshed to accommodate changes in the rapidly evolving social media environment. Further, the department identified a need for a more coordinated approach to media in general, including its use of social media.

Defence engaged consultants to undertake the Review of Social Media and Defence. The review had lessons and recommendations for Defence with respect to governance, the suitability of extant policy, training and the availability of resources to support departmental engagement with social media.

In response to the review, Defence is currently amending its policy guidance, developing more effective approaches to social media engagement and monitoring and developing appropriate training programs for staff.

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### National Museum of Australia: Inside exhibition

The National Museum of Australia used a blog to consult with Forgotten Australians and other stakeholders for its *Inside: Life in Children’s Homes and Institutions* exhibition, launched in November 2011. The Museum indicated that the blog was an excellent consultation tool and many participants reported feeling empowered to tell their stories for the first time. Engagement was high and the quality of community posts was very high. The posts ranged from narratives to poetry, photographs, videos, artwork and other media.

The social media tools were crucial to the success of the exhibition and engagement of the community. The blog was used to reach out to affected members of the community, obtain objects and images, and source personal quotes, some of which formed the major mode of text in the exhibition.

The blog has been archived and remains a significant record of experiences, reflections and stories.

### ATO: YouTube Tax Tips

The ATO used YouTube to enhance service delivery to taxpayers. During tax time in 2011 the ATO produced Tax Tip videos presented by high-profile financial commentators to provide useful advice and information to taxpayers about preparing and completing individual tax returns. Another video, ‘Do I need to lodge?’, was produced to assist taxpayers with the decision process about lodging an income tax return. These videos combined have received more than 73,000 views.
Public sector information
The APS Reform Blueprint also recommended that public sector data be made available to the wider public in a manner consistent with privacy and secrecy laws (Recommendation 2.1).

On 1 November 2010, reforms were made to the Freedom of Information Act 1982 to improve public access to information and ensure it is provided promptly and at the lowest reasonable cost.

A key aim of the reforms is to increase recognition that information held by government is a national resource to be managed for public purposes. Under the Information Publication Scheme, which came into effect on 1 May 2011, government agencies are required to publish a range of documents on their websites and encouraged to publish additional information over and above that required by the Freedom of Information Act.

In May 2012, government agencies were surveyed by the Office of the Australian Information Commissioner on their compliance with the new publishing requirements. Seventy-eight per cent of agencies participated in the non-compulsory survey.

Overall, the research concluded that agencies are moving closer to an open access and pro-disclosure culture. The Australian Information Commissioner noted satisfaction that 85% of agencies publish the required categories of information on their websites, with 94% publishing operational information showing how decisions that affect the public are made.

Agencies were asked to report on which of the principles on open public sector information was most challenging to implement. Thirty per cent of agencies reported making information discoverable and useable the most challenging principle to implement, 28% reported that providing open access to information was most challenging and 17% reported robust information asset management.

Key chapter findings
Australia continues to maintain its high standing internationally in perceptions of the quality and independence of its public services and the extent to which public power is exercised for private gain. In so far as these results can be attributed to the APS they reflect positively on its integrity.

Misconduct remains at very low levels across the APS, with less than three employees in 1,000 found to have breached the Code of Conduct. Most breaches are evidence of poor individual judgement, rather than systemic misbehaviour, maladministration or corruption.

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36 The survey was sent to 243 Australian Government agencies covered by the Financial Management and Accountability Act (1997), the Commonwealth Authorities and Corporations Act (1997) or other legislation.
These findings are contrary to a small number of media reports published during the year. However, there is no room for complacency and APS agencies need to remain vigilant in managing their corruption risks, adjusting risk management strategies in light of their changing risk environments.

The incidence of perceived bullying and harassment in the APS remains at a worrying level. The findings of the employee census are informative, but raise further questions. The results suggest an apparently strong relationship between behaviour perceived as harassment or bullying and the management of people and performance which may also suggest that supervisory relationships in the APS are not always well-managed or well-understood by the parties involved, especially in the area of performance management.

In addition to raising questions about managers and performance management, the employee census also identified ‘personality differences’ as a key factor in perceived workplace harassment and bullying.

Taken together the evidence suggests that workplace bullying may arise in large part from differences of opinion or simple personality clashes that have been allowed to escalate. It would be premature, however, to draw conclusive inferences about the causes of actual and perceived bullying and harassment in the APS. Further work in this area is required to understand this complex behaviour and, hence, how to develop and implement the best strategies for addressing it.

Building and maintaining a constructive relationship with ministers and their offices is a key responsibility of APS employees. Consistently working to the APS Values is crucial to such relationships, as is a sound appreciation of respective roles. Ministers must be able to trust the public servants they work with; if they cannot do so the APS risks becoming less reliable as a source of information and advice. It is important for agencies to ensure their induction processes properly reflect the importance of managing this key relationship, retaining trust and ensuring that tensions that may impede constructive discussion with ministers and their staff are raised and dealt with early, particularly where staff have regular contact with ministers and their offices.

While access to social media and networking tools by employees for work purposes does not appear to be widespread, employees using it report positively on its effectiveness. The proportion of agencies reporting they have provided guidance for their employees on the use of social media and networking tools is high.

Cultural change seems to be more easily achieved in the release of public sector information, with 85% of agencies publishing the required categories of information under the Information Publication Scheme on their websites.
Chapter four

Employee engagement

The APS Employee Engagement Model offers the Australian Public Service (APS) a comprehensive, multi-dimensional understanding of the engagement of its employees. It has the potential to explore links between employee engagement and organisational productivity through employee performance and availability factors, including the use of sick leave, employee intention to leave their agency and hours worked. A more complete understanding of employee engagement and its consequences gives APS managers and HR practitioners the ability to better develop and implement strategies to improve employee engagement and thereby workforce productivity.

_Ahead of the Game: Blueprint for the Reform of Australian Government Administration_ (the APS Reform Blueprint) identified that demands on the APS from the public and government have increased in recent years, and that the drive for greater APS productivity will continue to increase for the foreseeable future. The relationship between employee engagement and factors that could be reasonably expected to affect productivity ensures that improving engagement will continue to be a constant focus for APS managers.

This chapter identifies factors with the potential to lead to higher levels of employee engagement in the APS. It applies the APS Employee Engagement Model to show how leadership and management behaviours can influence engagement. The chapter also examines the engagement of specific workforce segments, variations in engagement across workplaces and preliminary outcome measures related to engagement. It also examines employee health and wellbeing, and absence management across the APS.

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Characteristics of APS employee engagement

While employee engagement is of substantial interest in academic and practitioner literature, there is little literature on public sector employee engagement specifically. The APS Employee Engagement Model was developed from data on public sector employees. It is grounded in engagement literature and provides an opportunity to consider employee engagement from a uniquely APS perspective.

Employee engagement in the APS can be used to test whether there is a unique motivational basis for employees choosing a public service career. A motivation for ‘public service’ has been described as the ‘individual’s predisposition to respond to motives grounded primarily or uniquely in public institutions and organisations’. Consequently, if there is such a basis then it is to be expected that APS employee engagement will have a different character and expression from other sectors.

An additional challenge to understanding employee engagement in the APS is the range of organisation types and sizes comprising the APS. The APS has more than 168,000 employees working in more than 100 agencies ranging in size from under 20 employees to more than 36,000. The APS represents around 1.5% of the total Australian workforce and nearly one-fifth of the Australian Public Administration and Safety sector. There is also considerable variety in the nature of the work performed by APS employees. The range of employment spreads across 26 job families at APS 1–6 and Executive Level (EL) classifications and five work categories for Senior Executive Service (SES) employees.

So, not only are there expected differences in the drivers of engagement between APS employees and those in other sectors, there are expected differences within the APS driven by individual organisation and employment conditions.

The Australian Public Service Commission (the Commission) defines employee engagement as the relationship employees have with four elements of their work: the job they do daily; the team with whom they work; their immediate supervisor; and the agency they work for.

This is a complex set of relationships. While each element is unique, they interrelate to a degree—engagement with one element can compensate for another. For example, one workplace might be characterised by repetitive or difficult duties but be structured around highly functional teams with very good leaders. In this case, one might expect that lower levels of job engagement would be compensated for by higher levels of team and supervisor engagement.

Figure 4.1 shows the aspects of the workplace and workforce that contribute to the relationship employees form with the elements of their work—the drivers of employee engagement. The model reflects the theory that the right engagement relationships lead to better performance and increased availability for work (e.g. lower absence levels) which, in turn, improves workplace outcomes and productivity. It is this reciprocal nature of the

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engagement relationship between the employee and their work that sets employee engagement apart from concepts such as ‘job satisfaction’ or ‘morale’.

The insight into the multi-dimensional nature of APS employee engagement that this model provides allows APS managers and HR practitioners to understand and tailor responses reflecting their agency’s unique workforce and workplace conditions.

**Figure 4.1 APS Employee Engagement Model (revised 2012)**

<table>
<thead>
<tr>
<th>Workforce drivers</th>
<th>Workforce outcomes</th>
<th>Workplace outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Job</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Team</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Supervisor</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Agency</td>
<td></td>
</tr>
</tbody>
</table>

Source: Australian Public Service Commission

### Employee engagement in 2011 to 2012

Employee engagement has been shown to be related to APS employee self-reported performance, use of sick leave and intention to remain with their agency. As a function of workplace and workforce factors, employee engagement varies over time. In fact, agencies are most concerned with the question: is there a measurable difference in employee engagement that can be linked to the strategies that have been implemented by the agency?

While it is important to recognise that a range of factors influence employee engagement, it is not unreasonable for agencies to consider whether there might be a cause and effect relationship between workforce strategy and employee engagement.

Changes in engagement also reflect broader factors impacting on the APS as a whole. In the past 12 months, for example, a range of such factors influencing the APS workforce could have detracted from employee engagement, including the potentially unsettling impact of APS-wide enterprise bargaining that occurred in 2011–12 and managing the consequences of an increasingly tight fiscal environment. These two factors might reasonably be considered to reduce employee engagement. However, a comparison of engagement-level scores from 2011 to 2012 shows that this did not occur (Figure 4.2).

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6 Workforce drivers might include the age of the employee, their level of seniority in the organisation or their sex. Workplace drivers might include the quality of leadership in the organisation, the organisation’s functional type or the size of the organisation.

Figure 4.2 shows minor decreases in team and supervisor engagement and that no statistically significant change in job or agency engagement occurred from 2010–11 to 2011–12. This suggests that the APS workforce demonstrated a degree of resilience through a period of stress.

**Engagement across the generations**

There has been considerable interest in the notion that the population can be segmented into generations of people who each respond differently to work. This report defines generations using these birth cohorts:

- Lucky Generation—1926–1946
- Baby Boomers—1946–1966
- Generation X and Y—1966–1986

Much is made of the differences in engagement of these generations, and APS results demonstrate clear differences (Figure 4.3).

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Interestingly, while much of the literature suggests that younger employees engage differently with work than do their older colleagues\(^9\), Figure 4.3 shows that in the APS both youngest and oldest employees generally have higher levels of engagement than do other employees.

For managers and HR practitioners, this suggests that while the youngest and oldest employees have become groups of particular interest, there is a need to ensure that engagement strategies for employees in other generational cohorts are not overlooked. This is particularly relevant given that middle generations account for more than 90\% of the APS workforce.

**Engagement and diversity**

The APS puts considerable effort into ensuring its workforce represents the Australian population. This is described in more detail in Chapter 6. Diversity is valued in the APS, not only in ensuring the representativeness of its workforce but in ensuring capability gains from having a diverse workforce. However, potential capability gains will be moderated by level of engagement.

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Engagement levels were compared between three diversity groups—Indigenous employees, employees with disability and women—and the rest of the APS. Results are shown separately in figures 4.4 to 4.6 for four components—job, team, supervisor and agency.

**Figure 4.4 Comparison of engagement of Indigenous and non-Indigenous employees, 2011–12**

![Figure 4.4](image)

Source: Employee census

**Figure 4.5 Comparison of engagement of employees with disability and employees without disability, 2011–12**

![Figure 4.5](image)

Source: Employee census
Results showed that women and Indigenous employees have higher engagement levels in most components, although these differences are minor. For employees with disability, engagement levels are slightly lower than for employees without disability.

These results indicate that action is required to improve engagement for employees with disability. The APS aims to achieve this through implementation of its As One—APS Disability Employment Strategy. This strategy was launched on 14 May 2012 and includes 19 initiatives to be implemented from 2012 to 2014. A success measure will be engagement levels of employees with disability. Chapter 6 has more detail on this.

**Engagement and classification level**

An employee’s role or experience in the agency is likely to influence engagement level. For instance, more senior employees typically display higher levels of engagement (Figure 4.7).
The most notable result is that SES employees are more engaged on all engagement elements compared to the rest of the APS workforce. This is not to suggest that APS 1–6 and EL employees have poor engagement but rather that SES employees are highly engaged with all aspects of their work.

Senior leadership has always been seen as a critical segment of the APS workforce and substantial effort has been devoted to developing a unified and high-functioning SES since 2005.¹⁰ This focus was reinvigorated in the APS Reform Blueprint¹¹ through the formation of the Secretaries Board and the APS200 Group, which were charged with strengthening leadership. Figure 4.8 compares SES engagement levels with last year. The levels have increased or remained similar.

¹⁰ Management Advisory Committee, Senior Executive Service of the Australian Public Service: One APS–One SES, Commonwealth of Australia, Canberra, (2005).
Maintaining high levels of engagement by senior leadership is critical to the APS remaining productive. There is also value in considering how higher levels of engagement could be achieved for other segments of the APS workforce.

**Engagement and length of service**
A second important way of segmenting the APS workforce is by length of service. This is correlated to some degree with classification level, but it also reflects the working lifecycle of employees and allows comparisons between employees who are early in their APS career with those who are in the middle and latter stages.
Figure 4.9 shows employee engagement levels by length of service. Employees with less service showed higher levels of engagement than did employees with longer service for all the engagement components. There is an upward trend in engagement levels once employees have served 15 years or more, which may in part be related to classification level. However, the improvement is very slight compared to the levels of those with less service, particularly those with less than 12 months.

It is reasonable to assume that these results reflect the positive feelings experienced when starting a new career. This can be reinforced by equally positive experiences during induction and exposure to an early career in the APS. For example, more than half of employees who recently started also agreed they had received enough guidance and training when they started.

A noticeable feature of these results is the rapid reduction in engagement levels once an employee has been in the APS for more than a year. Although levels remain high, if the APS could capitalise on the very high levels of engagement of this group, there could be positive productivity gains for longer into an employee’s career.

Engagement across agency size and function

With more than 100 agencies ranging in size from over 36,000 to less than 20 employees, as well as an enormous number of roles and functions, the APS is a highly diverse workplace. Therefore it is not surprising that engagement levels vary considerably between agencies. Figure 4.10 shows these scores across agencies.
Although differences in engagement levels are not large, there is a consistent pattern on all components—engagement decreases as the size of the agency increases. This finding adds considerable weight to the argument that size of agency is an important factor and one that influences engagement levels. While there is little managers or HR practitioners can do to affect their agency size, they need to factor this finding into strategies designed to improve engagement.

**Engagement by type of agency**

Another way of segmenting APS agencies is to look at the type of work they perform. To support this type of analysis, a model classifying agency function was developed (Appendix 2), categorising agencies into one of five functional types: policy, regulatory, smaller operational, larger operational and specialist. For the purposes of this analysis, smaller and larger operational have been combined into a single ‘operational’ category. Figure 4.11 compares employee engagement levels by these types.
The differences between agency functional types are small, but significant, and the pattern of engagement levels suggests generally higher levels of engagement in specialist agencies and lower levels in operational agencies. The differences across agency functional types suggest that differences may also exist across functions within agencies. Large agencies in particular may therefore want to investigate developing different engagement strategies across different areas.

**Engagement by geographic location**

The APS is often characterised as a Canberra-centric organisation, however the reverse is the case with 61% of employee census respondents working outside of the Australian Capital Territory (ACT). Additionally, more than 75% of the 111 agencies represented in the census data had at least one employee working outside of the ACT. Managers and HR practitioners face challenges in managing a geographically dispersed workforce, including the ability to build employee engagement.

Figure 4.12 shows a consistent pattern of engagement with ACT-based employees. Their levels of engagement are higher than those of non-ACT based employees in relation to all components.

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12 This figure collapses smaller and larger operational into one group.
International comparisons—comparisons with the United Kingdom

Reporting against benchmarks is important to understanding and improving APS employee engagement. However, benchmarking has limitations so it is important to be clear about the nature and relevance of comparisons being made.

There are considerable challenges in making reasonable comparisons between the APS and other sectors, including international ones, starting with identifying another comparable public sector organisation. However, data is available from the United Kingdom (UK) Civil Service People Survey (CSPS) against which the APS can be compared, although careful interpretation is required. While the UK has a Westminster style system, its Civil Service has a broader range of functions than does the APS, for example.

The CSPS is administered annually using the same census methodology as the APS employee census. In 2011, the CSPS was offered to all civil servants. The survey received 299,410 responses representing 97 organisations. To make a direct comparison with the CSPS, the APS employee census included the five items that form the UK Civil Service Engagement Index. Figure 4.13 compares the UK and Australia on these items.

Source: Employee census

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Figure 4.13 Comparison of 2011–12 APS employee census and 2011 CSPS results

<table>
<thead>
<tr>
<th>Statement</th>
<th>Employees agreed (%)</th>
<th>CSPS</th>
<th>APS</th>
</tr>
</thead>
<tbody>
<tr>
<td>My agency motivates me to help it achieve its objectives</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>My agency inspires me to do the best in my job</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I feel a strong personal attachment to my agency</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I would recommend my current agency as a good place to work</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am proud to work in my current agency</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Sources: Employee census, United Kingdom CSPS 2011

The overall engagement index was higher for the APS (61) than it was for the UK Civil Service (56). These results are similar to last year. However, the context in which the respective data was collected should be taken into account. For example, each year the UK has experienced a degree of turbulence from the downsizing that began in 2010. Overall engagement in the UK remained steady from 2010 to 2011, at 56%.

**Workplace drivers of employee engagement**

This section attempts to identify workplace factors that drive employee engagement. Both the academic and practitioner literature identify a wide range of factors, commonly called drivers of engagement. These influence employee engagement and can be manipulated to improve it. One key driver is effective workplace leadership.

**Workplace leadership and employee engagement**

The APS invests substantially in developing leaders at all levels, and with good reason. Good leadership can greatly enhance the interaction of employees with their workplace and the workforce while poor leadership can have a profoundly negative effect on both. Given the ubiquitous impact of leadership on the workplace it is not surprising that leadership is a key contributor to employee engagement.14

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But which leadership behaviours contribute most to enhancing employee engagement? Leaders who are visible to their employees have an especially powerful effect:

Great leaders create an aura of visibility. Whether they are leading teams, companies or armies, they foster the idea that they are present and available at all times.\textsuperscript{15}

Figure 4.14 confirms this to be the case in the APS. When asked whether they thought senior leaders in their organisation were sufficiently visible, employees who strongly agreed they were, showed substantially higher scores (double in some cases) on all components of employee engagement.

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{figure4.14.png}
\caption{Senior leader visibility and employee engagement, 2011–12}
\end{figure}

Visibility is not the only feature of leadership that effects employee engagement. Employees also value the opportunity to interact with their leaders in a meaningful way:

There are numerous examples of organizations whose implementation of an open-book management style and creating room for employees to contribute to making decisions had a positive effect on engagement and organizational performance.\textsuperscript{16}

In the APS, leaders who engage their employees in how to deal with the challenges confronting their organisation have a very positive effect on engagement levels of their employees. Figure 4.15 shows that employees who strongly agreed that their senior leaders engage them in how to deal with future challenges, demonstrated engagement levels much higher than those who strongly disagreed.

\textsuperscript{15} R Heller, \textit{Quality Leadership: Sending out the right messages to the team}, Thinking Managers, (2006).

These results, although just for two practices of good leadership, showed the profound effect leaders have on employee engagement.

**The consequences of employee engagement**

The primary reason for measuring employee engagement is its relationship to factors expected to contribute to employee productivity. Directly measuring employee productivity is difficult, however, and the APS Employee Engagement Model employs proxy measures of such productivity grouped under the constructs of employee performance and employee availability. In the employee census these were measured using the following scales:

- **Performance**—measured using a 10-point, self-report measure of both performance and the hours worked in the previous fortnight.
- **Availability**—measured using both an employee’s intention to leave (or stay with) their agency and their use of sick leave in the previous fortnight.

**Self-reported performance**

In 2012, all employees were asked to rate their previous fortnight’s work performance ‘... on a scale of 1 to 10, where 1 means your worst performance ever at your job and 10 means the best you have ever worked in your job.’ While an employee’s perception of their absolute work performance may differ from that of their supervisor, it was expected that this relative
measure—asking employees to rate their performance in the past fortnight compared to their overall work performance—would provide a useable proxy for actual performance. It was expected that most respondents would represent their performance in a positive light, however responses showed enough variability to be aggregated and represented in a five-point scale ranging from ‘very low’ performance to ‘very high’. Engagement levels were then compared across levels of self-reported performance (Figure 4.16).

**Figure 4.16** Self-reported performance over the last fortnight and employee engagement, 2011–12

On all aspects of engagement there were differences for self-report performance levels. These were largest for job engagement. The results are heavily influenced by the relatively large difference on employee engagement between those who rated themselves in the bottom performance category and the rest of respondents.

While for any employee the causes of (self-report) poor performance during a short period may be external to the workplace (e.g. illness, bereavement or interpersonal conflict) the results imply that managers can minimise impact, even of factors such as these. They can do so by implementing strategies focusing on improving engagement levels, including those of poor performers.

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17 After examination of the distribution of responses to this question, the bottom six categories were aggregated into one. This provided improved reporting without manifestly affecting the statistical outcomes.
Hours worked
While not necessarily a measure of employee performance the number of hours worked per week (by full-time employees) is not an unreasonable proxy measure and has been shown to link to employee engagement.18

While the normal full-time work fortnight in the APS is 75 hours, most APS employees work for longer than this. Table 4.1 below shows the distribution of (self-report) hours worked from the employee census compared to the previous two years.

Table 4.1 Hours worked in the last fortnight, 2011–12

<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>

Source: Employee census

Note: (a) 2% of full-time employees indicated the question was not applicable (for example, because they were on a graduated return to work program or were on leave for the whole fortnight).

The table shows that the number of hours worked in the previous fortnight increased slightly from 2010–2011 to 2011–12, particularly for employees working between 80 and 100 hours per week.

Figure 4.17 shows the stronger association between the number of hours an employee works and job engagement compared with the other employee engagement factors.

Figure 4.17 Employee engagement and hours worked in the last fortnight, 2011–12

Figure 4.17 Employee engagement and hours worked in the last fortnight, 2011–12

Employee engagement and intention to stay

One outcome of higher employee engagement is the employee’s intention to remain in their job. Table 4.2 shows over half of APS employees intend staying with their current agency for at least the next three years. Over three-quarters intend staying for at least the next 12 months.

Table 4.2 Employee intention to stay with their agency, 2011–12

<table>
<thead>
<tr>
<th>Intention</th>
<th>Employees (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>I want to leave my agency as soon as possible</td>
<td>8</td>
</tr>
<tr>
<td>I want to leave my agency within the next twelve months</td>
<td>14</td>
</tr>
<tr>
<td>I want to stay working in my agency for the next one to two years</td>
<td>26</td>
</tr>
<tr>
<td>I want to stay working in my agency for at least the next three years</td>
<td>52</td>
</tr>
</tbody>
</table>

Source: Employee census

Figure 4.18 reveals the strong association between high employee engagement and intention to stay. While acknowledging that decisions to retire or move for broader experience may be influenced by a large number of factors beyond the control of an agency, Figure 4.18 suggests that improving employee engagement should be accompanied by an improvement in employees’ intention to stay with their agency.
Use of sick leave

Sick leave is a measure of employee availability. The availability of sick leave is a standard condition of employment in both public and private sectors and one that contributes to maintaining workforce wellbeing and productivity.

While individual health concerns are the primary driver of sick leave use, employee engagement has been shown to be a factor in employee unscheduled absence from work. In 2012, APS employees were asked how much sick leave they had used in the fortnight immediately preceding their participation in the census. Figure 4.19 shows that there is a small but consistent relationship between employee engagement and use of sick leave.

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These findings suggest that while there may be a relationship between employee engagement and absence from work, it is not the primary driver of the use of sick leave by employees. Subsequent analysis revealed that, for all types of engagement, the main element of the relationship between engagement and sick leave use was that employees who took no sick leave in the previous fortnight showed substantially higher levels of engagement than those who took some. There tended to be no difference in engagement levels within the group who took some sick leave irrespective of how much they took.

Workplace absence is discussed more fully later in this chapter. However, these results showed that while engaged employees are less likely to use their sick leave, sick leave use in the APS is not driven by employee engagement. It is more likely driven by employee wellbeing issues.20

### Employee wellbeing and workplace wellbeing programs

The relationship between employee engagement and employee wellbeing has been well documented in the academic and practitioner literature. Wellbeing is an outcome of employee engagement and, as such, has even been formally articulated as part of the UK Civil Service employee engagement model as an outcome of employee engagement (along with individual and organisational performance).21

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The relationship between wellbeing and organisational performance arises because when employees are unwell they cannot perform to their normal levels.

The relationship with availability is a function of how unwell an employee becomes. For example, while an employee may be able to function for a time with decreasing levels of performance, they reach a point where they feel they can no longer perform adequately (or are a danger to their colleagues) and will absent themselves from work to recover their health.

APS agencies provide practices and programs to support employee wellbeing. Perhaps the most common practice is the use of flexible work policies. These policies give employees a degree of control in managing their wellbeing, including (in the case of carer’s leave) work-life balance. Nearly three-quarters of APS employees are satisfied with their access to flexible work practices.

Figure 4.20 shows employee perceptions of effectiveness of the commonly used workplace health and wellbeing programs in the APS. The majority of employees consider these programs to be at least somewhat effective. Workplace assessments and employee assistance programs are the two most effective.

**Figure 4.20 Employee perception of effectiveness of workplace health and wellbeing programs, 2011–12**

Source: Employee census

Note: * Includes only employees who had used the program in the last 12 months.

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22 Employee assistance programs provide counselling and support to employees and immediate family members.
Apart from workplace assessments\(^{23}\) (47%), each health and workplace wellbeing program was accessed by between 14% and 35% of the workforce. Employee assistance programs have the highest usage at 35% while workplace alcohol programs the least usage at 14%.

Just under two-thirds (65%) of respondents accessed at least one workplace wellbeing program, and even when workplace assessments are excluded, the percentage of respondents accessing other wellbeing programs is still more than half (53%).

Providing workplace health and wellbeing programs has important benefits for the APS. First, there is substantial evidence that the return on investment from these programs can be in the order of 5:1.\(^{24}\) Secondly, and arguably more importantly, they are part of the workplace conditions offered by the APS. Indeed, they are a major component of its employment value proposition for the APS ranking third behind ‘type of work’ and ‘job security’ as factors census respondents say attracted them to their job. Finally, there is evidence that these programs contribute in a material way to the management of employee absence.\(^{25}\)

### Employee absence

Managing absence is a key issue in the modern workplace. APS employees are granted a range of leave designed for work-life balance, which enables them to remain productive at work. The range includes:

- annual leave
- sick leave
- carer’s leave
- compensation leave
- miscellaneous and other leave (e.g. bereavement, emergencies).

Agencies keep detailed records of each type of leave and record instances of unauthorised absence. The APS has one of the most comprehensive absence recording systems of any sector in Australia’s workforce and analysis of this data shows these results for unscheduled absence for APS agencies:

- The median unscheduled absence rate for APS agencies in 2011–12 was 11.1 days, the same as 2010–11 and compares with 9.4 in 2006–07.
- Across APS agencies, unscheduled absences accounted for an average loss of 4.7% of available work days, ranging from just under 1% to just more than 9%.

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\(^{23}\) Assessment of the physical layout of an employee’s workstation; in many cases these are a routine part of a new employee’s induction into an APS agency.

\(^{24}\) J Lang, *Good Health Solutions: It all adds up to a Healthier Company*, Good Health Solutions.

• There is substantial variation in unscheduled absence rates across the APS, varying from 3.1 days to 21.4 days.\textsuperscript{26}

• Small agencies range from 3.1 to 21.4 days of unscheduled absences per agency with a median of 9.3, down from 10.3 in 2010–11.

• Medium agency unscheduled absence rates range from 8.2 to 15.6 days with a median of 11.9, an increase from 11.2 in 2010–11.

• Large agency unscheduled absence rates range from 8.3 to 15.5 days per agency with a median of 12.6, an increase from 12.0 in 2010–11.

• Ten APS agencies had an average absence rate of more than 15 days (the typical annual grant of personal leave for agencies).

• Three APS agencies had an average absence rate greater than 18 days, typically the maximum grant of personal leave among agencies.

• Thirty-seven agencies had an average of less than 10 days unscheduled absence.

• Average sick leave rates for APS agencies ranged from 2.6 to 14.3 days. The median sick leave rate was 8.5 days.

• Thirty-six of 96\textsuperscript{27} APS agencies recorded some unauthorised absence. Unauthorised absence represented only a small fraction (0.38\%) of total unscheduled absence.

There is considerable variation in the rates of unscheduled absence across the APS. While the median unscheduled absence rate for small agencies is lower than it is for medium size agencies, many small agencies have higher rates than do many medium and large agencies. One challenge with using a single absence rate figure is that it can hide some causes in this variation. Figures 4.21 to 4.23 show the overall rates of absence for agencies and identify the types of absences that make up this rate.

Analysis of absence data showed that the primary cause of unscheduled absence in the APS is sick leave and that unauthorised absences are a very small proportion of overall rates. Previously in this chapter, employee engagement was shown to link with the use of sick leave, but this relationship was only minor.

The data also showed that the use of an overall rate of absence can hide important information. Of all APS agencies, the five with the lowest rates of unscheduled absence—the National Blood Authority (NBA), Tertiary Education Quality and Standards Agency (TEQSA), Future Fund Management Agency (Future Fund), Australian Skills Quality Authority (ASQA) and Federal Magistrates Court of Australia (FMC)—are all small agencies with very low levels of compensation leave. Of the five agencies with the highest rates of unscheduled absence—Professional Services Review (PSR), Australian Commission for Law Enforcement Integrity (ACLEI), Commonwealth Grants Commission (CGC), Australian Research Council (ARC) and Aboriginal Hostels Limited (AHL)—four are

\textsuperscript{26} To maximise data comparability, agencies were asked to provide data on a full-time equivalent basis where possible, although agencies were able to report using a headcount measure. Of the 101 agencies surveyed, 12 provided data on a headcount basis. The absence rate is higher when using the full-time equivalent 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.

\textsuperscript{27} Five agencies were not able to disaggregate unscheduled absence data.
small agencies, three with less than 30 employees. Three of these five agencies had very high proportions of compensation leave which, in an agency with few employees, can be heavily influenced by one or two individuals on an extended return to work program.

**Figure 4.21** Unscheduled absence rates by type of absence—small agencies, 2011–12

The data for small agencies shown in Figure 4.21 highlights the diversity of unscheduled absence in the APS. The five agencies with the lowest rates of unscheduled absence are the NBA, TEQSA, Future Fund, ASQA, and FMC, which showed almost no compensation leave. Three of the five agencies with the highest rates of unscheduled absence—PSR, ACLEI, CGC, ARC and the Office of the Commonwealth Ombudsman—have substantial amounts of compensation leave. In a small agency overall absence rates can be significantly influenced by one or two employees on long-term graduated return to work.

28 Appendix 4 lists small agencies in the order they appear in Figure 4.21.
Figure 4.22 shows the data for medium sized agencies. Those with low rates of unscheduled absence are the Australian War Memorial, Federal Court of Australia, Murray-Darling Basin Authority, Australian Trade Commission, and Australian National Audit Office. These encompass a range of agency functional types. Those with the highest rates of unscheduled absence are AHL, Migration Review Tribunal and Refugee Review Tribunal, Commonwealth Superannuation Administration, and National Archives of Australia. Both compensation and carer’s leave are prominent in most of these agencies, with a high rate of unauthorised absence in AHL.

Note: * Two agencies were not able to disaggregate unscheduled absence data.
Figure 4.23 shows the data for large agencies. The variability in unscheduled absences is similar to those of medium sized agencies. It is significantly less than the variability amongst small agencies which can be affected by the circumstance of relatively few people. Agencies with the lowest rates of unscheduled absence—the Department of Foreign Affairs and Trade, Bureau of Meteorology, Australian Agency for International Development (AusAID), Department of Sustainability, Environment, Water, Population and Communities, and the Department of the Treasury—showed relatively low rates of compensation leave. This is substantially higher among agencies with high rates of unscheduled absence—the Australian Taxation Office, Department of Health and Ageing, Department of Agriculture, Fisheries and Forestry, Department of Veterans’ Affairs and

Appendix 4 lists large agencies in the order they appear in Figure 4.23.
Department of Human Services. In four of these agencies, compensation leave is a major source of the difference between the agency’s rate of unscheduled absence and the median.

Agency leave management strategies
APS agencies have strategies available to help manage workplace absence. Some of the most effective ones used by top-performing agencies to manage unscheduled absence rates are described below.

Most effective strategies used by APS agencies to manage unscheduled absence

Direct support to line managers from HR where attendance is unsatisfactory was most effective because it was direct intervention including the employees.

Monitoring workplace absence, identifying trends and highlighting areas for further investigation; managers are held responsible for managing their employees because they know their particular issues.

During the process for negotiating the agency’s enterprise agreement for 2011–14, a targeted reduction of two days per full-time equivalent employee was negotiated into the agreement and tied to an additional 0.25% wage increase upon achievement of the reduction.

HR provides coaching and mentoring for managers seeking assistance in dealing with cases of unscheduled leave.

A comprehensive policy on attendance and absence management developed to give managers the confidence to address issues.

Line managers given responsibility to manage their people as they are best placed to educate employees on acceptable leave usage, manage absence patterns and report and resolve absence management issues.

High leave use reported and followed through with manager interventions allowing employees with health issues to get better support to return to the workplace.

Planned and unplanned leave reports provided to senior managers and discussed in monthly meetings. Trends and areas of concern are highlighted and addressed with early intervention and/or prevention support provided to supervisors and employees where possible.

Rehabilitation service providers used for non-compensable long-term leave to improve return to work outcomes.

Source: Agency survey
The diversity of the APS has a substantial effect on absence rates (as discussed earlier in this chapter) and on absence management strategies. While this chapter discusses a range of strategies currently found to be effective by agencies that are highly successful in managing workplace absences, the variety used suggests how difficult it is to apply a universal solution to managing workplace absences across the APS.

In a recent collaborative activity with nearly 100 senior HR employees from more than half of all APS agencies, participants were asked to describe the leave management strategies they found effective and those not effective. More than one absence management strategy appeared on both lists, implying that strategies that work well in one workplace may not work as effectively elsewhere. Managers need to develop strategies for their own context.

**Comparison with the private sector**

APS employees tend to use less than their grant of leave, an important consideration when comparisons are made with the private sector where employees get fewer leave entitlements. There are also substantial differences in the nature of these two workforces (e.g. the public sector has fewer part-time employees, fewer employees with manual duties and more professionally qualified employees). This makes comparisons difficult.

Another factor in comparison between the public and private sectors is the quality of record keeping in the APS. Making comparisons on absence rates with the private sector is challenging largely because of the difficulty in obtaining comparable data. One of the best known workplace absence surveys conducted in Australia is run by Direct Health Solutions. The 2012 survey had a 3.2% response rate, reflecting the difficulty faced in obtaining this type of data from the private sector. The Direct Health Solutions’ survey included ‘public sector agencies’, however, Direct Health Solutions has advised that its survey only included responses from five APS agencies.

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Key chapter findings

Employee engagement levels in the APS have remained stable from 2010–11 to 2011–12, with SES engagement levels increasing slightly for some of the four key components. Internal comparisons remained consistent with 2011, with younger and older employees, and the SES, having higher levels of engagement. Employees who had been with the APS for less than a year also showed high levels of engagement. Employees working in smaller APS agencies demonstrated higher engagement levels than did other APS employees. Those employed in specialist agencies also showed higher engagement levels.

APS employees with higher levels of the components of engagement showed increased performance and hours worked for job engagement. They were more available for work, being less likely to have taken sick leave in the previous fortnight, and more likely to intend to stay with their agency.

APS employees showed a higher degree of agreement than did UK civil servants on each element of the United Kingdom Civil Service Engagement Index as well as on the overall index. This comparison needs to be considered in the context in which each workforce finds itself.

APS employees actively use the broad range of workplace wellbeing programs offered, with more than half accessing a workplace wellbeing program other than a workstation assessment. The median unscheduled absence rate for all APS agencies in 2011–12 showed no increase over that in 2010–11. Approximately 4.7% of available work days were lost due to unscheduled absences.
Chapter five

Ageing and workability

The 1947 Census of the Commonwealth of Australia showed 8.0% of Australians were 65 years of age and over, a doubling of the 4.0% recorded in the 1901 Census. This proportion increased to 12.0% by 1996, and in 2011 those 65 years of age and over represented 14.0% of the national population. Moreover, between 1991 and 2011, the proportion of the Australian population 85 years of age and over more than doubled from 0.9% in 1991 to 1.8% in 2011. And the proportion under 15 years of age decreased from 21.9% to 19.3% over the same 20 years.

Figure 5.1 shows the changing age profile of those 45 years of age and over in the Australian Public Service (APS) from 1967 to 2012. In 1967, 70.5% of the workforce was under 45 years of age and those 50 to 54 years comprised 9.3% of the workforce. In 2012, 56.1% of the workforce was under 45 years of age and, despite a steady decline between 1967 and 1985, 14.8% were between 50 and 54 years of age. In 1986, the proportion of those aged under 45 years in the APS peaked at 80.6%. After a steady decline, from 1976 to 1989, the proportion of those 50 to 69 years of age has risen steadily. Like the Australian population, the APS workforce has been ageing rapidly since the early 1990s.

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2 The size of the APS workforce in 1967 was 70,027 ongoing employees. In 2012 it was 154,307 ongoing employees.
Figure 5.1 Proportion of all APS employees aged 45 years or older, 1967–2012

Source: APSED

Note: Employees in the 70 years of age and over group are excluded from this figure due to very small numbers. The first year with employees in the 70 years and over age group was in 1999, with one employee. This age group contained 209 employees in 2012.

The changing age profile of the APS workforce has shaped leaders’ and managers’ views of the risks associated with the ageing workforce. For example, the discourse on the ageing workforce in the late 1980s reflected negative perceptions of ageing and older people in terms such as the ‘ageing crisis’ and the ‘burden of ageing’. The prevailing view emphasised the economic and social risks posed by an older working population. More recently, the phrases ‘older consumer’ or ‘silver economy’ reflect the economic opportunities accompanying an older population in terms of new goods and services that can be provided to meet the consumer demands of an ageing society.

Research has shown that employers can have stereotyped views of the abilities and attitudes of older employees. These attitudes can have positive and negative influences on the retention and recruitment of older employees and the types of work that might be available for them. A growing body of research shows that this type of bias may be unconscious and implicit in the way people judge others. Whether the behaviour is unconscious or not, it is clear that bias in the workplace results in negative outcomes for organisations. As older employees become more prevalent in the APS workforce, it becomes increasingly important to challenge preconceptions about how this group contributes to organisational performance and productivity.

The Australian Government referred to the opportunities of ‘positive’ ageing in establishing an ongoing Advisory Panel on the Economic Potential of Senior Australians to:

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... lead national dialogue on ageing issues, improve coordination of policy design across portfolios, and to work with the Government in implementing initial responses and developing longer term responses to recommendations made in the *Turning Grey into Gold* report.

‘Realising the economic potential of senior Australians: turning grey into gold’ (*Turning Grey into Gold*) was the third report produced by the advisory panel, established to examine how Australia can best harness the opportunities that much larger, and more active, communities of older Australians bring. A deliverable of the government’s response to *Turning Grey into Gold* was that:

The federal, state, and territory governments: embed age diversity within their workforces and model best practice on attracting, developing, and retaining older workers; and report annually on age diversity in each agency; and successful initiatives put in place.

In responding to this deliverable the Australian Government noted that the APS200 Project: Workability and Ageing in the APS led by Comcare in partnership with the Department of Education, Employment and Workplace Relations (DEEWR) and the Australian Public Service Commission (the Commission) was underway.

This chapter shows how the age structure of the APS workforce is changing, with an emphasis on those 45 years of age and older. It provides an overview of the Workability and Ageing Project and deepens the analysis by exploring attitudes and opinions of older employees. In particular, it examines how the mature-age workforce differs from other age segments in the APS. The aim is to build a better understanding of the multi-generational APS to inform the development of effective workforce strategy.

**The Workability and Ageing Project**

In August 2011 the Secretaries Board commissioned the Workability and Ageing Project to design an action plan to tackle the workforce challenges of an ageing APS, the impact of chronic disease impairing work capacity, and the need to engage a multi-generational workforce.

The team working on the Workability and Ageing Project (APS200 project team) examined the obstacles to employees working for longer in the APS. The goal was to propose an integrated model that would include health and functional needs of employees, agency investment in learning and development, aspects of attitudes to ageing and motivation to

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8 The APS200 was established as part of the APS Reform Blueprint. It comprises the Secretaries Board, selected agency heads and Senior Executive Service Band 3 or equivalent officers from agencies that employ staff under the *Public Service Act 1999*. APS200 members have a leading role in communicating the vision of the APS of the future and building the understanding, engagement and commitment of employees to the reform agenda. In addition to their role as leaders in their organisations, and more widely across the APS, APS200 members also support the Secretaries Board by undertaking strategic projects and initiatives as cross-portfolio teams.
work, as well as aspects of the work environment and work community. This would constitute a framework within which the APS could implement workforce and workplace strategies to address the obstacles.

In May 2012, the project team delivered the ‘APS200 Project: Workability and Ageing in the APS—Framework for Action’ to the Secretaries Board. The APS Framework for Action is shown in Figure 5.2. Its four key elements are designed to tackle the obstacles to a longer, productive worklife in the APS.

**Figure 5.2 Work ability and ageing in the APS Framework for Action**

The APS Framework for Action provides a coherent plan for turning the demographic risk of an ageing APS workforce into a managed opportunity. It includes priority areas for action that focus on enabling employees to participate effectively in the workforce throughout their working life.

**APS workforce age profile**

At June 2012, the median age of ongoing employees in the APS was 42 years (44 years for men and 41 years for women). This was unchanged from last year. In 1998 the median age was 40 years.

The largest group is between 50 and 54 years of age; however, there was an increase in representation again this year in the 60 years and over age group, which increased from 5.2% of all ongoing employees at June 2011 to 5.6% at June 2012.
Representation of young people (less than 25 years of age) fell again this year. At June 2012, 3.6% of all ongoing employees were in this age group, down from 3.9% last year. This has been a consistent and steady trend—at June 1998, young people accounted for 4.5% of all ongoing employees. The number of employees less than 20 years of age rose slightly, from 191 at June 2011 to 229 at June 2012, but the number in the 20 to 24 age group dropped. The combined age group reduced by 7.3%.

While the under 20 age group is small it had the largest growth (19.9%) in ongoing employment this year, much higher than the APS average growth of 0.6%. Older age groups had the next highest growth with 60 years of age and over increasing by 8.6%, 55 to 59 years increasing by 3.4% and 50 to 54 years by 2.1%. The proportion of employees 55 years and over has grown strongly over time, increasing from 5.9% of all ongoing employees at June 1998 to 14.8% at June 2012. This strong growth reflects the impact of government policies to encourage older employees to remain in the APS or return after taking early retirement. It also reflects the removal of compulsory age-65 retirement in 1999, which has facilitated increased recruitment of older employees and reduced separation rates. Between June 1999 and June 2012, 225 people 65 years of age and older were engaged as ongoing employees in the APS.

Engagements of ongoing employees rose in all age groups during 2011–12, particularly in the groups 20 to 24 and 25 to 29 years of age. Engagements in the 55 years and over age group increased slightly in proportional terms after falling slightly in the previous year. Over the past 15 years, this age group increased from 1.3% of all ongoing engagements to 5.4% in 2011–12. The median age of engagements this year was 31 years (32 years for men and 30 years for women). The median age of engagements for men remained constant over the past three years, while the median age for women increased in 2011–12 from the previous year.

The shifting age profile of the APS, with increased representation of older employees and the concurrent drop in younger employees is shown in Figure 5.3. This figure shows that the 55 years of age and over group’s representation increased by 8.8 percentage points from 1998. The 35 to 44 years age group’s representation decreased by 6.1 percentage points over the period.

Figure 5.3 Ongoing employees—change in proportion by age group, 1998 to 2012

Source: APSED
There is substantial variation in agency age profiles. Of the agencies with at least 1,000 ongoing employees at June 2012, the Department of Veterans’ Affairs (DVA) and the Bureau of Meteorology had the oldest age profiles, with 59.3% and 52.6% respectively aged 45 years and over. Indeed, more than one-quarter of DVA’s ongoing employees (28.1%) are aged 55 years and over. In contrast, the Australian Agency of International Development (AusAID) (26.3%) and the Attorney-General’s Department (27.7%) had the lowest proportion of employees 45 years of age and over.

The APS has a more middle-aged age profile than does the Australian labour force (Figure 5.4).

**Figure 5.4** Age profile of ongoing APS employees and Australian labour force, June 2012

Source: APSED, Australian Bureau of Statistics

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**Age, generation and period effects**

For the first time in APS history, four generations are working side-by-side in the workplace. This includes employees born immediately before or during World War II who are coming to the end of their extended working life. The majority of this multi-generational workforce—born in the 1950s, 1960s, 1970s, 1980s and 1990s—are at different life and career stages. Such a workforce is a new phenomenon for the APS and there is a need to understand how the interaction between the age segments affects how the APS will recruit, select, train, reward, promote and exit employees.9

Workplace differences in attitude and behaviour between age segments are often simplified into generational cohorts that span approximately 20 years. However, the differences frequently rest on speculation rather than informed research.10 This year, for the first time, the birth year of the APS employees who responded to the 2012 State of the Service APS employee census was recorded to enable fine-grained analysis of attitudinal differences

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across age groupings. The improved granularity of the analysis allows for a better understanding of the way attitudes and opinions towards work in the APS change with age and influence perceptions of work. However, differences in perceptions of the workplace are a combination of three effects—generational, ageing and period—that can be difficult to distinguish from each other.

- **Generational effects** refer to the notion that people born in a given period form a cohort and share a set of common experiences that influence their attitudes and opinions. Allocating the workforce to generational bands (for example, Baby Boomers) has become the most common representation of cohort effects.

- **Age effects** refer to the notion that at any point every generational cohort passes through an age where they share something in common with the generations that preceded them. In sharing an age, each generation also shares passage through a life-cycle stage. For example, a shared age effect may be the experience of a ‘mid-life crisis’. While the character of the mid-life crisis may suit the time—a generational effect—the underlying phenomenon remains relatively stable for all generations that pass through middle adulthood. Importantly, age or life-stage effects are considered more stable, and therefore more predictable, than generational effects; although, there is clearly an inter-relationship between these two ways of understanding the behaviour of age segments in the workforce.

- **Period effects** refer to the notion that environmental influences affect ageing cohorts at one point in time. The impact of the events of 11 September 2001 and its aftermath, or the impacts of the Global Financial Crisis, are examples of a period effect that have shaped the attitudes and behaviour of all age groups at one point.

The relationship between generation, age and period makes isolating the effect of a single variable, like generation, on workplace behaviour difficult.

A more productive approach to understanding the multi-generational APS workforce may be to take a life-stage view. This takes account of individual decision-making on the interaction between work-related factors such as job demands (pressure or hours worked), control (degree of autonomy), extent of workplace support (supervisor and peers), and family-related demands, responsibilities and needs.

Concepts of post-work ‘retirement’ and ‘lifestyle’ for older employees and the longer time spent completing education before entering the workforce for younger employees are potentially changing the position of work in relation to life-stage for all age groups. This may lead to different decision-making around job choice and engagement as well as job mobility and exit from the workforce. Similarly, long-run trends—such as increased labour force participation of women, the rise of part-time work, the growing presence of double-income dependent families, and older employees in the labour force—have altered the way work-life balance is valued. Consequently, the way employees engage with and position a working life is changing, and this has follow-on implications for workplace design and strategy in the APS.

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The changing dynamics of the APS workplace may be a result of changes in work-life balance. The tension between work and life may be time-based; for example, where the time necessary for success at work prevents employees from satisfactorily engaging with family. It may be strain-based; for example, where the pressure experienced in family, possibly due to increased caring responsibilities, detracts from the employee’s ability to engage fully with work. These tensions between work and life are likely to manifest differently at different life-stages—this is an age effect rather than the more popularly reported generational effect.

The significance of a life-stage view of the relationship between work and life is that, in part, life-stages and family conditions may be a significant determinant of individual career and work choices. The increasing interest in downshifting—the increase in part-time work for men and women—and the extension of working life all reflect individual decisions that impact on the workplace. Consequently, how employees interact with the workplace may be increasingly determined by the ability of an employee to distribute personal resources between family and work demands.

This idea of distribution is embedded in the understanding of work ability that informed the APS200 project. Finnish researcher Juhani Ilmarinen describes the concept of work ability in the following way:

Work ability ... is primarily a question of balance between work and personal resources, attitudes, values, and so forth ... Personal resources change with age, for example; and, with globalization and new technology, work demands also change. The factors affecting work ability are therefore continuously changing and must be balanced.

While the concept of work ability has predominately been considered in the context of an ageing population, the notion of changing resource balance and allocation across life and career stages has broader applicability. Indeed, while changing personal resource allocation may be most evident in the way older segments of the workforce are choosing to re-position work, similar, and possibly more dramatic, changes may be taking place in the middle years of life and career. Figure 5.5 shows the difference in APS employee satisfaction with work-life balance in their current job by age group. It may be that the different perceptions across age groups are more effected by life-stage than generational cohort.

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14 Downshifting refers to employees who choose to move from a financially rewarding but stressful career path or lifestyle to one that is less pressured and less highly paid but which better balances work and life commitments.
A U-shaped relationship between age and perception of work

This year is the first time that such a finely detailed analysis of the attitudes and opinions of age groups in the APS has been conducted. Importantly, comparisons of age segments in the workplace show a consistent curved or U-shaped relationship. The oldest and youngest segments are often the most positive in their outlook on the workplace, while those in the middle years are substantially less positive. This U-shaped relationship is evident in Figure 5.5.

The U-shaped relationship is a common finding in age-based studies. For example, in 1957 Frederick Herzberg reported that employee age and length of service in an organisation were both found to bear a U-shaped relationship with job satisfaction. More recently, economic literature has consistently reported that the relationship between age and happiness is U-shaped. This finding appears to be consistent in studies across the United States, Germany, the United Kingdom, Australia, Europe, and South Africa. The U-shaped relationship is also apparent in the generational comparison of the components of the APS Employee Engagement Model described in Chapter 4. However, the difficulty of isolating the effect of a single age-related variable means it is often not clear cut and more analysis of this finding in the APS workforce is required.

However, the finer age segmentation used in this chapter shows there are minor, but potentially important, differences in attitude and opinion within the traditional generational bands. The U-shaped relationship is repeated throughout the analysis of APS

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Figure 5.5 Satisfaction with work-life balance by age group, 2011–12

Source: Employee census

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employee attitudes and opinions to work. Differences in attitudes and opinions across age segments can be seen in variations from this standard U-shape. These will be highlighted in the analysis.

**Age and engagement**

Chapter 4 shows differences for job and team engagement across generations in the workforce. Figure 5.6 shows employee engagement with a finer segmentation of age.

The characteristic U-shaped relationship is apparent on each component of the employee engagement model described in Chapter 4. Younger employees show high levels of engagement. The levels fall sharply with employees in the middle years and climb again with older employees.

While these findings are not definitive they suggest that when devising workplace strategies to influence the productivity of a multi-generational workforce, it may be necessary to consider more finely tuned and age targeted approaches rather than the broad 20-year categories of a generational cohort.

**Figure 5.6 Employee engagement by age group, 2011–12**

Source: Employee census
Age and job strain

The literature on mature age workers suggests that the symptoms of work-related stress and burnout increase with age but peak at 50 to 55 years of age and then decrease with older age.20 Women are also reported to be more prone to work-related stress than men. Researchers consider that this may be due to conflicts between work and family life, in particular greater caring responsibilities.21 The issue of caring responsibilities is addressed later in this chapter.

One of the most influential bodies of work on the impacts of job strain on employee health—particularly mental health—comes from the United Kingdom Civil Service Health and Safety Executive (HSE)22, which focused on six areas of work context and content that research has recognised as central to managing work-related stress, namely:

- demand—including such issues as workload, work patterns and working environment
- control—how much say employees have in the way they do their work
- support—including the encouragement, sponsorship and resources provided by the organisation, line managers and colleagues
- relationships—including positive working practices in place to avoid conflict and deal with unacceptable behaviour
- role—whether employees understand their role within their organisation and whether their organisation ensures employees do not have conflicting roles
- change—how organisational change (large and small) is managed and communicated.

The HSE observed strong evidence linking job strain factors associated with demands, control and support to negative health outcomes arising from workplace stress. The evidence linking roles, relationships and change to health outcomes is less strong.23 In Australia, the principles of HSE management standards have been integrated into Comcare’s approach to managing psychological injuries in the workplace.24

The employee census includes the HSE First Pass Tool for assessing the six areas of work context. Analysis of these items showed minor differences between age groups on four of the seven job strain elements.25

Figure 5.7 reveals that older employees were more likely to report ‘sometimes’ working under extreme time pressures. There were few differences across age groups on perceptions of the level of autonomy in deciding how to do their work (Figure 5.8).

Figures 5.9 and 5.10 show that older employees were less likely to report feeling ‘always’ supported by peers or managers, which is less positive than might have been expected.

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25 For measurement purposes the HSE area of ‘support’ is divided into manager support and peer support. This gives seven measurement scales from six work content areas.
**Figure 5.7** Employee perceptions of role demand by age group, 2011–12

![Chart](image)

*Source: Employee census*

**Figure 5.8** Employee perceptions of role control by age group, 2011–12

![Chart](image)

*Source: Employee census*

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26 In this case the U-shaped relationship is inverted because the question is reverse coded; that is, a ‘better’ response is the lowest value on the response scale.
Overall, these findings show that by the principal measures of the job strain index, older employees are no more at risk of negative health outcomes arising from workplace stress than are other age segments in the APS workforce. Additionally, there are no differences for men and women in any age grouping. This suggests that APS women are no more likely to be at risk of negative health outcomes arising from workplace stress. This finding runs counter to the literature and may indicate that aspects of demand, control and support are more beneficial for women in the APS than they are in other workplaces.
Age and workplace flexibility

Part-time work for ongoing women is highest in the 30 to 44 age group, with 30.5% working part time at June 2012; for men, the proportion was 4.5%. Part-time work was lowest in the under 30 age group. The proportion rose again in the 60 years of age and over group, particularly for men—6.6% of men in this age group were working part time at June 2012 (Figure 5.11).

There has been a steady slow growth in the number of men working part time. For example, the proportion of men aged 45 to 49 years of age working part time rose from 1.9% in 2000 to 5.1% in 2012. There has been substantially higher growth among those under 25 years of age. For example, the proportion of men aged 20 to 24 working part time grew from 6.0% in 2000 to 19.9% in 2012. The ABS reports that one of the most noticeable developments in the labour market over the past 50 years was the substantial growth in part-time work. Traditionall, this has been an important employment option for women with young children and those, primarily young people, who are studying. The finding that an increasing proportion of young men are working part time may reflect a change in the availability of entry-level employment in the APS or, alternatively, a changing pattern in employment choices made by young men.

While absolute numbers are low, the proportion of those 60 years of age and over working part time is highest for all age groups. However, there are also a substantial number of mature age employees in the APS continuing to work full time. For example, while 44.5% of men aged 70 to 79 were working part time in 2012, the remaining 55.5% were working full time. It appears that APS employees are extending their working life and in doing so are accessing the full variety of employment options. Consequently, it would be incorrect to assume that older employees will automatically choose to retire or work part time once they reach a certain age.

Figure 5.11 Proportion of ongoing employees working part time by age group and sex, June 2012

Source: APSED

Age and caring
There is a view that caring responsibilities of older Australians are increasing and that this is limiting the extent to which this group can engage in full-time work. Also, as mentioned earlier, there is a suggestion that higher levels of caring responsibilities among women, combined with increased work participation, leads to an increased propensity for work-related stress.

Figure 5.12 shows that the proportion of employees with caring responsibilities peaks between 35 and 44 years of age. The oldest and youngest segments of the workforce are less likely to have caring responsibilities.

Figure 5.12 Proportion of age groups with caring responsibilities, 2011–12

Source: Employee census

Figure 5.13 shows the relationship between age and type of caring responsibility. An interesting result is that 28% of those under 25 years of age indicated they had caring responsibilities for a parent. This is an unexpected finding that requires further investigation.


Figure 5.13  Caring responsibilities\(^{(a)}\) by age group, 2011–12

![Bar chart showing caring responsibilities by age group](chart)

Source: Employee census

Note: (a) This was a multiple response question as respondents were allowed to select as many caring responsibilities as applied.

Age and satisfaction with flexible working arrangements

Figure 5.14 shows that overall APS employees are satisfied with their ability to access and use flexible working arrangements. The U-shaped relationship is again evident with the oldest and youngest segments of the workforce the most satisfied with these arrangements and the middle year segments not as satisfied. Even at its lowest point, 69% of employees indicated satisfaction with their ability to access and use flexible working arrangements.

Figure 5.14  Satisfaction with ability to access and use flexible work arrangements by age group, 2011–12

![Bar chart showing satisfaction with flexible arrangements](chart)

Source: Employee census
Age and productivity

Review of the literature consistently found little evidence that chronological age is a strong determinant of sickness absence, work-related injuries or productivity.30

As outlined in Chapter 4, the APS Employee Engagement Model measures employee productivity through the concepts of employee performance and employee availability. Performance is measured on a 10-point, self-report scale. Availability is measured using employees’ self-report use of sick leave in the previous fortnight and their intention to leave their agency.

Older employees were more likely to rate their performance more highly than younger employees. The differences are minor but reinforce the overall observation that older employees tend to have a more positive workplace outlook than do other age segments.

Age and workplace absence

There is often a suggestion that older employees have a high impact on unscheduled absence rates. Analysis of the associations between age and workplace absence are minor, except for carer’s leave.

Most employees reported they had taken no leave in the preceding fortnight, however, employees between 35 and 44 years of age were more likely to have taken carer’s leave with 11% of this group taking up to one day. As shown earlier, this is consistent with the ages at which employees are most likely to have caring responsibilities.

Sick leave was the most reported form of leave used by employees in the preceding fortnight. While differences are minor, younger employees were more likely to have taken up to one day of sick leave in the preceding fortnight.

The view that older employees contribute disproportionately to unscheduled absence requires more examination, but on the evidence available through the employee census there is no difference in overall leave use due to age.

Age, separations and intention to leave

A challenge for all agencies is to attract and retain skilled workers across all age ranges. Older employees are more likely to be working at higher classifications and, in general, have longer lengths of service, compared with the average. Consequently, the ageing of the APS workforce raises significant workforce planning and succession management challenges for all agencies. Employees in the 45 years of age and over group, who will be eligible for retirement in the next 10 years, account for 44.0% of ongoing employees, up from 33.9% in 1998. While still a sizeable proportion, the growing cohort of older employees suggests that continuing employment in the APS may be a more attractive option than thought some years ago. Since older employees continue to have options, it is encouraging that Secretaries have commissioned work aimed at positioning the APS as an attractive employment option for capable workers.

In the past, the proportion of employees eligible for retirement in the next 10 years has been interpreted as a major workforce risk for the APS. However, as employees continue to work for longer this risk may not be as considerable as has been portrayed.

**Separations**

Figure 5.15 shows how the main separation types have varied over the past 15 years. Age retirements have increased steadily over time, from 3.3% of all separations in 1997–98 to 19.3% in 2011–12. Resignations have remained the most common separation type for more than a decade, varying inversely each year with the rise and fall in retrenchments.

Figure 5.15 Separations of ongoing employees, 1997–98 to 2011–12

Separations by age group for the past two years are shown in Table 5.1. The proportion of ongoing employees in each age group at June 2011 is included for comparison. In general, the number of separations fell across most age groups, with the exception of the 40 to 44, 55 to 59 and 60 and over age groups.
Figure 5.16 shows the proportion of ongoing employees in the 50 to 65 years cohort that separated from the APS through resignation or retirement during the past 15 years. The sharp rise in the separation rate for those 54 years of age 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 55th birthday—the so-called 54/11 effect. Separations for this cohort then stabilised for several years before falling sharply during 2008–09 and 2009–10. The separation rate fell again during 2011–12. The resignation rate for those 54 years of age was 11.5%, compared with 24.0% in 2007–08. The fall is probably due to two factors: first, the CSS closed to new members in 1990, so the proportion of 54-year-old members declined over time; and second, the negative effects of the economic climate on the value of superannuation earnings rates and the reduced incentive for resigning at 54/11.

When only employees with at least 22 years of service are included (those in the APS before the CSS closed to new members), the overall pattern of separations over time for the 50 to 65 years cohort is similar, however the proportion of 54-year-olds resigning is much higher, peaking at 50.9% in 2007–08, and dropping to 23.7% in 2011–12.

### Table 5.1 Separations of ongoing employees by age group, 2010–11 and 2011–12

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Under 20</td>
<td>25</td>
<td>0.2</td>
<td>24</td>
<td>0.2</td>
<td>-4.0</td>
<td>0.2</td>
</tr>
<tr>
<td>20 to 24</td>
<td>481</td>
<td>4.6</td>
<td>458</td>
<td>4.49</td>
<td>-4.8</td>
<td>3.5</td>
</tr>
<tr>
<td>25 to 29</td>
<td>1379</td>
<td>13.2</td>
<td>1284</td>
<td>12.6</td>
<td>-6.9</td>
<td>11.0</td>
</tr>
<tr>
<td>30 to 34</td>
<td>1200</td>
<td>11.5</td>
<td>1156</td>
<td>11.33</td>
<td>-3.7</td>
<td>13.4</td>
</tr>
<tr>
<td>35 to 39</td>
<td>1139</td>
<td>10.9</td>
<td>1048</td>
<td>10.3</td>
<td>-8.0</td>
<td>13.7</td>
</tr>
<tr>
<td>40 to 44</td>
<td>921</td>
<td>8.8</td>
<td>980</td>
<td>9.6</td>
<td>6.4</td>
<td>14.2</td>
</tr>
<tr>
<td>45 to 49</td>
<td>860</td>
<td>8.2</td>
<td>836</td>
<td>8.2</td>
<td>-2.8</td>
<td>14.5</td>
</tr>
<tr>
<td>50 to 54</td>
<td>1480</td>
<td>14.2</td>
<td>1395</td>
<td>13.7</td>
<td>-5.7</td>
<td>14.8</td>
</tr>
<tr>
<td>55 to 59</td>
<td>1326</td>
<td>12.7</td>
<td>1349</td>
<td>13.2</td>
<td>1.7</td>
<td>9.2</td>
</tr>
<tr>
<td>60 and over</td>
<td>1637</td>
<td>15.7</td>
<td>1677</td>
<td>16.4</td>
<td>2.4</td>
<td>5.6</td>
</tr>
</tbody>
</table>

Source: APSED
Intention to leave

Intention to leave is an important lead indicator for assessing future workforce capacity. In 2010–11, 33% of employees indicated an intention to leave their agency within two years. This was a higher proportion than was reported in 2009–10 (28%). In 2012, 22% of employees intend to leave within 12 months.\(^3\)

Figure 5.17 shows that the U-shaped age effect is most evident for those intending to leave within the next two years, with older and younger employees the most mobile. Employees in the middle years are more likely to indicate they will be working in their agency for at least the next three years.

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\(^3\) In 2012, the response options for this question were changed to provide finer reporting; consequently, the question is no longer directly comparable to preceding years. The 22% of employees who intend to leave within 12 months includes those who reported ‘I want to leave as soon as possible’ and ‘I want to leave my agency within the next 12 months’. 
The 22%\(^\text{32}\) of employees who indicated they intended to leave their agency within the next 12 months were also asked to indicate where they thought they might be working. Figure 5.18 shows that the destination varies considerably by age. Overwhelmingly, of those not retiring, most employees indicated they expected to be working for another public service organisation. Older and younger employees were more likely than those in the middle years to be considering options beyond the public sector, in particular the private sector.

\(^{32}\)Includes those who reported ‘I want to leave as soon as possible’ and ‘I want to leave my agency within the next 12 months’.
Figure 5.18 Employee anticipated destinations on leaving current agency within the next 12 months(a), 2011–12

Table 5.2 shows the top three reasons employees would leave their agency. Younger workers were more likely to indicate that issues related to ‘career’ were a basis for leaving. The quality of senior leadership is more of an issue for older than for younger employees. Older employees were more likely to select ‘none of the above’. It is expected that the inclusion of the ‘to retire’ option would clarify this result.
Table 5.2 Employee reasons\(^{(a)}\) for intending to leave their agency within the next 12 months\(^{(b)}\), 2011–12

<table>
<thead>
<tr>
<th>Age group (years)</th>
<th>Top 3 reasons for leaving (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Lack of future career</td>
</tr>
<tr>
<td></td>
<td>opportunities in my agency</td>
</tr>
<tr>
<td></td>
<td>Desire to gain further</td>
</tr>
<tr>
<td></td>
<td>experience</td>
</tr>
<tr>
<td></td>
<td>Desire to try a different type</td>
</tr>
<tr>
<td></td>
<td>of work or seeking a career</td>
</tr>
<tr>
<td></td>
<td>change</td>
</tr>
<tr>
<td>Under 25</td>
<td>(36%)</td>
</tr>
<tr>
<td>25–34</td>
<td>(39%)</td>
</tr>
<tr>
<td>35–44</td>
<td>(37%)</td>
</tr>
<tr>
<td>45–54</td>
<td>(34%)</td>
</tr>
<tr>
<td>55–64</td>
<td>(27%)</td>
</tr>
<tr>
<td>65 and over</td>
<td>None of the above (41%)</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Employee census

Notes:  
(a) This was a multiple response question as respondents were allowed to select up to three reasons.  
(b) Includes those who reported ‘I want to leave as soon as possible’ and ‘I want to leave my agency within the next 12 months’.

While 45.0% of ongoing employees may be eligible to retire in the next 10 years, the majority intend to continue working in the public sector. Indeed, 58% of respondents to the employee census aged 45 years and over intend to stay in the APS for at least the next three years. It would seem that the workforce risk posed by a flood of potential retirements is mitigated by the intention of many in this group to stay for at least the next three years. As employees continue to extend their working life it is anticipated that this will remain the case, provided the APS continues to offer attractive employment opportunities.

Age and disability

In 2012, older employees were more likely to report disability. However, the proportion of older employees reporting disability appears to peak in the low 60s before declining slightly. This may be due to a healthy survivor effect where those continuing to work into older age tend to be those who are still physically capable of working while those whose performance has declined have opted to leave or move to other, less demanding roles.\(^{33}\) The ABS reports that in the general labour force the second most common factor influencing the decision of those over 45 years of age, who intend to retire, about when they would retire was ‘personal health or physical abilities’ (25% men and 25% women).\(^{34}\)

There is a minor relationship between age and whether an individual is recorded as a person with disability in their agency’s HR system. Older employees are less likely to withhold

information about their disability but are also more likely to report they have never been asked for this information.

Figure 5.19 shows that while physical impairments are consistent across age groups, the proportion of employees with sensory impairments increases with age.\(^ {35} \) By contrast, the proportion of employees reporting psychological conditions decreases.

**Figure 5.19 Main type of ongoing disability by age, 2011–12**

![Bar chart showing main type of ongoing disability by age, 2011–12](chart.png)

*Source: Employee census*

**Age, health and safety**

There were no differences between age and accessing agency-supported health and wellbeing programs. However, Figures 5.20 and 5.21 show that younger and older employees are more likely to agree that their agency genuinely cares about employees being healthy and safe at work and that their agency supports employees who are injured or become ill due to work. Again, the characteristic U-shape of the life-cycle curve is evident in these charts.

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\(^ {35} \) In the employee census each category is accompanied by the following description: sensory (e.g. loss of sight not corrected by glasses or contact lenses, loss of hearing, speech difficulties); physical (e.g. chronic or recurrent pain or discomfort, shortness of breath, fits or loss of consciousness, incomplete use of arms/fingers/feet/legs, disfigurement, deformity); psychological (e.g. mental illness, nervous or emotional condition, head injury, stroke, brain damage).
Agency recruitment and retention strategies

Agencies were asked to describe the recruitment and retention strategies in place to encourage older employees to join or stay.

Agency responses highlighted that for recruitment and retention the focus is on providing flexible working arrangements which allow individuals to balance work and life. Most agencies reported that through their enterprise agreement they seek to offer a broad...
range of flexible employment opportunities. Agencies believe this supports a diverse range of candidates (in terms of age and personal circumstances) and is particularly attractive to mature age workers.

Many agencies are seeking to maintain a connection with retired employees with strong corporate knowledge through alumni programs. These programs allow agencies to temporarily re-engage retired employees with specialist knowledge. Importantly, it allows the retired employee to register their interest in further employment but decide where and when they will temporarily re-join the workforce.

The Australian Human Rights Commission has collected ‘age positive’ stories as a way of combating the negative stereotypes about ageing and older employees who can influence attitudes in the community and become a factor leading to age discrimination. These stories can be accessed on the Australian Human Rights Commission website. Agencies might consider using similar stories from their agency to demonstrate the contribution mature age employees make to agency outcomes.

In the following case study the Department of Human Services engaged with employees aged 45 and over to better understand what might encourage mature age employees to stay.

### Department of Human Services—employer of choice for mature employees

The Department of Human Services aims to become an ‘employer of choice’ for mature age employees, ensuring it continues to build a strong workforce reflecting the community it serves well into the future.

In November 2011, the department surveyed its mature age staff, aged 45 and over. More than 2,100 responded, identifying the top three factors encouraging mature age workers to stay with DHS for the next two years. These top factors are: financial incentives such as pay and superannuation provisions, job location and flexible working arrangements allowing work-life balance.

The department also sought feedback from its mature age workforce through an online collaboration platform called ‘Speechbubble’. Employees can post comments, suggestions and feedback on Speechbubble. It provides a less formal and more immediate way for the department to consult directly and widely with its employees. Through Speechbubble, the department asked how it could create a more attractive workplace for mature age workers. Specific strategies the department has in place as a result include a Mature Age Employee Network, access to reasonable adjustment, access to flexible working arrangements and access to online resources on the department’s intranet.

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Key chapter findings

The APS is a flexible, adaptable and evolving workplace that has in place conditions to accommodate a multi-generational workforce. The APS Framework for Action provides a structure for developing and refining workforce strategies to attract, engage and retain a multi-generational workforce in four key areas: workforce planning and development; frontline confidence; work design; and health and wellbeing.

The APS has considerable information on the demographics and attitudes of its workforce. The demographic profile has changed considerably over time and there is some evidence that the way employees position work in relation to their other responsibilities is also changing. How employees resolve the tension between work and life differs with age. To attract, engage and retain a multi-generational workforce, agencies need to have a thorough understanding of the needs of workforce segments and be agile in providing workplace flexibility.

The APS workforce continues to age, partly through lower levels of recruitment and higher levels of separation among younger people, increased levels of recruitment of older employees and the extension of working life among mature age employees.

Employees 45 years and over, who will be eligible for retirement in the next 10 years, remain a sizeable proportion of the workforce. However, the growing cohort of older employees remaining in the workforce suggests that earlier concerns of a mass departure are now a lower risk to APS capability.

In the APS, there is a consistent U-shape relationship between age, the workplace and individual wellbeing. The oldest and youngest segments of the workforce often have a more positive outlook than those in their middle years. This suggests that in devising workplace strategies to influence the productivity of a multi-generational workforce, it may be necessary to consider more finely tuned, age-targeted approaches. More research is required to understand the relationship between age, the workplace and wellbeing.

A focus on better understanding the links between life and career stage, work and family conditions, and the interface between work and family may provide more substantial insights into the APS workforce than generational cohort differences.
Chapter six

Diversity

Diverse workplaces\(^1\) make good ‘business’ sense. Increasingly, private sector organisations are using the diversity of their workforce to enhance their competitive advantage in an increasingly globalised and connected world. Similarly, a diverse workforce increases the opportunity to bring various perspectives to identifying and solving problems—a set of perspectives that more likely represent broader community views.

This chapter examines employment patterns for key diversity groups in the Australian Public Service (APS), in particular Indigenous Australians, people with disability, women, and people from non-English speaking backgrounds. It also outlines the views of employees and reports on the strategies being adopted by the APS to attract a more diverse workforce.

A renewed commitment

In February 2012, the Secretaries Board agreed to establish a Diversity Council, chaired by the Secretary of the Department of the Prime Minister and Cabinet. The Diversity Council comprises selected Secretaries and agency heads, including the Public Service Commissioner (the Commissioner), and aims to reinforce and reinvigorate the commitment of APS leadership on diversity. The Council has given priority to improving employment outcomes for Indigenous Australians and people with disability in the APS, in light of the continuing decline in the representation of these groups. Particular attention is being paid initially to raising awareness and to working with agencies to identify and promulgate good practice. Among other things, the

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\(^1\) Diversity includes differences in gender, age, language, ethnicity, cultural background, disability, religious beliefs and family responsibilities. In the workplace, it also encompasses differences between individuals in educational level, life experience, work experience, socio-economic background and personality.
Council is encouraging all agencies to share their experiences to better inform the policy development process. The Council will also support the implementation of APS-wide initiatives to improve the retention and attraction of employees from these groups. Keeping a focus on only one or two of the highest priority groups is also consistent with the literature about how best to improve workforce diversity.

Section 18 of the Public Service Act 1999 (the Act) requires agency heads to establish workplace diversity programs. In 2011–12, 77% of APS agencies had such a program in place in at least part of the agency, which is consistent with last year’s result. For agencies with a workplace diversity program, almost 77% monitored it and reported on results in their annual report and almost 50% considered it as part of an annual business planning cycle.

A total of 63% of APS employees agreed their agency is committed to creating a diverse workforce, down from 69% in 2010–11.

Sharing better practice through the Diversity Council will give agencies an opportunity to consider the content of their programs in light of experience of other agencies. It may also more readily identify areas for cross-agency collaboration.

Trends in representation

Figure 6.1 shows that the proportion of Indigenous employees and people with disability reported in APS official statistics has again fallen. These groups are particularly vulnerable in times of downsizing and the separation rate for Indigenous employees continues to be approximately double that of non-Indigenous employees. These factors support the increased relative priority being paid to these groups by the Diversity Council.

The long-term growth in representation of women in the APS slowed in the last year. Nevertheless, the APS is a relatively feminised workforce with women accounting for the majority of employees—57.3% of ongoing employees at June 2012.

The rate of improvement in the proportion of APS employees from non-English speaking background has slowed in recent years but is still trending upwards.
Figure 6.1  Representation of Equal Employment Opportunity groups among ongoing employees, 1998 to 2012

Source: APSED

Note: Y axis contains two different scales.

Figure 6.2 provides insight into the uniqueness of each diversity group in the way it responds to the workplace.

The pattern of separation for each group varies considerably. Indigenous employees, for example, are more likely to resign (57.0%) whereas employees with disability are the least likely to resign (26.5%). Other than women, the pattern of separation for each group differs from the APS average.
The following sections examine each group on the pattern of representation in agencies, and the factors influencing attraction, employment and retention in the APS.

**Indigenous employees**

In early 2009, the Australian Government, as party to the Council of Australian Governments (COAG) and in line with the COAG’s *National Partnership Agreement on Indigenous Economic Participation*, committed to increase Indigenous employment across the Australian Government public sector—including the APS—to at least 2.7% by 2015, to reflect the projected national Indigenous working-age population.

In late 2011, a cross-jurisdictional working group (established under COAG) agreed to a revised definition of Indigenous employment for the purposes of reporting against the target. The revised definition includes ongoing and non-ongoing employment. Under the definition the representation of Indigenous employees in the APS stood at 2.2% in 2011–12, down from 2.3% in 2010–11.

The number of ongoing Indigenous employees decreased from 3,314 in 2010–11 to 3,229 this year, representing a decrease of 2.6% compared with an overall increase in the APS workforce of 0.6%. The representation of ongoing Indigenous employees was 2.1% at 30 June 2012. Table 6.1 shows the overall decline in Indigenous representation since 2008.

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The Indigenous workforce in the APS is feminised. More than two-thirds (67.1%) of ongoing Indigenous employees are women, compared with 57.3% of women in the APS more generally. The Australian Bureau of Statistics 2011 Census indicated that women make up 50.7% of the Indigenous population.5

**Engagements and job attraction**

During 2011–12, 347 Indigenous Australians were engaged as ongoing employees by APS agencies, an increase from 297 in 2010–11.

- The Department of Human Services (DHS) had the largest increase in engagements of Indigenous employees, from 11 in 2010–11 to 98 in 2011–12. The Department of Immigration and Citizenship and the Department of Veterans’ Affairs also saw significant increases in Indigenous engagements, from 11 to 23 and from 0 to 11 respectively.
- Aboriginal Hostels Limited (AHL) had the largest decrease in engagements, from 68 in 2010–11 to 52 in 2011–12. The Australian Taxation Office also had a decrease, from 21 in 2010–11 to 7 in 2011–12.

In the APS employee census, employees were asked what factors attracted them to their current job. Both Indigenous (85%) and non-Indigenous (85%) employees agreed that type of work was an important factor.

The most frequently cited attractions to their current job reported by newly appointed Indigenous employees—those with less than one year’s service in the APS—were:

- career development (92%)
- job security and stability (90%)
- type of work (88%)
- employment conditions (88%)
- service to diversity groups (83%)
- service to the general public (82%).

A key difference between Indigenous and non-Indigenous new entrants is the focus on providing service to diversity groups. Nearly 83% of Indigenous new entrants reported this as an important factor attracting them to the APS, compared with 37% of non-Indigenous new entrants.

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Employment
At June 2012, 520 non-ongoing Indigenous employees were in the APS, a small increase from 494 at June 2011. Sixty per cent of non-ongoing Indigenous employees were concentrated in four agencies:

- AHL (130 non-ongoing employees)
- Department of Sustainability, Environment, Water, Population and Communities (74)
- Torres Strait Regional Authority (TSRA) (60)
- Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) (50).

In the employee census, almost one-quarter (23%) of Indigenous employees stated they were engaged in service delivery compared with 14% of non-Indigenous employees. The second largest proportion of Indigenous employees stated they were engaged in administration (16%), compared with 12% of non-Indigenous employees.

Table 6.2 shows agencies with the highest Indigenous representation among ongoing employees are those with significant functions in respect of Indigenous citizens. 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></td>
<td></td>
<td>Number</td>
</tr>
<tr>
<td>AHL</td>
<td>333</td>
<td>249</td>
</tr>
<tr>
<td>TSRA</td>
<td>42</td>
<td>22</td>
</tr>
<tr>
<td>Australian Institute of Aboriginal and Torres Strait Islander Studies</td>
<td>45</td>
<td>11</td>
</tr>
<tr>
<td>FaHCSIA</td>
<td>3,081</td>
<td>287</td>
</tr>
</tbody>
</table>

Source: APSED

The proportional representation of Indigenous employees at most classifications remained stable from 2010–11 to 2011–12. The notable difference is the declining proportion of ongoing Indigenous trainees, from 35.7% of all trainees in 2010–11 to 27.0% in 2011–12. It should be noted that agencies engage trainees at the APS 1–2 levels rather than in trainee classifications, so variations over time may not reflect changes in the propensity of agencies to engage trainees more broadly. However, for Indigenous employees there was not an offsetting increase in employment at APS 1–2 levels last year.

Separations
The overall separation rate in 2011–12 for Indigenous employees was 13.1%, nearly double the APS rate of 6.6%. Also, this rate is up from 12.8% in 2010–11. There were 430 separations of ongoing Indigenous employees during 2011–12. Sixty-six per cent of all Indigenous separations were across four agencies, DHS (107), AHL (83), Department of
Education, Employment and Workplace Relations (DEEWR) (48) and FaHCSIA (47). Table 6.3 shows the types of separations for these agencies.

Table 6.3 Separations by type for agencies with highest Indigenous separations, 2011–12

<table>
<thead>
<tr>
<th>Agency</th>
<th>Resignation (%)</th>
<th>Age retirement (%)</th>
<th>Retrenchment (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>DHS</td>
<td>83.2</td>
<td>5.6</td>
<td>3.7</td>
</tr>
<tr>
<td>AHL</td>
<td>67.5</td>
<td>16.9</td>
<td>4.8</td>
</tr>
<tr>
<td>DEEWR</td>
<td>31.3</td>
<td>4.2</td>
<td>54.2</td>
</tr>
<tr>
<td>FaHCSIA</td>
<td>25.5</td>
<td>2.1</td>
<td>66.0</td>
</tr>
</tbody>
</table>

Source: APSED
Note: Totals do not always add up to 100% because not all forms of separation are identified in this table.

The retention of Indigenous employees is an issue for the APS with more separating than being recruited. As a proportion of all APS separations, Indigenous employees rose again this year to 4.2%, up from 4.1% in 2010–11. Figure 6.3 shows that the pattern of Indigenous employee engagements and separations from 2002 to 2012 led to an overall decline in Indigenous representation in the APS.

Figure 6.3 Engagements and separations—Indigenous employees, 2002 to 2012

Source: APSED

Not only are Indigenous employees leaving at a greater rate, they are leaving earlier in their career. Ongoing Indigenous employees continue to have shorter lengths of service before leaving than do other APS employees. During 2011–12, 16.1% of Indigenous employees separated from the APS less than one year after their ongoing engagement, almost twice the rate of non-Indigenous employees (8.4%).

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6 Length of service only includes ongoing service.
In the employee census, just over 24% of Indigenous employees said they intend to leave their agency (although not necessarily the APS) as soon as possible or within the next 12 months. The most common reasons cited were:

- lack of career opportunities in the agency (34%)
- desire to try a different type of work (22%)
- senior leadership is of poor quality (19%)
- having been subjected to bullying, harassment and/or discrimination (14%)
- promotions and rewards are not based on achievement (14%).

Chapter 4 shows there were only minor differences in employee engagement between Indigenous and non-Indigenous employees. Similarly, the differences between Indigenous and non-Indigenous employees in attraction to their job and reasons for leaving their agency are also mostly minor. This suggests further research is required to understand the consistently higher separation rates for Indigenous employees.

**Strategies to improve the representation of Indigenous employees**

To meet the government’s commitment to increase Indigenous employment across the Australian Government sector, including the APS, to at least 2.7% by 2015, the Australian Public Service Commission (the Commission) was responsible for the implementation of the APS Employment and Capability Strategy for Aboriginal and/or Torres Strait Islander Employees (the strategy). The strategy was developed to assist APS agencies to increase Indigenous representation through a range of programs aimed at improving recruitment, retention and career development. The strategy was funded until June 2012. In July 2012, the new APS Indigenous Employment Strategy was introduced.\(^7\)

In 2011–12 the Commission worked in partnership with more than 50 agencies to provide employment pathways for 163 Indigenous Australians through the APS Indigenous Pathways Program. The program promoted the APS as an employer of choice to Indigenous job seekers and provided entry-level opportunities for Indigenous trainees (65), cadets (64) and graduates (34). The pathways program accounted for more than 45% of all Indigenous Australians recruited to the APS in 2011–12.

The strategy also supported Indigenous employees through a range of professional development and networking opportunities. The Indigenous Career Trek program delivered tailored learning and development programs to Indigenous employees across Australia. In 2011–12, 277 Indigenous employees participated in this program, which focused on career development and advancement. Sixteen Indigenous employees participated in a leadership excellence program designed to support ongoing career development into senior leadership positions. Another 84 Indigenous APS employees undertook a nationally recognised qualification.

Some strategies that two agencies are using to retain and develop Indigenous employees are outlined below.

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\(^7\) The APS Indigenous Employment Strategy has an increased focus on retention and building the capability of APS agencies to assist the career progression of their Indigenous staff.
DEEWR: Mentoring and coaching for retention

In 2012, DEEWR established a co-mentoring initiative, an informal two-way mentoring and coaching relationship between the department’s Senior Executive Service (SES) and Indigenous employees at all classifications. The initiative focuses on retaining and advancing Indigenous employees. It also provides senior leaders of DEEWR with valuable insights into Indigenous cultures.

Department of the Prime Minister and Cabinet (PM&C): Indigenous Executive Leadership Fellowship Program

The Prime Minister’s Indigenous Executive Leadership Fellowship places an Indigenous Australian at the heart of policy development within PM&C.

The successful candidate works within PM&C and undertakes a fully funded, two-year Executive Master of Public Administration provided and sponsored by the Australia and New Zealand School of Government. The successful candidate is rotated through different areas of PM&C and provided with individual mentoring and support.

Employees with disability

The proportion of people with disability in the APS fell slightly to 2.9% of all ongoing employees as at 30 June 2012 compared to 3.0% in the previous year. In absolute terms, the number of ongoing employees with disability fell from 4,632 to 4,501.

Employees who identify with disability have a slightly older median age than employees who do not identify with disability. The median age for employees reporting disability is 48 years compared to 43 years for employees without disability. Similarly, employees with disability have a higher median length of service compared to employees reporting no disability, with a median figure of 14 years compared to nine years.

In the 2012 census, employees who identified with disability were asked to identify the type of disability. The results are summarised in Table 6.4.

<table>
<thead>
<tr>
<th>Principal type of disability</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physical (e.g. chronic or recurrent pain or discomfort, shortness of breath, fits or loss of consciousness, incomplete use of arms or fingers)</td>
<td>55</td>
</tr>
<tr>
<td>Sensory (e.g. loss of sight not corrected by glasses or contact lenses, loss of hearing, speech difficulties)</td>
<td>19</td>
</tr>
<tr>
<td>Psychological (e.g. mental illness, nervous or emotional condition, head injury, stroke, brain damage)</td>
<td>16</td>
</tr>
<tr>
<td>Intellectual (e.g. difficulty learning or understanding things)</td>
<td>2</td>
</tr>
<tr>
<td>Other</td>
<td>9</td>
</tr>
</tbody>
</table>

Source: Employee census
The results of the employee census indicated that approximately 7% of respondents identified as having some form of disability, which is consistent with the results of previous employee surveys.

Disclosure of disability status across the APS is voluntary and identification as an employee with disability is a personal decision. Interestingly, while 16% indicated they chose not to be identified, 13% had never been asked for the information.

To prompt agencies to improve the way they collect diversity data from employees, amendments to the Commissioner’s Directions are expected in late 2012 requiring agencies to ask all employees for diversity information while providing a ‘choose not to answer’ option. It is expected that these amendments will improve the quality of diversity data.

Engagements and job attraction
Employees with disability represented 1.2% of engagements in 2011–12. There has been a steady decline in the representation of this group since 2003.

The employee census shows that the most important factors that attracted people with disability to working in their current job were type of work (interesting, challenging, different), job security and employment conditions (work-life balance and remuneration package). This finding is similar to APS results more generally.

While employees with disability placed less importance on career development and career progression than the type of work, they were less satisfied with opportunities for career progression in their agency than employees without disability (28% compared with 38%). They were also less likely to be satisfied with their overall access to learning and development opportunities (34% compared with 45%).

Employees who identified as having disability and who were new to the APS—less than 12 months service—reported that the following factors were the most important in attracting them to APS employment:

- type of work (89%)
- employment conditions (80%)
- job-skills match (79%)
- job security and stability (79%)
- career development (73%).

Employment
Chapter 4 shows that engagement levels for people with disability are slightly lower than they are for employees who do not report disability. In expressing other perceptions of the workplace, people with disability were:

- less likely than other employees to agree their supervisor works effectively with people from diverse backgrounds (69% compared to 75%)
- less likely to agree their agency was committed to diversity (55% compared to 64%)
- less satisfied with their job overall (62% compared to 74%)
- less satisfied with their ability to access flexible work practices (66% compared with 73%).
People with disability (31%) were also almost twice as likely as other employees (16%) to report experiencing harassment and bullying in the last 12 months. The employee census data on career intentions for people with disability supports this finding.

Figure 6.4 shows the overall decline in the proportion of employees with disability in all classifications except APS 1–2.

![Figure 6.4 Employees with disability by classification level, 1998 to 2012](image)

Source: APSED

In terms of agency support, the number of agencies that identified an SES employee to act as a senior level advocate for employees with disability declined, from 40 in 2010–11 to 29 in 2011–12. The number of agencies providing opportunities for people with disability to gain skills and experience under an agency-based employment scheme increased, from 13 in 2010–11 to 22 in 2011–12. Twelve agencies reported that they provided an agency-wide network for employees with disability, the same result as the previous year. Thirty agencies offered disability awareness programs to employees, with participation voluntary in the vast majority. Forty agencies offered mental illness-related awareness programs that were open to all employees.

**Separations**

In 2011–12, 4.7% of all separations in the APS and 1.2% of all engagements were employees with disability. This led to an overall decline in the representation of people with disability in the APS. Figure 6.5 shows that while patterns of separations remained relatively stable, engagements have steadily declined over the past 10 years.

There were minor variations in career intentions between employees with disability and those without disability. Approximately 27% of employees with disability intended to leave...
their agency in the next 12 months or as soon as possible, compared with 21% for others. Figure 6.5 shows the pattern of engagements, separations, and proportion of the APS workforce represented by employees with disability.

**Figure 6.5 Engagements and separations—employees with disability, 2002 to 2012**

![Graph showing engagement and separations over years ending June, 2002 to 2012.](image)

Source: APSED

Employees with disability who intend to leave their agency within the next year frequently cited the following five key reasons:

- senior leadership is of poor quality (29%)
- lack of future career opportunities (28%)
- having been subjected to bullying or harassment (24%)
- agency lack of respect for employees (17%)
- promotion and rewards not based on achievement (17%).

Employees with disability who intend to leave within the next year were more likely to retire and less likely to be working in a private sector organisation, which probably reflects the older median age of this group.

**Disability employment strategy**

The As One—APS Disability Employment Strategy (As One), launched on 14 May 2012, aims to strengthen the APS as a disability-confident employer and improve the experience of employees with disability. The strategy includes 19 initiatives grouped around four main themes:

- improving leadership
- increasing agency demand for candidates with disability
- improving recruitment processes to enable more candidates with disability to enter the APS
- fostering inclusive cultures that support and encourage employees with disability.
Key initiatives under As One include a guaranteed interview scheme, a mental health guide for APS agencies and managers, and work towards an employment pathway for people with disability into the APS. The Commission is also building relationships with key stakeholders, such as those from Disability Employment Australia, Australian Network on Disability and Australian Federation of Disability Organisations. One immediate outcome has been the establishment of a Disability Employment Working Group to strengthen the relationships between disability employment service providers and APS agencies. Disability employment service providers offer specialist support and assistance to employees with disability, their peers, supervisors and managers.

The development and promotion of better disability employment outcomes is a priority for all levels of Australian Government under its National Disability Strategy. The establishment and implementation of As One represents a targeted set of actions by the Commission and broader APS to address this priority.

Some examples of work undertaken in two APS agencies to retain and develop employees with disability are outlined below.

**APS Best Practice—Disability Directions Conference 2011**

The Commission organised this conference to build the momentum around improving employment outcomes for people with disability in the APS and provide an opportunity for a broad spectrum of stakeholders to meet. The conference featured speakers from across the APS as well as the private sector, such as Westpac and IBM. It was attended by around 160 delegates, from at least 60 Australian Government agencies, state and territory agencies, private sector organisations and community groups. It provided participants with practical tools and better practice ideas to implement disability employment initiatives in their workplaces.

**FaHCSIA traineeships**

In 2012, FaHCSIA advertised traineeships to employ people with intellectual disability. The administrative officer traineeships were part time (18 hours a week) and non-ongoing (for a fixed 18-month term) and included an opportunity for trainees to undertake a Certificate II in Business Administration.

Thirteen applicants were engaged as trainees at three locations in four agencies. The recruitment process allowed agencies to develop their processes and procedures for providing people with intellectual disability with employment opportunities and enabled supervisors to gain valuable management experience.
Women

A recent article in the Atlantic reflected on the challenges of balancing a high-profile academic and government career with family life. The article titled ‘Why Women Can’t Have It All’ argues that the baseline expectations about when, where, and how work will be done must change for women and for men to achieve a healthy work-life balance.

This argument is not new. In 2010, McKinsey and Company noted that the business case for developing, retaining and advancing women is strong and continues to get better. However, it went on to argue that while United States company leaders are making gender diversity a priority because they can see the value of it to their business, few succeed in achieving their goals. The top circles of private enterprise leadership in the United States remain predominately male with women making up just 14% of Fortune 500 executive committees. In addition there are few women CEOs. Although corporate leaders are working hard to change this, progress remains elusive.

With 39% of women at senior executive levels, the APS has been more successful than have Fortune 500 executive committees. The employee census shows that senior women in the APS are slightly more likely to have caring responsibilities (43%) than are senior men (34%). Of this group with caring responsibilities, males were slightly more likely to report caring for a partner than were females.

At June 2012, the proportion of ongoing women was 57.3% (57.4% at June 2011). There is still considerable variation among agencies in the representation of men and women. Of agencies with at least 1,000 ongoing employees, DHS (71.8%) had the highest proportion of women, followed by the Department of Health and Ageing (DoHA) (70.6%). Large agencies with the lowest proportion of women were the Bureau of Meteorology (26.0%) and the Department of Defence (40.3%). Trends for total employment by sex are shown in Figure 6.6.

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Engagements and job attraction

In 2011–12, women constituted 54.5% of all engagements to the APS. The factors most important in attracting women to their current position were type of work, followed by job security and/or stability and employment conditions—the three most important attraction factors for men as well. Women were more likely to rate service to diversity groups as important than were men (34% compared with 24%).

New female APS employees—those employed in the APS for less than one year—showed a generally similar pattern of factors attracting them to APS employment as men, with the following being the most important:

- type of work (88%)
- employment conditions (87%)
- career development (85%)
- job-skills match (80%)
- job security and stability (80%).

The employee census shows that men and women consistently differ in their perceptions of what is attractive about their current job. However, most differences are small. Women are more likely to agree that they are fairly remunerated, with nearly 70% agreeing compared with only 60% of men.

Employment

The changes in the proportion of women across all classification levels are minor with the most significant change occurring at the trainee classification level, which decreased by 7.6 percentage points from 54.7% at June 2011 to 47.1% at June 2012.
Women’s representation at the Executive Level (EL) and Senior Executive Service (SES) classifications has grown steadily over time, although the growth has slowed somewhat in the past few years. Figure 6.7 shows the proportion of men and women at selected classifications at June 2012. Women outnumbered men at all classifications up to and including APS 6. Fifteen years ago the crossover point was APS 5.

**Figure 6.7** Ongoing employees by base classification and sex, June 2012

![Graph showing the proportion of men and women at base classifications at June 2012.](image)

Source: APSED

Although consistent progress has been made, women continue to be under-represented at senior leadership levels. At June 2012, women comprised 39.2% of the SES (up from 38.2% in 2011) and 46.5% of EL employees (up from 46.0% in 2011). Within the SES, women’s representation increased at SES 1 and SES 2 levels. Growth was strongest at SES 2, where women’s representation increased by 1.6 percentage points, from 35.7% at June 2011 to 37.3% at June 2012. There was no change in the number of ongoing SES 3 women, though the proportion decreased slightly from 29.0% at June 2011 to 28.1% at June 2012 due to an increase in the number of men.

The large agencies with the highest representation of women at higher classifications are FaHCSIA (59.4% of SES and 61.7% of ELs at June 2012), DoHA (57.4% and 63.6%) and DEEWR (56.8% and 56.2%).

At June 2012, 14.0% of all ongoing employees were working part time, up slightly from 13.8% in June 2011. The proportion has risen steadily over time, from 5.1% in 1998, and the rate of growth has been higher for women than for men. Women are still much more likely to work part time, with 21.5% doing so at June 2012, compared with 4.0% of men. Trends over the past 15 years are shown in Figure 6.8.
Both male and female part-time ongoing employees are concentrated at APS 4 level—31.8% of female part-time employees are at that classification and 22.5% of male part-time employees. SES employees are least likely to work part time—4.0% of ongoing SES females do so and 0.5% of SES males. Figure 6.9 shows that the proportion of SES women working part time has steadily increased over the past 15 years.

As at June 2012, 21.0% of female ELs were working part time and 4.0% of female SES were working part time. Figure 6.9 shows that over the past 15 years this proportion has steadily increased.
Separations

Women constitute 56.2% of all separations from the APS. Figure 6.10 shows that between 2002 and 2009 the representation of women in engagements exceeded their representation in separations. The flattening in female representation in recent years is a function of parity between female engagements and separations.
The employee census revealed only minor differences in career intentions between men and women; slightly more men than women intended to leave their agency as soon as possible or within the next 12 months (23% compared with 20%).

The main reasons women give for wanting to leave their agency include:

• lack of future career opportunities in the agency (33%)
• desire to try a different type of work or seeking a career change (23%)
• senior leadership is of poor quality (22%)
• desire to gain further experience (17%)
• interests do not match the responsibilities of the job (17%).

There were small differences between men and women in where they expected to be working within the next 12 months. Women were less likely to intend to move to the private sector than were men (13% compared with 20%).

Overall, the differences between women and men in their satisfaction with work-life balance were minor (73% women compared with 71% men) as was access to flexible work arrangements (74% women compared with 72% men).

**Employees from non-English speaking background**

The proportion of ongoing APS employees who identified as being from non-English speaking background rose slightly this year to 5.3%. This is consistent with the trend over several years.

The largest group of employees from a non-English speaking background were born in South-East Asia (22.7% of those who provided country of birth), followed by Southern and Central Asia (22.3%), North-East Asia (17.8%) and Southern and Eastern Europe (14.2%).

The most common first languages spoken by these employees were Chinese (including Cantonese and Mandarin), followed by Vietnamese, Spanish, Polish, German and Arabic.

**Engagements and job attraction**

People from non-English speaking background constituted 4.9% of all engagements to the APS in 2011–12. Of those with less than one year’s service, the most commonly cited factors that attracted them to employment in the APS were:

• type of work (89%)
• employment conditions (86%).
• job security and stability (84%)
• career development (83%)
• job skills match (79%).

The results from the employee census show very small differences in employee engagement between people from non-English speaking background and other APS employees. Additionally, employees from non-English speaking background are as satisfied with their access to learning and development opportunities, workplace health and wellbeing and their work-life balance as other APS employees.
**Employment**

During 2011–12, representation of employees from non-English speaking background grew at all classification levels—from APS 3–4 to EL—but fell at APS 1–2, trainee and graduate levels. The representation of SES employees remained steady.

Employees from non-English speaking background are much more likely to have graduate qualifications than are other employees—at June 2012, 81.1% had a bachelor degree or higher, compared with the APS average of 58.5%.

Agencies with a high representation of employees from a non-English speaking background are shown in Table 6.5.

**Table 6.5  Agency representation of employees from non-English speaking background, 2011–12**

<table>
<thead>
<tr>
<th>Agency</th>
<th>Proportion of employees from non-English speaking background (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Health Insurance Ombudsman</td>
<td>15.4</td>
</tr>
<tr>
<td>Migration Review Tribunal—Refugee Review Tribunal</td>
<td>13.6</td>
</tr>
<tr>
<td>National Library of Australia</td>
<td>13.5</td>
</tr>
<tr>
<td>Australian Human Rights Commission</td>
<td>12.7</td>
</tr>
<tr>
<td>Screen Australia</td>
<td>12.5</td>
</tr>
</tbody>
</table>

Source: APSED

**Separations**

In 2011–12, people from non-English speaking background constituted 3.5% of all separations from the APS. Figure 6.11 shows engagements have consistently exceeded separations for this group. This pattern has led to an overall growth in representation. While this growth has been slower in recent years, people from non-English speaking background represented 5.3% of all ongoing employees in 2011–12.
Employees showed similar career intentions regardless of their language background, with 18% of employees from a non-English speaking background and 22% of other APS employees intending to leave their current agency as soon as possible or within the next 12 months. The most frequently cited reasons for non-English speaking background employees intending to leave were:

- lack of future career opportunities in the agency (35%)
- senior leadership of poor quality (23%)
- promotion/rewards not based on achievement (21%)
- desire to try a different type of work or seeking a career change (18%)
- lack of educational/developmental opportunities (16%).

The majority of employees from a non-English speaking background (59%) intended to work for another public sector organisation within the next 12 months, a result similar to other APS employees (56%).

**Key chapter findings**

Diverse workplaces make good ‘business’ sense. Increasingly, private sector organisations are using the diversity of their workforce to enhance their competitive advantage in an increasingly globalised and connected world. Similarly, a diverse workforce increases the opportunity to bring various perspectives to correctly identify and solve problems—a set of perspectives that more likely represent broader community views.

In February 2012, the Secretaries Board agreed to establish a Diversity Council, chaired by the Secretary of the Department of the Prime Minister and Cabinet. The Diversity Council
aims to reinforce and reinvigorate the commitment of APS leadership on diversity. It has given priority to improving employment outcomes for Indigenous Australians and people with disability in the APS, in light of the continuing decline in the representation of these groups. Particular attention is being paid initially to raising awareness and to working with agencies to identify and promulgate good practice.

In early 2009, the Australian Government, as party to COAG and in line with COAG’s National Partnership Agreement on Indigenous Economic Participation, committed to increase Indigenous employment across the Australian Government public sector—including the APS—to at least 2.7% by 2015, to reflect the projected national Indigenous working-age population. As at 30 June 2012, representation of Indigenous employees in the APS (ongoing and non-ongoing) stood at 2.2%, down from 2.3% the previous year.

Funding was made available in the 2012 Budget to continue a number of APS-wide initiatives to attract Indigenous recruits to the APS through targeted cadetships, graduate programs, traineeships and the like. This partly replaced long-standing Budget support which lapsed at the end of 2011–12. These initiatives have underwritten the recruitment of around 730 ongoing Indigenous employees in recent years and were intended to support greater research into the reasons why Indigenous employees separate from the APS at a significantly higher rate than do non-Indigenous employees. This higher separation rate is puzzling because the employee census shows that Indigenous employees are at least as well engaged as other employees and that there is no difference in intention to leave.

There has also been considerable work on improving the attraction, recruitment and retention of people with disability in the APS. The As One—APS Disability Employment Strategy was launched by the Minister for the Public Service and Integrity on 14 May 2012. It will be supported by revised guidance from the Commission to assist agencies to create more supportive and disability-confident workplaces, with particular attention to developing new material on mental health. Responses to the employee census show there is considerable work to do. This group is measurably less engaged than other employees and report significantly higher levels of perceived harassment and bullying than other workers.

The official APSED data indicates that the representation rates of people who identify as belonging to this group declined through 2011–12. Almost 4,500 ongoing APS employees identify themselves as having a disability. This is about 2.9% of today’s APS workforce, compared with 5% in June 1999. Responses to the employee census suggest that actual representation rates are higher since there is a high level of non-disclosure (33%) in published data bases. Although census responses suggest representation of those with disability is closer to 7%, this is still well below the proportion of people with disability in the broader Australian community.

In comparison, the representation of women has stabilised and the number of people from non-English speaking backgrounds increased slightly this year. This is an area where the APS has a competitive advantage which it needs to maintain.

Chapter seven

Workforce planning and strategy

Successive State of the Service reports identified that workforce skill shortages significantly impact on Australian Public Service (APS) capability. Ahead of the Game: Blueprint for the Reform of Australian Government Administration (the APS Reform Blueprint) noted that capability gaps across the APS have been exacerbated by sporadic workforce planning and lack of clarity about capability requirements.¹

To address this planning gap the APS Reform Blueprint recommended the Australian Public Service Commission (the Commission) develop a Human Capital Framework and establish an APS-wide Workforce Planning Framework. The Commission, in collaboration with agencies, has made progress on both recommendations.

Workforce planning is the bedrock of developing organisational capability in a systematic way—meaning the capability of an agency to meet emerging needs and resilience to respond to the unexpected. However, workforce planning must be understood in context. Human capital planning provides a comprehensive and in-depth understanding of an agency’s workforce and workplace. It involves more than identifying employee numbers to be deployed at a point in time. For example, it includes systematic consideration of employee development and movement, with a focus on how human capital can be grown and deployed to improve organisational performance. The APS Human Capital Planning Framework was developed to help agencies consider the forces that affect the APS workforce and the workplace.

The key elements of the APS Human Capital Planning Framework are: environmental scanning, strategic workforce planning, human capital

response and organisational performance. Human capital planning embeds both strategic and operational workforce planning in the context of the agency’s environment and, perhaps most importantly, in relation to the objectives to be achieved. The elements of the APS Human Capital Planning Framework are shown in Figure 7.1.

**Figure 7.1 APS Human Capital Planning Framework**

![Diagram of APS Human Capital Planning Framework](source: Australian Public Service Commission)

A prototype of the APS Human Capital Planning Framework was tested and refined through a number of practical activities. These included environmental scanning workshops focused on identifying the most pressing workforce issues facing the APS and serving as a tool to assist planning for a group of agencies experiencing similar workforce issues. The most significant test of the prototype was in a comprehensive planning activity with the Australian Electoral Commission (AEC) (see Human Capital Planning case study). The final version of the APS Human Capital Planning Framework was passed to more than 60 APS agencies for comprehensive testing and feedback. It has proven to be a robust framework for understanding the forces affecting an agency’s workforce and an effective aid to developing strategies to improve organisational performance.

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This chapter uses the structure of the APS Human Capital Planning Framework to examine recent environmental scanning activities in the APS, the progress of workforce planning and risk assessment, and the range of people strategies used by agencies with a focus on recruitment. The framework provides the means to consider the contribution of each activity to organisational performance.

**Human Capital Planning in the Australian Electoral Commission**

One of the three enabling themes of the AEC’s five-year strategic plan was ‘Investing in our People’ (IIOP). This comprehensive three-phase plan was based around six elements identified from State of the Service report results and in-depth internal consultation. Phase Two was rolled out in 2010–11.

In late 2011, as part of evaluating the progress of IIOP, AEC staff reviewed a range of key human capital data including 2011 State of the Service results and other workforce metrics. As a result, and seeking to build on the progress of IIOP, the AEC approached the Commission to work collaboratively on a human capital planning activity.

AEC senior leadership participated in two half-day workshops and were introduced to the APS Human Capital Planning Framework. They worked through the framework examining current and possible future issues within the AEC and the implications for its workforce. This gave AEC senior leaders the opportunity to consider the issues impacting on their workforce in greater depth and more comprehensively than had been previously possible.

The broad range of integrated people strategies identified will build on work already achieved by AEC through the IIOP program.

**Environmental scanning**

Across the APS there is a well-developed body of environmental or horizon scanning work identifying the trends impacting on Australia, public administration generally and the APS specifically.

The Commission invited Executive Level (EL) and Senior Executive Service (SES) employees to participate in workshops to provide input to the development of the APS Human Capital Environmental Scan. These workshops identified specific workforce implications for the future leadership and culture of the APS, as well as the design of future work and workplace conditions. Two overarching themes emerged: first, the nature of work in the APS will fundamentally change and the APS must prepare now to adapt; and second, the concept of ‘One APS’ is key in providing the APS with the organisational resilience required to adapt to the future.

The Commission analysed more than 70 publicly available scans reviewing opportunities and challenges in the coming 20 to 100 years. This work identified a clear, common set of ‘drivers’ revolving around demography and resources, ‘response’ themes (including workforce capability and capacity, the public sector, information systems, and development)

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and ‘enablers’ sitting between these that revolve around commerce and technology. More broadly, the primary drivers of change were seen to be environmental and resource factors as well as human or social factors. The scans also pointed to a unique Australian perception of the world, including a strong Asia-awareness. A summary of the key influences on, and challenges for, APS leaders is outlined in Chapter 2.

In terms of human capital planning these broader environmental forces shape the context within which APS agencies operate. They are an important consideration in any workforce planning. For instance, the Department of Defence regularly conducts environmental scanning to inform its workforce planning as detailed in the case study dealing with the quarterly workforce outlook in the Department of Defence.

**Department of Defence quarterly workforce outlook**

Defence publishes a quarterly workforce outlook bringing together research and analysis of key external trends. The outlook examines external economic and labour force projections, and internal workforce planning and attitudinal data, to make specific workforce assessments. These assessments include identifying the ‘push’ (internal) and ‘pull’ (external) factors relevant to the Defence workforce (see diagram) to:

- make specific judgements about risks and future workforce outcomes (recruitment, retention, critical skills)
- examine differences for workforce segments (occupation, job family, demographic groups)
- propose areas to focus remediation efforts and develop policy.

![Diagram of push and pull factors](image)

Most recent editions of the workforce outlook include: Defence Employment Offer (November 2011); Future Skills (March 2012); and Engineering and Technical Workforce (August 2012).

Since its introduction the outlook has assisted with:

- a segmented approach to workforce management and options to differentiate the employment offer
- enhanced evidence-based consideration of future workforce initiatives
- strategic communications on workforce strategy
- efficiencies in workforce analysis across Defence.
Workforce planning

Workforce planning is the methodology used to identify the workforce required to deliver on strategic and operational objectives and manage workforce-related risks. It creates an evidence base for developing and prioritising human resource (HR) management activities such as: attraction, recruitment and retention strategies; training and development; performance management; talent management; and succession planning. The level of sophistication in approaches to workforce planning varies across agencies and includes:

- **Headcount and workforce management.** At its simplest, workforce planning is positioned as a tactical activity that is the responsibility of the HR function or line manager. It is conducted as needed, in response to immediate operational business drivers.

- **Operational workforce planning.** Most public sector workforce planning is positioned at this level. Workforce planning is a key strategic business process and responsibility remains largely with the HR function. Output is regularly considered by the executive group. The focus is on gaining greater insight into the nature of the agency’s existing resources and using the information gathered (e.g. demographic data, turnover rates, recruitment rates, exit rates) to build human resource plans for managing the workforce.

- **Strategic workforce planning.** Strategic workforce planning involves continuous business planning. It is a process of shaping and structuring the workforce to ensure sufficient and sustainable capability and capacity to deliver organisational objectives, now and into the future. It aims to ensure that the right people—with the skills and capabilities necessary for the work required—are available in the right numbers, in the right employment types, in the right place and at the right time to deliver business outcomes.

- **Scenario planning.** Scenario planning builds on ideas developed in the field of risk management. It is directed to answering ‘what if’ questions, which are important in long-term planning. The aim is to identify plausible business scenarios to inform current and future requirements.

Progress on APS workforce planning

In early 2010, the Commission, in collaboration with the Australian Government Information Management Office, launched a whole-of-government information and communications technology (ICT) strategic workforce plan. This plan (2010–13) required APS agencies to submit their own ICT workforce plans by the end of 2010 and again in April 2012. The experience led to increased recognition of the real benefits to be gained through APS-wide collaboration on some of the more systemic workforce planning issues.

The Commission, in partnership with APS agencies, has identified and promoted better practice approaches to workforce planning by disseminating a:

- practical workforce planning guide, with supporting tools and templates
- job family (occupational group) model to enable the APS to map and understand its workforce.
To support the implementation of these products, the Commission, again in partnership with agencies, developed two training programs for HR practitioners and middle and senior managers with workforce planning responsibilities. This training seeks to build organisational capability in workforce planning and mitigate workforce-related risks to the effective delivery of business outcomes.

This work is expected to inform and improve the ability of agencies to undertake workforce planning more broadly. This is, in turn, reflected in the improvement in the proportion of agencies with a documented workforce plan in 2011–12. During 2011–12, 40% of agencies reported having a workforce plan compared to 26% in 2010–11. Of the agencies with a workforce plan, 78% reported that it covered all employees.

Producing a strategic workforce plan requires assessing future business requirements, the staff needed to deliver business outcomes (the demand) and the supply, internally and externally, of appropriately skilled staff to match the demand. Strategic workforce planning seeks to identify workforce risks and gaps as well as consider how resources are going to be used to meet current and planned business requirements.

In this year’s agency survey, APS agencies that reported they had documented workforce plans were asked to indicate whether they had identified internal and external business drivers that could affect future workforce requirements. Of the agencies with workforce plans, 95% had considered internal and external business drivers, and 38% had considered future business scenarios that could impact on future workforce requirements (Table 7.1).

<table>
<thead>
<tr>
<th>Assessments made within workforce plans</th>
<th>% of workforce plans&lt;sup&gt;a&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal and external business drivers that could impact on future workforce required</td>
<td>95</td>
</tr>
<tr>
<td>Strategies or initiatives to address key workforce gaps</td>
<td>89</td>
</tr>
<tr>
<td>Current business deliverables the agency is required to deliver</td>
<td>86</td>
</tr>
<tr>
<td>Current workforce gaps in terms of capacity and capability</td>
<td>86</td>
</tr>
<tr>
<td>Current workforce required in terms of capacity and capability</td>
<td>84</td>
</tr>
<tr>
<td>Current workforce supply in terms of capacity and capability</td>
<td>73</td>
</tr>
<tr>
<td>Future workforce required in terms of capacity and capability</td>
<td>73</td>
</tr>
<tr>
<td>Critical job roles</td>
<td>68</td>
</tr>
<tr>
<td>Future workforce supply in terms of capacity and capability</td>
<td>65</td>
</tr>
<tr>
<td>Future workforce gaps in terms of capacity and capability</td>
<td>65</td>
</tr>
<tr>
<td>Current and future availability of external supply</td>
<td>54</td>
</tr>
<tr>
<td>Future workforce affordability</td>
<td>53</td>
</tr>
<tr>
<td>Alternative scenarios that will vary in their likely impact on future workforce required</td>
<td>38</td>
</tr>
</tbody>
</table>

Source: Agency survey

Note: (a) Only 78 agencies provided detailed data on workforce planning. To reduce the administrative burden on small agencies, those with fewer than 100 employees completed a shortened version of the agency survey.
Workforce risks and planning challenges

Strategic workforce planning involves identifying and mitigating workforce risks against business delivery. This is supported by the 2005 Australian National Audit Office report, *Workforce Planning*, which recommended agencies ‘identify workforce risks specific to their agency with clear reference to a consideration of organisational capability’. This was reaffirmed in early 2010 with the publication of the APS Reform Blueprint.

Strategic workforce planning ideally covers a minimum event horizon of three to five years. However, if the lead time to develop capability (e.g. fill critical job roles) is longer than this then the event horizon needs to be extended. Strategic workforce planning focuses on managing workforce costs and size and enables agencies to make more informed decisions about the skills and capabilities required to deliver business outcomes.

A strategic workforce plan documents business and workforce analysis undertaken to establish the evidence base and actionable strategies needed to move the workforce from its current to its desired future state and align it with the delivery of strategic priorities.

The agency survey asked agencies about their identified workforce risks over the next five years. Table 7.2 shows the 12 most common risks identified. The three most common were the inability to address capability gaps due to a changing operating environment, underdeveloped management or leadership capability among middle managers and the inability to recruit appropriately skilled employees. These were similar to the risks identified in the equivalent survey last year.

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Table 7.2 Workforce risks facing APS agencies in the next five years, 2011–12

<table>
<thead>
<tr>
<th>Workforce risk</th>
<th>% of agencies(^{(a)})</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inability to address capability gaps due to a changing operating environment</td>
<td>56</td>
</tr>
<tr>
<td>Underdeveloped management or leadership capability among middle managers</td>
<td>53</td>
</tr>
<tr>
<td>Inability to recruit appropriately skilled employees</td>
<td>45</td>
</tr>
<tr>
<td>Limited career advancement or mobility opportunities for employees</td>
<td>44</td>
</tr>
<tr>
<td>Skill shortages which impact on agency capability</td>
<td>40</td>
</tr>
<tr>
<td>Loss of corporate knowledge or talent due to retirement</td>
<td>37</td>
</tr>
<tr>
<td>Inability to retain employees with a high potential for succession</td>
<td>33</td>
</tr>
<tr>
<td>Inability to retain appropriately skilled employees</td>
<td>32</td>
</tr>
<tr>
<td>Inadequate resources for changing business needs</td>
<td>28</td>
</tr>
<tr>
<td>Inability to address capability gaps due to a reduction in agency size</td>
<td>27</td>
</tr>
<tr>
<td>Dealing with changing business needs due to varying needs of clients</td>
<td>23</td>
</tr>
<tr>
<td>Loss of corporate knowledge or talent due to competition for staff</td>
<td>21</td>
</tr>
</tbody>
</table>

Source: Agency survey

Notes: Agencies were asked to select up to five of the greatest workforce risks.

\(^{(a)}\) Only 78 agencies provided detailed data on workforce planning. To reduce the administrative burden on small agencies, those with fewer than 100 employees completed a shortened version of the agency survey.

Although most agencies have identified, or are working towards identifying, workforce risks, a substantial number reported challenges in doing so when implementing and/or progressing workforce planning. As Table 7.3 shows, the two greatest challenges to this were resources (time or cost involved in undertaking the task) and changes in funding or staffing. Similar to last year, more than one-third of agencies identified difficulties in mapping current capabilities to predicted future requirements. There was a 6% increase in the proportion of agencies experiencing difficulties in achieving consensus on the challenges faced or capabilities required.
Table 7.3  Challenges facing APS agencies in implementing and/or progressing workforce planning, 2011–12

<table>
<thead>
<tr>
<th>Workforce challenge</th>
<th>% of agencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resources, time or cost involved in undertaking the task</td>
<td>60</td>
</tr>
<tr>
<td>Changes in funding or staffing</td>
<td>45</td>
</tr>
<tr>
<td>Difficulties mapping current capabilities to predict future capability requirements</td>
<td>37</td>
</tr>
<tr>
<td>A lack of workforce planning experience</td>
<td>24</td>
</tr>
<tr>
<td>Limitations of the existing human resources management system</td>
<td>22</td>
</tr>
<tr>
<td>Uncertainty about the future</td>
<td>17</td>
</tr>
<tr>
<td>Difficulties achieving a consensus on the challenges faced by the agency or the capabilities needed</td>
<td>15</td>
</tr>
<tr>
<td>Fluctuating workload</td>
<td>13</td>
</tr>
<tr>
<td>Inadequate workforce planning models, tools or processes</td>
<td>10</td>
</tr>
<tr>
<td>Changes in government direction</td>
<td>10</td>
</tr>
<tr>
<td>Large agency size or complexity</td>
<td>10</td>
</tr>
<tr>
<td>Other</td>
<td>6</td>
</tr>
<tr>
<td>Insufficient access to environmental scanning information</td>
<td>5</td>
</tr>
<tr>
<td>Inability to access the required workforce data</td>
<td>3</td>
</tr>
<tr>
<td>None of the above</td>
<td>3</td>
</tr>
</tbody>
</table>

Source: Agency survey

Note: Agencies were asked to select up to three of their greatest workforce challenges.

**Occupational skill shortages**

To build a more complete set of data to support workforce planning across the APS, the Commission worked in partnership with 58 agencies over the latter half of 2011 to develop a job family (occupational group) model. The two key aims of the model were to provide agencies with a data set that:

- accommodates a large proportion of, if not all, job roles performed in the APS
- provides links with the Australian labour market.

A job family model, when viewed across the functions of an agency, can provide that agency with a deeper view of its workforce. It can also enable enhanced analysis of its workforce and the associated risks to achieving business deliverables.

This year’s agency survey asked agencies to indicate the extent of skill shortages experienced, through the lens of the APS job family model. Table 7.4 shows the results. The occupational groupings identified as experiencing the greatest skill shortage (moderate and severe) were in ICT, accounting and finance, people (human resources), and strategic policy, research, project and program.

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8 For further information, see <http://www.apsc.gov.au>.
### Table 7.4  Extent of skill shortages experienced by agencies, 2011–12

<table>
<thead>
<tr>
<th>Job family</th>
<th>Limited</th>
<th>Moderate</th>
<th>Severe</th>
<th>Total of moderate and severe</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Accounting and finance</strong></td>
<td>23</td>
<td>22</td>
<td>3</td>
<td>25</td>
</tr>
<tr>
<td><strong>Administration</strong></td>
<td>9</td>
<td>4</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td><strong>Communications and marketing</strong></td>
<td>14</td>
<td>13</td>
<td>2</td>
<td>15</td>
</tr>
<tr>
<td><strong>Compliance and regulation</strong></td>
<td>15</td>
<td>6</td>
<td>3</td>
<td>9</td>
</tr>
<tr>
<td><strong>Engineering and technical</strong></td>
<td>12</td>
<td>7</td>
<td>3</td>
<td>10</td>
</tr>
<tr>
<td><strong>Information and communications technology</strong></td>
<td>22</td>
<td>28</td>
<td>8</td>
<td>36</td>
</tr>
<tr>
<td><strong>Information and knowledge management</strong></td>
<td>23</td>
<td>13</td>
<td>2</td>
<td>15</td>
</tr>
<tr>
<td><strong>Intelligence</strong></td>
<td>11</td>
<td>5</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td><strong>Legal and parliamentary</strong></td>
<td>17</td>
<td>13</td>
<td>1</td>
<td>14</td>
</tr>
<tr>
<td><strong>Monitoring and audit</strong></td>
<td>12</td>
<td>6</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td><strong>Organisational leadership</strong></td>
<td>23</td>
<td>9</td>
<td>0</td>
<td>9</td>
</tr>
<tr>
<td><strong>People (human resources)</strong></td>
<td>27</td>
<td>16</td>
<td>2</td>
<td>18</td>
</tr>
<tr>
<td><strong>Science and health</strong></td>
<td>11</td>
<td>7</td>
<td>0</td>
<td>7</td>
</tr>
<tr>
<td><strong>Service delivery</strong></td>
<td>13</td>
<td>6</td>
<td>0</td>
<td>6</td>
</tr>
<tr>
<td><strong>Strategic policy, research, project and program</strong></td>
<td>23</td>
<td>16</td>
<td>2</td>
<td>18</td>
</tr>
<tr>
<td><strong>Trades and labour</strong></td>
<td>1</td>
<td>2</td>
<td>0</td>
<td>2</td>
</tr>
</tbody>
</table>

Source: Agency survey

Note: The occupational groupings in bold are reported by agencies as having the greatest extent of skill shortage.

In the main, shortages reported by agencies are reflected in the broader labour market, where accounting and finance and ICT skills were included on the 2012 Skilled Occupation List published for the Department of Immigration and Citizenship (DIAC) by the Australian Workforce and Productivity Agency (AWPA). In particular, the occupations in the broader labour market facing shortages include:

- accountants (accountant general, management accountant and finance manager)
- ICT business and systems analysts
- software and applications programmers

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• computer network and systems engineers\textsuperscript{13}
• telecommunications engineering professionals\textsuperscript{14}

Across these occupations submissions by industry bodies support the continuance of skilled migration programs to support domestic supply in the medium-term. However, it is expected over the medium to longer-term that supply will exceed demand.

Although not included on the Skilled Occupation List, the occupations encompassing APS people (human resources) and strategic policy, research, project and program occupational groupings are expected to experience strong to very strong employment growth to 2016–17.

Understanding the labour supply chain and tailored strategies needed to attract and retain these skills over the short to medium-term is critical, knowing that supply may exceed demand in the longer-term.

**Agency people strategies**

The purpose of strategic workforce planning is for an agency to identify and prioritise the types of strategies it needs to address capacity, capability and human capital issues so it can reposition its workforce to meet its business outcomes now and into the future.

In the past year, APS agencies employed a range of people strategies to address the human capital issues they identified. Table 7.5 summarises the most common types of people strategies APS agencies employed.


Table 7.5 Most common people strategies employed by agencies

<table>
<thead>
<tr>
<th>Human capital issue</th>
<th>Strategies employed</th>
</tr>
</thead>
</table>
| Diversity                    | • Encouraging staff to participate in cultural events  
                                • Encouraging participation in external Indigenous employee networks  
                                • Encouraging participation in external Indigenous employee networks  
                                • Adopted the definition of ‘disability’ in Section 4 of the Disability Discrimination Act 1992 for developing recruitment and retention strategies  
                                • Provided a documented and clear process for employees with disability to request reasonable adjustments  
                                • Adopted the definition of ‘disability’ used by the ABS Disability, Ageing and Carers: Summary of Findings 2003 survey to collect data and statistics from employees |
| Performance management       | • Performance appraisals include key role accountabilities and performance indicators  
                                • A formal performance appraisal process that is documented and conducted periodically  
                                • A performance culture where managers and staff engage in regular feedback and discussion on an informal basis |
| Talent development           | • Formal training  
                                • Supported on-the-job learning  
                                • Coaching |
| Leadership, learning and development | • Programs are procured centrally  
                                • Programs are directly linked to the agency’s performance management system  
                                • Programs are formally linked to and reflect the agency’s business plans |
| Leave management             | • Raised awareness of health and safety issues and promoted employee wellbeing  
                                • Promoted a balanced view of workplace absence  
                                • Disseminating relevant absence data to managers |
| Employee retention           | • Study assistance  
                                • Inclusion of flexible work practices in industrial agreements  
                                • Wellbeing programs |

Source: Agency survey

Table 7.6 shows the strategies used by agencies to address skill shortages. The three most frequently cited were strategies to improve retention or culture, investment in learning and development of the existing workforce (each cited by two-thirds of responding agencies), and improve attraction or recruitment strategies (cited by just under half of responding agencies).

Table 7.6 Strategies to address skill shortages

<table>
<thead>
<tr>
<th>Strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategies aimed at improving retention or culture (e.g. promoting work-life balance, flexible working arrangements or better employee health)</td>
</tr>
<tr>
<td>Investment in learning and development of the existing workforce</td>
</tr>
<tr>
<td>Improved attraction or recruitment strategies</td>
</tr>
<tr>
<td>Strategies aimed at better management of the non-ongoing workforce (including contractors and services supplied by third party providers)</td>
</tr>
<tr>
<td>Strategies aimed at reducing the demands for skills (e.g. redesigning business processes or job redesign)</td>
</tr>
<tr>
<td>Other</td>
</tr>
<tr>
<td>Investment in knowledge management initiatives</td>
</tr>
<tr>
<td>Strategies aimed at increasing the supply of skills (e.g. partnering with other organisations, skilled migration, supported study, removing barriers to increased participation)</td>
</tr>
<tr>
<td>Not applicable—no skill shortages</td>
</tr>
</tbody>
</table>

Source: Agency survey
Recruitment and attraction strategies

Recruitment is central to developing and maintaining a capable, diverse, skilled and engaged workforce. A number of initiatives undertaken this year aimed to streamline and simplify APS recruitment, as discussed in this section. Also examined is the efficiency and effectiveness of APS existing recruitment processes.

APS-wide strategies

Recommendation 7.2 of the APS Reform Blueprint\(^\text{15}\) required the Commission to develop best practice standards for recruitment that uphold the merit principle, as part of the government’s overall strategy to streamline APS recruitment.

Following consultation with APS agencies, the *APS Recruitment Guidelines*\(^\text{16}\) were published on 1 July 2012. The guidelines facilitate more streamlined recruitment by:

- dispelling some widespread myths about the process
- encouraging agencies to consider alternative processes
- introducing performance measures to processes.

The recruitment guidelines incorporated a manager’s toolkit to further assist managers through the process. Managers were provided with resources such as information sheets, templates, checklists and agency case studies.

The 2011 *Evaluation of Recruitment Advertising*\(^\text{17}\) found APSjobs, an Australian Government job portal, to be effective in recruiting employees and supporting efforts to enhance recruitment through a cost effective form of advertising. An enhanced portal was launched on 1 July 2012 to improve the APS ‘employment brand’ and provide agencies with better functionality and new technology to support recruitment.

A key component of the enhanced portal is the option to post jobs daily rather than weekly. This reduces the time to finalise recruitment. The portal’s enhanced functionality includes greater accessibility from mobile devices and access to additional content on APS job opportunities. A second phase of enhancements is planned for 2012–13.

Recruitment performance measures

In 2011–12, APS agencies measured performance for non-SES recruitment in various ways. Figure 7.2 shows that the most common methods were time-to-fill statistics (81%), advertising effectiveness (68%), feedback from line areas and management on the recruitment process (63%) and probation reports on new recruits (59%). Five per cent of agencies reported they did not measure non-SES recruitment performance.


\(^{16}\) *APS Recruitment Guidelines* and Manager’s Toolkit are available at <http://www.apsc.gov.au>.

Figure 7.2 Methods used to measure non-SES recruitment performance, 2011–12

Time-to-fill

More than 80% of agencies nominated time-to-fill statistics to gauge recruitment performance. Figure 7.3 shows the median number of working days from advertising to gazettal, from 2007 until 2012, for SES and non-SES employees.

Time-to-fill information for the year was extracted from the APSjobs database and includes the time taken from advertising a vacancy to the formal gazettal of the outcome. In previous years, the time-to-fill data was collected through the agency survey using a slightly different definition (i.e. time taken from advertising to an offer of employment). Consequently, the data between the two years are not strictly comparable and it is difficult to interpret the movements between 2011 and 2012 shown in Figure 7.3.
Employee views on recruitment

Employee perceptions of the recruitment process are an important measure of recruitment performance. In the census, employees reported on their most recent experience (within the last 12 months) in applying for a job in the APS. This year’s results show improvement in employee perceptions of the time it took to complete the process. In 2010–11, 53% of employees believed the assessment process took too long, compared to 43% this year. Also, more employees left with a positive impression of the agency this year (43% up from 41% last year). There was no change in the proportion of employees reporting they were provided with adequate opportunity to seek feedback (52%).

Effectiveness of recruitment

A measure of APS recruitment effectiveness is the number of employees who leave their agency within 12 months of engagement. Of the employees engaged in 2010–11, 1,420 employees (11%) left their agency within 12 months of engagement—an improvement on 13% in the previous year.

Figure 7.4 shows the trends in 12-month separation rates over time. These rates climbed and then dropped noticeably from 2008–09 coinciding with the onset of the global financial crisis which possibly reduced employee confidence in their ability to change jobs. By 2011–12, separation rates had fallen to a similar level to 2002–03.

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A survey published by the Australian Human Resources Institute in 2008 stated that the average annual rate of staff turnover was ‘a calculated average of 17.4% for organisations with 1,000 employees or more and an average of 18.5% across all organisations.\(^\text{19}\) For the APS the separation rate in 2011–12 was 6.6%.\(^\text{20}\) One reason this figure is comparatively low is the large number of opportunities for employees to move to positions in different agencies while remaining in the APS.

**Retention and intention to leave**

As reported last year, for those agencies able to provide an estimate of the cost of recruitment, in 2010–11 the average cost per ongoing recruit was $4,511 with the range from $459 to $11,076 per recruit.\(^\text{21}\) The high cost of replacing employees makes it important for agencies to have strategies in place to keep valuable employees. When asked if they had strategies in place to improve retention, 87% of agencies indicated they had. Strategies included study assistance (99%), flexible work practices in industrial agreements (97%), wellbeing programs (90%) and internal mobility opportunities (89%).

The census revealed that 22% of employees want to leave their agency as soon as possible or within the next 12 months. However, 52% indicated they want to stay working for their agency for at least the next three years.

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\(^{20}\) Separation rate has been calculated as the number of ongoing employees who left the APS during the period as a proportion of the average headcount for the period.

In 2012, of the employees who indicated an intention to leave their agency within the next 12 months, 57% intend to work for another public sector organisation. Sixteen per cent intend to work for a private sector organisation and 10% intend to retire.

Figure 7.5 shows employee responses when asked what influenced their intention to leave their agency within the next 12 months. Thirty-four per cent of employees intending to leave indicated lack of future career opportunities in the agency as a reason, 25% poor quality of senior leadership and 21% a desire to try a different type of work. Some 11% of these respondents reported that bullying, harassment or discrimination was a factor. Another 11% cited inadequate remuneration.

**Figure 7.5 Factors influencing employees’ decisions to leave their agency within 12 months, 2011–12**

Source: Employee census
APS recruitment initiatives

Traineeships for people with an intellectual disability
In 2012, the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) advertised administrative officer traineeships to employ people with intellectual disability. The aim was to improve the workforce participation of people with a disability across Australia.

FaHCSIA partnered with the Australian Network on Disability and the National Disability Recruitment Coordinator to design traineeships and selection processes. The Australian Agency for International Development (AusAID), Department of Defence and Department of Health and Ageing joined this recruitment initiative. The traineeships were part time (18 hours a week) and non-ongoing (fixed 18-month term). They included an opportunity for trainees to undertake a Certificate II in Business Administration. The Commission provided advice and guidance on planning and relevant legislation.

Social media graduate recruitment campaign
In 2012, the Department of Human Services launched an innovative recruitment campaign for its national graduate program. This campaign used a new marketing campaign and recruitment methodology specifically developed to identify and meet the department’s business needs. Analysis of previous marketing strategies identified that candidates preferred the use of social media. This led the department to develop a marketing campaign primarily focused on online communication—Facebook, Twitter, videos, podcasts, forums and a webcast.

Online testing
The Department of the Prime Minister and Cabinet introduced online cognitive ability and emotional intelligence testing to its graduate program recruitment processes. This testing was conducted online and provides instantaneous results for seamless integration of the recruitment process. Based on the success of the pilot with the graduate program, the department plans to roll out the online testing across other recruitment processes, where appropriate.

Simplified recruitment processes
The Department of Finance and Deregulation implemented a new recruitment assessment framework in line with its strategic plan (2011–14). As a result, two significant changes were made to its recruitment process, to streamline and improve it:

• asking candidates to address two questions in the application process, instead of the previous six
• assessing candidates equally on their demonstrated suitability against Finance’s behaviours as well as on their relevant skills and experience.

Streamlined recruitment methodology
In 2012, the Australian Taxation Office (ATO) streamlined its recruitment methodology to provide a consistent, standardised approach to recruitment for less than 20 vacancies. In doing so, the ATO eliminated its over-engineered processes. An important factor in the methodology’s success was the introduction of ATO job profiling where more than 500 positions have a standard job description, duty statement and selection criteria. Streamlined recruitment in the ATO has significantly reduced the time required to fill vacancies.
Key chapter findings

Human capital and strategic workforce planning combines a number of distinct elements that allow APS managers and HR practitioners to identify the people strategies that will best meet their agency’s current and future human capital needs. By integrating environmental scanning, strategic workforce planning and the human capital response identified as a result, agencies can meet their workforce needs through improved organisational performance that is consistent with government and public expectations.

Across the APS there is a growing body of environmental or horizon scanning work identifying the trends impacting on Australia, public administration generally and the APS specifically. A consistent theme that has emerged is that the nature of APS work will fundamentally change and the APS must prepare now to adapt to this change. There is growing recognition that workforce planning is an important strategy for ensuring that APS agencies have a workforce with the capacity and capability to meet the challenges associated with the anticipated change. Key strategies include:

• improving retention
• investing in leadership, learning and development
• developing strategies to increase the supply of skills
• improving attraction and retention strategies for Indigenous Australians, people with disability and high-demand skills.

Development of APS-wide and agency-specific strategies to streamline and simplify APS recruitment continued this year. The *APS Recruitment Guidelines* and supporting tools provide those involved in APS recruitment with practical, best practice support. An enhanced version of the APSjobs recruitment portal was released in July 2012 to cut costs for agencies and shorten recruitment timeframes and further enhancements are underway.

Agencies continued to measure recruitment performance. Time-to-fill remains the most common measure. Data from APSjobs revealed that time-to-fill for SES positions increased this year. There was little change from last year for non-SES. However, interpreting this data is complicated by changes to data collection methodology.

When asked about their future work intentions, 22% of employees indicated they want to leave their agency as soon as possible or within the next 12 months. The most common reason given was lack of career opportunities in their agency (34%). Encouragingly, 57% of these employees indicated they intend to work for another public sector organisation. Fifty-two per cent of employees indicated they want to stay working for their agency for at least the next three years.
Chapter eight

Performance management

A key element of organisational capability is having the right people with the right skills to deliver the policy work, regulation, policy implementation activity or services required of an agency. Agency systems, processes, governance and culture—and how these interact—are also critical to performance. Consequently, understanding and measuring performance in the Australian Public Service (APS) should take account of the contribution an individual employee makes to achieving team objectives, the quality of organisational systems that shape workplace performance, and how these interact to produce an organisational outcome.

 Ahead of the Game: Blueprint for the Reform of Australian Government Administration (the APS Reform Blueprint) recommended that the APS strengthen its performance management framework as a central component of improving outcomes.1 In collaboration with agencies, the Australian Public Service Commission (the Commission) has worked to better understand what constitutes good performance in the APS and develop a more comprehensive performance management framework.

This chapter introduces an APS Performance Management Framework, which underpins high performance. It reports on agency and employee perspectives on performance management, including what APS employees consider constitutes good and poor performance.

Chapter 10 also reports on the agency capability reviews that provide a mechanism for better understanding the interaction between people, processes and systems. These reviews identify the key enablers of successful performance in leadership, strategy and delivery which inform performance management.

Performance management in the APS

Over the past decade several reports have examined aspects of performance management in the APS. These demonstrate the ongoing interest in improving performance across the APS.

The Management Advisory Committee (MAC) report, Performance Management in the Australian Public Service—A Strategic Framework, defined performance management as the ‘use of interrelated strategies and activities to improve the performance of individuals, teams and organisations’. Performance management was described as an ‘essential tool’ that ‘provides a means to improve organisational performance by linking and aligning individual, team and organisational objectives and results’. Finally, the MAC report identified three factors that support the operation of a successful performance management system:

• alignment with the outcomes sought by government
• credibility of the system (reducing the gap between rhetoric and reality)
• integration with the overall corporate management structure of the organisation.

This report identifies performance management as an issue traversing every aspect of an agency’s operation from the performance of individual employees through to the implementation of organisational outcomes expected by government. One challenge for public service organisations is that ‘no consistent standard of value has emerged to serve as a reliable guide for governments on their high-performance journey’.

Understanding high performance

The themes of ‘high performance’ and ‘high-performing organisations’ have been a consistent focus for those seeking to enhance performance in both public and private sector organisations. However, the Australian Industry Group’s High Performance Organisations: Maximising Workforce Potential project, funded under the Australian Government Department of Education, Employment and Workplace Relations’ Workforce Innovation Program, highlighted challenges in measuring high performance:

Simple explanations of high performance work organisations belie the fact that it is not easy to measure the things that help organisations achieve high performance. This is not surprising because organisations will have different core business interests, industry origins, ownership and management structures, incentive arrangements and

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organisational cultures. They have varying levels of financial health and access to technology and other resources. These in turn will help determine their capacity to invest in different management and human resource practices.\(^7\)

These challenges apply equally to the APS. Within Australian Government administration, the APS is a core institution represented by more than 168,000 employees in more than 100 agencies. These agencies operate a largely devolved management framework designed to provide government with the ability and flexibility to tackle domestic and global challenges that significantly affect Australia’s strength and prosperity. Within the APS, understanding and measuring the drivers of high performance remains a significant challenge.

The Commission, in collaboration with the Australian National University, the University of Canberra and the University of New South Wales, has developed a three-tier performance management framework. The objective is to devise a strategy and set of principles and practices to assist agencies to better appreciate high performance as a dynamic system and to develop ways to better measure performance at each level within that system.\(^8\)

Figure 8.1 shows the framework’s three tiers: high performance governance, high performance organisation and high performance groups and individuals. Each component is described below the figure.

**Figure 8.1 APS Performance Management Framework**

![Diagram of APS Performance Management Framework]

Source: Strengthening the Performance Framework Project

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1. High performance governance
This tier focuses on the practices that determine the system-wide architecture that enables high performance across government agencies. It includes the practices that contribute to whole-of-APS performance; for example, stewardship and cross-agency collaboration. These practices are central to ensuring that, in terms of performance, longer-term system goals and broader outcomes are considered.

2. High performance organisation
This tier recognises that capabilities are the essential building blocks for achieving the longer-term objectives of a high performance organisation. Consequently, this tier focuses on building and enabling the management capacity necessary for enhancing organisational performance. This includes the:

- identification of organisational goals in relation to their contribution to the overall outcomes of government
- strategic identification of organisational competencies and dynamic capabilities necessary for achieving organisational goals and, ultimately, high performance
- establishment of human resource systems and practices that support and encourage the development of desired competencies and capabilities across an organisation, which lead to desired behaviours (including performance management capacity)
- management and development of groups and individual employees according to required organisational competencies.

3. High performance groups and individuals
This tier focuses on high performing groups and individuals. The effectiveness of the workforce depends on the quality of the governance and organisational systems that support it. Four principles have emerged that can support performance:

- **Adaptability.** Ability of organisations and individuals to anticipate, respond and adapt to changing circumstances.
- **Mutuality.** Emphasis on the need for employees and managers to be mutually responsible and accountable for performance management.
- **Competencies and capabilities.** Understanding the organisation-level requirements and interdependence of competencies and capabilities.
- **Management capacity.** Ability of all managers and employees, at all levels, to undertake performance management effectively.

The three-tier framework will enable the interaction between current practices and processes and best possible practice to be analysed. It will also enable the skills, capabilities and behaviours necessary for a high performance culture to be identified.
Maturity of performance management systems

The Australian National Audit Office (ANAO)\textsuperscript{9} found that performance management systems were not always aligned with agency requirements, integrated with other practices, or supported by the capabilities at supervisory and managerial levels that are necessary for high performance. State of the Service reports have consistently shown that, although agencies have procedures and systems in place, there is room for improvement in performance management.

In the 2010–11 agency survey, APS agencies were asked to indicate their current and required positions on a five-level maturity model\textsuperscript{10} for key capabilities, including performance management. The five maturity levels\textsuperscript{11} are:

- Level 1—awareness
- Level 2—general acceptance
- Level 3—defined
- Level 4—managed
- Level 5—leader/excellence.

Table 8.1 shows the performance management maturity levels reported by agency size for 2010–11. Most small (67%), medium (84%) and large agencies (68%) reported a current position of Level 3—defined, or lower. Most small (51%), medium (50%) and large agencies (45%) reported they need to be at Level 4—managed (a centralised strategic approach) or better to achieve agency goals by 2013–14. This represents a considerable challenge.

Table 8.1 Current and required performance management capability by agency size, 2010–11

<table>
<thead>
<tr>
<th>Performance management capability level</th>
<th>Level 1—awareness</th>
<th>Level 2—general acceptance</th>
<th>Level 3—defined</th>
<th>Level 4—managed</th>
<th>Level 5—leader/excellence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agency size</td>
<td>(% agencies)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Small</td>
<td>0</td>
<td>26</td>
<td>42</td>
<td>23</td>
<td>9</td>
</tr>
<tr>
<td>Current position (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medium</td>
<td>0</td>
<td>34</td>
<td>50</td>
<td>13</td>
<td>3</td>
</tr>
<tr>
<td>Large</td>
<td>5</td>
<td>14</td>
<td>50</td>
<td>27</td>
<td>5</td>
</tr>
<tr>
<td>Required position</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Small</td>
<td>0</td>
<td>0</td>
<td>9</td>
<td>51</td>
<td>40</td>
</tr>
<tr>
<td>Medium</td>
<td>0</td>
<td>0</td>
<td>25</td>
<td>50</td>
<td>25</td>
</tr>
<tr>
<td>Large</td>
<td>0</td>
<td>0</td>
<td>9</td>
<td>45</td>
<td>45</td>
</tr>
</tbody>
</table>

Source: Agency survey 2010–11


\textsuperscript{10} The required positions are the maturity levels assessed by agencies as necessary to achieve their goals within the next three years.

\textsuperscript{11} The five maturity levels for the agency capabilities are defined in Appendix 4 of the State of the Service Report 2010–11, http://www.apsc.gov.au.
Figure 8.2 shows that in 2010–11, 24 agencies (9% of the workforce) reported they were already at a maturity level in their performance management systems that would enable them to achieve agency goals within the next three years. However, most agencies (68) needed to be one or two levels above their current level, with five needing to be at least three levels above their current level.

The majority of agencies recognise that existing performance management systems and processes will not be sufficient to meet future business needs.

However, agencies report that they have the systems and practices in place for effective performance management—business strategies, selection and development processes, and reward and recognition programs. Importantly, the effective alignment and integration of these systems and practices underpins the ability to achieve outcomes.

The 2011–12 agency survey showed that line managers are central to implementing an effective performance management system. Figure 8.3 sets out the systems available in agencies to support line managers to do so. Ninety-two per cent of agencies require all employees to have a formal performance agreement and 93% have a defined timeline for completion of agreement phases. Far fewer agencies rewarded managers for their staff management skills (24%), although this was an increase from last year (19%).
Table 8.2 shows the performance management measures used by APS agencies in 2010–11 and 2011–12. These measures are categorised by formal requirements of the performance management system, the assessment process, rewards and sanctions and evaluation.

Similar to last year, multi-source feedback for managers (21%), and measures to encourage the active management of high performance and talent (40%), were less commonly used for agency-wide performance management. Formal performance appraisal continues to be the most commonly used process for determining agency-wide performance management (95%). Ninety-four per cent of agencies reported linking performance assessment and salary progression, while 25% have a performance bonus scheme for individuals. Forty-nine per cent reported using a non-financial reward and recognition system.
<table>
<thead>
<tr>
<th>Criteria</th>
<th>2011 agency-wide (% agencies)</th>
<th>2012 agency-wide (% agencies)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Formal requirements</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A formal performance appraisal process that is documented and conducted periodically</td>
<td>97</td>
<td>95</td>
</tr>
<tr>
<td>A clear statement of performance expectations derived through discussion with staff</td>
<td>88</td>
<td>88</td>
</tr>
<tr>
<td>Linkages between performance assessment and salary progression</td>
<td>93</td>
<td>94</td>
</tr>
<tr>
<td>Individualised learning and development plans</td>
<td>87</td>
<td>88</td>
</tr>
<tr>
<td><strong>Assessment process</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance appraisals which include key role accountabilities and performance indicators</td>
<td>81</td>
<td>88</td>
</tr>
<tr>
<td>Support and assistance for line managers to develop skills in performance management</td>
<td>72</td>
<td>73</td>
</tr>
<tr>
<td>A performance culture where managers and staff engage in regular feedback and discussion on an informal basis</td>
<td>71</td>
<td>75</td>
</tr>
<tr>
<td>A process to help ensure consistency in assessment</td>
<td>68</td>
<td>68</td>
</tr>
<tr>
<td>Multi-source feedback for managers</td>
<td>19</td>
<td>21</td>
</tr>
<tr>
<td><strong>Rewards and sanctions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Review and reward of groups/teams as well as individuals</td>
<td>45</td>
<td>50</td>
</tr>
<tr>
<td>A reward and recognition system that is not linked to financial rewards</td>
<td>43</td>
<td>49</td>
</tr>
<tr>
<td>Measures that encourage the active management of high performance and talent among employees</td>
<td>35</td>
<td>40</td>
</tr>
<tr>
<td>Measures that encourage the active management of underperforming staff</td>
<td>85</td>
<td>77</td>
</tr>
<tr>
<td><strong>Evaluation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Periodic evaluation of the performance management system</td>
<td>67</td>
<td>74</td>
</tr>
</tbody>
</table>

Source: Agency survey

Evaluation provides an important basis for reviewing and improving agency performance management systems in terms of process, performance outcomes and overall credibility with staff. While there was an increase to 74% in the number of agencies reporting they periodically evaluated their performance management system, only 27% of agencies reported they had formally done so in 2011–12. The evaluations covered the following areas:

- clarity for staff on what constitutes good performance (85%)
- effectiveness in assisting staff to evaluate or improve their own performance (70%)
- absence of bias in performance decisions (41%)
- motivational value of rewards offered (26%).

Fifty-one per cent of agencies reported that managers were not rewarded for superior staff management skills and 22% reported they did not link agency-wide performance indicators for performance management and individual performance agreements for senior managers. Forty-six per cent of agencies reported that they provided performance management training for managers.
Intriguingly there was a decline in agencies with measures in place to ‘encourage active management of underperforming staff’. This proportion fell from 85% last year to 77% in 2012. Further investigation shows that formal performance management systems are widespread in the APS but agencies could improve the effectiveness of their systems in a number of areas.

**Case study: Office of National Assessments (ONA)**

ONA’s Performance Development Framework (PDF) aims to articulate role-specific priorities and align its behavioural and capability expectations with those of the broader APS. Central is the framework’s role in facilitating collegiate discussion between managers and staff, including on staff personal development needs.

In the last cycle of the PDF, ONA identified that the PDF’s four-point performance rating scale was getting in the way of achieving outcomes. The gradients of ‘higher’ performance ratings were determined to be inconsistent with the PDF’s aims and risked becoming a distraction. So the rating scales adopted for the 2011–12 reporting cycle were reduced to two-effective or unsatisfactory. An ‘effective’ performance rating became a prerequisite to pay-point advancement while ‘unsatisfactory’ triggers ONA’s underperformance guidelines.

Discussion is continuing on the process for the 2012–13 reporting cycle. The central focus of ONA’s PDF is discussion between managers and staff. This is key to the PDF’s success.

**Performance management and employee engagement**

Ultimately, a performance management system should result in feedback to the employee that provides specific information on how they can improve or sustain their performance. In 2011–12, 20% of APS employees reported they had not received formal individual performance feedback in the last 12 months.

Figure 8.4 shows there were small but meaningful differences on all employee engagement components, other than agency engagement, between those who had received performance feedback and those who had not. In all cases, employees who had received feedback showed higher levels of engagement than those who had not.

It is important to note that this analysis only considered if feedback was provided. It did not draw a distinction between positive and negative feedback. The analysis shows that small improvements in the effectiveness of the performance management system may have a positive impact on workforce and outcomes in the APS.
However, only 48% of employees agreed that their most recent performance review would help them improve their performance and 16% of employees disagreed it would do so.

This has been a consistent finding of State of the Service reports with the most commonly reported issues this year:

- did not give constructive feedback or identify ways to improve (45%)
- performance reviews are too generic and not tailored to employees or their roles (35%)
- performance review did not appropriately consider career development (31%)
- performance review did not appropriately recognise employees’ level of performance (30%).

Figure 8.5 shows the strong differences on all employee engagement components between employees who agreed their most recent performance agreement would help them improve their performance and those who did not agree it would do so.

Combined, Figure 8.4 and Figure 8.5 show that providing feedback has a positive effect on employee engagement and providing constructive feedback that the employee believes helps to improve performance substantially improves employee engagement. Consequently, improving the quality of feedback provided by managers to employees as part of the performance management process could have a large positive impact on employee engagement.
Employee perceptions of performance management

For the first time, the 2012 employee census asked respondents to indicate the number of employees they had direct performance management responsibility for. Thirty-five per cent indicated they had direct performance management responsibilities and 65% indicated they did not. To some extent this result mirrored the classification of those who responded to the employee census, with APS 1–6 making up the majority of respondents (70%) and Executive Level (EL) and Senior Executive Service (SES) about 30% of respondents.

Employee perceptions of performance management practice

This year, for the first time, employees were asked to provide their views on what is done well and what is done poorly in performance management. They were also asked to identify:

- the behaviours and attributes that constitute good and poor performance in the workplace
- what is required for managers to be more confident in managing performance.

The resulting employee perceptions are described here.

What is done well in performance management?

Table 8.3 summarises the overall key themes and concepts that emerged from the analysis of employee responses to what is done well in performance management. About 12% of APS 1–6 employees commented (7,206 comments), 48% of EL employees commented (11,801 comments), and 74% of SES employees commented (1,226 comments).
Employees were united in their opinion on what is done well in performance management. The strength of the system was overwhelmingly seen to be its formalised, structured nature by which it is compulsory for managers to engage with staff to, among other things, identify learning and development needs.

There was considerable overlap between APS 1–6 and EL staff on the ability to ‘identify training requirements of staff’. APS 1–6 staff valued receiving feedback on performance: ‘Everyone gets the opportunity to have regular feedback sessions’. EL employees indicated ‘good support’ from and for managers, including forms and templates, guides and support material ‘to help the conversation’. SES respondents reported that the formal performance management system is ‘a good system, well supported with policy and advice’, and one that allows for ‘clearly articulated ... messages’ that provide for ‘good outcomes’. SES further reported that the system provides for staff opportunities: ‘staff have a development plan and learning and development program’ and ‘regular and honest feedback’.

Table 8.3  Key themes of employee perceptions of what is done well in performance management, 2011–12

<table>
<thead>
<tr>
<th>APS 1–6</th>
<th>EL</th>
<th>SES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Process, expectations, responsibility and communication are clear and transparent</td>
<td>• Standards articulated • Processes in place • Compulsory communication</td>
<td>• Clear policy, forms and templates • Roles and responsibilities are clearly defined • Support is available</td>
</tr>
<tr>
<td>• Performance standards are clear • Formal and compulsory</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Staff development opportunities are identified and implemented</td>
<td>• Training needs identified • Tailored plans</td>
<td>• Individual development plans</td>
</tr>
<tr>
<td>• Feedback on performance is provided • Gaps in training identified • Regularity of feedback</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Employee census

What is done poorly in performance management?

Table 8.4 shows the key themes of employee perceptions of what is done poorly in the performance management system. About 12% of APS 1–6 employees provided comment (7,472 comments), 50% of EL employees provided comment (12,305 comments), and 73% of SES employees provided comment (1,222 comments). Overall, employees reported that the performance management system is time-consuming and inconsistently applied among managers and across agencies.
Table 8.4  Key themes of employee perceptions of what is done poorly in performance management, 2011–12

<table>
<thead>
<tr>
<th>APS 1–6</th>
<th>EL</th>
<th>SES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Failure to offer constructive advice</td>
<td>• Lack of skills</td>
<td>• Lack of adherence to process</td>
</tr>
<tr>
<td>• Manager produces generic reports</td>
<td>• Manager and staff are remotely located</td>
<td></td>
</tr>
<tr>
<td>• Feedback is not timely</td>
<td>• Manager not familiar with staff or work</td>
<td>• Insufficient practice of performance management skills</td>
</tr>
<tr>
<td></td>
<td>• Lack of knowledge as to ‘how’ to have difficult discussions</td>
<td></td>
</tr>
</tbody>
</table>

Availability of resources

<table>
<thead>
<tr>
<th>APS 1–6</th>
<th>EL</th>
<th>SES</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Extra time needed to manage performance</td>
<td>• Access to specialist advice</td>
<td></td>
</tr>
<tr>
<td>• Lack of support from senior management</td>
<td></td>
<td>• Time-consuming nature of managing performance</td>
</tr>
<tr>
<td>• Lack of time to manage performance and conduct business as usual</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Lack of clear direction and advice</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Balancing staff and agency needs

<table>
<thead>
<tr>
<th>APS 1–6</th>
<th>EL</th>
<th>SES</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Impact on staff</td>
<td>• Impact on agency</td>
<td>• Clarification of agency standards</td>
</tr>
<tr>
<td>• Reluctance to address poor performance</td>
<td></td>
<td>• Time consumed by poor performers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Lack of hard-line standards to rid agency of poor performers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Different views about performance standards</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Potential for perceptions of bullying by managers</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Employee census

Management of underperformance is a core concern for all levels of APS employees. Employees reported that the performance management system is often geared to managing underperformance at the expense of effectively identifying and recognising high-level performance. Other frequently cited concerns were that procedures were not implemented in a timely manner and that managing performance is a time-consuming process that is not adequately accommodated by agencies. Comments illustrating what is done poorly in performance management include:

Some managers don’t spend the time needed and do generic assessments. (APS 1–6)
It is my impression that managers tend to be stretched too thin which limits their time to undertake performance management. (EL)
There can be reluctance to take on the management of under performers as [it is] very time consuming and challenging. (SES)
Perceptions on underperformance in the APS

Despite the attention and effort all agencies have invested in managing underperformance, only 21% of employees agreed their agency dealt with underperformance well while 40% disagreed. These findings contrast with the 65% of employees who agreed their supervisor is effective in managing people and the 73% who agreed they have a good manager.

It is important to note that these findings are employee perceptions. Often staff are not in a position to make factually based assessments on how well or otherwise underperformance is managed. It happens behind closed doors and the results rarely become known to other staff.

Agencies used the following measures in 2011–12 to assist managing underperformance:

- agency-issued guidelines (91%)
- coaching or case management services to assist managers (86%)
- short-term objectives for underperforming individuals (83%)
- guidance on strategies managers can use to foster performance improvement (77%)
- step-by-step instructions or templates to guide managers (69%)
- agency-designed program or system (62%)
- dismissal in cases where performance continues to be unsatisfactory (60%)
- training of managers (46%).

Case study: Managing underperformance

The Department of Agriculture, Fisheries and Forestry’s enterprise agreement specifies that:

Managers where possible will apply informal management techniques when dealing with potential performance management issues by providing regular and open feedback against performance expectations.

The department has established informal processes to assist managers to improve feedback and clearly set expected standards of performance.

Before any formal action is taken on underperformance, the informal processes ensure:

- regular feedback and discussion (on more than one occasion) between managers and employees
- managers have clearly specified to employees, in writing, work expectations and standards
- employees have been given reasonable opportunity to meet work expectations and standards.

In cases where the managers have worked with employees through the informal processes and employees do not improve their performance, managers can ask the department’s performance team for assistance with undertaking formal underperformance action.
Improving the confidence of line managers

In 2004, the Department of the Prime Minister and Cabinet and the ANAO raised concerns about the level of commitment to performance management of immediate supervisors and senior managers. The ANAO was of the view that this level of commitment was making it more difficult to create and embed a culture of high performance and continuous improvement. The ANAO argued that most employees perceived that insufficient priority was given to effective people management skills and that managers displaying such skills were not adequately recognised or rewarded.

The 2012 employee census showed that 80% of managers said they were confident in managing the performance of others. This is in sharp contrast to the virtually 80% of APS employees who did not respond positively when asked if they perceived their agency manages underperformance well. Managers who said they were not confident in managing performance agreed they would be helped through access to training on performance management (51%), improved guidelines on the performance management process (46%) and improved access to advice within their agency (51%).

Good and poor performance in the workplace

This year for the first time all employees were invited to indicate three key behaviours or attributes that represent good and poor performance in their workplace. Table 8.5 summarises the key themes that emerged.

Overall 123,651 responses were received from APS 1–6 employees, 58,606 from EL employees and 4,154 from SES employees. Proportionally, 69% of APS 1–6 employees provided at least one behaviour or attribute, while 80% of EL and 83% of SES provided at least one attribute.

Table 8.5 Employee perceptions of behaviours for good performance by level, 2011–12

<table>
<thead>
<tr>
<th></th>
<th>APS 1–6</th>
<th>EL</th>
<th>SES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Respectful and collaborative working relationships</td>
<td>‘Good’, ‘quality’ or ‘high level’ service to customers</td>
<td>‘Productive’, ‘collegiate’ and ‘collaborative’ relationships</td>
<td></td>
</tr>
<tr>
<td>Knowledge and skills</td>
<td>Subject knowledge</td>
<td>Ability to manage the workload</td>
<td>‘Open’ and ‘effective’ communication</td>
</tr>
<tr>
<td></td>
<td>Technical knowledge</td>
<td>Delivering outcomes</td>
<td>‘Rigour’</td>
</tr>
<tr>
<td></td>
<td>Sharing knowledge</td>
<td>‘Lateral’ or ‘strategic thinking’</td>
<td></td>
</tr>
<tr>
<td>Work ethic</td>
<td>Timely completion of tasks</td>
<td>Good timekeeping</td>
<td>‘Hard working’</td>
</tr>
<tr>
<td></td>
<td>Good timekeeping</td>
<td></td>
<td>‘Diligence’</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>‘Professionalism’</td>
</tr>
</tbody>
</table>

Source: Employee census


For APS 1–6 level employees the key theme that emerged centred on service to customers with employees using words and phrases such as ‘good’, ‘quality’ and ‘high-level’ customer service, as well as ‘customer service focus’. For EL employees, timeliness was a key theme and one reflecting indicators of good performance such as good time management and timeliness. For SES employees, the three key themes were work ethic, communication and collaboration.

What is apparent and different among the three levels is the focus of APS 1–6 employees on service and customers (‘respect for customers’) as indicators of good performance compared to the focus of EL and SES on relationship management and collaboration.

The behaviours and attributes that represent poor performance

Table 8.6 summarises the key themes that emerged from the analysis of behaviours and attributes employees consider constitute poor performance.

<table>
<thead>
<tr>
<th>APS 1–6</th>
<th>EL</th>
<th>SES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of knowledge and skills</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Inability to deliver accurate work</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Inability to work unsupervised</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Poor communication</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Poor leadership</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Inaccurate work</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Poor judgement and risk management</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Poor communication</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Poor stakeholder management</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Poor time management</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Poor work ethic</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Lack of accountability</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Failure to take responsibility</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Lack of commitment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Conflict/disruptive behaviour</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Lack of professionalism</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Lack of commitment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Poor timekeeping</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Poor service delivery</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Poor quality work</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Absence of personal or professional attributes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Negative thinking/comments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Inability to adapt to change</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• ‘Ignorance’ or unreliability</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Inability to provide support</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Harassment and bullying</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Selfishness</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Lack of respect</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Lack of integrity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Non-team player</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Harassment and bullying</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• ‘Taking credit for other’s work’</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Lack of collaboration</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Employee census

The behaviours and attributes most frequently cited by APS 1–6 level employees as indicators of poor performance were lack of enthusiasm or negativity in thinking or behaviour in the workplace, and unprofessional or unreliable behaviour.

The behaviours and attitudes most frequently cited by EL employees were similar, although this level also emphasised poor communication and leadership. ‘Not working as part of a team’, being ‘a non-team player’, ‘laziness’ and individualism ‘at the expense of the team’ were also considered evidence of poor performance in the workplace by EL staff.
Like other employees, SES also described indicators of poor performance in terms of the absence of qualities and behaviours or ‘poor’ behaviours, for example, timekeeping, judgement, communication, teamwork, risk management, service delivery, people skills, stakeholder management, communication and collaboration.

SES respondents had a clear output focus when reporting indicators of poor performance. For example, some APS 1–6 staff spoke about lack of work-related skills and some SES spoke about the nature of work output as an indicator of poor performance.

Overall, APS employees at all levels reported more-or-less the same behaviours and attributes as indicators of poor performance in the workplace. All employees desire respectful, collaborative relationships and ethical behaviour in their work environment. They expect work outcomes that encompass skills, knowledge and thinking as well as quality and reliability of work completed. These issues are at the heart of what APS employees see as indicators of good and poor performance.

**Key chapter findings**

This year’s data provides useful insights into key areas where the APS can improve performance management. Connecting individual agreements to agency outcomes and increasing the performance management capacity of managers are important. Investing in the capability of managers and supporting a performance management culture with specific and constructive feedback regularly provided may pay large dividends in terms of increased productivity of the APS as a whole.

To help drive high performance in the APS, a three-tier performance management framework has been developed. The three tiers are: high performance governance, high performance organisation and high performance groups. The framework provides principles and practices that will assist agencies to better appreciate high performance as a dynamic system and to develop ways to better measure performance at each tier.

In terms of performance management, there is room for agencies to better align systems with their requirements and integrate them with other practices, supported by the necessary capabilities at managerial level. The majority of agencies recognise that existing performance management systems and processes are not sufficient to meet future business needs.

To bridge the gap between performance management rhetoric and reality, and to create a culture which builds agency performance to meet future requirements, sharper focus is needed on performance review discussions. These need to provide useful motivating feedback, which values strong people management skills and better manages both top and poor performers (that is, extremes of performance).
Chapter nine

Workforce bargaining and classification

In 2011–12 most Australian Public Service (APS) agencies negotiated new workplace agreements with their employees. Sixty-four per cent of agencies had enterprise agreements which notionally expired on 30 June 2011. The remainder notionally expired between 1 July 2011 and 30 June 2012. While a small number of agencies settled agreements with their employees before 30 June 2011, the majority negotiated and finalised agreements in 2011–12.

A key policy driver for bargaining in 2011 was *Ahead of the Game: Blueprint for the Reform of Australian Government Administration* (the APS Reform Blueprint). The APS Reform Blueprint cited anecdotal evidence suggesting possible restrictions on mobility across the APS as a result of growing wage disparity which ‘reduced the sense of a unified APS with a strong career structure’.1

The government accepted the recommendations of the APS Reform Blueprint that there should be:

- an APS unified by an enterprise agreement bargaining arrangement that embeds greater consistency in wages and terms and conditions
- work level standards linked to classification structures that ensure fairness through similar remuneration for similar work
- frameworks that establish APS-wide work-level standards and articulate the core skills and competencies required for APS roles.

Dispersion in terms and conditions, particularly remuneration, has been reflected in previous State of the Service reports. In 2007–08, it was reported

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that pay dispersion had increased significantly since bargaining had been devolved to agencies. The 2009–10 data showed that pay dispersion had decreased slightly.

Changes to the APS bargaining arrangements in early 2008 restricted the use of individual instruments to set terms and conditions for non-Senior Executive Service (SES) employees, specifying that with limited exceptions agency enterprise agreements were to be the primary source of terms and conditions.

In September 2009, APS bargaining arrangements were revised again to require agreements negotiated from that time to have a common nominal expiry date of 30 June 2011 and to introduce an APS-wide wages policy. The policy recommended that average annual wage increases provided by agreements should not exceed 3%.

In response to the APS Reform Blueprint recommendations, a revised APS Bargaining Framework began in early 2011. In addition to responding to the ‘One APS’ agenda outlined in the APS Reform Blueprint, the government continued the policy of containing APS wage increases to an average annual 3% increase over the life of new agreements.

The move to more consistent terms and conditions meant many agencies were negotiating to reduce terms and conditions and negotiating smaller wage increases than had previously been offered. This environment resulted in more contested negotiations than the APS had seen for some time.

In light of these recent developments, this chapter examines the employment conditions across the APS, including the most recent round of enterprise bargaining, remuneration outcomes and classification arrangements. The chapter details progress made to date against Reform 6 of the APS Reform Blueprint—clarifying and aligning employment conditions.

### 2011 APS enterprise bargaining round

The 2011 revision of the APS Bargaining Framework continued to support agency level bargaining with employees and representatives. In the APS, bargaining at agency level has allowed agencies to introduce flexible ways of working and new technology, achieve efficiency gains in administration, change workplace culture and cope with labour market pressures for key staff. It has also allowed a substantial degree of flexibility for agencies to meet their own specific operational needs.

To support a more consistent approach across the APS, the APS Bargaining Framework sought the adoption of 23 recommended core terms and conditions, including:

- consistency with the government’s recommended 3% average annual wage increase policy
- general provisions relating to leave such as annual leave, compassionate/bereavement leave, cultural, ceremonial and National Aborigines and Islanders Day Observance Committee leave, Defence Reservist’s leave, community service volunteer leave, long service leave, portability of leave and Christmas close down

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conditions relating to parenting, including maternity leave (such as adoption and foster carer’s leave), paid parental leave and return to work after parental leave
• redeployment, reduction and retrenchment provisions
• provisions around hours of work, including flextime, Executive Level (EL) time off in lieu and flexible working arrangements (such as part-time work)
• consistency with superannuation provisions, including contribution rates
• workplace issues (such as individual flexibility, employee representation and workplace delegates rights, as well as consultation)
• dispute resolution and no extra claims.

In addition, the revised APS Bargaining Framework introduced increased oversight of the agency bargaining processes. This oversight included the requirement for approval of an agency’s bargaining position before bargaining starts and the need for approval of all proposed enterprise agreements by the Minister for the Public Service and Integrity (this approval was delegated to the Australian Public Service Commission (the Commission) where the proposed agreement was consistent with the APS Bargaining Framework).

As at 30 June 2012, the Commission had assessed 125 enterprise agreements for compliance with the APS Bargaining Framework. Subsequently, 92 agencies had voted up enterprise agreements which were then approved by Fair Work Australia. Of these, 64 agencies (representing 22% of APS employees) had an enterprise agreement voted up by employees on their first attempt to do so. Twenty-eight agencies (77% of APS employees) had enterprise agreements initially voted down by employees.

The more challenging bargaining environment saw an increase in the level of industrial action across the APS, with a peak of action occurring in the later part of 2011. Ten agencies faced protected industrial action ballots. Industrial action was taken in eight of these agencies, a situation uncommon in the APS in recent years. Thirteen agencies appeared before Fair Work Australia to resolve bargaining disputes. Key issues during bargaining concerned remuneration, productivity offsets for bonus payments and recommended common terms and conditions.

Despite the difficult bargaining environment, 61% of employees reported they were satisfied with the level of information provided by their agency on their most recent workplace bargaining process. Interestingly, this was a higher level of satisfaction than employees reported with their day-to-day communications within agencies, since 39% of APS employees reported that internal communication within their agency was effective.

Table 9.1 summarises employee satisfaction with agency internal communication, in general and in relation to the most recent workplace bargaining process.
Table 9.1 APS employee view of their agency’s internal communication, 2011–12

<table>
<thead>
<tr>
<th>Type of communication</th>
<th>Agree</th>
<th>Neither agree nor disagree</th>
<th>Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal communication within agency is effective</td>
<td>39</td>
<td>30</td>
<td>32</td>
</tr>
<tr>
<td>Level of information provided by agency on the most recent workplace bargaining process was satisfactory</td>
<td>61</td>
<td>22</td>
<td>18</td>
</tr>
</tbody>
</table>

Source: Employee census

Note: Results do not add up to 100%, due to rounding.

Outcomes of bargaining
There was a high level of compliance with government policy for enterprise agreements bargained during 2011–12. In relation to the remuneration policy, virtually all agencies bargained agreements with average annual wage increases of 3%. In seven cases ministerial approval was obtained for an average annual wage increase of more than 3%. Sound business reasons underpinned each variation. In all but one case the approved increase was under 4%. In three cases the Minister for the Public Service and Integrity did not approve proposals for an average annual wage increase over 3%, as the agencies were unable to provide a convincing business case.

The desired level of consistency was achieved for a number of recommended common terms and conditions (Table 9.2). All agreements now provide at least 14 weeks maternity leave and at least 14 weeks of adoption and foster carer’s leave. Before this bargaining round, there was significant variation in these conditions between agencies. Some agency enterprise agreements only included the 12 weeks of maternity leave provided under the Maternity Leave (Commonwealth Employees) Act 1973. Others did not provide for paid adoption or foster carer’s leave. These changes represent an important step towards greater commonality.

Table 9.2 Employment terms and conditions where commonality was achieved

<table>
<thead>
<tr>
<th>Recommended common terms and conditions where there were no approved exemptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flexible working arrangements (including part-time work)</td>
</tr>
<tr>
<td>Individual flexibility terms</td>
</tr>
<tr>
<td>Employee representation and workplace delegates rights</td>
</tr>
<tr>
<td>Consultation</td>
</tr>
<tr>
<td>Dispute resolution</td>
</tr>
<tr>
<td>No extra claims</td>
</tr>
<tr>
<td>Return to work after paid parental leave</td>
</tr>
<tr>
<td>Maternity leave, including adoption and foster carer’s leave</td>
</tr>
<tr>
<td>Defence Reservist’s leave</td>
</tr>
<tr>
<td>Portability of leave</td>
</tr>
<tr>
<td>Cultural, ceremonial and National Aborigines and Islanders Day Observance Committee leave</td>
</tr>
<tr>
<td>Community service volunteer leave</td>
</tr>
</tbody>
</table>

Source: Australian Public Service Commission
It was difficult for a number of agencies to secure changes that would achieve greater consistency. This was particularly the case where progress meant a reduction in existing terms and conditions. In these cases, although not able to secure agreement to terms wholly aligned with the APS Bargaining Framework, some agencies negotiated progress towards recommended arrangements.

Table 9.3 outlines the cases for which the Minister for the Public Service and Integrity approved terms and conditions differing from recommended common terms and conditions. In these cases only a few exemptions were approved for reasons highly specific to individual agencies. A key example is in paid parental (supporting partner) leave, which previously had not been available in all agencies, but is now available in all but one of the agencies which have negotiated new enterprise agreements.

### Table 9.3 Employment terms and conditions where commonality was generally achieved

<table>
<thead>
<tr>
<th>Recommended common terms and conditions where commonality was generally achieved (five or less approved exemptions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paid parental (supporting partner) leave</td>
</tr>
<tr>
<td>Long service leave</td>
</tr>
<tr>
<td>Public holidays</td>
</tr>
<tr>
<td>Superannuation</td>
</tr>
<tr>
<td>Redeployment, reduction and retrenchment</td>
</tr>
<tr>
<td>Compassionate/bereavement leave</td>
</tr>
</tbody>
</table>

Source: Australian Public Service Commission

Table 9.4 shows the recommended common terms and conditions for which large numbers of exemptions were approved. These exemptions were generally around leave provisions (particularly personal leave) and matters relating to hours of work such as EL time off in lieu provisions. Nevertheless, a number of agencies successfully bargained the recommended common terms and conditions, resulting in more commonality in APS enterprise agreements than existed before the 2011 round of APS bargaining. This was particularly the case for EL flextime arrangements, with more than 20 agencies successfully bargaining the recommended approach for EL time off in lieu.

### Table 9.4 Employment terms and conditions where less commonality was achieved

<table>
<thead>
<tr>
<th>Recommended common terms and conditions where achieving commonality has been more difficult</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal and carer’s leave</td>
</tr>
<tr>
<td>Christmas close down</td>
</tr>
<tr>
<td>Time off in lieu of time worked for EL employees</td>
</tr>
<tr>
<td>Flextime</td>
</tr>
<tr>
<td>Annual leave</td>
</tr>
</tbody>
</table>

Source: Australian Public Service Commission
Agencies addressed the requirement to limit pay rises to an average of 3% a year in different ways. For many the approach was to agree to a straightforward 3% pay increase. Others adopted front-loading of pay rises (paying higher pay rises in the first years of the agreement than in the later years), the use of additional one-off payments justified by specific productivity offsets and changes to remuneration structures. The Commission assessed these measures to ensure they were consistent with government policy. The use of productivity-related payments was subject to enhanced scrutiny to ensure they met the affordability requirements of the APS Bargaining Framework and were underpinned by genuine productivity measures.

**Employee satisfaction with conditions**

Employees expressed a high level of satisfaction with their non-monetary employment conditions. Most employees (80%) agreed with the statement ‘I am satisfied with my non-monetary employment conditions (e.g. leave, flexible work arrangements, other benefits).’ In contrast, less than 10% disagreed with this statement. In the context of enterprise bargaining, employee satisfaction with their terms and conditions has not been significantly impacted by the move towards increased commonality in agency terms and conditions.

**Hours worked and trends over time by classification**

The number of hours worked by employees in the APS in 2012 was similar to that worked in 2011. For a full-time APS 1–6 or EL employee, hours of work are set by individual agency enterprise agreements, with hours of work ranging from 36 hours and 45 minutes to 38 hours a week.

Actual hours of work differ between classifications. Figure 9.1 shows that most APS 1–6 employees surveyed had worked less than 80 hours in the previous fortnight. In contrast, almost 45% of EL employees had worked 80 to less than 100 hours in the previous fortnight. SES employees reported the highest hours of work in the previous fortnight, with almost 90% of SES employees working more than 80 hours in the previous fortnight and 44% reporting having worked more than 100 hours.
Differences in hours worked may be explained by differences in responsibility levels. It should also be noted that it is government policy for APS 1–6 level employees to have access through their agency-level enterprise agreements to flextime schemes, where these employees can take time off on an hour-for-hour basis for additional hours worked. In contrast, EL employees generally have access to time off in lieu, which is by agreement with managers, and not typically on an hour-for-hour basis.

**Employee satisfaction with work-life balance and flexible working conditions**

APS employees generally reported high levels of satisfaction with their work-life balance, and also with access to flexible working arrangements. Employee satisfaction with work-life balance in 2012 was similar to that reported in 2011.

Employee satisfaction with work-life balance differed between classifications. Table 9.5 shows that APS 1–6 employees reported a high level of satisfaction with work-life balance, with almost three-quarters reporting they were satisfied. In contrast, only 57% of SES employees reported they were satisfied with their work-life balance, and 25% reported they were dissatisfied. EL employees were generally (67%) satisfied with their work-life balance, although 18% reported they were dissatisfied. A range of reasons explain this. Not surprisingly, there seems to be a relationship between hours worked in the last fortnight and the level of satisfaction with work-life balance.
Table 9.5 Satisfaction with work-life balance by classification, 2011–12

<table>
<thead>
<tr>
<th>Classification</th>
<th>APS 1–6 (%)</th>
<th>EL 1–2 (%)</th>
<th>SES (%)</th>
<th>Total (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfied</td>
<td>74</td>
<td>67</td>
<td>57</td>
<td>72</td>
</tr>
<tr>
<td>Neither satisfied nor dissatisfied</td>
<td>13</td>
<td>15</td>
<td>19</td>
<td>14</td>
</tr>
<tr>
<td>Dissatisfied</td>
<td>12</td>
<td>18</td>
<td>25</td>
<td>14</td>
</tr>
</tbody>
</table>

Source: Employee census

Employees were asked whether they were satisfied with their ability to access and use flexible working arrangements. This is the first year this was asked so no comparison data is available. Flexible working arrangements cover a broad variety of flexibilities, including access to part-time hours and teleworking arrangements. Most employees (73%) reported they were satisfied with their access to flexible working arrangements. APS 1–6 employees were the most satisfied with these arrangements, with 77% ‘satisfied’, and only 12% ‘dissatisfied’. For EL employees, 64% were ‘satisfied’, as were 57% of SES employees.

Table 9.6 Satisfaction with ability to access and use flexible working arrangements, 2011–12

<table>
<thead>
<tr>
<th></th>
<th>APS 1–6 (%)</th>
<th>EL 1–2 (%)</th>
<th>SES (%)</th>
<th>Total (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfied</td>
<td>77</td>
<td>64</td>
<td>57</td>
<td>73</td>
</tr>
<tr>
<td>Neither satisfied nor dissatisfied</td>
<td>11</td>
<td>17</td>
<td>28</td>
<td>13</td>
</tr>
<tr>
<td>Dissatisfied</td>
<td>12</td>
<td>19</td>
<td>16</td>
<td>14</td>
</tr>
</tbody>
</table>

Source: Employee census

Flexibility initiatives

The government’s National Digital Economy Strategy has set a goal to double Australia’s level of telework so at least 12% of Australian employees have a teleworking arrangement with their employer by 2020. This strategy proposes that the National Broadband Network represents a significant opportunity to realise social, environmental and workforce productivity benefits from teleworking.

The Commission is working with the Department of Broadband, Communications and the Digital Economy to develop a strategy to improve teleworking arrangements and opportunities in the APS.

To support its development, the employee census sought information on current patterns of teleworking in the APS.

Table 9.7 shows that of the APS employees who responded, 2% telework at least one entire day (but less than two entire days) a week, and 2% telework at least two entire days a week.
Table 9.7 Level of teleworking, 2011–12

<table>
<thead>
<tr>
<th>Level of teleworking a week</th>
<th>Employees (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular (at least 2 entire work days)</td>
<td>2</td>
</tr>
<tr>
<td>Semi-regular (at least 1 entire work day but less than 2 entire work days)</td>
<td>2</td>
</tr>
<tr>
<td>Infrequently (less than one entire work day)</td>
<td>11</td>
</tr>
<tr>
<td>None—need to be physically present at workplace</td>
<td>27</td>
</tr>
<tr>
<td>None—technical issues prevent it</td>
<td>7</td>
</tr>
<tr>
<td>Not allowed to—even though work is suitable</td>
<td>12</td>
</tr>
<tr>
<td>None—by choice</td>
<td>9</td>
</tr>
<tr>
<td>None—have not considered possibility</td>
<td>23</td>
</tr>
<tr>
<td>Not sure</td>
<td>8</td>
</tr>
</tbody>
</table>

Source: Employee census

In 2012, 82% of agencies with 100 or more employees¹ reported having formal teleworking arrangements either fully or partially in place and 47% received formal applications in 2011–12 from employees for teleworking on at least two days a week.

Agencies also indicated that the key challenges for the APS in adopting teleworking arrangements are suitability of certain types of work, security issues, work health and safety issues, and performance management issues.

Table 9.8 shows a disparity in the way managers and employees see the nature of work that is suitable for teleworking. It is reasonable to assume that employees applying for teleworking consider that their work is suitable. However, 32% of agencies that received employee applications for teleworking did not approve them because they considered that the nature of work was not suitable.

Other reasons for agencies not approving employee teleworking applications were performance management issues (22%), security concerns (16%) and work health and safety concerns (14%).

¹ Only agencies with 100 or more employees were asked the questions related to general employment measures within their agency.
Table 9.8 Agency reasons for not granting employees’ teleworking applications, 2011–12

<table>
<thead>
<tr>
<th>Reason</th>
<th>Agencies&lt;sup&gt;(a)&lt;/sup&gt;</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>%</td>
</tr>
<tr>
<td>Nature of work not suitable</td>
<td>12</td>
<td>32</td>
</tr>
<tr>
<td>Performance issues</td>
<td>8</td>
<td>22</td>
</tr>
<tr>
<td>Security concerns</td>
<td>6</td>
<td>16</td>
</tr>
<tr>
<td>Workplace health and safety concerns</td>
<td>5</td>
<td>14</td>
</tr>
<tr>
<td>Other</td>
<td>4</td>
<td>11</td>
</tr>
<tr>
<td>Information not available</td>
<td>8</td>
<td>22</td>
</tr>
<tr>
<td>Not applicable—all applications were granted</td>
<td>12</td>
<td>32</td>
</tr>
<tr>
<td>Agencies receiving applications for a regular teleworking arrangement&lt;sup&gt;(c)&lt;/sup&gt;</td>
<td>37</td>
<td></td>
</tr>
</tbody>
</table>

Source: Agency survey

Notes: (a) Agencies were able to nominate more than one reason. (b) Relates only to agencies with 100 or more employees. (c) Regular is defined as at least 2 entire working days a week.

Remuneration

The APS remuneration report provides a snapshot of remuneration information in the APS as at 31 December each year. The 3% wages policy implemented during bargaining had some impact on the outcomes reported in the 2011 APS Remuneration Report<sup>5</sup> but a number of agencies had not completed bargaining at the time data was collected (31 December 2011). In addition the data in this report captures the outcomes of individual arrangements, for example through individual flexibility agreements.

In 2011, the APS remuneration report was produced by the Commission rather than by an external consultant as had occurred since 2001 when the report was first published. As a result, there were a number of changes in the data collection and reporting methodologies. The key change was the inclusion of all employees’ data in the remuneration report. This move to a census removed the need to weight responses. In addition, the 2011 APS Remuneration Report split allowances and bonuses, which previously had been reported as an aggregate. Motor vehicle costs were also calculated differently.

Median salaries

The 2011 APS Remuneration Report captured 154,277 non-SES and 2,695 SES employees’ remuneration data. The overall movement in median base salary for all APS employees from 2010 to 2011 was 2.5%. The movement in median base salary for non-SES classifications for this period was 2.4% and for SES employees it was 4.1%. At the SES classifications there has been a persistent trend of rolling benefits and bonuses into base salary. This trend was apparent across 2007 to 2011. Table 9.9 summarises the key median remuneration components by classification. It also includes general wages constraint across the board.

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<sup>5</sup> For more information: <http://www.apsc.gov.au>.
## Table 9.9 Median key remuneration components summary

<table>
<thead>
<tr>
<th>Classification</th>
<th>Base salary median</th>
<th>Total remuneration package median</th>
<th>Total reward median</th>
</tr>
</thead>
<tbody>
<tr>
<td>Graduate</td>
<td>55,162</td>
<td>63,742</td>
<td>63,742</td>
</tr>
<tr>
<td>APS 1</td>
<td>41,151</td>
<td>47,448</td>
<td>47,682</td>
</tr>
<tr>
<td>APS 2</td>
<td>50,471</td>
<td>58,475</td>
<td>58,519</td>
</tr>
<tr>
<td>APS 3</td>
<td>56,215</td>
<td>65,016</td>
<td>65,555</td>
</tr>
<tr>
<td>APS 4</td>
<td>63,243</td>
<td>72,671</td>
<td>72,697</td>
</tr>
<tr>
<td>APS 5</td>
<td>68,092</td>
<td>79,191</td>
<td>79,794</td>
</tr>
<tr>
<td>APS 6</td>
<td>79,555</td>
<td>92,522</td>
<td>92,975</td>
</tr>
<tr>
<td>EL 1</td>
<td>99,378</td>
<td>115,257</td>
<td>115,630</td>
</tr>
<tr>
<td>EL 2</td>
<td>124,140</td>
<td>145,215</td>
<td>146,277</td>
</tr>
<tr>
<td>SES 1</td>
<td>164,575</td>
<td>216,936</td>
<td>219,464</td>
</tr>
<tr>
<td>SES 2</td>
<td>209,318</td>
<td>272,316</td>
<td>275,656</td>
</tr>
<tr>
<td>SES 3</td>
<td>273,383</td>
<td>343,532</td>
<td>348,652</td>
</tr>
<tr>
<td>Departmental Secretaries</td>
<td></td>
<td></td>
<td>575,000</td>
</tr>
</tbody>
</table>

Source: 2011 APS Remuneration Report

Notes: (a) Total remuneration package includes base salary plus benefits such as superannuation and motor vehicles.
(b) Total reward includes total remuneration package plus bonuses such as performance and retention payments.
(c) As the result of the change to a tiered structure for departmental Secretary remuneration, what is reported is the median total remuneration arrangement (as determined by the Remuneration Tribunal with effect 15 March 2011).

### Salary dispersion

Salary dispersion within the APS has been reported in previous State of the Service reports.

Figure 9.2 shows the difference in the rate of dispersion at each classification level at 1996, end 2010 and end 2011. It shows a significant increase in dispersion between 1996 and 2010. This occurred despite the fact that the 1996 data relates to the entire range (minimum to maximum) while the later reports dispersion between the 5th and 95th percentiles. It shows a significant increase in dispersion between 1996 and 2010. Apart from SES Band 3 there is little change or a slight reduction in dispersion between 2010 and 2011. At the SES Band 3 classification the maximum base salary paid in 2011 was lower than in 2010. However there was an increase at the 95th percentile. The causes for this are not clear.
Figure 9.2  APS base salaries—gap between top and bottom ranges, 1996, 2010 and 2011

Note: The 1996 data is the entire salary range, 2010 and 2011 data is 5th to 95th percentile only.

Figure 9.3 provides a more detailed analysis of pay dispersion patterns between 2010 and 2011 using the 5th to the 95th percentiles. The APS remuneration data indicates that the salaries above the 95th percentile tend to reflect remuneration for relatively specialised people who are more likely to be affected by the circumstances of a specialised external labour market.
In 2010 the greatest dispersion was recorded at the APS 1 and the EL 2 classifications, with those at the 95th percentile paid 39% and 36% more respectively than their colleagues at the 5th percentile. The 2011 data shows dispersion at these classifications decreased with the APS 1 classification at 32% and the EL 2 at 27%. Dispersion in all other non-SES classifications remained unchanged or increased by a maximum of 1%.

Figure 9.3 also provides information on the degree of overlap in remuneration between classification levels. In 2010 there was a small overlap between the 95th percentile and the 5th percentile of the next classification for each of the APS 1 to APS 6 classifications. The overlap ranged from $847 to $2,560. There was no overlap between the APS 6 and EL 1 or the EL 1 and EL 2 classifications. The 2011 results show little change from the 2010 findings, with the overlap ranging from $850 to $2,567. The extent of this overlap would be greater if the full salary range were shown.

Movements in remuneration from year to year do not necessarily reflect changes in remuneration practices or policy. The population at each classification level changes from year to year as employees move between pay points within a pay band and move in and out of different classifications. The Commission is undertaking further work to better understand the underlying drivers of APS remuneration patterns.

The Remuneration Tribunal’s second report on the Review of the Office of Secretary was released in December 2011. It established a new remuneration framework for Secretaries.
and reset the pay relativity between Secretaries and their direct reports to better reflect their respective responsibilities.

An Interim APS Executive Remuneration Management Policy was implemented in May 2012 to more closely manage the pay of the most senior APS employees (typically SES Band 3) and maintain the new pay relativity set by the Remuneration Tribunal. The policy introduced a notional amount as a cap, as recommended by the Remuneration Tribunal, which is a percentage of the base remuneration of the new Secretaries’ classification structure—65% for Associate Secretaries and 60% for Deputy Secretaries and other employees. The Commission will undertake further review of SES remuneration.

The employee census found that more than 66% of employees felt they were fairly remunerated, compared with 2011, when more than 60% of employees reported being satisfied or very satisfied with remuneration. Of the employees who indicated they were considering leaving their current agency, remuneration ranked 12th as the reason for this, a drop from sixth in 2010.

**Individual flexibility arrangements**

The 2011 *APS Remuneration Report* captured the number of individual flexibility arrangements that applied in the APS in 2011. A total of 2,678 individual arrangements were in place. Table 9.10 shows that more than 90% of the individual flexibility arrangements in the APS are between APS 6 and EL classifications, with more than half of arrangements at EL 2 level. The Commission is undertaking further work to understand the use of these arrangements.

**Table 9.10 Individual flexibility arrangements by classification**

<table>
<thead>
<tr>
<th>Classification</th>
<th>Number of individual flexibility arrangements</th>
<th>Percentage of classification covered by an individual flexibility arrangement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Graduate</td>
<td>21</td>
<td>1.3</td>
</tr>
<tr>
<td>APS 1</td>
<td>3</td>
<td>0.2</td>
</tr>
<tr>
<td>APS 2</td>
<td>8</td>
<td>0.2</td>
</tr>
<tr>
<td>APS 3</td>
<td>33</td>
<td>0.2</td>
</tr>
<tr>
<td>APS 4</td>
<td>57</td>
<td>0.2</td>
</tr>
<tr>
<td>APS 5</td>
<td>118</td>
<td>0.6</td>
</tr>
<tr>
<td>APS 6</td>
<td>330</td>
<td>1.0</td>
</tr>
<tr>
<td>EL 1</td>
<td>645</td>
<td>2.3</td>
</tr>
<tr>
<td>EL 2</td>
<td>1,449</td>
<td>11.0</td>
</tr>
<tr>
<td>SES 1</td>
<td>13</td>
<td>0.6</td>
</tr>
<tr>
<td>SES 2</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>SES 3</td>
<td>1</td>
<td>0.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,678</strong></td>
<td><strong>1.7</strong></td>
</tr>
</tbody>
</table>

*Source: 2011 APS Remuneration Report*
Superannuation

Superannuation fund membership information has been important for workforce planning purposes, as the Commonwealth Superannuation Scheme (CSS) may provide a disincentive for its members to work beyond 55 years of age.

Table 9.11 shows that only 6.4% of employees in all classifications are members of the CSS, which closed to new members in 1990, however they represent a significant proportion of the SES workforce—29% of SES Band 1, 40% of SES Band 2, and 48% of SES Band 3 level.

Table 9.11 Number of APS employees by superannuation fund and classification

<table>
<thead>
<tr>
<th>Classification</th>
<th>CSS(a) n</th>
<th>CSS(a) %</th>
<th>PSS(b) n</th>
<th>PSS(b) %</th>
<th>PSSap(c) n</th>
<th>PSSap(c) %</th>
<th>AGEST(d) n</th>
<th>AGEST(d) %</th>
<th>Other n</th>
<th>Other %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Graduate</td>
<td>0</td>
<td>0</td>
<td>12</td>
<td>1</td>
<td>1,481</td>
<td>90</td>
<td>10</td>
<td>1</td>
<td>152</td>
<td>9</td>
</tr>
<tr>
<td>APS 1</td>
<td>51</td>
<td>3</td>
<td>280</td>
<td>14</td>
<td>1,170</td>
<td>60</td>
<td>57</td>
<td>3</td>
<td>394</td>
<td>20</td>
</tr>
<tr>
<td>APS 2</td>
<td>164</td>
<td>4</td>
<td>1,856</td>
<td>44</td>
<td>1,896</td>
<td>44</td>
<td>85</td>
<td>2</td>
<td>271</td>
<td>6</td>
</tr>
<tr>
<td>APS 3</td>
<td>539</td>
<td>3</td>
<td>7,779</td>
<td>40</td>
<td>10,138</td>
<td>52</td>
<td>195</td>
<td>1</td>
<td>1,023</td>
<td>5</td>
</tr>
<tr>
<td>APS 4</td>
<td>865</td>
<td>3</td>
<td>15,523</td>
<td>50</td>
<td>13,259</td>
<td>43</td>
<td>171</td>
<td>1</td>
<td>1,219</td>
<td>4</td>
</tr>
<tr>
<td>APS 5</td>
<td>948</td>
<td>4</td>
<td>10,692</td>
<td>50</td>
<td>8,632</td>
<td>40</td>
<td>174</td>
<td>1</td>
<td>978</td>
<td>5</td>
</tr>
<tr>
<td>APS 6</td>
<td>1,910</td>
<td>6</td>
<td>17,440</td>
<td>54</td>
<td>11,451</td>
<td>35</td>
<td>254</td>
<td>1</td>
<td>1,523</td>
<td>5</td>
</tr>
<tr>
<td>EL 1</td>
<td>2,608</td>
<td>9</td>
<td>18,149</td>
<td>64</td>
<td>6,433</td>
<td>23</td>
<td>214</td>
<td>1</td>
<td>1,102</td>
<td>4</td>
</tr>
<tr>
<td>EL 2</td>
<td>2,154</td>
<td>16</td>
<td>8,697</td>
<td>66</td>
<td>1,722</td>
<td>13</td>
<td>89</td>
<td>1</td>
<td>517</td>
<td>4</td>
</tr>
<tr>
<td>SES 1</td>
<td>583</td>
<td>29</td>
<td>1,236</td>
<td>62</td>
<td>142</td>
<td>7</td>
<td>6</td>
<td>0</td>
<td>38</td>
<td>2</td>
</tr>
<tr>
<td>SES 2</td>
<td>224</td>
<td>40</td>
<td>244</td>
<td>44</td>
<td>62</td>
<td>11</td>
<td>3</td>
<td>1</td>
<td>24</td>
<td>4</td>
</tr>
<tr>
<td>SES 3</td>
<td>64</td>
<td>48</td>
<td>44</td>
<td>33</td>
<td>13</td>
<td>10</td>
<td>2</td>
<td>2</td>
<td>10</td>
<td>8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>10,110</strong></td>
<td><strong>6</strong></td>
<td><strong>81,952</strong></td>
<td><strong>52</strong></td>
<td><strong>56,399</strong></td>
<td><strong>36</strong></td>
<td><strong>1,260</strong></td>
<td><strong>1</strong></td>
<td><strong>7,251</strong></td>
<td><strong>5</strong></td>
</tr>
</tbody>
</table>

Source: 2011 APS Remuneration Report

Notes: (a) Commonwealth Superannuation Scheme  
(b) Public Sector Superannuation Scheme  
(c) Public Sector Superannuation Accumulation Plan  
(d) Australian Government Employees Superannuation Trust

APS classification structures

The APS-wide classification system is identified in the Public Service Classification Rules 2000 (the Classification Rules). This is a framework for classification management arrangements, which identifies 11 approved classification groups.

The common APS classification system was designed to be flexible and accommodate a wide variety of jobs in a diverse range of agencies. Under the APS Bargaining Framework the classification structures in agency agreements must be consistent with the Classification Rules.
Previous State of the Service reports reflected on the changing classification profile of the APS. In 2007–08, data showed that over the previous 15 years there was a ‘dramatic change’ in the classification profile with a significant move to a higher classification profile. The 2011–12 data showed this trend continued (Figure 9.4), with the APS 6 classification the largest in the APS and very strong growth at EL 1 level. While this trend most likely reflects the changing structure and complexity of work in the APS, there is anecdotal evidence that it may be in response to labour market challenges and the need to attract and retain skilled employees.

The SES cap, in place since mid-2010, has been tied to the development of APS-wide SES work-level standards, which have been designed to provide agencies with a solid basis for SES classification decisions through a common benchmark for assessing work value. Draft SES work-level standards have been used by agencies since February 2011 and a final version is expected in early 2013 with a simple evaluation methodology to assist agencies evaluate SES roles. Agencies will be required to evaluate all new roles against the work-level standards before those roles can be filled, and all SES roles must be evaluated before the end of 2014.

Figure 9.4  APS profile, 1993, 2008 and 2012

The Classification Rules require agencies to issue work-level standards and agency heads to allocate a classification level to each role. This year, 68% of relevant APS agencies with 100 or more employees reported they use agency work-level standards fully to determine the classification of new roles (slightly down from 70% last year) and 67% reported using these fully for vacant roles.

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Source: APSED

Note: (a) Training includes all classifications in Schedule 2 of the Public Service Classification Rules 2000.

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7 Only agencies with 100 or more employees were asked the question related to general employment measures in their agency.
In addition to agency work-level standards, 53% of agencies use internal job comparisons fully to determine the classification of new roles and 55% use internal job comparisons fully for vacant roles.

The Classification Rules allow an agency head to allocate more than one classification to a group of duties and combine several classifications into a broadband. This year 76% of agencies had broadbands in their enterprise agreements with 81% of broadbands encompassing two or three classification levels.

**Reviewing APS classification arrangements**

This year the Commission is undertaking a review into the extent to which current classification arrangements and work-level standards continue to meet the needs of agencies and employees.

In line with the APS Reform Blueprint, Recommendation 6.1, the Commission’s review is focusing on the extent to which current classification arrangements:

- support a united APS
- facilitate mobility across the APS
- enable the attraction and retention of high-performing employees
- provide APS employees with appropriate career paths and opportunities.

APS workforce data, contemporary classification practice in the public and private sector, and the results of broad consultation with agencies and unions have contributed to the review. Key issues that have so far emerged during the review include classification management practices, the changing APS classification profile, broadbanding, training classifications, specialist classifications and the suitability of the current eight level APS classification structure. The Commission expects to release review outcomes late in 2012.

**SES classification review**

Strengthened arrangements for managing SES classifications were a key recommendation of the *Review of the Senior Executive Service* report, released publicly in September 2011.

Following consultation with APS agencies and the Secretaries Board, the government agreed to recommendations whereby the Commission and agencies would implement strengthened SES classification management arrangements to ensure the number and composition of SES roles is commensurate with the needs of the government and is responsive to changing circumstances. These new arrangements, including job evaluations of SES roles against service-wide SES work-level standards, will foster greater discipline around the management of SES numbers so agencies can better prioritise and manage their workflows and associated SES requirements.

The Commission has worked with agencies to develop a methodology and workbook to evaluate SES roles against new SES work-level standards. More than 170 agency staff were provided with training in using these supporting materials in May and June 2012.

Since mid-2010 there has been an SES cap in place designed to control growth in SES numbers, with agencies expected to manage their SES staffing within their agreed cap.
The SES cap is not a recruitment freeze. It has succeeded in limiting unnecessary growth in SES numbers, noting that agencies can apply for increases to their approved SES cap in exceptional circumstances.

In 2011–12, the approved SES cap across all agencies increased from 3,008 to 3,039 at 30 June. This increase was mainly due to a number of temporary SES cap roles being approved for new work. The number of SES roles occupied, as defined by the cap, fell slightly throughout the year from 2,820 to 2,817 at 30 June 2012.8

Key chapter findings

In 2011–12 there was progress towards ‘One APS’ with a high level of compliance with the government’s remuneration policy, including the adoption of recommended common terms and conditions.

The bargaining round was not without challenges and as a result there was increased industrial action across the APS in 2011–12. While the bargaining appeared difficult, 61% of employees indicated satisfaction with the level of information provided internally by agencies on their most recent workplace bargaining process, higher than employee agreement that internal communication more broadly was effective.

Generally, APS employees are satisfied with their non-monetary terms and conditions, with less than 10% indicating dissatisfaction. The same is true of employee satisfaction with work-life balance and access to flexible working arrangements.

Remuneration data shows the general wage constraint across the board, with a movement in median base salary between 2010 and 2011 for all APS employees of 2.5%. Despite the wage constraint, nearly two-thirds of employees felt they were fairly remunerated. There has also been a reduction in dispersion at the two non-SES classifications that have historically had the greatest level of dispersion—APS 1 and EL 2 levels.

During 2011–12, a review of APS classification structures was undertaken. The outcomes of this review are expected to be released late in 2012.

For SES employees, the Commission worked with agencies to develop a methodology and workbook to evaluate SES roles against new SES work-level standards. The growth of SES numbers, now subject to scrutiny under the SES cap arrangements, has slowed.

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8 The SES cap includes all ongoing and non-ongoing employees in SES roles for a period of three months or more. The SES cap is monitored monthly. APSED figures include ongoing and non-ongoing SES employees, including those occupying SES-equivalent positions and those on long-term leave. APSED figures exclude SES employees on temporary assignment to SES or SES-equivalent positions.
Chapter ten

Organisational capability

_Ahead of the Game: Blueprint for the Reform of Australian Government Administration_ (the APS Reform Blueprint) recommended that the Australian Public Service Commission (the Commission) conduct periodic external reviews of agency organisational capability with the three pillars of strategy, leadership, and delivery. The capability review program was formally implemented at the beginning of 2012 following a successful pilot phase.

This chapter is divided into two parts. The first part is an overview of the capability review program—scope and early findings. The second focuses on the strategies Australian Public Service (APS) agencies employ to manage in a tightening fiscal environment.

Part 1: Capability reviews—overview of scope and findings

The capability review program provides independent, high-level, forward-looking review of the leadership, strategic and delivery capability of an agency. Each review is led by three eminent senior reviewers, two external to the APS and one at Deputy Secretary level, or equivalent, seconded from an agency outside of the one being reviewed. Review teams work constructively with the agency’s leadership to assist them to better understand their relative strengths and weaknesses, strengthen their continuous improvement agenda, and, over time, improve their effectiveness. A full outline of the capability review model and the review process, including rating criteria, is at Appendix 5.

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Seven agency capability reviews have been completed so far, with more in progress. Three of the completed reviews were pilots conducted in 2011, which informed a report to government in December 2011. The four others were for the Department of the Prime Minister and Cabinet (PM&C), Department of Human Services (DHS), Department of Immigration and Citizenship (DIAC) and Department of Infrastructure and Transport (DIT). Over the next few years, capability reviews will be conducted for remaining portfolio departments and three large agencies, namely, Australian Customs and Border Protection Service, Australian Taxation Office and Australian Bureau of Statistics (ABS).

**Value of capability reviews**

Capability reviews provide individual agencies with a high-level view of their capability, strengths and areas for development. While the findings in the review reports identify the areas needing greater focus, each agency takes ownership for developing and delivering strategies to improve its capability. The priority of strategies is agreed between the agency head and the Public Service Commissioner which ensures the strategies align with the APS-wide approach. This is reflected in this comment provided by an agency following their capability review:

> The action plan will give the department a focal point around which to draw together work already underway to form a cohesive picture of what is happening across the organisation, against which progress can be tracked and reported.

Agency feedback on capability reviews confirms the value of a forward-looking assessment of organisational capability. Agencies recognise that the reviews are not a critique of their performance and consider the findings to be a constructive platform of insights that can be actioned for improvement. The following comment reflects agency feedback on the intent of the capability reviews:

> Public sector agencies are subjected to many reviews and audits these days, some of which, unfortunately, descend into “gotcha” exercises designed only to find fault. It has been very refreshing to work through this exercise in such a positive manner to identify the most important areas where we need to focus in order to continue to deliver the government’s programs in an efficient, effective and professional manner, while at the same time ensuring that we have robust governance and support systems in place to ensure the long term health and sustainability of the department.

A key factor in the success of capability reviews is the level of openness demonstrated by each agency and its staff. This is in part attributed to the credibility of the senior reviewers and the strength of the relationship they develop with the agency’s Secretary and senior executive.

Over time, the capability reviews will provide insight into the capabilities of the APS as a whole and highlight systemic issues to be addressed by APS leadership. The data collected are captured and analysed to draw out themes that are consistent across reviews.

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2 The final reports for these four reviews will be published on the Commission’s website, <http://www.apsc.gov.au>, in conjunction with the State of the Service Report 2011–12.
Completion of more than 23 planned reviews will provide a substantive body of data the Commission will use as a knowledge base to assess and understand APS-wide capability, including where best practice exists and should be shared, as well as systemic development areas. In feedback on the review process Secretaries have said:

… the capability review program is not about penalising agencies or departments but about promoting excellence in public administration.

… will be a better agency for our staff, for our clients and for the government as a result of this capability review. If all agencies have a similar experience over the next few years, then the program will have gone a long way towards achieving the reforms outlined in *Ahead of the Game: Blueprint for the Reform of Australian Government Administration*.

… I welcome the findings of the report, in particular the recognition of our areas of strength as well as those areas for future improvement and growth.

**Assessment process**

In the preparation phase, agencies are asked to self-assess their capabilities using the capability review model. This provides insight into the agency’s own awareness of its strengths and development areas and provides a baseline for discussion.

In the reviews undertaken to date, half of the ratings in the agency’s self-assessments were the same as those in the final capability review reports. Of the ratings that differed, 85% were rated lower in the review report but generally only by one rating. ‘Delivery’ was the only area to receive ratings higher in the review than in the self-assessment. ‘Outcome focused strategy’ showed most discrepancy between the self-assessment and review report, rating lower in six of seven reviews. ‘Motivate people’ was most consistent, rating the same in six of seven reviews.

Figure 10.1 summarises the results for the three pilot reviews and four completed capability reviews against the key elements of the capability model. The table shows marked variation in scores within and across the seven agencies for all capabilities—some agencies are ‘strong’ or ‘well placed’ and others need development. The table also shows the variance between the self-assessment and capability review findings.
### Figure 10.1 Agency capability assessments

<table>
<thead>
<tr>
<th></th>
<th>Strong</th>
<th>Well placed</th>
<th>Development area</th>
<th>Serious concerns</th>
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<tr>
<td><strong>Leadership</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Set direction (L1)</td>
<td>-</td>
<td>3</td>
<td>3</td>
<td>1</td>
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<td>2</td>
<td>4</td>
<td>1</td>
<td>-</td>
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<tr>
<td>Motivate people (L2)</td>
<td>-</td>
<td>6</td>
<td>1</td>
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<tr>
<td></td>
<td>-</td>
<td>7</td>
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<tr>
<td>Develop people (L3)</td>
<td>-</td>
<td>2</td>
<td>4</td>
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<tr>
<td><strong>Strategy</strong></td>
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<tr>
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<td>2</td>
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<tr>
<td>Evidence based choices (S2)</td>
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<td></td>
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<tr>
<td>Collaborate and build common purpose (S3)</td>
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<td>4</td>
<td>3</td>
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<td></td>
<td>1</td>
<td>6</td>
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<tr>
<td><strong>Delivery</strong></td>
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<tr>
<td>Innovative delivery (D1)</td>
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<tr>
<td>Plan, resource and prioritise (D2)</td>
<td>2</td>
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<td>3</td>
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<tr>
<td>Shared commitment and sound delivery models (D3)</td>
<td>1</td>
<td>3</td>
<td>3</td>
<td>-</td>
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<tr>
<td></td>
<td>2</td>
<td>5</td>
<td>-</td>
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<td>Manage performance (D4)</td>
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<tr>
<td></td>
<td>1</td>
<td>2</td>
<td>4</td>
<td>-</td>
</tr>
</tbody>
</table>

Key: Review rating | Self-assessment

Source: Australian Public Service Commission

In interpreting the table it is important to note that ratings are assessed at the organisation level. In a number of cases the agency had business units that were operating at levels higher than the rating given to the agency overall. In these cases, the real value for the agency is the sharing of better practice internally.

Observations from reviews to date are consistent with APS-wide findings from State of the Service reports. The strength of the capability reviews is that they provide an insight into the range of factors contributing to various capability issues. For instance, capability reviews observed that upward elevation of decision-making has been linked to political responsiveness in some agencies and risk aversion in others.
Capability reviews are based on an approach developed in 2005 and successfully applied in the United Kingdom (UK). There have been three rounds of these reviews conducted in the UK. The first round provided a benchmark against which to measure subsequent progress across the civil service. In the UK there has been a progressive improvement in overall ratings as awareness of, and experience in, building organisational capability has grown.

Preliminary findings

With only a few reviews fully completed it is too early to generalise findings across the whole APS. However, some themes are emerging across the three pillars of leadership, strategy and delivery. These are discussed below. These themes will be tested against the findings of the remaining reviews. At this stage, therefore, they are tentative hypotheses, not firm conclusions.

A consistent theme across completed reviews has been the commitment of each agency’s employees to the outcomes of the agency and, more broadly, to the service of the Australian Government and Australian public. All reviews have found that APS employees are intrinsically motivated by the mission of their agency and service to the Australian public. It is also evident that there is a high level of responsiveness of agencies to deliver against changing priorities and shifts of emphasis. Nevertheless, as indicated in Figure 10.1, there are some areas for improvement with these seven agencies. Results are discussed in detail below.

Leadership

Leadership is assessed through the role of each agency’s leadership team in terms of strategy and delivery capability. Strategic leadership drives the reforms necessary to shift culture and practice to meet future challenges. A skilled leadership group has a breadth of experience to deal with complex, multidisciplinary problems. Such a group draws insights and establishes links between policy making and successful implementation.

The leadership pillar focuses on features demonstrating strong strategic leadership for an agile, capable and motivated workforce:

- **Set direction** (L1) assesses how the agency’s vision is communicated, if the agency works effectively across boundaries and endorses a culture of teamwork, and if there is a commitment to continuous improvement, effective change management and overcoming resistance.

- **Motivate people** (L2) assesses if there is a unifying culture that promotes energy, enthusiasm and pride, with outward-looking role models who act with integrity, confidence and self-awareness, and a desire to achieve ambitious results.

- **Develop people** (L3) assesses if the agency is growing the right skills and leadership to deliver its vision, with a transparent and consistent approach to performance management aligned to its strategy. It assesses, for example, if the agency identifies and nurtures talent, has succession plans in place for key positions and fills key capability gaps through people management initiatives.
**Set direction and Motivate people**

Completed capability reviews identified the ability to set direction and create a unifying culture that promotes energy, enthusiasm and pride as strengths for APS leadership. Six of the seven agencies were assessed as ‘well placed’ in one or both of these elements (Figure 10.1). Strong leadership capacity is critical to overall agency performance.

The leadership challenges identified by the preliminary findings include leading and managing organisational change and developing the skills and capability of APS employees.

Leading and managing change was identified as an area for further development, with some agencies failing to deliver on formal change initiatives due to poor upfront planning. Some other issues identified include:

- reason for change not well communicated
- poor appreciation of the need to formally manage change and responsibility for change initiatives not clearly assigned or agreed
- lack of momentum to drive change through to completion.

The APS is not alone in this regard. UK capability reviews also identified leading and managing change as a systemic weakness, noting that some agencies are adopting a more strategic approach to change management, with a focus on improving communication within a sound project management framework. Expertise in change management is often not recognised as a specific skill across the UK Civil Service, which may explain why agencies find it difficult to lead and resource complex change programs.3

**Develop people**

Developing workforce skills and capabilities so APS employees can exercise sound judgement in an environment of increasing ambiguity and uncertainty has long been important. Strategic leadership and management skills are critical in an environment where the APS must respond well and at pace to changing realities and government priorities. Developing the skills and competencies of the workforce is an area where five of the seven agencies require development or had serious concerns (Figure 10.1).

Early indications from the capability reviews completed to date also show that responsibility for management and decision-making is moving further up the hierarchy. This may reflect the complexity of the environment, lack of management skills or lack of critical skills within the Executive Level (EL) or APS 1–6 cohort. Some comments made through the capability reviews that illustrate this are:

- SES (Senior Executive Service) do not delegate enough of their core responsibilities to Executive Level staff. There is a concern that capability gaps will result in insufficient delivery of outcomes. Failure to delegate inhibits the ability of staff to develop critical skills to deliver on SES expectations. This is a cyclical problem.

- The department is not getting the level or quality of output required from EL 2 and 1 employees. It is not clear whether this is because of poor capability or poor delegation or a combination of both.

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The SES is not good at delegation. Despite discussions about this at the SES forum, there has not been much action. There are blockages to development that occur through a cultural view of ‘getting things right’ that prevents people from delegating and developing junior staff …

Understanding the workforce skills required to deliver against today’s challenges, and systematically developing them, is critical to future APS capability. The Commission and agencies are working collaboratively to build leadership skills through the Strategic Centre for Leadership, Learning and Development (the Strategic Centre), which has been tasked to identify and investigate learning and development opportunities that address critical skill gaps. This complements other work in the Commission that is examining strategies for building a performance culture to ensure people are managed effectively, poor performance is tackled rigorously and people at all levels are stretched, challenged and motivated to perform.

Preliminary findings from the capability reviews indicate that in some agencies performance management is inconsistently applied, management of underperformance is weak and skills are limited for assessing and conducting performance management. These observations are supported by the results of the State of the Service agency survey and employee census and outlined in Chapter 8.

The capability reviews noted that workforce planning across many agencies investigated is immature and fails to support business planning and resourcing decisions. A range of issues were identified including:

- absence of well-defined operating models or corporate strategies (underpinned by an evidence base), which means there is little to plan against
- lack of visibility of current capability gaps or future resource requirements across identifiable fields in policy, finance and information and communications technology (ICT)
- lack of identified or nurtured critical job roles
- the perception that the government environment is unpredictable and cannot be planned for.

**Strategy**

Good policy is based on high-quality information, analysis and advice to support decision-making. How well APS agencies set strategy to meet the government’s policy directions is explored through the capability reviews. The reviews assess three important elements for building strategy capability:

- **Outcome focused strategy** (S1) establishes if there is a clearly defined agency strategy and assesses the agency’s ability to collaborate with political leadership to develop and refine the strategy, and provide clarity about what success looks like and when it has been achieved.

- **Evidence based choices** (S2) leads to policies and programs that are customer focused and based on strategic insight. It addresses questions such as: Is the agency vision and strategy informed by timely evidence and identification of future trends? and does the agency evaluate outcomes and draw on lessons learned in the strategy development process?
• **Collaborate and build common purpose (S3)** assesses the agency’s ability to work across government and beyond to address crosscutting issues. It addresses questions such as: Does the agency engage early and learn from stakeholder experiences to align strategies and policies with other agencies, ensuring consistency? and is there common ownership of the strategy with political leaders, partners and citizens?

Initial findings of the capability reviews have identified ‘patchiness’ in policy capability in a number of the agencies which is attributable, at least in part, to:

- a focus on short-term responsiveness to ministers
- the ‘craft’ of policy development not being handed down apprentice-style to the more mobile workforce
- organisational ‘silos’ resulting in advice being developed with minimal internal coordination and external input or review.

**Outcome focused strategy**

Early findings of the capability reviews suggest that establishing a clearly defined strategy to deliver on the agency’s business outcomes may be one weaker area of APS capability, with no assessed agency receiving a ‘strong’ rating.

Specifically, a number of reviews identified a gap between strategic plans and operational business plans. Strategic plans describe an agency’s vision and mission, identifying its focus areas. However, some agencies did not translate strategic vision to operational business plans to provide a platform to support whole-of-agency decision-making in key areas such as strategic workforce planning.

In five of the seven reviews, the effects of this gap contributed to the following issues to varying degrees:

- lack of strategic foresight and ability to prepare for the future
- lack of clarity for employees and, in some cases, external stakeholders on how long-term objectives will be achieved and what the agency’s long and short-term priorities are (in some cases this resulted in poor alignment of operational business plans to strategic objectives which, in turn, led to a disjuncture at individual performance plan level)
- agency business unit failure to respond to shifts in policy or environmental changes, exposing them to risk
- achievement of outcomes not evaluated, resulting in lost opportunity for improvement.

Qualitative comments provided by agencies through capability reviews provide insight into these issues, including these two examples:

The business planning process lacks a reporting framework to monitor progress and to communicate issues to the leadership. It is generally completed out of requirement as opposed to a practical tool to monitor the delivery of branch or divisional outcomes. Branch performance is generally measured by leaders on word of mouth and gut feel. There is a lack of clear line of sight from corporate objectives to divisional, branch, team and individual work plans.
There was very little change in business plans at group level from one year to the next, nor did they link with financial and resourcing decisions.

A more complex and fast-paced environment may be challenging APS capacity to build its long-term strategic capability. This environment is unlikely to become less demanding in the foreseeable future.

One issue identified in a number of capability reviews is that day-to-day operational imperatives take precedence and distract the executive from strategic planning activities. There is a perception that there is little or no time to think and develop longer-term objectives.

**Evidence based choices**

Building strategic policy capability requires developing strategies based on sound evidence. It involves long-term trend analysis, independent research and advice, and broad consultation and stakeholder feedback (including with program users and citizens, where appropriate).

Preliminary findings of capability reviews indicate that a few agencies identified challenges in drawing on a robust evidence base for policy and program design. While these agencies believe that evidence is available, the issue seems to be that staff are not sufficiently aware of what is available or how it can be deployed. They also feel they do not have enough time to bring policy and program design to bear.

**Collaborate and build common purpose**

Building strategic policy capability also requires developing strategies based on collaboration and shared understanding of issues and approaches. Capability review findings show that while four agencies are ‘well placed’ with collaboration and stakeholder management, three need to develop more systematic use of stakeholder management strategies and methodologies to achieve good policy and program outcomes. Indicative qualitative comments from the capability reviews highlight some of these issues:

- There is no established framework or register of stakeholders. Stakeholder management is approached in an ad hoc fashion.
- The report recommended more systematic approach to stakeholders in policy and program development. The stakeholder survey measured quality of relationship not outcome.

Building strategic, long-term policy capability through improved collaboration, a shared understanding of issues and the use of evidence sources is a priority of the APS Reform Blueprint. This is consistent with the early capability review findings and successive State of the Service reports.

**Delivery**

The Australian National Audit Office adverse findings on the Green Loans Scheme⁴ and Home Insulation Program⁵ highlighted the consequences of failing to ensure capability in key business areas, notably with the application of sound governance and project

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management skills. Similarly, the Palmer Report highlighted the importance of delivery capability in the areas of systems and effective processes. This includes administrative systems around ICT and finance, but extends to governance arrangements and HR management systems and processes.

Delivery is the third area investigated by the capability reviews. Delivery focuses on the elements enabling agencies to deliver citizen-focused services:

- **Innovative delivery (D1)** enables appropriate structures, people capacity and enabling systems that are supported by leaders who empower and offer incentives to employees and delivery partners to innovate. It addresses questions such as: Is there an innovation strategy that outlines links with core business?

- **Plan, resource and prioritise (D2)** assesses business planning processes that effectively prioritise and sequence outcome delivery ensuring that delivery plans align with strategy. It assesses the agency’s ability to effectively control resources and apply effective program and project management.

- **Shared commitment and sound delivery models (D3)** assesses if delivery models are clear and well understood to achieve cross-boundary outcomes. It addresses questions such as: Are the agreed roles, responsibilities and accountabilities for delivery of outcomes articulated with stakeholders working together with shared commitment to delivery?

- **Manage performance (D4)** assesses if there is quality performance information and an analytical capability for remedial action. It addresses questions such as: Is the agency developing a performance culture that strives for excellent organisation and delivery systems supported by targets set out in the strategy and business plans?

### Innovative delivery

Preliminary capability review findings indicate that ‘delivery’ is the strongest area of capability in APS agencies, in particular, innovative delivery. Five of seven agencies were rated as ‘strong’ or ‘well placed’ against this capability.

### Plan, resource and prioritise

This delivery capability ensures effective management of programs and services through:

- business planning processes effectively prioritising and sequencing deliverables to focus on delivery of strategic outcomes
- robust delivery plans in place that are consistent and aligned with the agency’s strategy and effectively deliver on strategic outcomes
- maintenance of effective control of the agency’s resources
- effective management and regular review of agency delivery plans.

Preliminary capability review findings indicate that planning, resourcing and prioritising is an area of weakness for some agencies, with four of seven requiring development. Some observations on these include:

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lack of clear baseline provided by strategic business plans
lack of performance information on which to base decisions
limited analytical capabilities to support decisions
immature governance approach and arrangements
lack of clear accountabilities for decision-making.

Shared commitment and sound delivery models
This delivery capability ensures that the models which deliver agency strategic outcomes across boundaries are clear and well understood. This requires identified and agreed roles, responsibilities and accountabilities supported by governance arrangements.

Preliminary capability review findings indicate that four of seven agencies are ‘strong’ or ‘well placed’ on this capability, with three requiring development. These agencies require development in more clearly defining their operating model and interactions across the agency with roles, responsibilities and accountabilities. These accountabilities should be reflected in a strategic corporate plan.

A well-defined operating model facilitates delivery of cross-agency outcomes, supports cross-agency prioritisation and helps reduce duplication and overlap. It also helps promote the role of corporate areas.

Preliminary capability review findings noted that a few agencies have insufficient recognition of their corporate area and the importance HR systems and frameworks have in driving and managing the business. In these agencies, HR systems and frameworks are often seen as a compliance exercise that gets in the way of program priorities rather than as a critical enabling system.

Manage performance
This delivery capability ensures the agency delivers against performance targets to achieve outcomes set in strategy and business plans. This requires high-quality, timely and well-understood performance information which, in turn, allows performance and risk to be tracked and managed across the delivery system.

Preliminary capability review findings indicate that four of seven agencies are ‘strong’ or ‘well placed’ on this capability, with three requiring development.

Over time, capability reviews will provide an APS-wide view of capability, assisting with identifying systematic capability issues and areas of best practice. By being able to point to shortcomings in critical capability, whole-of-government solutions can be developed to achieve long-lasting improvements and address core capability issues.

Summary
The capability review program is in its infancy having completed seven of 23 reviews. The acceptance of the program is evidenced by the willingness of agencies to volunteer to participate, early in the program. Externally the program is well regarded, with potential senior reviewers showing strong interest in participating to gain a better understanding of
the APS and to work with the capability review model. Deputy Secretaries are also willing to participate, even though it is in addition to their current workload.

Capability reviews are an effective approach to identifying strengths and areas for development that will assist the APS to become an exemplary public service.

**Part 2: Strategies to manage in a tightening fiscal environment**

A significant challenge for the APS is the intense pace of work required to keep up with governments that are increasingly driven by the demands of the 21st Century. Often the capacity of APS agencies to focus on long-term issues is overwhelmed by day-to-day demands. In a valedictory address, a former portfolio Secretary stated:

> … the immediate pressure of program and service delivery take priority over long term policy development ...[^7]

The intense pace of work has not abated since this statement was made. If anything it may have increased. Figure 10.2 shows that the majority of APS employees who had been working at the same level for the last five years or more, identified a more complex environment (68%) and greater workload (71%) as the biggest changes over that time.

**Figure 10.2 How work has changed over the last five years, 2011–12**

![Figure 10.2](image)

*Source: Employee census*

Increasing efficiency

This year agencies were asked to identify which demands on agency heads and executive teams had changed over the last three years, and which they expected to change over the next three years. Figure 10.3 shows that senior executives experienced the most significant increase in pressure on their workload in reallocation of resources (55% of responding agencies said this had increased greatly), management of significant change (50%) and setting strategic directions (47%).

Increasing financial pressure faced by government is constraining resourcing levels and accentuating the need to drive greater efficiency in all government operations. The government has committed to hold real growth in spending to 2% a year until the budget returns to surplus. The government has also applied an additional 2.5% efficiency dividend in 2011–12. This dividend is in addition to the existing efficiency dividend of 1.5% per year. A review of the efficiency dividend\(^8\), completed in March 2011 recommended retaining it but improving its flexibility.

Figure 10.3 Workload demands on agency head/executive team time, 2011–12

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Agencies reported they are managing this reduced resourcing by reviewing staffing costs, reviewing business practices and processes, reducing domestic and international travel, reducing the use of consultants and contractors, and reducing printing and publication costs. APS agencies have also been working together to harness combined purchasing power by coordinating the purchase of common goods and services, such as ICT, travel, stationery supplies and property leasing. Specifically:

- better terms have been achieved for the supply of Microsoft products through a Microsoft-volume sourcing arrangement signed in 2009
- supply of desktop hardware and associated services will be provided through a new whole-of-government panel arrangement
- reductions in the number of Australian Government internet gateways have been achieved through an Internet Gateway Reduction Program
- supply of major office machines, such as photocopiers and printers, will be through whole-of-government arrangements
- whole-of-government arrangements on travel, rental cars and accommodation bookings have been negotiated through revised contracts.

Increasingly, the APS is also adopting a more coordinated approach to a range of human capital priorities including leadership development, training and development, recruitment, performance management and diversity. Sharing good practice and taking advantage of economies of scale will leverage improved capability. Recent initiatives include:

- an APS Leadership Development Strategy, developed by the Strategic Centre, is being implemented through a series of new programs
- a community-of-practice to enhance leadership learning and development practice has been established across the APS
- implementation of an enterprise bargaining framework that promotes greater commonality in terms and conditions of employment across the APS
- an APS workforce planning guide and APS job family model have been disseminated by the Commission and training programs developed to build understanding and practice of workforce planning among HR practitioners and business managers
- revised guidelines and policies on the size, capability and work-level standards for the SES have been developed by the Commission in collaboration with agencies
- the As One—APS Disability Employment Strategy has been released with the primary objective to strengthen the APS as a progressive and sustainable employer of people with disability
- the APSjobs online recruitment portal has been upgraded with new APS Recruitment Guidelines and, from 1 July 2012, recruitment advertising moved from print to primarily online.

**Web 2.0 technology**

Developments in Web 2.0 technologies have created opportunities for government to deliver greater efficiency while keeping pace with citizens’ rising expectations about engaging with government and accessing services and information online.
Until recently, activity on the internet was dominated by the use of websites and email (Web 1.0 technology). As commentators have observed, Web 2.0 emerged not as a function of new technology, but because the ubiquity of technology makes new ways of operating and interacting possible. Web 2.0 enables connections and collaborations of all kinds.9

Web 2.0 tools include blogs, wikis and social networking platforms. These types of tools enable communities of interest, with local knowledge or technical expertise, to develop rapidly, build understanding of issues, and ‘crowd source’ to explore and possibly solve problems as they emerge.

Web 2.0 also encompasses the ways in which the internet has become a platform for distributing vast quantities of data and empowered people and organisations to transform data by ‘mashing it up’ (combining it with other data so it becomes useful in new ways).

Thirty-five per cent of APS employees reported having access to Web 2.0 tools in 2011–12. Access varied across type of agency10 with policy agencies most likely to have access (62%) and larger operational agencies the least likely (23%). Figure 10.4 shows the steady increase in the use of Web 2.0 tools for work purposes (from 22% in 2010–11 to 27% in 2011–12).

Figure 10.4  Access to Web 2.0 by APS employees in the workplace, 2010–11 to 2011–12

Most employees who used Web 2.0 tools to carry out work with government stakeholders (68%) and non-government stakeholders (70%) agreed it helped them to do their work more effectively. The most common reasons for this were that it improved their ability to engage with stakeholders (74%), provided ready access to professional or technical information (62%) and improved efficiency of work processes (54%).

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10 See Appendix 2 for agencies considered to be policy, regulatory, smaller operational, larger operational and specialist agencies.
Australian Government departments and agencies have increasingly prioritised work in this area. For example, the Australian Electoral Commission has made online enrolment and postal voting available to more than 15 million voters. More than 30% of enrolment transactions are now done online. Similarly, more than one million people have submitted their tax returns electronically. ABS promoted the 2011 Census through social media. Its census Twitter account has acquired more than 16,000 followers, making it the second-largest Australian Government Twitter account. AusIndustry is helping industry across the country through the use of Facebook, Twitter and online seminars, putting industry in touch with its information and programs.

Agencies are recognising that websites can be used for more than providing information to the public. They can be used for more active engagement with citizens and clients, including through running polls, surveys and public consultations online. The use of software and database applications to manage feedback and complaints from the public is growing in sophistication. For example, the Australian Taxation Office uses such software to capture information from taxpayer disputes, from the audit stage through to the objection stage and finally the litigation stage.

Technology is also increasingly being used to drive internal efficiencies and productivity within the APS. Most agencies have developed web-enabled procurement, document management, travel and other corporate facilities. The use of video-conferencing is increasingly driving down the costs of internal collaboration and training.

Innovation

A culture of innovation and continuous improvement is the key for agencies seeking to reduce expenditure without compromising their operations. The employee census indicates almost half of employees (49%) reported their work group had implemented at least one innovation in the last 12 months. Of the most significant innovations reported by employees:

- 56% changed administrative or organisational processes
- 52% involved the way services are provided
- 35% involved interactions with stakeholders.

Leadership is important to creating a workplace culture that fosters innovation. Eighty-nine per cent of employees reported making suggestions to improve their work area. Of these over two-thirds (66%) reported they had been supported by their managers when suggesting new ideas. Over one-half (51%) also reported their work area had implemented an innovation in the last 12 months. These results are similar to last year.

Secretaries responded to this feedback last year by agreeing to adopt an APS Innovation Action Plan\(^ {11}\), which they and the Commissioner signed. A number of initiatives have been taken as a consequence, including the establishment of a pilot Centre for Excellence in Public Sector Design which works through a network of public, private, community and academic organisations to explore some of the more complex policy issues. Also there have

been a range of specific events designed to showcase and promote innovation including an innovation award in the annual Prime Minister’s Awards for Excellence in Public Service and an innovation week that involved over 1,500 people from 43 APS agencies.

The APS Innovation Action Plan identified how critical innovation is in responding to APS challenges and opportunities, noting that the APS needs to employ the most up-to-date thinking and approaches to deal with increasingly complex issues. To thrive in the continually changing world environment, the APS needs the leadership and mandate to deliver innovative solutions to address multidimensional issues and problems.

Shared services
Smaller agencies, especially, may receive potential cost savings (through economies of scale) by sharing their corporate functions. Collectively, these corporate functions are known as ‘back office’ services and include HR, ICT, finance, procurement and payroll.

However, care is required when pursuing such opportunities. A recent UK National Audit Office report on the efficiency of shared services across government agencies in the UK concluded that while agencies have invested significant cost and effort in implementing shared services, the expected benefits have not been realised. The report noted that services were overly customised and more complex than they needed to be, which limited efficiencies. There were also issues of poor implementation and the software systems used were complex and expensive.

Similar concerns were expressed by the Western Australian Premier in 2011 when he announced that the state government would be dropping its shared services strategy because it was over budget and unlikely to deliver promised savings. These findings were based on the Economic Regulation Authority’s final report on the inquiry into the benefits and costs of providing shared corporate services in the Western Australian public sector. Originally this strategy was designed to provide shared services to 90 government departments and agencies.

While the APS has not mandated an approach to shared services initiatives, 68% of agencies are using shared services to some extent and 6% are in the process of adopting them.

This year agencies were asked about the scope of their shared service arrangements and to identify what has and has not worked.

Figure 10.5 shows the scope and extent of shared services across the APS. ICT is shared by 70% of agencies, property by 51%, payroll services by 47%, HR by 43% and security by 40%. Typically these arrangements involve a smaller agency ‘piggybacking’ on the arrangements of another agency, often (but not always) the portfolio department. Alternatively an agency may outsource provision of these services to a non-government third party.

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13 Premier’s Office, Western Australia, Media release, 7 July 2011.
14 In the case of the Commission, for example, ICT services are provided by DEEWR and PM&C provides payroll services.
Overall, APS agencies agreed that shared services arrangements were working successfully noting that it was important to identify and manage service standards and the allocation of risks. Specific agency comments include:

- Department of Veterans’ Affairs (DVA)—Shared service arrangements met all the objectives, including financial benefits.
- Safe Work Australia—Lesson learned by the agency is that memoranda of understanding need to be constantly monitored and negotiated in great detail.
- Insolvency and Trustee Services Australia—Fully informed and appropriate assessment of options should be considered service-by-service. Ensure business oversight (supported by project management) of any transition encompasses all aspects and needs of operations throughout transition and beyond.
- Office of the Australian Building and Construction Commissioner (ABCC)—Shared ICT services with DEEWR reduces staffing requirements and creates efficiencies and economies of scale.
- Australian War Memorial—DVA provides legal services to the agency which negates the need to maintain an internal legal resource.
- Department of Families, Housing, Community Services and Indigenous Affairs—Due to the size of the department, portfolio bodies that access its Employee Assistance Program under the terms of its contract benefit from a broader program that small organisations rarely have the budget to participate in.
It is likely that the APS will operate in an environment of fiscal restraint in the foreseeable future. With pressure to do more with less, agencies are adopting a broad range of strategies to improve efficiency. Some of these involve working collaboratively with other agencies to harness combined purchasing power for common goods and services, sharing ‘back office’ services and adopting a more coordinated approach to a range of human capital priorities. Sharing of good practice and taking advantage of economies of scale will leverage improved capability. Web 2.0 technology is, for example, being increasingly used to drive internal efficiencies and productivity within the APS.

Even in times of greater fiscal constraint, government policy has to respond to evolving community needs and expectations. As a result, new priorities for government support are identified that must be accommodated within the government’s overall funding envelope. This reinforces the enduring requirement for the APS to look for new ways to improve operational efficiency and support government with advice enabling it to reprioritise activities and programs to make room for emerging and higher priorities. The implementation of such decisions requires confident leadership and the ability to manage change and people.

**Leading and managing change**
A key strength of APS leadership is the ability to set direction and create a unifying culture that promotes energy, enthusiasm and pride. This was reflected in the employee census, with 82% of employees agreeing they have a clear understanding of how their group’s role contributes to their agency’s strategic directions.

Two out of three APS employees reported they had been affected by major workplace change in the last 12 months. Over half (57%) reported being affected by organisational change, such as change in division or branch structure. Yet only 41% of APS employees agree their senior leaders lead and manage organisational change effectively.

Figure 10.6 shows that APS results are similar to the results achieved by public sector agencies internationally (including the UK Civil Service). The APS is also comparable with the UK Civil Service in quality and visibility of agency leadership, although it falls short of private sector benchmarks.
The employee census showed that only 40% of employees agreed ‘in my agency, senior leaders engage with staff on how to respond to future challenges’, with 32% disagreeing. Only 42% of employees reported they were consulted about change.

Good communication is critical to effective change management. This includes identifying the reasons for change and how it will benefit the organisation. Only 38% of employees agreed that communication between senior leaders and other employees is effective. However, 47% of employees from small agencies agree that communication is effective, compared to 37% from large agencies. This also varies across types of agencies\(^{15}\) with 44% of employees from policy agencies agreeing that communication is effective and 35% from larger operational agencies agreeing this is the case.

In the 2011 agency survey, APS agencies were asked to indicate their current change management maturity using a five-level maturity model.\(^{16}\) The five maturity levels are:

- **Level 1**—awareness (increasing recognition of the importance of effective change management to achieving business outcomes)
- **Level 2**—general acceptance (increasing acceptance of the importance of managing change effectively, it continues to be managed in an ad hoc way)
- **Level 3**—defined (there are formal change management tools and practices implemented)
- **Level 4**—managed (a more centralised, strategic approach to change management has evolved)

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\(^{15}\) See Appendix 2 for agencies considered to be policy, regulatory, smaller operational, larger operational and specialist agencies.

Level 5—leader/excellence (change management is continually evaluated and fed into further strategy and policy development).

Figure 10.7 indicates that in 2011 some agencies (25) were already at the maturity level they believed would enable them to achieve agency goals within the following three years. Most agencies (67), however, indicated they plan to shift one or two levels above their current position over the next few years. A handful of agencies (5) plan to be three levels above their current position. Change management capability is an area agencies identified for improvement in the medium-term.

Figure 10.7  Change management capability level

Key chapter findings

The challenge for the APS is to continue to build long-term strategic capability despite immediate fiscal pressures and pressures stemming from operating in a more complex, dynamic operating environment. The capability reviews are an important feedback mechanism for agencies seeking to do so.

The capability reviews provide an independent, high-level, forward-looking review of agency leadership, strategic and delivery capability. Seven capability reviews have been completed with the overall findings reported on in this chapter. Specific reports for four of these capability reviews are available on the Commission’s website at <www.apsc.gov.au>. 

Source: Agency survey 2011
As more capability reviews are completed, the evidence base for the baseline indicators and criteria will strengthen. This will help identify systemic strengths and weaknesses across the APS. At this early stage, preliminary findings of completed capability reviews identify emerging capability gaps. These include the need to:

- strengthen leadership and management skills so the APS can respond effectively and at pace to changing realities and government priorities
- apply a more strategic and considered approach to managing change in the APS
- develop workforce skills and capabilities so employees can exercise sound judgement in an environment of increasing ambiguity and uncertainty
- build strategic, long-term policy capability through improved collaboration, shared understanding of issues and the use of a range of evidence sources
- improve staff performance management systems to drive high performance across the APS.

In time, capability reviews will build an evidence base for identifying systemic strengths and weaknesses in organisational capability across the APS. This will identify where effort needs to be targeted to help build APS institutional capability into the future.

It is likely that the APS will operate in a tight fiscal environment for the foreseeable future. With pressure to do more with less, agencies are adopting a broad range of strategies to improve efficiency. Increasingly, these strategies involve agencies working collaboratively with one another to harness combined purchasing power for common goods and services and sharing ‘back office’ services. Agencies are also adopting a more coordinated approach to a range of human capital priorities and sharing of good practice. In addition Web 2.0 technology is being used to drive internal efficiencies and productivity within the APS.
Appendix one

Workforce trends

This appendix explores time series demographic and structural patterns for Australian Public Service (APS) employees—those employed under the *Public Service Act 1999* (the Act)—at June 2012, and over the past 15 years. The main source of data for the appendix is the APS Employment Database (APSED), which the Australian Public Service Commission (the Commission) maintains. The appendix focuses on overall trends in employment, including size, employment status, sex, classification, occupational groupings, workforce mobility and employee movements. The trends relating to age and to equal employment opportunity groups are discussed in detail in Chapter 5 and Chapter 6, respectively. Data in this appendix refers to the APS at 30 June 2012. Machinery-of-government changes after that date will be reflected in the State of the Service report for 2012–13.

From this year's analysis of employment trends the typical APS employee is a 42-year-old female, with graduate qualifications, working at the APS 6 level. The typical new starter in the APS this year is a 31-year-old female, with graduate qualifications, engaged at the APS 3 level.

**APS employment trends**

There were 168,580 APS employees at June 2012, compared with 166,252 at June 2011. The total number of employees rose by 2,328 or 1.4%, which is

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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 2011–12*. 

...
marginally higher than the 1.1% increase in 2010–11. This increase is consistent with the final Federal Budget position for APS agencies in 2011–12, where there was an estimated actual increase in the average staffing level\(^2\) (ASL) of 1,206.\(^3\)

Excluding coverage changes, the agencies with the largest growth in 2011–12 were the Department of Defence (Defence), which grew by 936 or 4.2%, and the Department of Immigration and Citizenship (DIAC), which grew by 651 or 8.2%. The Department of Industry, Innovation, Science, Research and Tertiary Education (DIISRTE) grew by 1,238 or 34.5%, but this growth was due, in part, to machinery-of-government changes. The Australian Electoral Commission (AEC) grew by 1,126 or 123.3%, but this growth was due to a decision by that agency to employ staff as non-ongoing employees under the Act, rather than under the *Commonwealth Electoral Act 1918*. This change in employment arrangement provides irregular and intermittent employees with coverage under the AEC Enterprise Agreement 2011–14.

Two agencies had large proportional increases: Cancer Australia (41 or 186.4%), due, in part, to a merger with the National Breast and Ovarian Cancer Council (a Commonwealth company) and the National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA) which grew by 32 or 53.3%.

The largest decrease in total employee numbers was in the Department of Education, Employment and Workplace Relations (DEEWR) (1,250 or 22.9%), but this was due, in part, to machinery-of-government changes.

**Coverage changes**

During 2011–12, there were a number of coverage changes as agencies were established, abolished or moved into coverage of the Act.

**Agencies established**

A number of agencies were established during the year including:

- Tertiary Education Quality and Standards Agency (TEQSA), with movement of employees from DEEWR and the Australian Universities Quality Agency
- Clean Energy Regulator (CER) with movement of employees from the Office of the Renewable Energy Regulator (ORER), coupled with certain functions transferring from the Department of Climate Change and Energy Efficiency (DCCEE)
- Australian Commission on Safety and Quality in Health Care, with employees from the Department of Health and Ageing (DoHA)
- Office of the Fair Work Building Industry Inspectorate (FWBC), with employees from Office of the Australian Building and Construction Commissioner (ABCC)
- National Mental Health Commission.

\(^2\) ASL represents the number of full-time equivalent employees receiving salary or wages (total FTE) by the organisation averaged over the financial year.

Agencies abolished
A number of agencies were abolished during the year including:

- Centrelink and Medicare, with employees transferred to the Department of Human Services (DHS)
- ORER, with employees transferred to CER
- ABCC, with employees transferred to FWBC.

Agencies that moved into coverage
A total of 246 employees moved into coverage of the Act during the year—69 to the Australian Skills Quality Authority, 47 to the Australian Institute of Criminology, 31 to Cancer Australia, 30 to Defence, 29 to DEEWR, 15 to the Australian Law Reform Commission, 14 to TEQSA, 9 to the National Film and Sound Archive of Australia and 2 to the Australian Sports Anti-Doping Authority. Four employees moved out of coverage of the Act during the year, from the Department of Finance and Deregulation (Finance) to the Department of Parliamentary Services.

Figure A1.1 shows the change in total APS employee numbers for the past 20 years. The adjusted line takes account of coverage changes in the APS during each year, by adjusting total employee numbers in the APS by the number of employees performing those functions as the function moved into or out of coverage of the Act. Taking into consideration the coverage changes for 2011–12 there was an increase in APS employees of 1.3%.

Figure A1.1  APS employees, 1993 to 2012

Source: APSED
Ongoing and non-ongoing employees

The increase in employment this year was due mostly to growth in non-ongoing employment, coupled with a slight increase in ongoing employment, in both the number and proportion of total employment.

Ongoing employment

At June 2012, there were 154,307 ongoing employees in the APS, an increase of 959 or 0.6% on the previous year. This growth continued the trend that has been evident since 1999–2000, however the growth rate of 0.6% was less than a quarter of the average annual growth rate over this period (3.5%).

The largest increases in ongoing employment were in DIISRTE (1,097 or 34.5%), Defence (1,060 or 4.9%) and DIAC (438 or 6.0%). Smaller agencies with large proportional increases in ongoing employment were Cancer Australia (31 or 221.4%), NOPSEMA (25 or 43.1%) and the Equal Opportunity for Women in the Workplace Agency (EOWA) (13 or 81.3%).

The largest decreases in ongoing employment were in DEEWR (1,232 or 23.2%), DoHA (335 or 6.9%), the Department of the Prime Minister and Cabinet (313 or 31.4%) and the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) (241 or 7.3%).

Non-ongoing employment

The number of non-ongoing employees increased this year to 14,273 at June 2012—an increase of 1,369 or 10.6%. This is in contrast with a decrease in non-ongoing employment of 3.7% in the previous year. The increase in the number of non-ongoing employees from June 2011 is considered high compared with most of the previous decade. At June 2012, non-ongoing employees accounted for 8.5% of total employment.

Non-ongoing employees can be engaged in three categories: specified term; specified task; and irregular or intermittent duties. At June 2012, 58.1% were engaged for a specified term, 3.6% for a specified task and 38.3% for irregular or intermittent duties. There is considerable variation in agencies’ use of these categories.

More than one-third of agencies engage all non-ongoing employees as specified term. In contrast, Finance (89.7%) and the Australian Taxation Office (ATO) (92.3%) engage most non-ongoing employees for irregular or intermittent duties.

Each year there are large shifts in the use of non-ongoing employment in individual agencies, suggesting that agencies are using non-ongoing employment to respond to peaks in workforce demand and the need for specialised skills for specific periods. Smaller agencies are more likely to rely on the use of non-ongoing employees. At June 2012, 24 agencies had at least one-quarter of employees engaged on a non-ongoing basis—one of these was a large agency (AEC), 18 small agencies and the remainder medium-sized.
Figure A1.2 shows how non-ongoing employment has changed in the APS, as a proportion of total employment, over the past 15 years. Between 1999 and 2004 there was a steady decline in non-ongoing employment. Since then, the proportion stabilised at around 8%, increasing to 8.5% at June 2012. The representation rate for women was consistently higher than for men over this period, although the gap between women and men narrowed in the five years to June 2011. At June 2012, 61.0% of non-ongoing employees were women, compared with 57.3% of ongoing employees.

Figure A1.2  Non-ongoing employees as a proportion of total employees, 1998 to 2012

This year, the largest increases in non-ongoing employment were in AEC (1,120 or a ten-fold increase)\(^4\), DIAC (213 or 37.8%), the Department of Agriculture, Fisheries and Forestry (DAFF) (167 or 51.7%), DIISRTE (141 or 34.1%) and the Australian Securities and Investments Commission (ASIC) (121 or 73.3%). The largest decreases in non-ongoing employment were in the Australian Bureau of Statistics (125 or 20.4%), Defence (124 or 19.5%), ATO (120 or 4.4%) and DCCEE (109 or 64.5%).

Agencies with the largest number of non-ongoing employees at June 2012 were the ATO (2,586 or 10.5%), DHS (1,475 or 4.0%) and the AEC (1,236 or 60.6%).

Figure A1.3 shows that the classification profile of non-ongoing employees is concentrated at lower levels. At June 2012, 56.0% of APS 1–2 employees were non-ongoing, compared with only 3.6% of Executive Level (EL) employees and 3.0% of Senior Executive Service (SES) employees. In contrast, 6.3% of SES Band 3s were non-ongoing.

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\(^4\) Growth due to AEC decision to employ staff as non-ongoing employees under the Act, rather than under the *Commonwealth Electoral Act 1918*. 
Figure A1.3 Non-ongoing employees as a proportion of total employees by classification, June 2012

As well as being concentrated at lower classifications, non-ongoing employees have a younger age profile. At June 2012, 20.4% of non-ongoing employees were less than 25 years of age, compared with only 3.6% of ongoing employees. Chapter 5 discusses the APS workforce age profile.

Male and female employment

The long-term growth in representation of women in the APS has plateaued. The number of women increased by 1.4%, from 95,773 to 97,100, while the number of men increased by 1.4%, from 70,479 to 71,480. Despite this, the APS is still quite a feminised workforce; women account for the majority of APS employees—57.3% of ongoing employment and 57.6% of total employment at June 2012. Trends for total employment by sex are shown in Figure A1.4.
There is still considerable variation among agencies in the representation of men and women. Of agencies with at least 1,000 ongoing employees, DHS (71.8%) had the highest proportion of women, followed by DoHA (70.6%). Large agencies with the highest proportion of men were the Bureau of Meteorology (BoM) (74.0%) and Defence (59.7%).

**Part-time employment**

At June 2012, 14.0% of ongoing employees were working part time, up slightly from 13.8% in 2011 which has risen steadily from 4.9% in 1997. The rate of growth was higher for women than for men. Women are still much more likely to work part time, with 21.5% doing so at June 2012, compared with 4.0% of men. The trends over the past 15 years on part-time employment are shown in Figure A1.5.
DHS is the largest employer of part-time ongoing employees in the APS, with 8,651 or 40.0% of the total at June 2012. This group accounts for 24.4% of the ongoing DHS workforce, almost twice the APS average (14.0%). Other agencies with large numbers of part-time employees were ATO (2,488), Defence (1,130), DIAC (982) and DAFF (934).

Non-ongoing employees are much more likely to work part time—45.2% were doing so at June 2012, compared with 14.0% of ongoing employees. The non-ongoing workforce has become increasingly part time over the past decade—in 2002 the proportion was only 21.7%.

Classification structures
To allow comparisons over time, this analysis used substantive or base classification, excluding employees on temporary assignment at a classification that is different to their base classification. Temporary assignment is discussed in detail later in this appendix.

Table A1.1 compares ongoing employee numbers by classification at June 1998, 2011 and 2012. In the past year, numbers rose for trainees, APS 5, APS 6, EL and SES classification levels. While the number of ongoing APS 1 employees decreased by 65 or 6.8%, the overall number of APS 1 employees at June 2012 (895) is still higher in comparison to June 2010 (849), the lowest point over at least the last 20 years.

Classifications that grew the most during 2011–12 were trainees (up by 35 or 13.6%) and EL 1 (up by 1,188 or 4.3%). Agencies that accounted for the greatest employment of trainees included DHS (108), Australian Customs and Border Protection Service (Customs) (66), Defence (56) and BoM (17). The agencies that accounted for most of the employment at the graduate APS classification were ATO (256), Defence (215), DHS (119), DEEWR (78) and DoHA (72). Some agencies engage trainees and graduates at the APS 1–2 and APS 3–4
levels respectively rather than in trainee or graduate classifications, and so variations over time may not necessarily reflect agency use of trainees or graduates more broadly.

In recent years, the strongest growth in ongoing employment was in the EL classifications. This year, the number of EL 1s grew by 4.3% and EL 2s by 2.8%, compared with growth of 0.6% for all ongoing employees. The number of ongoing SES grew by 91 or 3.4%.

The APS 6 classification is now the largest in the APS, with 21.3% of all ongoing employees. This is the second year there have been more employees substantively at the APS 6 classification than at APS 4.

Table A1.1 Ongoing employees by base classification, 1998, 2011 and 2012

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</tr>
<tr>
<td>APS 5</td>
<td>13,317</td>
<td>21,047</td>
<td>21,518</td>
<td>2.2</td>
<td>61.6</td>
</tr>
<tr>
<td>APS 6</td>
<td>16,807</td>
<td>31,978</td>
<td>32,860</td>
<td>2.8</td>
<td>95.5</td>
</tr>
<tr>
<td>EL 1</td>
<td>11,328</td>
<td>27,630</td>
<td>28,818</td>
<td>4.3</td>
<td>154.4</td>
</tr>
<tr>
<td>EL 2</td>
<td>6,745</td>
<td>12,875</td>
<td>13,231</td>
<td>2.8</td>
<td>96.2</td>
</tr>
<tr>
<td>SES 1</td>
<td>1,157</td>
<td>1,993</td>
<td>2,061</td>
<td>3.4</td>
<td>78.1</td>
</tr>
<tr>
<td>SES 2</td>
<td>321</td>
<td>571</td>
<td>590</td>
<td>3.3</td>
<td>83.8</td>
</tr>
<tr>
<td>SES 3</td>
<td>89</td>
<td>131</td>
<td>135</td>
<td>3.1</td>
<td>51.7</td>
</tr>
<tr>
<td>Trainee</td>
<td>624</td>
<td>258</td>
<td>293</td>
<td>13.6</td>
<td>-53.0</td>
</tr>
<tr>
<td>Graduate APS</td>
<td>773</td>
<td>1,554</td>
<td>1,355</td>
<td>-12.8</td>
<td>75.3</td>
</tr>
<tr>
<td>Total</td>
<td>108,527</td>
<td>153,348</td>
<td>154,307</td>
<td>0.6</td>
<td>42.2</td>
</tr>
</tbody>
</table>

Source: APSED

Over the past 15 years there has been a consistent and strong shift in the classification profile of the APS, with a decline in the proportion of employees at APS 1–2 levels (down 14.1 percentage points) and increases at APS 5–6 levels (up by 7.5 percentage points) and ELs (up by 10.6 percentage points). As a proportion of all ongoing employees, the SES increased from 1.4% at June 1998 to 1.8% at June 2012.

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 fell from 14.8 employees at lower classifications for each EL 2 to 10.5. As expected, the ratio among agencies varies considerably based on the type of

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5 In 1998, 103 ongoing employees were employed in other classifications. These are included in the total for that year.
work. At June 2012, in agencies with at least 1,000 ongoing employees, the ratio varied from 30.5 in DHS to 2.8 in ASIC.

This trend towards a higher classification profile at least partly 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 less complex functions over time.

**Temporary assignment**

At June 2012, 13,749 or 8.9% of all ongoing employees were on temporary assignment, usually at a higher classification. Of this group, APS 6 (27.6%) represented the highest proportion, followed by APS 5 (23.8%) and then EL 1 (23.4%). 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 some point in time.

As most employees on temporary assignment are performing duties at a higher classification, including temporary assignment in any analysis of classification would skew the profile slightly away from lower classifications and towards higher classifications. For example, using base classification, 4,457 employees were at APS 1–2 levels (2.9% of all ongoing employees), but this declined to 4,017 (2.6% of all ongoing employees) when temporary assignment was included. Similarly, the size of the SES increased from 2,786 (1.8% of all ongoing employees) to 3,124 (2.0%) when temporary assignment was included.

Women are more likely than men to be on temporary assignment—60.9% of ongoing employees on temporary assignment at June 2012 were women, compared with the overall representation of 57.3%.

**Educational qualifications**

APSED data, while incomplete, shows that 58.5% of ongoing employees have graduate qualifications, up from 57.8% last year. The proportion is higher for men than for women (62.7% compared with 55.1%).

Over time, there has been a steady increase in the proportion of APS employees with graduate qualifications. During 2011–12, 72.8% of those engaged had graduate qualifications. This was a slight increase on the previous year (71.1%), but considerably higher than the proportion 15 years ago (63.0% in 1997–98).

**Workforce mobility**

Workforce mobility ensures that people can readily move across the APS and, in doing so, help build a richer base of skills, ideas and experience at all levels. Workforce mobility also enables employees to be easily deployed to meet shifting priorities.

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6 The method used to calculate the proportion of employees with graduate qualifications includes those with qualifications at bachelor degree 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. At June 2012, 45.6% of ongoing employees had no educational qualification data on APSED.
Mobility within the APS

Figure A1.6 shows how mobility\(^7\) between agencies varied over the past 10 years, with periods of decline, stability and growth. During 2011–12, the overall mobility rate (2.4%) fell after a sharp rise the previous year—the promotion rate was 0.8%, and the transfer rate 1.7%. The promotion rate dropped very slightly from the previous year, while the transfer rate saw a larger decrease. Over the 10 years shown in Figure A1.6, the transfer rate was about double the promotion rate, with more variability. It more than doubled in the last 10 years.

Figure A1.6  Ongoing employees—promotion and transfer rates between agencies, 2002–03 to 2011–12

Mobility has consistently been higher for women than for men. During 2011–12, the mobility rate was 2.5% for women and 2.2% for men (down from 2.9% and 2.5% respectively during 2010–11).

In general, mobility between agencies is higher at higher classifications, particularly so for women in the SES with a mobility rate of 6.6%. The mobility rate for SES was 5.6%, down slightly from 6.3% the previous year. Mobility for ELs was 3.8% (down from 4.6% in 2010–11) and 1.8% for APS classifications (down from 2.0% in 2010–11).

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\(^7\) Mobility rates are calculated as the number of promotions or ongoing transfers between agencies during the financial year, divided by the average number of employees at the beginning and end of the financial year. Movements due to machinery-of-government changes are not included in the calculation.
Experience across agencies

A number of reports, including *Ahead of the Game: Blueprint for the Reform of Australian Government Administration* (the APS Reform Blueprint), have noted the importance of ensuring depth of experience and exposure to diverse work experiences, including exposure to policy development and service delivery roles for all classifications, particularly the SES.

One way of measuring breadth of experience is by looking at the number of agencies APS employees have worked in. Table A1.2 shows this by classification group at June 2012 and compares it with data for June 1998. The table shows a decline in the number of agencies worked in for all classification groups in the past 15 years. However, when compared with the overall trend of the past 15 years—not shown in this table—the total percentages for 2012 for the number of agencies worked in is consistent with the 15-year average.

As expected, the number of agencies worked in increases at higher classification levels, similar to mobility between agencies. Just over one-third of current SES worked in only one agency (36.5%) compared with 58.0% of ELs and 76.5% of APS 1–6 employees. Almost one-quarter of SES (22.8%) worked in four or more agencies, compared with 8.7% of ELs and 2.1% of APS 1–6 employees.

Table A1.2 Ongoing employees—number of agencies worked in, 1998 and 2012

<table>
<thead>
<tr>
<th>Classification</th>
<th>One agency</th>
<th>2–3 agencies</th>
<th>4 or more agencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>APS</td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>EL</td>
<td>70.2</td>
<td>76.5</td>
<td>26.3</td>
</tr>
<tr>
<td>SES</td>
<td>49.9</td>
<td>58.0</td>
<td>36.6</td>
</tr>
<tr>
<td>Total</td>
<td>30.4</td>
<td>36.5</td>
<td>43.1</td>
</tr>
</tbody>
</table>

Source: APSED

Length of service

The median length of service for ongoing employees in the APS at June 2012 was 8.8 years, up from 8.5 years at June 2011.

Figure A1.7 shows that the proportion of ongoing employees with fewer than five years’ service dropped, reflecting the lower levels of engagement of new employees over the past few years. At June 2012, 27.3% of employees were in this group, compared with around 35% for much of the past decade. The proportion with 30 or more years’ service remained steady, and was 4.7% at June 2012, a slight increase from last year (4.5%).

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8 Only promotions and transfers between agencies are included in this analysis. Moves due to machinery-of-government changes are excluded.

Length at level
The median length at level for all ongoing employees was 4.5 years at June 2012, up from 4.0 years at June 2011. Fifteen years ago the median was 4.4 years for all ongoing employees. For the SES, the median length at level was 4.6 years at June 2012, down from 5.2 years in 1998. For ELs, it was 4.7 years, down from 5.7 years.

Re-engagement and prior service in the APS
Of the 11,258 ongoing engagements during 2011–12, 1,560 (13.9%) previously worked in the APS as ongoing employees. Twelve per cent of those engagements at the APS 1–6 level had prior service as did 32.5% of engaged EL 1–2 and 38.6% of engaged SES. Almost one-third (434) of ongoing engagements were re-engaged by the agency in which they previously worked. The median length of service prior to re-engagement was 5.3 years.

A total of 4,135 ongoing engagements (36.7%) previously worked as non-ongoing employees in the APS. Of these, 3,263 (78.9%) were engaged by the same agency in which they had been employed previously. This demonstrates that 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 re-engagement as an ongoing employee during 2011–12 was 1.1 years. A total of 4,858 (43.2% of all ongoing engagements) had some experience in the APS—ongoing, non-ongoing or both.

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10 Median length at level includes prior ongoing and non-ongoing service at the same level undertaken before the current period of employment. Periods of temporary assignment are excluded.

11 Non-ongoing employment experience gained before July 1999 is not recorded on APSED, and is excluded from this analysis.
Of the 14,273 non-ongoing employees at June 2012, 2,439 or 17.1% previously worked in the APS as ongoing employees. The proportion with this prior experience increased with level up to EL 2, where 44.9% of non-ongoing employees previously worked as ongoing employees. For non-ongoing SES, the proportion was 36.8%. Previous ongoing experience was also relatively high among older non-ongoing employees—41.3% of those in the 55–59 year age group and 41.6% of those in the 60 years of age and older group.

**Location**

More than 40% of APS employees (40.8% of ongoing and 40.1% of all) are located in the Australian Capital Territory (ACT). This proportion has risen steadily for many years—in 1998, for example, 33.3% of ongoing employees were based in the ACT.

The proportion of employees located in the ACT increases at higher classifications. For example, at June 2012, 62.3% of all ongoing EL employees and 76.8% of all ongoing SES were in the ACT, compared with 20.1% of APS 1–2 and 17.6% of APS 3–4. Table A1.3 shows the classification profile, by location, for ongoing employees at June 2012.

<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>OS</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>APS 1–2</td>
<td>20.1</td>
<td>26.2</td>
<td>18.2</td>
<td>15.1</td>
<td>8.7</td>
<td>5.9</td>
<td>2.7</td>
<td>3.1</td>
<td>0.1</td>
<td>100.0</td>
</tr>
<tr>
<td>APS 3–4</td>
<td>17.6</td>
<td>26.4</td>
<td>21.0</td>
<td>15.3</td>
<td>7.0</td>
<td>7.0</td>
<td>3.9</td>
<td>1.8</td>
<td>0.1</td>
<td>100.0</td>
</tr>
<tr>
<td>APS 5–6</td>
<td>44.2</td>
<td>16.2</td>
<td>15.4</td>
<td>9.9</td>
<td>6.0</td>
<td>4.3</td>
<td>1.8</td>
<td>1.6</td>
<td>0.7</td>
<td>100.0</td>
</tr>
<tr>
<td>EL</td>
<td>62.3</td>
<td>10.1</td>
<td>11.2</td>
<td>6.0</td>
<td>4.5</td>
<td>2.3</td>
<td>0.9</td>
<td>0.7</td>
<td>1.9</td>
<td>100.0</td>
</tr>
<tr>
<td>SES</td>
<td>76.8</td>
<td>5.8</td>
<td>6.3</td>
<td>2.6</td>
<td>1.3</td>
<td>0.9</td>
<td>0.4</td>
<td>0.4</td>
<td>5.3</td>
<td>100.0</td>
</tr>
<tr>
<td>Trainee/Graduate APS</td>
<td>66.6</td>
<td>7.5</td>
<td>10.0</td>
<td>8.4</td>
<td>2.7</td>
<td>2.4</td>
<td>0.8</td>
<td>1.0</td>
<td>0.1</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>40.8</strong></td>
<td><strong>17.8</strong></td>
<td><strong>15.9</strong></td>
<td><strong>10.5</strong></td>
<td><strong>5.9</strong></td>
<td><strong>4.6</strong></td>
<td><strong>2.2</strong></td>
<td><strong>1.5</strong></td>
<td><strong>0.9</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Source: APSED

Although the APS is centred in the ACT, there is considerable variation among agencies in the level of employment inside and outside the ACT. At June 2012, 31 out of 104 agencies had all of their ongoing employees in the ACT, 12 had none and 27 had less than one-third. Large agencies with less than one-third included AEC (31.8%), Customs (30.6%), Department of Veterans’ Affairs (30.0%), DHS (19.7%), BoM (4.7%) and ASIC (1.1%).

Each year, a substantial number of APS employees relocate interstate and overseas. During 2011–12, 6,983 ongoing employees relocated, through promotion or transfer. There were net moves away from the ACT of 43 employees, the Northern Territory (65) and Tasmania (6), with net moves to Western Australia (89), Queensland (69), Victoria (51) and New South Wales (33).
Engagements and separations

During 2011–12, there were 11,258 engagements and 10,213 separations of ongoing employees. The number of engagements included 213 ongoing employees who moved into coverage of the Act. Engagements decreased by 12.2% from the previous year and separations decreased by 2.2%. Figure A1.8 shows ongoing engagements and separations as a proportion of all ongoing employees for the past 15 years. It indicates that the separation rate was relatively steady for the past 12 years.

**Figure A1.8  Ongoing engagement and separation rates, 1997–98 to 2011–12**

![Graph showing ongoing engagement and separation rates from 1997-98 to 2011-12](image)

Source: APSED

Engagements

During 2011–12, the overall number of engagements decreased by 12.2%, after increasing by 24.3% in 2010–11. This year there were increases in engagements at the APS 5, SES 1, SES 2 and SES 3 classifications. Figure A1.9 shows the strongest growth was at higher classification levels, particularly SES 1–3, although that growth was within the agreed SES cap. Engagements of graduate APS employees fell 13.5% from 2010–11.

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12 The SES cap sets an approved upper limit on the number of SES employees that each APS agency can staff. The SES cap is monitored on a monthly basis to ensure agencies are operating within it.
Women accounted for 54.5% of all ongoing engagements during 2010–11, compared with 57.3% of all ongoing employees at June 2012.

Figure A1.10 shows engagements fell in the under 25, 25–34 and 45–55 years age groups. The 55 years and over age group increased slightly in proportional terms (0.3%) after decreasing in 2010–11 by 0.2%. Over the past 15 years, this age group increased from 1.3% of all ongoing engagements to 5.4% in 2010–11. The median age of engagements in 2011–12 was 31 years (32 years for men and 30 years for women).
Defence (2,252 or 20.0%), DHS (1,248 or 11.1%) and ATO (890 or 7.9%) accounted for more than one-third of all engagements during 2011–12. These agencies also accounted for more than half the proportion of ongoing employees.

Mobility between the APS and the broader labour market can be gauged by measuring the proportion of external engagements (from outside the APS) as a proportion of total engagements and promotions. During 2011–12, 43.5% of these employment opportunities were filled by engagement—a decrease from the previous year (44.2%). Of SES employment opportunities, 24.1% were filled by engagement—an increase from the previous year (19.3%). Promotions within an agency accounted for 92.1% of all APS promotions, down slightly from 92.2% in 2010–11.

**Separations**

There were 10,213 separations of ongoing employees during 2011–12, a decrease of 2.2% on the 10,448 separations the previous year. The overall separation rate from the APS was 6.6%, down slightly from 6.9% during 2010–11.

Resignations accounted for approximately half of separations during the year, but fell in proportional terms from previous years. The strongest growth in separations was in retrenchments, which increased by 21.3%, from 1,801 to 2,184. The number of terminations fell by 2.7%, from 187 to 182.

Women accounted for 56.2% of all ongoing separations from the APS during 2011–12, up from 55.1% the previous year, and lower than their overall representation in the APS (57.3% of ongoing employees at June 2012).

The agencies with the largest number of ongoing separations from the APS during the year were DHS (1,918), Defence (1,314) and ATO (1,050). These three agencies accounted for 41.9% of all ongoing separations, somewhat lower than their combined 52.1% of ongoing APS employment.

From an agency perspective the separation rate provides the total loss of employees from the agency. This includes what is known as the agency exit rate—separations from the APS as well as promotions and transfers to other agencies.\(^\text{13}\) Of agencies with 1,000 or more ongoing employees at June 2012, those with the highest exit rates were Attorney-General’s Department (18.7%), FaHCSIA (17.7%), Department of the Treasury (17.0%) and DEEWR (16.4%).

\(^\text{13}\) Movements between agencies due to machinery-of-government changes are not included in the exit rate.
### Appendix two

#### APS agencies
(or semi-autonomous parts of agencies)

<table>
<thead>
<tr>
<th>Agency</th>
<th>Total APS employees as at 4/5/12</th>
<th>Function¹</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Large agencies with &gt; 1,000 APS employees</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attorney-General’s Department</td>
<td>1,651</td>
<td>Policy</td>
</tr>
<tr>
<td>Australian Agency for International Development</td>
<td>1,514</td>
<td>Policy</td>
</tr>
<tr>
<td>Australian Bureau of Statistics</td>
<td>4,105</td>
<td>Specialist</td>
</tr>
<tr>
<td>Australian Customs and Border Protection Service</td>
<td>5,696</td>
<td>Larger operational</td>
</tr>
<tr>
<td>Australian Electoral Commission</td>
<td>1,812</td>
<td>Larger operational</td>
</tr>
<tr>
<td>Australian Securities and Investments Commission</td>
<td>1,996</td>
<td>Regulatory</td>
</tr>
<tr>
<td>Australian Taxation Office</td>
<td>24,274</td>
<td>Larger operational</td>
</tr>
<tr>
<td>Bureau of Meteorology</td>
<td>1,795</td>
<td>Larger operational</td>
</tr>
<tr>
<td>Department of Agriculture, Fisheries and Forestry</td>
<td>5,281</td>
<td>Larger operational</td>
</tr>
<tr>
<td>Department of Defence</td>
<td>23,389</td>
<td>Larger operational</td>
</tr>
<tr>
<td>Department of Education, Employment and Workplace Relations</td>
<td>4,479</td>
<td>Policy</td>
</tr>
<tr>
<td>Department of Families, Housing, Community Services and Indigenous Affairs</td>
<td>3,089</td>
<td>Policy</td>
</tr>
<tr>
<td>Department of Finance and Deregulation</td>
<td>2,046</td>
<td>Policy</td>
</tr>
<tr>
<td>Department of Foreign Affairs and Trade</td>
<td>3,390</td>
<td>Policy</td>
</tr>
<tr>
<td>Department of Health and Ageing</td>
<td>5,223</td>
<td>Policy</td>
</tr>
<tr>
<td>Department of Human Services</td>
<td>36,901</td>
<td>Larger operational</td>
</tr>
<tr>
<td>Department of Immigration and Citizenship</td>
<td>8,504</td>
<td>Larger operational</td>
</tr>
</tbody>
</table>

¹ Agencies are grouped into five categories: larger operational, smaller operational, policy, specialist and regulatory. See Appendix 3 for more information on clustering of agencies by primary function for benchmarking purposes.
<table>
<thead>
<tr>
<th>Agency</th>
<th>Total APS employees as at 4/5/12</th>
<th>Function</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Industry, Innovation, Science, Research and Tertiary Education</td>
<td>3,680</td>
<td>Policy</td>
</tr>
<tr>
<td>Department of Infrastructure and Transport</td>
<td>1,044</td>
<td>Policy</td>
</tr>
<tr>
<td>Department of Sustainability, Environment, Water, Population and Communities</td>
<td>3,129</td>
<td>Policy</td>
</tr>
<tr>
<td>Department of the Treasury</td>
<td>1,130</td>
<td>Policy</td>
</tr>
<tr>
<td>Department of Veterans’ Affairs</td>
<td>2,164</td>
<td>Larger operational</td>
</tr>
<tr>
<td>IP Australia</td>
<td>1,092</td>
<td>Larger operational</td>
</tr>
</tbody>
</table>

**Medium agencies with 251–1,000 APS employees**

<table>
<thead>
<tr>
<th>Agency</th>
<th>Total APS employees as at 4/5/12</th>
<th>Function</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aboriginal Hostels Limited</td>
<td>580</td>
<td>Smaller operational</td>
</tr>
<tr>
<td>Australian Communications and Media Authority</td>
<td>612</td>
<td>Regulatory</td>
</tr>
<tr>
<td>Australian Competition and Consumer Commission</td>
<td>915</td>
<td>Regulatory</td>
</tr>
<tr>
<td>Australian Crime Commission</td>
<td>599</td>
<td>Smaller operational</td>
</tr>
<tr>
<td>Australian Institute of Health and Welfare</td>
<td>382</td>
<td>Specialist</td>
</tr>
<tr>
<td>Australian National Audit Office</td>
<td>372</td>
<td>Specialist</td>
</tr>
<tr>
<td>Australian Public Service Commission</td>
<td>362</td>
<td>Policy</td>
</tr>
<tr>
<td>Australian Trade Commission</td>
<td>512</td>
<td>Smaller operational</td>
</tr>
<tr>
<td>Australian Transaction Reports and Analysis Centre</td>
<td>341</td>
<td>Regulatory</td>
</tr>
<tr>
<td>Australian War Memorial</td>
<td>309</td>
<td>Specialist</td>
</tr>
<tr>
<td>Clean Energy Regulator&lt;sup&gt;2&lt;/sup&gt;</td>
<td>300</td>
<td>Regulatory</td>
</tr>
<tr>
<td>Comcare</td>
<td>686</td>
<td>Smaller operational</td>
</tr>
<tr>
<td>ComSuper</td>
<td>484</td>
<td>Smaller operational</td>
</tr>
<tr>
<td>Defence Housing Australia</td>
<td>620</td>
<td>Smaller operational</td>
</tr>
<tr>
<td>Department of Broadband, Communications and the Digital Economy</td>
<td>728</td>
<td>Policy</td>
</tr>
<tr>
<td>Department of Climate Change and Energy Efficiency</td>
<td>918</td>
<td>Policy</td>
</tr>
<tr>
<td>Department of the Prime Minister and Cabinet</td>
<td>809</td>
<td>Policy</td>
</tr>
<tr>
<td>Department of Regional Australia, Local Government, Arts and Sport</td>
<td>711</td>
<td>Smaller operational</td>
</tr>
<tr>
<td>Department of Resources, Energy and Tourism</td>
<td>587</td>
<td>Policy</td>
</tr>
<tr>
<td>Fair Work Australia</td>
<td>321</td>
<td>Smaller operational</td>
</tr>
<tr>
<td>Family Court of Australia</td>
<td>651</td>
<td>Smaller operational</td>
</tr>
<tr>
<td>Federal Court of Australia</td>
<td>368</td>
<td>Smaller operational</td>
</tr>
<tr>
<td>Geoscience Australia</td>
<td>762</td>
<td>Specialist</td>
</tr>
<tr>
<td>Great Barrier Reef Marine Park Authority</td>
<td>280</td>
<td>Specialist</td>
</tr>
<tr>
<td>Insolvency and Trustee Service Australia</td>
<td>431</td>
<td>Smaller operational</td>
</tr>
<tr>
<td>Migration Review Tribunal and Refugee Review Tribunal</td>
<td>290</td>
<td>Smaller operational</td>
</tr>
</tbody>
</table>

<sup>2</sup> The Clean Energy Regulator became a statutory authority on 2 April 2012 and did not participate in this year’s agency survey.
<table>
<thead>
<tr>
<th>Agency</th>
<th>Total APS employees as at 4/5/12</th>
<th>Function</th>
</tr>
</thead>
<tbody>
<tr>
<td>Murray-Darling Basin Authority</td>
<td>322</td>
<td>Policy</td>
</tr>
<tr>
<td>National Archives of Australia</td>
<td>496</td>
<td>Specialist</td>
</tr>
<tr>
<td>National Library of Australia</td>
<td>520</td>
<td>Specialist</td>
</tr>
<tr>
<td>National Museum of Australia</td>
<td>262</td>
<td>Specialist</td>
</tr>
<tr>
<td>Office of the Commonwealth Director of Public Prosecutions</td>
<td>515</td>
<td>Smaller operational</td>
</tr>
<tr>
<td>Office of the Fair Work Ombudsman</td>
<td>918</td>
<td>Regulatory</td>
</tr>
<tr>
<td><strong>Small agencies with &lt; 250 APS employees</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative Appeals Tribunal</td>
<td>159</td>
<td>Smaller operational</td>
</tr>
<tr>
<td>Australian Centre for International Agricultural Research</td>
<td>54</td>
<td>Specialist</td>
</tr>
<tr>
<td>Australian Commission for Law Enforcement Integrity</td>
<td>29</td>
<td>Specialist</td>
</tr>
<tr>
<td>Australian Fisheries Management Authority</td>
<td>210</td>
<td>Regulatory</td>
</tr>
<tr>
<td>Australian Human Rights Commission</td>
<td>145</td>
<td>Specialist</td>
</tr>
<tr>
<td>Australian Institute of Aboriginal and Torres Strait Islander Studies</td>
<td>132</td>
<td>Specialist</td>
</tr>
<tr>
<td>Australian Institute of Criminology</td>
<td>48</td>
<td>Specialist</td>
</tr>
<tr>
<td>Australian Institute of Family Studies</td>
<td>91</td>
<td>Specialist</td>
</tr>
<tr>
<td>Australian National Maritime Museum</td>
<td>123</td>
<td>Specialist</td>
</tr>
<tr>
<td>Australian National Preventive Health Agency</td>
<td>46</td>
<td>Specialist</td>
</tr>
<tr>
<td>Australian Office of Financial Management</td>
<td>42</td>
<td>Specialist</td>
</tr>
<tr>
<td>Australian Organ and Tissue Authority</td>
<td>34</td>
<td>Specialist</td>
</tr>
<tr>
<td>Australian Pesticides and Veterinary Medicines Authority</td>
<td>182</td>
<td>Regulatory</td>
</tr>
<tr>
<td>Australian Radiation Protection and Nuclear Safety Agency</td>
<td>161</td>
<td>Regulatory</td>
</tr>
<tr>
<td>Australian Research Council</td>
<td>122</td>
<td>Specialist</td>
</tr>
<tr>
<td>Australian Skills Quality Authority</td>
<td>111</td>
<td>Regulatory</td>
</tr>
<tr>
<td>Australian Sports Anti-Doping Authority</td>
<td>69</td>
<td>Smaller operational</td>
</tr>
<tr>
<td>Australian Transport Safety Bureau</td>
<td>125</td>
<td>Smaller operational</td>
</tr>
<tr>
<td>Cancer Australia</td>
<td>58</td>
<td>Specialist</td>
</tr>
<tr>
<td>Commonwealth Grants Commission</td>
<td>40</td>
<td>Specialist</td>
</tr>
<tr>
<td>CrimTrac Agency</td>
<td>196</td>
<td>Specialist</td>
</tr>
<tr>
<td>Equal Opportunity for Women in the Workplace Agency</td>
<td>38</td>
<td>Specialist</td>
</tr>
<tr>
<td>Federal Magistrates Court of Australia</td>
<td>185</td>
<td>Smaller operational</td>
</tr>
<tr>
<td>Food Standards Australia New Zealand</td>
<td>130</td>
<td>Regulatory</td>
</tr>
<tr>
<td>Future Fund Management Agency</td>
<td>84</td>
<td>Specialist</td>
</tr>
<tr>
<td>Independent Hospital Pricing Authority</td>
<td>35</td>
<td>Specialist</td>
</tr>
<tr>
<td>Museum of Australian Democracy at Old Parliament House</td>
<td>105</td>
<td>Specialist</td>
</tr>
<tr>
<td>Agency</td>
<td>Total APS employees as at 4/5/12</td>
<td>Function</td>
</tr>
<tr>
<td>-----------------------------------------------------------------------</td>
<td>----------------------------------</td>
<td>-------------------</td>
</tr>
<tr>
<td>National Blood Authority</td>
<td>57</td>
<td>Specialist</td>
</tr>
<tr>
<td>National Capital Authority</td>
<td>62</td>
<td>Specialist</td>
</tr>
<tr>
<td>National Film and Sound Archive of Australia</td>
<td>240</td>
<td>Specialist</td>
</tr>
<tr>
<td>National Health and Medical Research Council</td>
<td>247</td>
<td>Specialist</td>
</tr>
<tr>
<td>National Native Title Tribunal</td>
<td>168</td>
<td>Smaller operational</td>
</tr>
<tr>
<td>National Offshore Petroleum Safety and Environmental Management Authority</td>
<td>89</td>
<td>Regulatory</td>
</tr>
<tr>
<td>National Water Commission</td>
<td>62</td>
<td>Specialist</td>
</tr>
<tr>
<td>Office of National Assessments</td>
<td>152</td>
<td>Specialist</td>
</tr>
<tr>
<td>Office of Parliamentary Counsel</td>
<td>53</td>
<td>Specialist</td>
</tr>
<tr>
<td>Office of the Australian Building and Construction Commissioner</td>
<td>168</td>
<td>Regulatory</td>
</tr>
<tr>
<td>Office of the Australian Information Commissioner</td>
<td>97</td>
<td>Regulatory</td>
</tr>
<tr>
<td>Office of the Commonwealth Ombudsman</td>
<td>163</td>
<td>Specialist</td>
</tr>
<tr>
<td>Productivity Commission</td>
<td>207</td>
<td>Specialist</td>
</tr>
<tr>
<td>Professional Services Review</td>
<td>32</td>
<td>Specialist</td>
</tr>
<tr>
<td>Royal Australian Mint</td>
<td>207</td>
<td>Smaller operational</td>
</tr>
<tr>
<td>Safe Work Australia</td>
<td>110</td>
<td>Policy</td>
</tr>
<tr>
<td>Screen Australia</td>
<td>28</td>
<td>Specialist</td>
</tr>
<tr>
<td>Social Security Appeals Tribunal</td>
<td>97</td>
<td>Smaller operational</td>
</tr>
<tr>
<td>Tertiary Education Quality and Standards Agency</td>
<td>51</td>
<td>Regulatory</td>
</tr>
<tr>
<td>Torres Strait Regional Authority</td>
<td>105</td>
<td>Specialist</td>
</tr>
<tr>
<td>Small agencies outside the scope of agency survey</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Australian Commission on Safety and Quality in Health Care</td>
<td>1</td>
<td>Specialist</td>
</tr>
<tr>
<td>Australian Law Reform Commission</td>
<td>15</td>
<td>Specialist</td>
</tr>
<tr>
<td>Corporations and Markets Advisory Committee</td>
<td>2</td>
<td>Specialist</td>
</tr>
<tr>
<td>National Competition Council</td>
<td>8</td>
<td>Specialist</td>
</tr>
<tr>
<td>National Mental Health Commission</td>
<td>5</td>
<td>Specialist</td>
</tr>
<tr>
<td>Office of the Inspector-General of Intelligence and Security</td>
<td>12</td>
<td>Specialist</td>
</tr>
<tr>
<td>Office of the Inspector-General of Taxation</td>
<td>7</td>
<td>Specialist</td>
</tr>
<tr>
<td>Private Health Insurance Ombudsman</td>
<td>14</td>
<td>Specialist</td>
</tr>
<tr>
<td>Wheat Exports Australia</td>
<td>13</td>
<td>Regulatory</td>
</tr>
</tbody>
</table>

Source: APSED


**Appendix three**

**Survey methodologies**

**Agency survey methodology**

The scope of the agency survey was the 101 Australian Public Service (APS) agencies, or semi-autonomous parts of agencies, employing at least 20 staff under the *Public Service Act 1999*.

Agencies were provided with access to the online survey between 31 May and 13 July 2012. As part of the process, agency heads had to sign off their agency’s response. All 101 agencies completed the survey, although 23 agencies with fewer than 100 employees completed a shortened version. The Australian Public Service Commission (the Commission) used this survey as a key source of information for this report.

**Employee census methodology**

In 2012, the Commission moved from the sample survey methodology used in previous years to a census model. This involved inviting all current APS employees to fill out the survey (referred to as the employee census). The advantages of the census model was that it included employees from all agencies, provided a comprehensive view of the APS and ensured no eligible respondents were omitted from the survey sample, which removed sampling bias and reduced sample error.

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1 The shortened version of the agency survey completed by small agencies consisted of sections A, B, C, D, G, H and N.
2 See the *State of the Service Report 2010–11*, p. 269, for further detail on the sample survey methodology.
Census design

Census content was designed to measure key issues such as staff engagement, leadership, health and wellbeing, job satisfaction and general impressions of the APS. The employee surveys conducted in previous years were used as the basis for this year’s census. Some questions are included every year while others are included on a two or three-year cycle. Some were included for the first time to address topical issues. To ensure the Commission maintains longitudinal data, changes to questions used in previous years are kept to a minimum.

Also included in the employee census were a number of internationally benchmarked items that allowed the APS to be compared to similar organisations; for example, the United Kingdom Civil Service Health and Safety Executive (HSE) First Pass Tool, which examines employee health and wellbeing.3

The draft employee census was pilot tested with APS 1–6, EL and SES staff from the following agencies:

- Office of the Australian Building and Construction Commissioner
- Department of Human Services
- Department of Agriculture, Fisheries and Forestry
- Australian Securities and Investment Commission
- Australian Taxation Office
- Australian Public Service Commission.

Feedback was provided to the Commission for consideration before the employee census was deployed.

Census delivery

The employee census was delivered using the following methods:

- Online, through a password-protected internet site. Employees were sent an email from ORC International on behalf of the Commission inviting them to participate in the online survey.
- Telephone surveys were carried out for a number of employees working in remote locations without internet access.
- Paper-based surveys were used for employees who did not have access to an individual email account or did not have (or had only limited) access to the internet. Employees received a letter from the Commission inviting them to participate and a paper copy of the survey to complete and return to ORC International.

Sampling and coverage

The employee census covered all employees (ongoing and non-ongoing) from all APS agencies, regardless of size or location. This was a major increase in coverage from 2011 when 17,865 staff from agencies with more than 200 employees were invited to take part.

The census population consisted of all APS employees recorded in the Australian Public Service Employment Database (APSED) on 4 May 2012, when the indicated headcount of the APS was 169,567.

The 170,779 invitations were sent to employees from 8 May 2012. The number of invitations was larger than the initial APS headcount as new unrecorded employees were added and incorrect email addresses were corrected. The initial deadline for survey completion was 1 June 2012, although this was extended to 6 June 2012.

The final census sample was reduced to 159,917. See Appendix 2 for further detail. The adjustment was to exclude employees with invalid email addresses, casual and intermittent employees not in the workplace and those out of office for the entire survey period. Overall, 87,214 employees responded to the employee survey, a response rate of 55%.

Sources of bias

Moving to a census removed sampling bias and minimised sample error by ensuring that all APS employees were invited to take part. However, some employees who had recently entered the APS were not recorded in APSED at the time the invitations were sent out. Omitting these employees, or others who had changed agency recently, may have introduced some sampling error. This risk was managed by encouraging all employees to watch out for their invitation and to contact ORC International if they did not receive one. Over the course of the survey, 883 additional employees were added to the population, reducing the likelihood of sampling error as much as possible.

Non-sampling bias was controlled in part by independently reviewing and testing all items before the census was administered. Online administration of the survey records the respondent’s answers directly, minimising data entry errors and addressing another source of potential bias.

A potentially large source of non-sampling bias was that not all invitees took part. Overall, 72,247 or 45% of invitees did not complete the census. Overall, 1,996 were unable to complete the survey because they were on leave during the survey period. If key groups systematically opted out of the census, this could be a source of non-sampling bias. To test this, the survey sample was compared against the overall APS population on gender, classification, location and employment category (ongoing or non-ongoing). Analysis showed there were only minor differences between the employee census respondents and the APS as a whole.4

4 Results may be requested by emailing <stateoftheservice@apsc.gov.au>. 

Appendix 3 267
Privacy, anonymity and confidentiality
Maintaining confidentiality throughout the employee survey process was of primary concern to the Commission.

To ensure confidentiality, each APS employee was provided with a unique password to prevent multiple responses from individuals. Only a small number of staff at ORC International had access to both individual names and their unique passwords. All responses provided to the Commission by ORC International were de-identified. Due to these precautions, Commission staff could not identify individual respondents to the survey or identify those who had not taken part.

Including agencies with less than 100 employees created an additional privacy risk this year. Breaking down small workforces into even smaller groups risks participants’ anonymity by inadvertently ‘singling out’ easily distinguished employees to their colleagues, for example, the female SES employees in a small agency. Even where there are several such employees, it is possible to attribute responses to specific individuals by guessing, either correctly or incorrectly. Besides breaking anonymity, identifying personal information such as carer responsibilities is a breach of privacy. Furthermore, knowledge of attitudes towards certain issues, such as leaders or colleagues, could be used against the employee. This risk was managed by not reporting to agencies or in this report, any segmentation which would have resulted in groups smaller than 10 individuals. Furthermore, agencies were not supplied with any raw comments provided by respondents due to similar risks to anonymity. Agencies were supplied with the text analyses of comments on selected items where there was sufficient volume of comment to ensure anonymity.

Data cleaning
Employee census and agency survey data was rigorously examined for errors and inconsistencies by ORC International before it was provided to the Commission for analysis. Where errors were subsequently discovered, corrections were made and all relevant analyses reproduced to ensure the accuracy of the results in this report.

Precision of estimates
With only a 55% response rate, the figures discussed in this report are estimates of true population values. The precision of these estimates is influenced by the amount of data available. A common measure of precision is the margin of error, expressed as a confidence interval around the estimate. This interval gives a range in which the true value of the population is likely to fall. When 95% confidence is referred to, it is accepted that there is a 5% chance the responding sample will result in an estimate for the true population value that falls outside the 95% confidence interval constructed.

For example, a 95% margin of error for the true percentage of the population who agree that employees in their agency appropriately assess risk is between 59.6% and 60.2% (a sample estimate of 59.9% with a margin of ±0.3 percentage points). Table A3.1 shows the 95% margins of error of several survey items. In each case, the true population value is less than half a per cent above or below the estimate.
### Table A3.1 Margins of error for employee census results, 2011–12

<table>
<thead>
<tr>
<th>Question</th>
<th>95% margin of error (percentage points)</th>
<th>Estimate result (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agree that employees in their agency appropriately assess risk</td>
<td>±0.3</td>
<td>59.9</td>
</tr>
<tr>
<td>Agree their agency has sound governance processes for effective decision making</td>
<td>±0.3</td>
<td>51.3</td>
</tr>
<tr>
<td>Agree their agency’s leadership is of a high quality</td>
<td>±0.3</td>
<td>47.7</td>
</tr>
<tr>
<td>Agree their agency operates with a high level of integrity</td>
<td>±0.3</td>
<td>64.1</td>
</tr>
<tr>
<td>Agree their input is adequately sought and considered about decisions that directly affect them</td>
<td>±0.4</td>
<td>49.9</td>
</tr>
</tbody>
</table>

Source: Employee census

The large sample size of the census allows very narrow margins of error and precise estimates. When the data is segmented into groups, the width of the margins will increase as the sample sizes decrease. For smaller groups, such as Indigenous employees (2,130 respondents), the precision may drop substantially (Table A3.2). However, the Commission is 95% confident that the true proportion of Indigenous employees who have confidence in their agencies risk assessment practices was between 62.5% and 66.7%, or approximately 64.6%.

### Table A3.2 Margins of error for employee census item 18q ‘In general, employees in my agency appropriately assess risk’, 2011–12

<table>
<thead>
<tr>
<th>Demographic group</th>
<th>95% margin of error (percentage points)</th>
<th>Estimated result (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
<td>±0.5</td>
<td>60.4</td>
</tr>
<tr>
<td>Men</td>
<td>±0.5</td>
<td>59.2</td>
</tr>
<tr>
<td>People with disability</td>
<td>±1.3</td>
<td>53.5</td>
</tr>
<tr>
<td>People without disability</td>
<td>±0.4</td>
<td>60.4</td>
</tr>
<tr>
<td>Indigenous employees</td>
<td>±2.1</td>
<td>64.6</td>
</tr>
<tr>
<td>Non-Indigenous employees</td>
<td>±0.3</td>
<td>59.8</td>
</tr>
</tbody>
</table>

Source: Employee census

### Analysis strategy

This State of the Service report draws on both quantitative and qualitative data.

### Quantitative data

**Interpretation of items and scales**

Most items in the employee census asked the respondent to rate the level of importance, satisfaction with or effectiveness of workplace issues on a five-point, ordinal scale. The scales were generally balanced, allowing respondents to express one of two extremes of view.
When interpreting item responses, it is important to realise there is an ordinal relationship between points in a scale. 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’.

Where scale scores are reported, such as the APS Engagement Model scores, the five-point item responses were combined and re-scaled to produce a continuous scale score ranging from one to 10. Scores from scales with demonstrated validity and reliability are generally more robust than are item-based analyses as they triangulate information from a number of items examining a single issue. They also allow the use of more sophisticated statistical analyses. The employee survey is likely to make greater use of scales in future years.

Data analysis
As the agency survey has a 100% response rate, the data is not subject to sampling error. Statistical significance testing is unnecessary. Results are reported as either raw numbers or percentages.

While the employee census was offered to all APS employees, a response rate of 55% means that inferential statistics are still required to analyse the data. The analysis of this data has historically used traditional social science techniques, such as $\chi^2$ tests. Conventional guidelines have been used for determining statistical significance ($p<0.05$).

Statistical significance speaks to the probability that two groups have been randomly selected from the same population. If the probability is sufficiently low it is concluded that the groups are drawn from different populations. These groups are described as significantly different. However, statistical significance does not reflect the magnitude of the difference between groups, also called the effect size.

As sample sizes increase, the effect size required to achieve statistical significance decreases. Put another way, even the smallest of differences will be statistically significant if the sample size is large enough. With a sample of 87,214 respondents, effects which are far too small to have any appreciable meaning for the APS will almost certainly be statistically significant.

To avoid providing misleading information by over-emphasising statistically significant differences, results were reported in this State of the Service report in terms of their magnitude. The magnitude was calculated using commonly-used measures appropriate to the specific analyses being performed (Table A3.3).

While these descriptions are intuitive and free of statistical jargon, they differ from that used in previous reports. The terms used in this report have been adapted from the guidelines published in *Statistical Power Analysis for the Social Sciences* which are widely...
used in the social sciences.\(^5\) Table A3.4 describes these differences in terms of their magnitude as minor, small, medium or large. In this report Cohen’s original term ‘trivial’ has been replaced with ‘minor’. Trivial was not considered to be an intuitive term for the audience of this report.

The following example of how this is applied is taken from the 2011 State of the Service employee survey—an employee’s satisfaction with their remuneration had a small effect on their intention to stay in their current agency. By contrast, a feeling of strong personal attachment to their agency had a moderate effect on their intention to stay.

Minor effects—those below small in magnitude—are unlikely to be a source of meaningful information or provide grounds for useful workplace interventions. For example, an employee’s gender had a minor effect on their intention to stay with their agency.

While Cohen’s guidelines are useful and well-known, statistical magnitude does not necessarily indicate real-world importance. Weak effects can be important, and Cohen’s guidelines are largely arbitrary. Rigidly applying these standards risks dismissing results that are important, even if the effects are statistically weak in the available data.

For example, Rosnow and Rosenthal cite the case of a study examining whether daily doses of aspirin reduce the likelihood of a patient suffering a heart attack.\(^6\) The results showed that the effect was too weak to meet Cohen’s guidelines for a small relationship. However, the fact that patients taking aspirin were 3.4\% less likely to suffer a potentially fatal heart attack than those taking a placebo suggested the findings were too important to dismiss. Consequently, care should be taken that the importance of results to the APS are interpreted in context and not solely based on arbitrary statistical guidelines.

<table>
<thead>
<tr>
<th>Analysis</th>
<th>Effect size statistic(s)</th>
<th>Small effect</th>
<th>Medium effect</th>
<th>Large effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>(\chi^2)</td>
<td>Cohen’s w</td>
<td>≤0.1</td>
<td>≤0.3</td>
<td>≤0.5</td>
</tr>
<tr>
<td>ANOVA/t-test</td>
<td>Cohen’s f</td>
<td>≤0.1</td>
<td>≤0.25</td>
<td>≤0.4</td>
</tr>
<tr>
<td></td>
<td>Cohen’s d</td>
<td>≤0.2</td>
<td>≤0.5</td>
<td>≤0.8</td>
</tr>
</tbody>
</table>


Table A3.4  Reporting of practical significance

<table>
<thead>
<tr>
<th>Interpretation</th>
<th>Key descriptors</th>
<th>Example wording</th>
<th>Statistical criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minor</td>
<td>A difference which is undetectable without the use of a large scale survey. Invisible in the workplace and lacking any real impact on the APS.</td>
<td>Minor, marginal</td>
<td>While Group 1 was higher than Group 2, the difference was minor.</td>
</tr>
<tr>
<td>Small</td>
<td>A subtle effect that requires consideration or one which combines with other factors to have a larger impact.</td>
<td>Weak, slight</td>
<td>Small but salient differences were found between ... Group 1 was slightly higher than Group 2. This factor has a weak effect on ... There was a weak relationship between ...</td>
</tr>
<tr>
<td>Medium</td>
<td>A difference has been detected which is strong enough to probably be visible in the workplace. This may provide grounds for an effective intervention.</td>
<td>Moderate, medium-sized</td>
<td>Group 1 was moderately higher than Group 2. There was a moderate relationship between ...</td>
</tr>
<tr>
<td>Large</td>
<td>This is an effect so large it is probably clearly evident in the workplace.</td>
<td>Large, strong, considerable</td>
<td>Group 1 were considerably higher than Group 2. There was a strong relationship between ...</td>
</tr>
</tbody>
</table>

**Longitudinal analyses**

The Commission includes certain key items in the employee survey every year to allow longitudinal comparisons to be made. However, the change from a stratified sample to a census may have influenced this year’s results for these items. Therefore, any changes between the 2010–11 and 2011–12 employee surveys should be interpreted cautiously.

**Agency clustering**

To allow comparisons between similar organisations, agencies were categorised based on the size of their workforces and their primary function. The resulting functional clusters, based on those used in the United Kingdom Civil Service People Survey, are:

- **Policy**: organisations involved in the development of public policy
- **Smaller operational**: organisations with less than 1,000 employees involved in the implementation of public policy
- **Larger operational**: organisations with 1,000 employees or more involved in the implementation of public policy
- **Regulatory**: organisations involved in regulation and inspection
- **Specialist**: organisations providing specialist support to Government, businesses and the public.

Agencies are categorised based on the information they provided in the 2010–11 State of the Service agency survey. Due to the difficulty of assigning agencies with varied roles to a single cluster, categories were subjected to review by the Commission and adjusted where
required before being finalised. Functional clusters will be reviewed and improved over time to ensure they identify the most appropriate benchmarking measures available for agencies. See Appendix 2 for information on individual agencies.

**Qualitative data**

The employee census provided specified response options for most questions. Complementing these, several items were completely open-ended, asking the individual to provide a short, written response to a question or statement. Open-ended responses were used to complement information gained through quantitative methods. Not all respondents provided a response to an open-ended question and comments do not necessarily represent the views of all respondents. However, comments represent a rich data source.

**Data analysis**

Open-ended comment analysis was based on the grounded theory approach in which key concepts from the collected data were coded either manually or with text mining software such as NVivo or Leximancer. Where there were sufficient numbers, comments were segmented by substantive classification levels (APS 1–6, EL, SES), or by agency, to allow more detailed analyses. Comments were reported using themes and concepts rather than individual responses, except when comments were non-attributable and served to highlight especially salient concepts or themes.
Appendix four

Unscheduled absence\(^1\)

<table>
<thead>
<tr>
<th>Agency</th>
<th>Sick leave</th>
<th>Total unscheduled absence</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Small agencies with &lt;250 APS employees</strong></td>
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<tr>
<td>National Blood Authority</td>
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<td>4.8</td>
<td>6.0</td>
</tr>
<tr>
<td>Screen Australia</td>
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<td>Torres Strait Regional Authority</td>
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<td>Australian Transport Safety Bureau</td>
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<td>7.4</td>
</tr>
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<td>National Native Title Tribunal</td>
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<td>Independent Hospital Pricing Authority</td>
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<td>National Offshore Petroleum Safety and Environmental Management Authority</td>
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<td>7.6</td>
</tr>
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<td>Office of Parliamentary Counsel</td>
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</tr>
<tr>
<td>Australian Office of Financial Management</td>
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<tr>
<td>Australian National Maritime Museum</td>
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<td>Equal Opportunity for Women in the Workplace Agency</td>
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<td>Productivity Commission</td>
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<td>8.1</td>
</tr>
<tr>
<td>Office of National Assessments</td>
<td>6.3</td>
<td>8.2</td>
</tr>
</tbody>
</table>

* Indicates an agency which does not differentiate between sick leave and other types of personal leave. Only the total average number of days of unscheduled absence per employee can be calculated.

---

\(^1\) Agencies are listed from lowest to highest in unscheduled absence as depicted in Figures 4.22, 4.23 and 4.24.
<table>
<thead>
<tr>
<th>Agency</th>
<th>Sick leave</th>
<th>Total unscheduled absence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australian Sports Anti-Doping Authority</td>
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<td>8.6</td>
</tr>
<tr>
<td>Australian Organ and Tissue Authority</td>
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<td>9.0</td>
</tr>
<tr>
<td>Australian Pesticides and Veterinary Medicines Authority</td>
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<td>9.1</td>
</tr>
<tr>
<td>National Film and Sound Archive of Australia</td>
<td>6.1</td>
<td>9.3</td>
</tr>
<tr>
<td>Australian National Preventive Health Agency</td>
<td>7.1</td>
<td>9.3</td>
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<td>Cancer Australia</td>
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<td>Food Standards Australia New Zealand</td>
<td>8.8</td>
<td>9.8</td>
</tr>
<tr>
<td>Australian Institute of Criminology</td>
<td>7.1</td>
<td>10.3</td>
</tr>
<tr>
<td>National Capital Authority</td>
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<td>10.3</td>
</tr>
<tr>
<td>National Water Commission</td>
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</tr>
<tr>
<td>Australian Institute of Aboriginal and Torres Strait Islander Studies</td>
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<tr>
<td>Office of the Australian Information Commissioner</td>
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<td>11.1</td>
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<td>Administrative Appeals Tribunal</td>
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<td>11.8</td>
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<tr>
<td>Royal Australian Mint</td>
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<td>11.9</td>
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<tr>
<td>Museum of Australian Democracy at Old Parliament House</td>
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<tr>
<td>Social Security Appeals Tribunal</td>
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<td>12.3</td>
</tr>
<tr>
<td>Office of the Australian Building and Construction Commissioner**</td>
<td>7.8</td>
<td>12.8</td>
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<tr>
<td>Australian Radiation Protection and Nuclear Safety Agency</td>
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<td>Safe Work Australia</td>
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<tr>
<td>CrimTrac Agency</td>
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<td>14.1</td>
</tr>
<tr>
<td>National Health and Medical Research Council</td>
<td>*</td>
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<tr>
<td>Office of the Commonwealth Ombudsman</td>
<td>10.9</td>
<td>15.1</td>
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<td>Australian Commission for Law Enforcement Integrity</td>
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<tr>
<td>Professional Services Review</td>
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<tr>
<td>Medium agencies with 251–1,000 APS employees</td>
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<td></td>
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<tr>
<td>Australian War Memorial</td>
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<td>Australian Trade Commission</td>
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<tr>
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<tr>
<td>Defence Housing Australia</td>
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<td>10.0</td>
</tr>
<tr>
<td>Australian Public Service Commission</td>
<td>8.5</td>
<td>10.0</td>
</tr>
</tbody>
</table>

* Indicates an agency which does not differentiate between sick leave and other types of personal leave. Only the total average number of days of unscheduled absence per employee can be calculated.

** The Office of the Australian Building and Construction Commissioner ceased operation on 31 May 2012. Therefore the data on unscheduled absence are for an 11 month period only.
<table>
<thead>
<tr>
<th>Agency</th>
<th>Sick leave</th>
<th>Total unscheduled absence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australian Institute of Health and Welfare</td>
<td>9.1</td>
<td>10.0</td>
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<td>Department of Resources, Energy and Tourism</td>
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<td>Australian Competition and Consumer Commission</td>
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<tr>
<td>Australian Transaction Reports and Analysis Centre</td>
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<tr>
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<tr>
<td>Family Court of Australia</td>
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<tr>
<td>Fair Work Australia</td>
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<td>11.8</td>
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<tr>
<td>Insolvency and Trustee Service Australia</td>
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<tr>
<td>Great Barrier Reef Marine Park Authority</td>
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<tr>
<td>Department of the Prime Minister and Cabinet</td>
<td>9.0</td>
<td>12.1</td>
</tr>
<tr>
<td>Department of Climate Change and Energy Efficiency</td>
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<tr>
<td>Office of the Commonwealth Director of Public Prosecutions</td>
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<td>12.5</td>
</tr>
<tr>
<td>Australian Communications and Media Authority</td>
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<tr>
<td>Office of the Fair Work Ombudsman</td>
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<td>Australian Crime Commission</td>
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<td>Geoscience Australia</td>
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<td>13.2</td>
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<tr>
<td>Department of Regional Australia, Local Government, Arts and Sport</td>
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<td>10.8</td>
<td>13.7</td>
</tr>
<tr>
<td>National Archives of Australia</td>
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<td>13.7</td>
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<tr>
<td>ComSuper</td>
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<td>13.8</td>
</tr>
<tr>
<td>Migration Review Tribunal and Refugee Review Tribunal</td>
<td>11.9</td>
<td>14.3</td>
</tr>
<tr>
<td>Aboriginal Hostels Limited</td>
<td>11.0</td>
<td>15.6</td>
</tr>
<tr>
<td><strong>Large agencies with &gt; 1,000 APS employees</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Department of Foreign Affairs and Trade</td>
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<td>8.3</td>
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<tr>
<td>Bureau of Meteorology</td>
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<td>8.6</td>
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<tr>
<td>Australian Agency for International Development</td>
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<td>9.0</td>
</tr>
<tr>
<td>Department of Sustainability, Environment, Water, Population and Communities</td>
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<td>9.3</td>
</tr>
<tr>
<td>Department of the Treasury</td>
<td>7.2</td>
<td>9.7</td>
</tr>
<tr>
<td>Australian Securities and Investments Commission</td>
<td>7.7</td>
<td>9.9</td>
</tr>
<tr>
<td>Department of Industry, Innovation, Science, Research and Tertiary Education</td>
<td>7.7</td>
<td>10.1</td>
</tr>
<tr>
<td>Australian Bureau of Statistics</td>
<td>8.8</td>
<td>10.9</td>
</tr>
<tr>
<td>Department of Defence</td>
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<td>11.1</td>
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<tr>
<td>Department of Families, Housing, Community Services and Indigenous Affairs</td>
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<tr>
<td>Department of Finance and Deregulation</td>
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</tr>
<tr>
<td>Attorney-General’s Department</td>
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<td>12.6</td>
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</table>

* Indicates an agency which does not differentiate between sick leave and other types of personal leave. Only the total average number of days of unscheduled absence per employee can be calculated.
<table>
<thead>
<tr>
<th>Agency</th>
<th>Sick leave</th>
<th>Total unscheduled absence</th>
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</thead>
<tbody>
<tr>
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<td>Department of Education, Employment and Workplace Relations</td>
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<td>13.6</td>
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<td>IP Australia</td>
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<tr>
<td>Department of Infrastructure and Transport</td>
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<td>Department of Human Services</td>
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<td>Department of Veterans’ Affairs</td>
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<tr>
<td>Department of Agriculture, Fisheries and Forestry</td>
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<td>15.2</td>
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<tr>
<td>Department of Health and Ageing</td>
<td>10.8</td>
<td>15.2</td>
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<tr>
<td>Australian Taxation Office</td>
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</table>
The capability review program was endorsed by government following a pilot of three reviews in the Department of Climate Change and Energy Efficiency, the Department of Sustainability, Environment, Water, Population and Communities and the Department of Education, Employment and Workplace Relations. All departments and three large portfolio agencies (Australian Taxation Office, Australian Customs and Border Protection Service and Australian Bureau of Statistics) are subject to a review.

Capability reviews focus on the areas of leadership, strategy and delivery (Figure A5.1). The model is designed to reflect the areas of capability that are relevant to public sector organisations. It also highlights capabilities that are particularly important to government, for example, innovation and client service.

Ratings are assigned to each of the model’s 10 elements as part of the final report for each review.
Capability reviews are undertaken in consultation with agencies and conducted by three senior reviewers engaged specifically to provide independent, fresh insight into the issues which are most critical to the Australian Public Service (APS), based on the knowledge and experience of the reviewers in senior roles of high-performing organisations. Two senior reviewers are external to the APS and one is a Deputy Secretary (SES Band 3) seconded from another department. This reviewer provides impartial, expert opinion particularly in respect to APS challenges, culture and trends.

When appointing senior reviewers to a specific capability review, consideration is given to eliciting public sector and private sector experience to ensure complementary skills and gender balance.

To date external senior reviewers have included retired Secretaries and private sector executives with broad experience and knowledge of the APS, either at federal or state/territory level or senior executives from private or academic sectors.

Senior reviewers are supported by a small team of Australian Public Service Commission (the Commission) officers who provide a level of consistency across reviews on applying the capability model, processes and outputs. Review team members work collaboratively to reach a consensus position on the final findings and recommendations and have joint-ownership of review outcomes.
Capability is assessed against the following criteria:

- strong—outstanding capability for future delivery in line with the model
- well placed—capability gaps are identified and defined but are already being addressed with improvement expected in the short-term
- development area—weaknesses in capability for current and future delivery with action required to close the gaps and deliver improvement over the medium-term
- serious concerns—significant weaknesses in capability for current and future delivery that require urgent action.

The ratings provide agencies with a benchmark but should not be used as a comparison tool across agencies.

Reviews range from 11 to 16 weeks depending on the size and complexity of the agency. The review produces a series of findings on the agency’s strengths and areas for further development. The agency head is engaged early, kept informed of emerging findings throughout the review and provided with the opportunity to formally respond to findings. The response is incorporated into the review report when published.

Following a capability review, the agency formalises a plan detailing how the findings—in terms of areas for further development—will be addressed, including what outcomes are expected and how success will be measured. Priorities are agreed between the agency head and Public Service Commissioner. Progress against priorities is reported quarterly to the Commission. A health-check review is undertaken by the Commission 12 to 18 months after the initial review to capture progress in addressing capability gaps. Findings from the health-check review will be taken into account in the subsequent performance assessment.
### Glossary

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011 agency survey</td>
<td>The agency survey conducted in June–July 2011 for the State of the Service report</td>
</tr>
<tr>
<td>2011 employee survey</td>
<td>The random sample survey conducted in May–June 2011 for the State of the Service report, completed by 10,222 APS employees</td>
</tr>
<tr>
<td>2012 agency survey</td>
<td>The agency survey conducted in June–July 2012 for the State of the Service report</td>
</tr>
<tr>
<td>2012 employee census</td>
<td>The employee census conducted in May–June 2012 for the State of the Service report, completed by 87,214 APS employees</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>
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<tr>
<td>ACLEI</td>
<td>Australian Commission for Law Enforcement Integrity</td>
</tr>
<tr>
<td>ACT</td>
<td>Australian Capital Territory</td>
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<tr>
<td>Act</td>
<td><em>Public Service Act 1999</em></td>
</tr>
<tr>
<td>AEC</td>
<td>Australian Electoral Commission</td>
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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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<tr>
<td>ANAO</td>
<td>Australian National Audit Office</td>
</tr>
<tr>
<td>ANZSCO</td>
<td>Australian and New Zealand Standard Classification of Occupations</td>
</tr>
<tr>
<td>APS200</td>
<td>The APS200 comprises SES Band 3 or equivalent officers from agencies that employ staff under the <em>Public Service Act 1999</em>. APS200 members support the Secretaries Board by undertaking strategic projects and initiatives as cross-portfolio teams.</td>
</tr>
<tr>
<td>APS</td>
<td>Australian Public Service</td>
</tr>
<tr>
<td>APSC</td>
<td>Australian Public Service Commission</td>
</tr>
<tr>
<td>APSED</td>
<td>Australian Public Service Employment Database</td>
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<tr>
<td>APSjobs</td>
<td>APSjobs is the recruitment website for APS agencies to post employment notices.</td>
</tr>
<tr>
<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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<tr>
<td>Abbreviation</td>
<td>Full Name</td>
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<tr>
<td>ARC</td>
<td>Australian Research Council</td>
</tr>
<tr>
<td>ASIC</td>
<td>Australian Securities and Investments Commission</td>
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<td>ASQA</td>
<td>Australian Skills Quality Authority</td>
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<td>ATO</td>
<td>Australian Taxation Office</td>
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<td>AusAID</td>
<td>Australian Agency for International Development</td>
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<td>AWM</td>
<td>Australian War Memorial</td>
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<td>AWPA</td>
<td>Australian Workforce and Productivity Agency</td>
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<td><strong>Bargaining Framework</strong></td>
<td>APS Bargaining Framework</td>
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<td>BoM</td>
<td>Bureau of Meteorology</td>
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<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
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<td>CER</td>
<td>Clean Energy Regulator</td>
</tr>
<tr>
<td>CGC</td>
<td>Commonwealth Grants Commission</td>
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<td>COAG</td>
<td>Council of Australian Governments</td>
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<td>Code</td>
<td>APS Code of Conduct (s. 13 of the <em>Public Service Act 1999</em>)</td>
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<td>Commissioner</td>
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<td>CSPS</td>
<td>United Kingdom Civil Service People Survey</td>
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<td>CSS</td>
<td>Commonwealth Superannuation Scheme</td>
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<td>Customs</td>
<td>Australian Customs and Border Protection Service</td>
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<td>DAFF</td>
<td>Department of Agriculture, Fisheries and Forestry</td>
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<td>Department of Climate Change and Energy Efficiency</td>
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<td>Department of Education, Employment and Workplace Relations</td>
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<td>Department of Defence</td>
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<td>Department of Foreign Affairs and Trade</td>
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<td>DHS</td>
<td>Department of Human Services</td>
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<td>Department of Immigration and Citizenship</td>
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<td>DIISRTE</td>
<td>Department of Industry, Innovation, Science, Research and Tertiary Education</td>
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<td>DIT</td>
<td>Department of Infrastructure and Transport</td>
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<td>DoHA</td>
<td>Department of Health and Ageing</td>
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<td>DVA</td>
<td>Department of Veterans’ Affairs</td>
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<td>EAS</td>
<td>Ethics Advisory Service</td>
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<tr>
<td>EEO</td>
<td>Equal employment opportunity</td>
</tr>
<tr>
<td>EL</td>
<td>Executive Level</td>
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</tbody>
</table>

**Engagement**

An engagement refers to the appointment of employees under section 22 of the *Public Service Act 1999*. Employees of agencies moving into coverage of the Act are counted as engagements.

**Exit rate**

Is calculated as the number of separations from an agency plus the number of transfers and promotions out of the agency during the reporting period, divided by the average number of employees at the beginning and end of the reporting period. It refers to ongoing employees only.
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>FaHCSIA</td>
<td>Department of Families, Housing, Community Services and Indigenous Affairs</td>
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<tr>
<td>FWBC</td>
<td>Office of the Fair Work Building Industry Inspectorate, trading as Fair Work Building and Construction</td>
</tr>
<tr>
<td>Finance</td>
<td>Department of Finance and Deregulation</td>
</tr>
<tr>
<td>FMC</td>
<td>Federal Magistrates Court of Australia</td>
</tr>
<tr>
<td>FTE</td>
<td>Full-time equivalent</td>
</tr>
<tr>
<td>Future Fund</td>
<td>Future Fund Management Agency</td>
</tr>
<tr>
<td>Gov 2.0</td>
<td>The use of new collaborative tools and approaches of Web 2.0</td>
</tr>
<tr>
<td>Government 2.0</td>
<td>See Gov 2.0</td>
</tr>
<tr>
<td>HR</td>
<td>Human resources</td>
</tr>
<tr>
<td>HSE</td>
<td>United Kingdom Civil Service Health and Safety Executive</td>
</tr>
<tr>
<td>ICT</td>
<td>Information and communications technology</td>
</tr>
<tr>
<td>Indigenous</td>
<td>A person of Aboriginal or Torres Strait Islander descent who identifies as an Aboriginal or Torres Strait Islander and is accepted as such by the community in which he or she lives.</td>
</tr>
<tr>
<td>Indigenous Australians</td>
<td>See Indigenous</td>
</tr>
<tr>
<td>IT</td>
<td>Information technology</td>
</tr>
<tr>
<td>ITSA</td>
<td>Insolvency and Trustee Service Australia</td>
</tr>
<tr>
<td>MAC</td>
<td>Management Advisory Committee</td>
</tr>
<tr>
<td>Median</td>
<td>One type of average, found by arranging the values in order and then selecting the one in the middle.</td>
</tr>
<tr>
<td>MOPS Act</td>
<td>Members of Parliament (Staff) Act 1984</td>
</tr>
<tr>
<td>MOU</td>
<td>Memorandum of Understanding</td>
</tr>
<tr>
<td>MRT/RRT</td>
<td>Migration Review Tribunal and Refugee Review Tribunal</td>
</tr>
<tr>
<td>NBA</td>
<td>National Blood Authority</td>
</tr>
<tr>
<td>Non-ongoing</td>
<td>Non-ongoing employment refers to the engagement of APS employees for a specified term, for the duration of a specified task or for duties that are irregular or intermittent under section 22(2)(b) and (c) of the Public Service Act 1999.</td>
</tr>
<tr>
<td>NOPSEMA</td>
<td>National Offshore Petroleum Safety and Environmental Management Authority</td>
</tr>
<tr>
<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
</tr>
<tr>
<td>ONA</td>
<td>Office of National Assessments</td>
</tr>
<tr>
<td>Ongoing</td>
<td>Ongoing employment refers to the engagement of an APS employee on an ongoing basis under section 22(2)(a) of the Public Service Act 1999.</td>
</tr>
<tr>
<td>ORER</td>
<td>Office of the Renewable Energy Regulator</td>
</tr>
<tr>
<td>PC</td>
<td>Productivity Commission</td>
</tr>
<tr>
<td>PM&amp;C</td>
<td>Department of the Prime Minister and Cabinet</td>
</tr>
<tr>
<td>Promotions</td>
<td>The assignment to an ongoing employee (other than a trainee) of duties at a higher classification than the employee’s current classification, unless the assignment is temporary. ‘Promotions’ include advancements within a broadband.</td>
</tr>
<tr>
<td>PSR</td>
<td>Professional Services Review</td>
</tr>
<tr>
<td>Regulations</td>
<td>Public Service Regulations 1999</td>
</tr>
<tr>
<td>Secretaries Board</td>
<td>An APS leadership forum of Secretaries and the Public Service Commissioner</td>
</tr>
<tr>
<td>Term</td>
<td>Definition/Description</td>
</tr>
<tr>
<td>--------------------</td>
<td>----------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Separation</td>
<td>A separation occurs when an employee ceases to be employed under the <em>Public Service Act 1999</em>. It does not refer to employees moving from one APS agency to another.</td>
</tr>
<tr>
<td>SES</td>
<td>Senior Executive Service</td>
</tr>
<tr>
<td>SEWPaC</td>
<td>Department of Sustainability, Environment, Water, Population and Communities</td>
</tr>
<tr>
<td>Strategic Centre</td>
<td>Strategic Centre for Leadership, Learning and Development</td>
</tr>
<tr>
<td>Temporary assignment</td>
<td>Employees performing duties at a higher classification</td>
</tr>
<tr>
<td>TEQSA</td>
<td>Tertiary Education Quality and Standards Agency</td>
</tr>
<tr>
<td>Transfers</td>
<td>Movement of employees at level between positions or agencies</td>
</tr>
<tr>
<td>Treasury</td>
<td>Department of the Treasury</td>
</tr>
<tr>
<td>TSRA</td>
<td>Torres Strait Regional Authority</td>
</tr>
<tr>
<td>UK</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>US</td>
<td>United States of America</td>
</tr>
<tr>
<td>Values</td>
<td>APS Values (s.10 (1) of the <em>Public Service Act 1999</em>)</td>
</tr>
<tr>
<td>Web 2.0</td>
<td>Examples of Web 2.0 include social media and networking tools (e.g. Facebook, YouTube, Twitter, blogs and wikis)</td>
</tr>
</tbody>
</table>
Aboriginal Hostels Limited (AHL)
Indigenous employees, 139
non-ongoing, 140
separations, 140
unscheduled absence, 98, 100
absence management, 97, 103
see also unauthorised absence;
unscheduled absence; workplace absence
Absence Management Survey (Direct Health Solutions), 103
‘adaptive’ problems see ‘wicked’ or ‘adaptive’ problems
Advisory Panel on the Economic Potential of Senior Australians, 108–9
age
and caring, 121–2
and disability, 129–30
and employee wellbeing, 133
and engagement, 116
and engagements, 256
and health and safety, 130–1
and intention to leave, 126–9
and job strain, 117–19
and perception of work, 115–16
and productivity, 123–9
and resignation, 125, 126
and retirement, 125, 126
and satisfaction with flexible working arrangements, 122
and separations, 124–6, 133
and staff retention, 123–4
and work-life balance, 114–15, 133
and workplace absence, 123
and workplace flexibility, 120, 133
age effects, 112–13
age profile, 107–9, 110–12
ageing and work ability, 107–33
ageing population, 107
ageing workforce, 108–9, 133
agencies (or semi-autonomous parts of agencies), 259–62
and assessment of skill-set gaps, 38
availability of social media in, 67
and broadbarding of classifications, 213
and change management maturity, 236–7
employee engagement across size and function of, 84–5
employee engagement by type of, 85–6
and employee wellbeing programs, 96
employees’ perceptions of agencies’ care for health and safety, 130–1
employees’ views on management capabilities of, 32
ethics and integrity
employees’ perceptions of, 29–31
experience across, 252
feedback on capability reviews, 218
functional clusters/types, xiv, 85–6, 272–3
identification of workforce risks, 165–6
initiatives in leadership and core skills development, 42–3
and internal job comparisons, 213
and investment in learning and development, 36, 37, 47
and job family (occupational group) model, 167
large, xiv, 259–60
see also large agencies
and leadership and embedding a culture based on APS Values, 46
learning and awareness-raising strategies re APS Values, 45–6
and learning and development plans, 38, 39, 47
leave management strategies, 102–3
and management of underperformance, 192
medium, xiv, 260–1
see also medium agencies
and ongoing Indigenous employees, 140
perceptions of changed demand on agency head/executive team, 20–1
perceptions of relationships with stakeholders, 65
performance management measures to assist, 185–6
performance management systems, 185
maturity of, 183–4
and performance management systems, 195
performance measures for non-SES recruitment, 171–5
promotion of complete set of APS Values, 45–6, 57
recruitment and retention strategies, 131–2
relationships with ministers and their offices, 63–4
and review of employment actions, 60–1
and shared services, 233–4
and skill shortages, 36, 170
small, xiv, 261–2
see also small agencies
small (outside scope of agency survey), 262
staff retention strategies, 174
strategies and activities to embed APS Values, 57–8
support for employees with disability, 8, 145, 156
survey of re compliance with new publishing requirements, 71
and talent development, 33–4
and teleworking
reasons for not approving, 205–6
use of social media, 66, 67, 68–70
guidance and training, 67–8
and workforce challenges, 166–7
and workforce demand, 164
workforce mobility between, 251
and workforce planning, 163–4
people strategies, 169–70
and work-level standards, 212
and workplace diversity programs, 136
agencies abolished, 243
agencies established, 242
agencies that moved into coverage, 243
agency enterprise agreements, 198
agency exit rate, 257
agency head/executive team
agency perceptions of changed demand on, 20–1
agency head/executive team time workload demands on, 229
agency internal communication
2011 bargaining round
employee satisfaction with, 199–200, 214
agency level bargaining, 198, 199
agency organisational capability
external review of, 217
see also capability review program
agency survey, xiv, xv
methodology, 265
Ahead of the Game: Blueprint for the Reform of Australian Government Administration (Advisory Group on Reform of Australian Government Administration) see APS Reform Blueprint
APS 1–6
employee engagement, 82
and formal training and education, 37
hours worked, 202, 203
learning and development priorities, 41, 42
median salaries, 207
perceptions of behaviours for good performance, 193, 194
perceptions of behaviours for poor performance, 194, 195
perceptions of performance management practice, 82, 189, 190, 191
and queries to Ethics Advisory Service, 57
re-engagement and prior service in APS, 253
salary dispersion, 208, 209
satisfaction with flexible working arrangements, 204
satisfaction with work-life balance, 203, 204
and talent development, 33, 34, 35
workforce mobility, 251
APS 1
decrease in classification, 248
salary dispersion, 209, 214
Index

APS 1–2
in classification profile, 249
employees from non-English speaking background, 154
Indigenous employees, 140
non-ongoing employees, 245
trainees at, 248
APS 2
ratio of other classifications to, 249–50
APS 3–4
graduates at, 248
APS 4
part time
by sex, 151
APS 5
engagements at, 255
growth of classification, 248
temporary assignment, 250
APS 5–6
in classification profile, 249
APS 6
in classification profile, 212
growth of classification, 248, 249
individual flexibility arrangements, 210
initiatives in leadership and core skills development, 42
temporary assignment, 250
APS Bargaining Framework, 15
and classification structures, 211
revised, 198, 199
compliance of enterprise agreements with, 199
APS Code of Conduct, 9
breaches of, 50–4, 71
identification of, 51
nature of, 51–3
relating to conflicts of interest, 30
see also misconduct; whistleblowing reports
investigation of breaches, 50–4
outcomes of finalised investigations, 53–4
and online communications, 66
and public comment by APS employees, 10
see also Ethics Advisory Service (EAS)
APS disability employment strategy see As One—Australian Public Service (APS) Disability Employment Strategy
APS Diversity Council, 7–8
APS Employee Engagement Model, 75, 76, 90, 270
and age and perception of work, 115
APS employees
1993 to 2012, 243
age effects, 112–13
age profile, 107–9, 110–12
and experience of harassment or bullying, 62–3
and formal training and education, 37
by generation, 112
and employee engagement, 78–9, 104
generational effects, 112–13
and intention to stay, 129
and job attraction, 139
learning and development priorities, 41–2
life-stage view of, 113–14
perceptions
of agencies’ care for health and safety, 130–1
of change management, 32, 235
of leadership and agency ethics and integrity, 29–31
of manager support by age, 119
of peer support by age, 119
of performance management, 189–91
of relationships with stakeholders, 65
of role demand by age, 118
of underperformance, 192
of work changes at current classification levels, 22
of workplace health and wellbeing programs, 96–7
period effects, 113
public comment by, 10–11, 64
and relationship with ministers and their offices, 72
and reporting of suspected misconduct, 55–6
satisfaction
with agency internal communications, 199–200, 214
with conditions of employment, 202, 214
with flexible working arrangements, 122, 204, 214
with learning and development, 41, 47
with work-life balance, 153, 203–4, 214
typical, 241
understanding of APS Values, 46
and use of social media, 67, 68
views
on innovation, 232
on leadership capabilities of immediate supervisors, 27–8
on learning and development, 38, 39–41
on management capabilities of agency, 32
on management capabilities of supervisors, 31
on recruitment, 173–4
on remuneration, 210, 214
on SES leadership capability, 25–6
on work changes over past 5 years, 228 and work-life balance, 114–15
see also APS 1–6; Executive Level (EL) employees; non-SES levels; Senior Executive Service (SES)
APS Employment and Capability Strategy for Aboriginal and/or Torres Strait Islander Employees, 142
APS Employment Database (APSED) data for employee census, 267
and ongoing employees with graduate qualifications, 250
and representation rates of people with disability, 156
and workforce trends, 241
APS employment trends, 241–3
coverage changes, 242–3
agencies abolished, 243
agencies established, 242
agencies that moved into coverage, 243
APS enterprise bargaining round 2011, 198–202, 214
outcomes, 200–2
APS Framework for Action see Framework for Action (APS200 Project: Workability and Ageing in the APS)
APS Human Capital Environmental Scan, 161
APS Indigenous Employment Strategy, 142
APS Indigenous Pathways Program, 142
APS Innovation Action Plan, 4, 232–3
APS Integrated Leadership System, 27
APS leaders
and APS Values, 23
and change management, 22, 235
changing demands on, 19–23
ethics and integrity
employees’ perceptions of, 29–30
and resource allocation, 22–3
and workforce planning, 22
APS Leadership and Core Skills Strategy 2012–13, 23, 31, 43, 46, 47
key areas of focus, 45
APS Leadership Development Strategy, 17, 18, 23, 43, 230
and 70–20–10 learning and development principle, 35–6
APS Performance Management Framework, 179, 181–2, 195
APS Reform Blueprint, 1
and capability gaps, 159
and changes to APS Values, 29, 58
and classification arrangements, 213
and collaboration, 20
and conditions of employment, 198
and depth and breadth of employees’ experience, 252
and external review of agency organisational capability, 217
and industrial bargaining, 14
and leadership and APS Values, 29
and leadership and employee engagement, 82
and leadership capability, 5, 6, 17, 18
and ‘One APS’, 198
and open government, 65
and performance management framework, 179
and public sector information, 71
and recruitment, 171
and reduction of sense of unified APS as result of enterprise bargaining, 197
and stewardship, 6
and strategic policy capability, 225
and talent management, 33
and workforce productivity, 75
and workforce risks, 165
APS Remuneration Report (2011), 206
APS Values, 9
agency learning and awareness-raising strategies, 45–6
agency promotion of complete set of, 45–6, 57
agency strategies and activities to embed, 57–8, 72
and APS leaders, 23
and Australian Customs and Border Protection Service’s Listen Respect Lead program, 43
leadership and embedding a culture based on, 28–31, 46
and online communications, 66
and public comment by APS employees, 10
Public Service Amendment Bill 2012 and changes to, 29, 58, 65
and working with ministers and their offices, 11, 72
see also Ethics Advisory Service (EAS)
APS200 Group
and leadership and employee engagement, 82
and leadership development, 17
APS200 Project: Workability and Ageing in the APS, 109, 114
see also Workability and Ageing Project
APS200 Project: Workability and Ageing in the APS—Framework for Action, 110, 133
APSjobs database, 172, 177
APSjobs portal, 171, 177, 230
As One – Australian Public Service (APS) Disability Employment Strategy, 8, 81, 146–7, 156, 230
‘Asian Century’
APS and, 19, 43
see also Australia in the Asian Century White Paper
Atlantic
on working women, 148
Attorney-General’s Department
age profile, 112
exit rate, 257
attraction see recruitment and attraction strategies
Auditor-General’s performance audits
grant administration and government procurement, 59–60
AusIndustry
use of social media and online seminars, 232
Australia in the Asian Century White Paper, 5, 15
Australia Network tender process
ANAO audit of, 60
Australian Agency for International Development (AusAID)
age profile, 112
traineeships for people with intellectual disability, 176
unscheduled absence, 101
Australian Bureau of Statistics (ABS)
capability review, 218, 281
non-ongoing employment in, 245
and social media, 4, 232
Australian Capital Territory (ACT)
employees in, 254
and employee engagement, 86–7
enquiries made to Ethics Advisory Service by, 57
employees outside, 254
Australian Commission for Law Enforcement Integrity (ACLEI)
and corruption, 58–9
unscheduled absence, 98, 99
Australian Commission on Safety and Quality in Health Care
established, 242
Australian Crime Commission
strategies and activities to embed APS Values, 58
Australian Customs and Border Protection Service (Customs)
capability review, 218, 281
employees located outside ACT, 254
initiatives in leadership and core skills development, 43
trainee classification, 248
Australian Electoral Commission (AEC)
employees located outside ACT, 254
employment trends, 242
and human capital planning, 160
‘Investing in our People’, 161
non-ongoing employment in, 244, 245
and online enrolment and postal voting, 4, 232
Australian Federation of Disability Organisations, 147
Australian Government Information Management Office (AGIMO)
and whole-of-government information and communication technology strategic workforce plan, 163
Australian Human Resources Institute
on rate of staff turnover, 174
Australian Human Rights Commission
and recruitment and retention strategies for older employees, 132
strategies and activities to embed APS Values, 58
Australian Industry Group
High Performance Organisations:
Maximising Workforce Potential project, 180
Australian Institute of Criminology
employees moved into coverage, 243
Australian labour force
age profile, 112
Australian Law Reform Commission
employees moved into coverage, 243
Australian National Audit Office (ANAO)
on Green Loans Scheme and Home Insulation Program, 225
performance audits
grant administration and government procurement, 59–60
on performance management
commitment of managers, 193
on performance management systems, 183
unscheduled absence, 100
Workforce Planning report, 165
Australian National University
and APS Performance Management Framework, 181
Australian Network on Disability, 147, 176
Australian public administration
perceptions of quality and independence of, 49, 71
Australian Public Service (APS)
and ‘Asian Century’, 19, 43
fiscal constraints and, 2
and public trust, 9–10
stewardship of, 6–7
Australian Public Service Commissioner
See Public Service Commissioner
Australian Public Service Recruitment Guidelines, 171, 177
Australian Public Service Statistical Bulletin 2011–12, xv
Australian Research Council (ARC)
unscheduled absence, 98, 99
Australian Securities and Investments Commission (ASIC)
employees located outside ACT, 254
non-ongoing employment in, 245
ratio of APS 2 to other classifications, 250
Australian Skills Quality Authority (ASQA)
employees moved into coverage, 243
move into coverage, 243
unscheduled absence, 98, 99
Australian Sports Anti-Doping Authority
employees moved into coverage, 243
Australian Taxation Office (ATO)
capability review, 218, 281
and electronic tax returns, 232
engagements, 257
graduate classification, 248
Indigenous employees, 139
non-ongoing employment
irregular or intermittent duties, 244
non-ongoing employment in, 245
part-time ongoing employees, 248
and personal information, 9
and review of employment actions, 60
separations, 257
streamlined recruitment methodology, 176
unscheduled absence, 101
use of software and database applications, 232
YouTube Tax Tips, 70
Australian Trade Commission
unscheduled absence, 100
Australian War Memorial
and shared services, 234
unscheduled absence, 100
Australian Workforce Productivity Agency (AWPA)
and Skilled Occupation List, 168

B

Baby Boomers
and employee engagement, 78–9
bargaining arrangements
changes to, 198
see also APS Bargaining Framework
baylink (Eurobodalla Shire, NSW), 3
broadband, 3
see also National Broadband Network
broadbanding classifications, 213
bullying see harassment and bullying
Bureau of Meteorology (BoM)
age profile, 112
employees located outside ACT, 254
men employees, 247
trainee classification, 248
unscheduled absence, 101
women employees, 148

C

Cancer Australia
employees moved into coverage, 243
employment trends, 242
ongoing employment in, 244
capability gaps, 159
capability review methodology, 281–3
capability criteria, 283
model for, 282
capability review program, 217, 227–8
overview of scope and findings, 217–28
capability reviews, 14, 218, 228, 237–8
assessment process, 219–21
based on UK experience, 221
and identification of SES skills gaps, 38
and performance management, 179
preliminary findings, 221–8, 238
delivery, 225–7
leadership, 221–3
strategy, 223–5
value of, 218–19
carer's leave
  age and, 123
caring responsibilities
  age and, 121–2
  women and, 148
Central Asia see Southern and Central Asia
Centre for Excellence in Public Sector Design, pilot, 4, 232
Centrelink
  abolished, 243
  and Department of Human Services, 3
  and personal information, 9
challenges, 15
change management
  communications and, 236
  and efficiency, 235–7
  employee perceptions of, 32, 235
  leadership and, 22, 235
    international comparison of employee perceptions of, 235–6
change management maturity, 236–7
Civil Service Engagement Index (UK), 87–8, 104
Civil Service Health and Safety Executive (UK)
  and impact of job strain on employee health, 117
Civil Service People Survey (UK)
  and agency clustering, 272
  and employee engagement, 87–8
classification arrangements
  review of, 213–14
  SES, 213–14
classification profile
  changes in, 212, 249–50
  non-ongoing employees, 245–6
Classification Rules, 211
  and broadbarding of classifications and allocation of one classification to group of duties, 213
  and work-level standards, 211
classification structures, 211–14, 248–50
  broadbarding, 213
  and employee engagement, 81–3, 104
  employees from non-English speaking background, 154
  employees with disability in, 145
  Indigenous employees in, 140
  ongoing employees, 248–9
  women employees in, 149–50
see also hours worked and trends over time by classification
Clean Energy Regulator (CER)
  established, 242
Code of Conduct see APS Code of Conduct
Code of Conduct for Ministerial Staff, 11, 64
Code of Practice: Preventing and Responding to Workplace Bullying, draft (Work Safe Australia), 61
Code of Practice—How to Manage Work Health and Safety Risks (Work Safe Australia), 61
Cohen, J, Statistical Power Analysis for the Behavioral Sciences, 270–1
collaborate and build common purpose strategy
capability reviews, 224, 225
Collaboration Central Blog (DEEWR), 43
Comcare
  and APS200 Project: Workability and Ageing in the APS, 109
Commonwealth Fraud Control Guidelines, 59
Commonwealth Grant Guidelines, 59, 60
Commonwealth Grants Commission (CGC)
  unscheduled absence, 98, 99
Commonwealth Ombudsman
  unscheduled absence, 99
Commonwealth Procurement Guidelines, 59
Commonwealth Procurement Rules, 59
Commonwealth Superannuation Administration
  unscheduled absence, 100
Commonwealth Superannuation Scheme (CSS), 125, 211
conditions of employment, 202–6
  2011 bargaining round
    employee satisfaction with, 202
    hours worked and trends over time by classification, 202–3
    where commonality achieved, 200
    where commonality generally achieved, 201
    where less commonality achieved, 201
    core, 198–9
    dispersion of as result of enterprise bargaining, 197–8
conduct see leadership, culture and conduct;
transparency and integrity
conflicts of interest
  employees’ perceptions of management of, 30
control of corruption indicator
  and Australian public administration, 49
Coombs report (Report/Royal Commission on Australian Government Administration), 5
core skills
  initiatives in development of, 42–3
strategies for enhancement of, 41–2
see also APS Leadership and Core Skills
Strategy 2012–13; Strategic Centre for
Leadership, Learning and Development

corruption
media reports, 59, 72
perceptions of, 58–60
see also ANAO performance audits; control
of corruption indicator; National
Anti-Corruption Plan; Transparency
International’s Corruption Perceptions
Index 2011

Council of Australian Governments (COAG)
National Partnership Agreement on Indigenous
Economic Participation, 138
cyberbullying, 67

Declaration of Open Government, 65, 66
delivery
 capability reviews, 225–7
 innovative delivery, 226
 manage performance, 226, 227
 plan, resource and prioritise, 226–7
 shared commitment and sound delivery
 models, 226, 227

Department of Agriculture, Fisheries and
Forestry (DAFF)
initiatives in leadership and core skills
development, 42
Mutually Agreed Proposal process and
management of underperformance, 192
non-ongoing employment in, 245
part time ongoing employees, 248
unscheduled absence, 101–2

Department of Broadband, Communications
and the Digital Economy
and teleworking, 204

Department of Climate Change and Energy
Efficiency (DCCEE)
capability review, 281
non-ongoing employment in, 245

Department of Defence (Defence)
employees moved into coverage, 243
employment trends, 242
engagements, 257
graduate classification, 248
men employees, 247
non-ongoing employment in, 245
ongoing employment in, 244

part-time ongoing employees, 248
quarterly workforce outlook, 162
and review of employment actions, 60
Review of Social Media and Defence, 69
separations, 257
trainee classification, 248
traineeships for people with intellectual
disability, 176
women employees, 148
and workforce planning, 162

Department of Education, Employment and
Workplace Relations (DEEWR)
and APS200 Project: Workability and
Ageing in the APS, 109
and baylink, 3
capability review, 281
employees moved into coverage, 243
employment trends, 242
exit rate, 257
graduate classification, 248

Indigenous employees
mentoring and coaching for retention, 143
separations, 140–1
initiatives in leadership and core skills
development, 43
ongoing employment in, 244
and shared services, 234
strategies and activities to embed APS
Values, 58
and tool for assessment of capabilities, 4
women employees
at higher classifications, 150
Workforce Innovation Program
and Australian Industry Group’s
High Performance Organisations:
Maximising Workforce Potential
project, 180

Department of Families, Housing, Community
Services and Indigenous Affairs (FaHCSIA)
and baylink, 3
exit rate, 257
Indigenous employees
non-ongoing, 140
separations, 141
ongoing employment in, 244
and shared services, 234
traineeships for people with intellectual
disability, 147, 176
women employees
at higher classifications, 150

Department of Finance and Deregulation (Finance)
Gov 2.0 Primer, 66
non-ongoing employment
irregular or intermittent duties, 244
simplification of recruitment processes, 176
‘Social media 101: A beginner’s guide for Finance employees’, 67
Department of Foreign Affairs and Trade (DFAT)
scheduled absence, 101
Department of Health and Ageing (DoHA)
going employment, 244
traineeships for people with intellectual disability, 176
unscheduled absence, 101
women employees, 148, 247
at higher classifications, 150
Department of Human Services (DHS)
and baylink, 3
capability review, 218
employees located outside ACT, 254
engagements, 257
formation of, 3
graduate classification, 248
Indigenous employees, 139
separations, 140
non-ongoing employment in, 245
part-time ongoing employees, 248
ratio of APS 2 to other classifications, 250
recruitment and retention strategies for older employees, 132
and review of employment actions, 60
separations, 257
Service Delivery Reform, 3
social media graduate recruitment campaign, 176
trainee classification, 248
unscheduled absence, 102
women employees, 148, 247
Department of Immigration and Citizenship (DIAC)
capability review, 218
employment trends, 242
Indigenous employees, 139
non-ongoing employment in, 245
ongoing employment in, 244
part-time ongoing employees, 248
and Skilled Occupation List, 168
Department of Infrastructure and Transport (DIT)
capability review, 218
initiatives in leadership and core skills development, 42
Department of Parliamentary Services
employees moved into coverage, 243
Department of the Prime Minister and Cabinet (PM&C)
capability review, 218
graduate recruitment
online cognitive ability and emotional intelligence testing, 176
Indigenous Executive Leadership Fellowship program, 143
ongoing employment in, 244
Social Inclusion Unit, 3
Department of Sustainability, Environment, Water, Population and Communities
capability review, 281
Indigenous employees
non-ongoing, 140
unscheduled absence, 101
Department of the Treasury (Treasury)
extit rate, 257
unscheduled absence, 101
Department of Veterans’ Affairs (DVA)
age profile, 112
employees located outside ACT, 254
Indigenous employees, 139
and shared services, 234
unscheduled absence, 102
develop people leadership
capability reviews, 221, 222–3
Direct Health Solutions
Absence Management Survey, 103
disability see employees with disability
Disability Directions Conference 2011, 147
disability employment service providers, 147
Disability Employment Australia, 147
disability employment strategy see As One—Australian Public Service (APS) Disability Employment Strategy
Disability Employment Working Group, 147
diversity, 7–8, 19, 135–56
and employee engagement, 79–81
in private sector, 135, 155
see also employees from non-English speaking background; employees with disability; Equal Employment Opportunity (EEO) groups; Indigenous
employees; women employees
Diversity Council, 7–8, 135–6, 155–6
diversity information
collection of, 144

Eastern Europe see Southern and Eastern Europe
Economic Regulation Authority
report on shared services, 233
educational qualifications, 250
efficiency dividend, 229
efficiency of government operations
increasing, due to financial pressure, 229–30
innovation and, 232–3
shared services and, 233–5
Web 2.0 technology and, 230–2
electronic tax returns, 232
employee absence see unauthorised absence;
unscheduled absence; workplace absence
employee availability
as measure of employee engagement, 90,
93–102
employee absence, 97–103
see also leave
employee wellbeing, 95–7
intention to stay, 93–4, 104
use of sick leave, 94–5
workplace absence, 95
employee census, xiv, xv, 2–3
analysis strategy, 269–73
data cleaning, 268
delivery, 266
design, 266
methodology, 265–9
precision of estimates/margins of error,
268–9
privacy, anonymity and confidentiality, 268
qualitative data, 273
data analysis, 273
quantitative data, 269–73
agency clustering, 272–3
data analysis, 270–2
interpretation of items and scales, 269–70
longitudinal analyses, 272
sampling and coverage, 267
sources of bias, 267
employee engagement, 2–3, 75–104
across agency size and function, 84–5
across the generations, 78–9, 104
age and, 116
changes in, 77–8
characteristics of, 76–7
and classification level, 81–3, 104
comparisons with United Kingdom, 3, 87–8
consequences of, 90–103
definition of, 76
and diversity, 79–81
employees with disability and without
disability, 8, 80
Indigenous and non-Indigenous
employees, 8, 80, 81, 156
male and female employees, 81
drivers of, 76–7, 88–90
employee availability as measure of, 90,
93–102
employee performance as measure of, 90–3
employees with disability, 8
by geographic location, 86–7
leadership and, 82, 88–90
senior leader communication on future
challenges and, 90
senior leader visibility and, 89
and length of service, 83–4, 104
and performance feedback, 187–9
and performance management, 187–9
by type of agency, 85–6
and workforce productivity, 75, 90
see also APS Employee Engagement Model
employee health
job strain and, 117
employee performance
as measure of employee engagement, 90–3
hours worked, 92–3
self-reported performance, 90–1
see also performance appraisal; performance
assessment; performance management;
underperformance
employee wellbeing
age and, 133
and employee engagement, 95–7
employees from non-English speaking
background and, 153
employee wellbeing programs, 96–7, 104
employees from non-English speaking
background, 136, 153–5
backgrounds, 153
by classification, 154
engagements, 153, 154–5
intention to leave, 155
anticipated destinations on leaving, 155
job attraction, 153
learning and development opportunities, 153
Index

representation in APS, 153, 154
separations, 154–5
work-life balance, 153
workplace health and wellbeing, 153
employees with disability, 8, 136, 143–7, 156
by age, 129–30
agency support for, 8, 145, 156
by classification, 145
employee engagement, 8, 80
engagements, 144, 146
harassment and bullying, 8, 145
intention to leave, 145–6
anticipated destinations on leaving, 146
job attraction, 144
perceptions of workplace, 144
recruitment, 8, 156, 177
representation in APS, 156
by type of disability, 143
retention, 8, 156, 177
retirement, 146
separations, 145–6
pattern of, 137
traineeships for people with intellectual
disability, 147, 176
employers
and older employees, 108
employment actions
review of, 60–1
employment trends see APS employment trends
Engage: Getting on with Government 2.0 (Gov 2.0
Taskforce), 66
evaluation and performance management systems, 186
Evidence of Recruitment Advertising, 171
evidence based choices strategy
capability reviews, 223, 225
Executive Level (EL) employees
in classification profile, 249
and development of APS Human Capital
Environmental Scan, 161
employee engagement, 82
and formal training and education, 37
growth of classification, 248, 249
hours worked, 202, 203
individual flexibility arrangements, 210
and leadership development, 18
see also Sir Roland Wilson Foundation
Scholarships
learning and development priorities, 41, 42
length at level, 253
median salaries, 207
non-ongoing employees, 245
number of agencies worked in, 252
part-time employment, 150
satisfaction with flexible working
arrangements, 204
satisfaction with work-life balance, 203, 204
and talent development, 33, 34, 35
women employees, 150
workforce mobility, 251
Executive Level (EL) employees: EL 1
in classification profile, 212
growth in classification, 248, 249
initiatives in leadership and core skills
development, 42
salary dispersion, 209
temporary assignment, 250
Executive Level (EL) employees: EL 2
growth in classification, 249
individual flexibility arrangements, 210
Equal Opportunity for Women in the Workplace
Agency (EOWA)
ongoing employment in, 244
Ethics Advisory Service (EAS), 56–7
evaluation and performance management systems, 186
Ethics Advisory Service (EAS), 56–7
evaluation and performance management systems, 186
Evaluation of Recruitment Advertising, 171
evidence based choices strategy
capability reviews, 223, 225
Executive Level (EL) employees
in classification profile, 249
and development of APS Human Capital
Environmental Scan, 161
employee engagement, 82
and formal training and education, 37
growth of classification, 248, 249
hours worked, 202, 203
individual flexibility arrangements, 210
and leadership development, 18
see also Sir Roland Wilson Foundation
Scholarships
learning and development priorities, 41, 42
length at level, 253
median salaries, 207
non-ongoing employees, 245
number of agencies worked in, 252
part-time employment, 150
satisfaction with flexible working
arrangements, 204
satisfaction with work-life balance, 203, 204
and talent development, 33, 34, 35
women employees, 150
workforce mobility, 251
Executive Level (EL) employees: EL 1
in classification profile, 212
growth in classification, 248, 249
initiatives in leadership and core skills
development, 42
salary dispersion, 209
temporary assignment, 250
Executive Level (EL) employees: EL 2
growth in classification, 249
individual flexibility arrangements, 210
Index 301
non-ongoing employees
previously worked as ongoing employees, 254
salary dispersion, 209, 214
and talent management, 44
experience across agencies, 252

Facebook pages, 68
Family and Community Services (NSW) and baylink, 3
Federal Court of Australia unscheduled absence, 100
Federal Magistrate’s Court of Australia (FMC) unscheduled absence, 98, 99
fiscal constraints, 2
and strategic capability, 237–8
and wage restraint, 14–15
see also strategies to manage in tightening fiscal environment
flexibility initiatives, 204–6
flexible working arrangements
age and satisfaction with, 122
satisfaction with, 214
by classification, 204
formal training and education, 36–7, 47
Fortune 500 executive committees representation of women, 148
Framework for Action (APS200 Project: Workability and Ageing in the APS), 110, 133
fraud see Commonwealth Fraud Control Guidelines
Freedom of Information Act 1982, 9 reforms, 71
Future Fund Management Agency unscheduled absence, 98, 99

generational effects, 112–13
Generations X and Y and employee engagement, 78–9
Gov 2.0, 66–70
Gov 2.0 Primer (Finance), 66
Gov 2.0 Taskforce
Engage: Getting on with Government 2.0, 66
governance processes
employee perceptions of, 32
government policy
senior officials and public explanation of, 11

see also policy advice
government procurement integrity of, 59, 60
see also Commonwealth Procurement Rules
graduate classification, 248–9
employees from non-English speaking background, 154
engagements, 255
graduate qualifications employees with, 250
graduate recruitment
online cognitive ability and emotional intelligence testing, 176
social media and, 176
grant administration integrity of, 59, 60
see also Commonwealth Grant Guidelines
Green Loans Scheme ANAO on, 225

Handling Misconduct: A human resources practitioner’s guide to the reporting and handling of suspected and determined breaches of the APS Code of Conduct, 56
harassment and bullying, 12–13, 61–3, 72
employees with disability, 8, 145
forms of, 62
Indigenous employees, 8
and ‘personality differences’, 13, 62, 72
reporting incidents of, 63
see also cyberbullying
headcount and workforce management, 163
health and safety
age and, 130–1
high performance, 180–2
high performance governance, 182
high performance groups and individuals, 182
competencies and capabilities, 182
management capacity, 182
mutuality, 182
high performance organisation, 182
High Performance Organisations: Maximising Workforce Potential project (Australian Industry Group), 180
higher duties see temporary assignment
Home Insulation Program
ANAO on, 225
hours worked
and employee engagement, 92–3
hours worked and trends over time by classification
2011 bargaining round, 202–3
House of Representatives Standing Committee on Education and Employment
inquiry into workplace bullying, 61, 63
Human Capital Framework, 159
human capital management, xiii, xiv
see also ageing and work ability; diversity; performance management; workforce planning and strategy
human capital planning, 159, 162, 177
see also workforce planning
Human Capital Planning Framework, 159–61
human capital priorities
coordinated approach to initiatives, 230

iGeneration
and employee engagement, 78–9
Indigenous Career Trek program, 142
Indigenous employees, 7, 8, 136, 138–43, 156
by classification, 140
and employee engagement, 8, 80, 81, 156
engagements, 139, 141
harassment and bullying, 8
intention to leave, 8, 142, 156
job attraction, 139, 142
length of service, 141
pattern of separation, 137
recruitment, 8, 156, 177
representation in APS
ongoing and non-ongoing, 138–9, 140, 156
strategies to improve, 142–3
retention, 177
separation, 140–2
separation rate, 8, 136, 140
separations, 8, 156
types of employment, 140
women, 139
Indigenous Executive Leadership Fellowship program (PM&C), 143
Indigenous trainees, 140
individual flexibility arrangements, 210
induction
and APS Values, 46, 57, 72
industrial action
2011 bargaining round, 199, 214
industrial bargaining see workforce bargaining
information and communications technology
(ICT)
and productivity, 4, 19, 232
see also Gov 2.0; new media; online communications; social media; Web 2.0; web-enabled corporate facilities; whole-of-government information and communications technology strategic workforce plan
information management, 19
Information Publication Scheme, 71, 72
innovation
and efficiency, 232–3
and productivity, 4, 19
and service delivery, 4
barriers to, 4
innovative delivery
capability reviews, 226
Inside: Life in Children’s Homes and Institutions (National Museum of Australia exhibition), 70
Insolvency and Trustee Services Australia
and shared services, 234
integrity see transparency and integrity
intention to leave, 174–5
age and, 126–9
anticipated destinations on leaving, 127–8
reasons for leaving, 128–9
anticipated destinations on leaving, 177
employees from non-English speaking background, 155
anticipated destinations on leaving, 155
employees with disability, 145–6
anticipated destinations on leaving, 146
Indigenous employees, 8, 142, 156
women employees, 153
intention to stay, 177
age and, 129
and employee engagement, 93–4, 104
Interim APS Executive Remuneration Management Policy, 210
internal communications
employee perceptions of, 32
internal job comparisons, 213
‘Investing in our People’ (AEC), 161
IP Australia
strategies and activities to embed APS Values, 58
employees from non-English speaking background, 153
employees with disability, 144
Indigenous employees, 139, 142
women and men employees, 149
job family (occupational group) model, 163, 167–8
job strain
age and, 117–19
men and women employees and, 117, 119
see also role control; role demand

languages spoken by employees from non-English speaking background, 153
large agencies, 259–60
and Code of Conduct for Ministerial Staff, 64
definition, xiv
employee engagement in, 85
and Lobbying Code of Conduct, 64
and non-ongoing employment, 244
and performance management capability, 183
and Register of Lobbyists, 64
and Standards of Ministerial Ethics, 64
talent management strategies, 33
unscheduled absence, 98, 101–2, 277–8
\textit{Law Enforcement Integrity Commissioner Act 2006}
Parliamentary Joint Committee on the Australian Commission for Law Enforcement Integrity report on inquiry into operation of, 58–9
leadership, 15, 17–32
capability reviews, 221–3
develop people, 221, 222–3
motivate people, 221, 222
set direction, 221, 222
challenges identified by capability reviews, 14
and change management, 22, 235
and changes in the work demand and requirement, 18–19
and embedding a culture based on APS Values, 28–31, 46
see also values-based leadership
and employee engagement, 82, 88–90
senior leader communication on future challenges and, 90
senior leader visibility and, 89
and innovation, 232
and learning and development, 35–46
strategies for enhancement of, 41–5
and talent development, 32–5
see also APS leaders; APS Leadership and Core Skills Strategy 2012–13; Strategic Centre for Leadership, Learning and Development
leadership and culture, xiii, xiv
see also employee engagement; leadership, culture and conduct; transparency and integrity
leadership and management capability, 23–8
leadership capability, 5–6, 17–18, 46–7
non-SES levels, 27–8
SES, 24–7, 43–4
see also management capabilities across APS; talent management
leadership, culture and conduct, 17–47
leadership development, 17
see also APS Leadership Development Strategy; Strategic Centre for Leadership, Learning and Development
leadership skills, 223
learning and development, 35–46
approach to, 35–6
employees from non-English speaking background and, 153
evaluation of, 39–41
investment in, 36–8, 47
planning, 38–9, 47
priorities, 41–2
see also formal training and education
leave
age and, 123
types of, 97
see also carer’s leave; sick leave
leave management strategies, 102–3
length of service, 252–3
and employee engagement, 83–4, 104
Indigenous employees, 141
length at level, 253
non-ongoing employment
median length of service prior to re-engagement, 253
letter of transmittal, iii
life-stage view of APS employees, 113–14
line managers
improving confidence in, 193
and performance management, 184–5, 193
Listen Respect Lead program (Australian Customs and Border Protection Service), 43
Lobbying Code of Conduct, 64
lobbyists see Lobbying Code of Conduct;
Register of Lobbyists
location, 254
employee engagement by, 86–7
see also under Australian Capital Territory
Lucky Generation
and employee engagement, 78–9

McKinsey and Company
on promotion of working women, 148
male and female employment, 246–7
Male Champions for Change, 7
manage performance
delivery
capability reviews, 226, 227
Management Advisory Committee (MAC)
Performance Management in the Australian Public Service—A Strategic Framework, 180
management capabilities across APS, 31–2, 46
manager support
perceptions of by age, 119
maturity levels
change management, 236–7
performance management systems, 183–4
median salaries, 206–7, 214
Medicare
abolished, 243
and Department of Human Services, 3
medium agencies, 260–1
and Code of Conduct for Ministerial Staff, 64
definition, xiv
employee engagement in, 85
and Lobbying Code of Conduct, 64
and non-ongoing employment, 244
and performance management capability, 183
and Register of Lobbyists, 64
and Standards of Ministerial Ethics, 64
talent management strategies, 33
unscheduled absence, 98, 100, 276–7
Members of Parliament (Staff) Act 1984, 11
men employees
anticipated destinations on leaving, 153
and caring responsibilities, 148
and employee engagement, 81
with graduate qualifications, 250
job attraction, 149
median age of engagement, 111
and part-time employment, 120, 151, 247, 248
satisfaction with work-life balance, 153
temporary assignment, 250
workforce mobility, 251
and work-related stress, 117, 119
see also male and female employment
mental health, 8
job strain and, 117
Merit Protection Commissioner
and review of employment actions, 60
Migration Review Tribunal and Refugee Review Tribunal
unscheduled absence, 100
ministerial staff
and Code of Conduct for Ministerial Staff, 11, 64
ministers and their offices
relationships with, 63–4, 72
working with, 11–12
see also Standards of Ministerial Ethics
misconduct, 71
types of investigated, 52–3
types of that could include corruption, 59
see also APS Code of Conduct; suspected misconduct
mobility
within APS, 251
between APS and broader labour market, 257
see also workforce mobility
motivate people
leadership
capability reviews, 221, 222
Murray-Darling Basin Authority
unscheduled absence, 100
Mutually Agreed Proposal process (DAFF)
and management of underperformance, 192
National Anti-Corruption Plan, 59
National Archives of Australia
unscheduled absence, 100
National Blood Authority (NBA)
unscheduled absence, 98, 99
National Breast and Ovarian Cancer Council
employment trends, 242
National Broadband Network
and teleworking, 204
National Digital Economy Strategy, 204
National Disability Recruitment Coordinator, 176
National Disability Strategy, 147
National Film and Sound Archive
employees moved into coverage, 243
National Mental Health Commission
established, 242
National Museum of Australia
use of blog for Inside: Life in Children’s Homes and Institutions exhibition, 70
National Native Title Tribunal
initiatives in leadership and core skills
development, 42
National Offshore Petroleum Safety and
Environmental Management Authority
(NOPSEMA)
employment trends, 242
ongoing employment in, 244
National Partnership Agreement on Indigenous
Economic Participation (COAG), 138, 156
networking tools see under social media
new media
and public comment by APS employees, 10–11
see also social media
new starter
typical, 241
non-ongoing employment, 244–6
categories of, 244
classification profile, 245–6
Indigenous employees, 138–9, 140, 156
part time, 248
as proportion of total employment, 245
re-engagement and prior service in APS
median length of service prior to re-
engagement, 253
prior service as ongoing, 254
use of, 244–5
non-SES levels
leadership capability at, 27–8
median salaries, 206, 207
recruitment performance measures, 171–5
and review of employment actions, 60–1
North-East Asia
employees from non-English speaking
background from, 153
occupational skill shortages see skill shortages
Office of Communities (NSW)
and baylink, 3
Office of National Assessments (ONA)
Performance Development Framework, 187
Office of the Australian Building and
Construction Commissioner (ABCC)
abolished, 243
and shared services, 234
Office of the Australian Information
Commissioner
survey of agencies re compliance with new
publishing requirements, 71
Office of the Fair Work Building Industry
Inspectorate (FWBC)
established, 242
Office of the Renewable Energy Regulator
(ORER)
abolished, 243
older employees (over 55), 111, 112
and caring responsibilities, 121
and choice to stay or leave APS employment,
123
and disability, 129–30
and health and safety, 130
and intention to leave, 126
anticipated destinations on leaving, 127
reasons for leaving, 128
and job strain, 117, 119
life-stage view, 113
ongoing employment, 111
recruitment and retention strategies for,
131–2, 133
and satisfaction with flexible working
arrangements, 122
and unscheduled absence, 123
‘One APS’, 7, 28, 161, 198, 214
ongoing employment, 244
age profile, 111–12
by classification, 248–9
engagements and separations, 255–7
Indigenous employees, 138–9, 140, 156
length of service, 252–3
location of, 254
number of agencies worked in, 252
older employees, 111, 112
part time, 120, 247–8
men, 247
women, 150–1, 247
re-engagement and prior service in APS, 253–4
prior service as non-ongoing, 253
relocation of, 254
women, 148, 247
online cognitive ability and emotional intelligence testing
graduate recruitment, 176
online communications, 3–4, 232
APS Code of Conduct, APS Values and Public Service Regulation 2.1 and, 66
APS-wide guidance, 66–7
see also Gov 2.0; social media; Web 2.0; web-enabled corporate facilities
online enrolment and postal voting, 4, 232
open government, 65–71
operational business plans
and strategic plans
gap between, 224–5
operational workforce planning, 163
ORC International
and employee census, xv, 266, 267, 268
organisational capability, 13–14, 15, 217–38
and capability reviews, 14
and new capability methodology, 14
and performance management, 179
see also agency organisational capability;
capability review program
organisational effectiveness, xiii, xiv
see also ageing and work ability; diversity;
organisational capability; workforce bargaining and classification
ORIMA Research
and agency survey, xv
outcome focused strategy
capability reviews, 223, 224–5

Palmer Report (Inquiry into the Circumstances of the Immigration Detention of Cornelia Rau), 226
Parliamentary Joint Committee on the Australian Commission for Law Enforcement Integrity
report on inquiry into operation of Law Enforcement Integrity Commissioner Act 2006, 58–9
part-time employment, 247–8
by age and sex, 120
men, 120, 151
non-ongoing, 248
ongoing, 247–8
by sex, 247–8
women, 150–2
peer support
perceptions of by age, 119
people strategies
and agency workforce planning, 169–70
performance appraisal
and performance management, 185
performance appraisal processes
and APS Values, 46
and learning and development, 39
performance assessment
incentives and, 185, 186
performance bonus system, 185
Performance Development Framework (ONA), 187
performance feedback, 195
and employee engagement, 187–9
performance management, 179–95
capability reviews and, 179, 223
definition, 180
and employee engagement, 187–9
high performance, 180–2
measures to assist, 185–6
and organisational capability, 179
perceptions of good and poor performance in the workplace, 193–5
good performance, 193–4
poor performance, 194–5
and performance appraisal, 185
and underperforming staff, 187
see also underperformance
performance management capability, 183–4, 195
performance management framework, 179, 180, 181–2, 195
Performance Management in the Australian Public Service—A Strategic Framework (MAC), 180
performance management practice
employee perceptions of, 189–91
what is done poorly, 190–1
what is done well, 189–90
performance management systems, 195
evaluation and, 186
five-level maturity model, 183–7
performance reviews, 188, 195
period effects, 113
plan, resource and prioritise delivery
capability reviews, 226–7
policy advice, 12, 19
see also government policy
practical workforce planning guide, 163
Prime Minister’s Awards for Excellence in Public Service, 233
prior service in the APS see re-engagement and prior service in the APS
Privacy Act 1988, 9
private sector
comparison with workplace absence, 103
and diversity, 135, 155
mobility between APS and, 257
women in, 7, 148
procurement see government procurement
productivity see workforce productivity
Professional Services Review (PSR)
unscheduled absence, 98, 99
promotions, 257
public comment by APS employees, 10–11, 64
public comment by former APS employee, 9–10, 64
public sector information, 71, 72
see also Freedom of Information Act 1982; Information Publication Scheme
Public Service Act 1999, xiii, 241
and breaches of APS Code of Conduct, 50
coverage changes under, 242–3
and harassment and bullying, 12
and recruitment for APS leadership roles, 32
and review of action scheme for non-SES employees, 60
and whistleblowing, 54
and workplace diversity programs, 136
Public Service Amendment Bill 2012
and APS Values, 29, 58, 65
and Secretaries Board, 6
Public Service Classification Rules 2000 see Classification Rules
Public Service Commissioner
overview, 1–15
Public Service Regulation 2.1
and online communications, 66
public trust
building and maintaining, 9–10, 19
see also transparency and integrity
Recruitment, 171
employees with disability, 8, 156, 176
guidelines, 171, 177
Indigenous employees, 8, 156, 177
initiatives, 176
for leadership roles, 32
performance measures for non-SES employees, 171–5, 177
strategies, 171
recruitment and attraction strategies, 171–6
recruitment and retention strategies
and older employees, 131–2, 133
recruitment methodology/processes
simplification and streamlining of, 176, 177
re-engagement and prior service in the APS, 253–4
Register of Lobbyists, 64
remuneration, 15, 206–11
2011 bargaining round, 200, 202
dispersion of as result of enterprise bargaining, 197–8
median salaries, 206–7, 214
salary dispersion, 207–10, 214
of Secretaries, 209–10
see also 2011 APS Remuneration Report;
Interim APS Executive Remuneration Management Policy; wage constraint;
wage restraint
Remuneration Tribunal
and remuneration of senior APS employees, 210
Review of the Office of Secretary, 209–10
resignations, 124, 257
by age, 125, 126
resource allocation
APS leaders and, 22–3
resourcing levels
reduction of, due to financial pressure, 229
methods of, 230
retention strategies, 36
see also staff retention
retirement, 124
by age, 125, 126
employees with disability, 146
retrenchment, 124
retrenchments, 257
Review of the Office of Secretary (Remuneration Tribunal), 209–10
Review of the Senior Executive Service report, 213
308 State of the Service 2011–12
role control
perceptions of by age, 118
role demand
perceptions of by age, 118

Rosnow, RL, and R Rosenthal, ‘Statistical Procedures and the Justification of Knowledge in Psychological Science’, 271

Safe Work Australia
and shared services, 234
salary dispersion, 207–10, 214
as result of enterprise bargaining, 197–8
scenario planning, 163
secrecy provisions in legislation, 9
Secretaries Board
and Diversity Council, 135, 155
and leadership and employee engagement, 82
and leadership development, 17
and stewardship of APS, 6
and Strategic Centre, 43
and Workability and Ageing Project, 109

Senior Executive Service (SES)
building of leadership capabilities, 43–4, 46
in classification profile, 249
classification review, 213–14
comments on from capability reviews, 222–3
and development of APS Human Capital Environmental Scan, 161
employee engagement, 82–3, 104
employment opportunities filled by engagement, 257
engagements at, 255
and formal training and education, 37
growth of classification, 248, 249
hours worked, 202, 203
identification of skills gaps, 38
leadership capability, 24–7
employee views on, 25–6
learning and development priorities, 41, 42
length at level, 253
median salaries, 206, 207
non-ongoing employees, 245
previously worked as ongoing employees, 254
number of agencies worked in, 252
orientation program
and APS Leadership Development Strategy, 18
part-time employment, 150, 151–2
perceptions of behaviours for good performance, 193, 194
perceptions of behaviours for poor performance, 194, 195
perceptions of performance management practice, 189, 190, 191
perceptions of relationships with stakeholders, 65
and queries to Ethics Advisory Service, 57
re-engagement and prior service in APS, 253
Review of the Senior Executive Service report, 213
salary dispersion, 208
satisfaction with flexible working arrangements, 204
satisfaction with work-life balance, 203, 204
superannuation, 211
and talent development, 33, 34, 35
views on being part of an APS-wide leadership group, 26–7, 46
views on their own capability, 24
women employees, 150
part time, 151–2
workforce mobility, 251
work-level standards, 212, 213, 214, 230
Senior Executive Service (SES) Band 1
engagements at, 255
women employees, 150
Senior Executive Service (SES) Band 2
engagements at, 255
women employees, 150
Senior Executive Service (SES) Bands 2–3
building of bench strength, 44
Senior Executive Service (SES) Band 3
engagements at, 255
non-ongoing employees, 245
remuneration, 210
salary dispersion, 207
women employees, 150
separation rates, 173–4, 257
Indigenous employees, 8, 136, 140
separations, 255, 257
age and, 124–6, 133
employees from non-English speaking background, 154–5
employees with disability, 145–6
Equal Employment Opportunity groups, 137–8
Indigenous employees, 8, 140–2, 156
types of, 124
women, 152–3, 257
see also resignations; retirement; retrenchments; terminations
service see length of service
service delivery, 19
challenges identified by capability reviews, 14
innovation and, 4
barriers to, 4
reforms, 3–4
see also delivery
Service Delivery Reform (Department of Human Services), 3
SES cap, 212, 214, 255
set direction
leadership
capability reviews, 221, 222
70–20–10 learning and development principle, 35–6
Sex Discrimination Commissioner
and Male Champions for Change, 7
shared commitment and sound delivery models
delivery
capability reviews, 226, 227
shared services
and efficiency, 233–5
sick leave, 98, 275–8
age and, 123
use of and employee engagement, 94–5
Sir Roland Wilson Foundation Scholarships, 6, 18
skill shortages, 159, 167–9
investment in learning and development
and, 36
occupational areas, 168–9
strategies to address, 170
Skilled Occupation List (DIAC and AWPA), 168
skills see core skills; leadership skills; workforce skills
skill-set gaps
assessment of, 38
small agencies, 261–2
and Code of Conduct for Ministerial Staff, 64
definition, xiv
employee engagement in, 85, 104
and Lobbying Code of Conduct, 64
and non-ongoing employment, 244
and performance management capability, 183
and Register of Lobbyists, 64
and shared services, 233
and Standards of Ministerial Ethics, 64
talent management strategies, 33
unscheduled absence, 98, 99, 275–6
small agencies outside scope of agency survey, 262
Social Inclusion Unit (PM&C), 3
social media, 3
agency guidance and training, 67–8
agency use of, 4, 66, 67, 68–70, 232
availability of in agencies, 67
graduate recruitment campaign, 176
and networking tools, 4, 66, 67, 68, 72
see also new media
see also cyberbullying
‘Social media 101: A beginner’s guide for Finance employees’, 67
South-East Asia
employees from non-English speaking background from, 153
Southern and Central Asia
employees from non-English speaking background from, 153
Southern and Eastern Europe
employees from non-English speaking background from, 153
‘Speechbubble’ (Department of Human Services)
and recruitment and retention strategies for older employees, 132
staff retention
age and, 123–4
agency strategies, 174
employees with disability, 8, 156, 177
Indigenous employees, 177
see also recruitment and retention strategies
stakeholder relationships
management of, 65
Standards of Ministerial Ethics, 64
stewardship of APS, 6–7, 15
Strategic Centre for Leadership, Learning and Development, 6–7, 17, 23, 35, 43–5
and APS Leadership Development Strategy, 230
and leadership skills, 223
see also APS Leadership and Core Skills Strategy 2012–13
strategic plans
challenges identified by capability reviews, 14
and operational business plans
gap between, 224–5
strategic policy capability
collaborate and build common purpose and, 225
evidence based choices and, 225
strategic workforce planning, 163, 164, 165, 177
strategies to manage in tightening fiscal
environment, 228–37
strategy
capability reviews, 223–5
collaborate and build common purpose
and, 224, 225
evidence based choices, 223, 225
outcome focused strategy, 223, 224–5
succession management
age and, 123
superannuation, 211
survey methodologies, 265–73
agency survey methodology, 265
analysis strategy, 269–73
employee survey methodology, 265–9
suspected misconduct
reporting, 55–6

T
talent development, 33–5
talent management, 32–5
implementation of, 33
talent management strategies, 33
teleworking, 204–6
agency reasons for not approving, 205–6
levels of, 205
temporary assignment, 250
women and, 250
terminations, 257
terms and conditions of employment see
conditions of employment
Tertiary Education Quality and Standards
Agency (TEQSA)
employees moved into coverage, 243
established, 242
unscheduled absence, 98, 99
time-to-fill statistics
recruitment, 172–3, 177
Torres Strait Regional Authority (TSRA)
Indigenous employees
non-ongoing, 140
trainee classification
growth of, 248–9
trainees
employees from non-English speaking
background, 154
Indigenous, 140
people with intellectual disability, 147, 176
women, 149
transparency and integrity, 49–72
see also APS Code of Conduct; APS Values;
public trust
Transparency International’s Corruption
Perceptions Index 2011
and Australian public administration, 49
Turning Grey into Gold report, 109
Twitter accounts, 4, 68, 232
typical APS employee, 241
typical new starter, 241

U
unauthorised absence, 97
underperformance
management of, 191
capability reviews and, 223
employee perceptions of, 32
perceptions of, 192
United Kingdom Civil Service
and absence rates, 103
capability review experience, 221, 222
and employee engagement, 3, 87–8, 95, 104
and unscheduled absence, 104
see also Civil Service Engagement Index
(UK); Civil Service Health and Safety
Executive (UK); Civil Service People
Survey (UK)
United Kingdom National Audit Office
report on efficiency of shared services, 233
University of Canberra
and APS Performance Management
Framework, 181
University of New South Wales
and APS Performance Management
Framework, 181
unscheduled absence, 97–102, 104, 275–8
age and, 123
see also sick leave

V
values-based leadership
strategies to enhance, 45–56

W
wage constraint, 15, 214
wage restraint
and fiscal constraints, 14–15

Web 2.0, 3, 66, 68

and greater efficiency, 230–2, 235, 238
tools, 231
use of, 231

web-enabled corporate facilities, 4
see also online communications

Western Australian Premier
on shared services, 233

whistleblowing reports, 54–5

whole-of-government information and
communications technology strategic
workforce plan, 163
‘wicked’ or ‘adaptive’ problems, 5, 7, 19, 26

women
in the private sector, 7, 148
in the workforce, 148

women employees, 7, 136, 148–53
and caring responsibilities, 148
by classification, 149–50
and employee engagement, 81
engagements, 149, 152, 256
with graduate qualifications, 250
Indigenous, 139
intention to leave, 153
anticipated destinations on leaving, 153
job attraction, 149
median age of engagement, 111
ongoing employment, 148
part time, 150–1
and part-time employment, 120, 247, 248
pattern of separation, 137
representation in APS, 148–9, 156
satisfaction with work-life balance, 153
at senior executive levels, 148, 150
separations, 152–3, 257
temporary assignment, 250
workforce mobility, 251
and work-related stress, 117, 119
see also male and female employment

work
age and perception of, 115–16
changes in over last 5 years, 228
work ability, 114
ageing and, 107–33
see also APS200 Project: Workability and Ageing in the APS; Workability and Ageing Project
work changes at current classification levels
APS employees’ perceptions of, 22

Work Health and Safety Act 2011, 61

Work Safe Australia
Code of Practice—How to Manage Work Health and Safety Risks, 61
draft Code of Practice: Preventing and Responding to Workplace Bullying, 61

Workability and Ageing Project, 109–10

workforce bargaining, 14–15, 197–211
see also APS Bargaining Framework; APS enterprise bargaining round 2011;
bargaining arrangements; classification structures; conditions of employment;
remuneration

workforce bargaining and classification, 197–214

workforce capability themes, xiii–xiv
see also human capital management;
leadership and culture; organisational effectiveness

workforce challenges, 166–7

workforce demand, 164

Workforce Innovation Program (DEEWR)
and Australian Industry Group’s High Performance Organisations: Maximising Workforce Potential project, 180

workforce management see headcount and workforce management

workforce mobility, 250–2
within APS, 251

workforce planning, 159–61, 163–70, 177
age and, 123
and agency people strategies, 169–70
APS leaders and, 22
capability reviews and, 223
definition, 163
environmental scanning and, 161–2, 177
recruitment and attraction strategies and, 171–6
see also intention to leave; separations; staff retention
and skill shortages, 159, 167–9, 170
workforce risks and planning challenges, 165–7
see also strategic workforce planning

workforce planning and strategy, 159–77

Workforce Planning Framework, 159

workforce productivity, 5, 15, 43
age and, 123–9
employee engagement and, 75, 90
technology and, 4, 19, 232
workforce risks, 165–6

workforce skills
development of, 222–3
workforce trends, 241–57
work-level standards
agencies and, 212
Classification Rules and, 211
SES, 212, 213, 214, 230
work-life balance
age and, 114–15, 133
employees from non-English speaking
background, 153
satisfaction with, 214
by classification, 203–4
by sex, 153
workload demands on agency head/executive
team time, 229
workplace absence
age and, 123
comparison with private sector, 103
and employee engagement, 95, 97–103
see also leave; unauthorised absence;
unscheduled absence
workplace agreements, 197
workplace diversity see diversity
workplace diversity programs, 136
workplace flexibility
age and, 120, 133
workplace health and wellbeing
employees from non-English speaking
background and, 153
workplace leadership see leadership
workplace wellbeing programs see employee
wellbeing programs
work-related stress see job strain
World Bank's Governance Matters
perception of quality and independence of
Australian public administration, 49

Y

younger employees (less than 25), 111
and caring responsibilities, 121
and employee engagement, 116
and health and safety, 130
and intention to leave, 126
anticipated destinations on leaving, 127
reasons for leaving, 128
life-stage view, 113
and satisfaction with flexible working
arrangements, 122
YouTube channels, 68
YouTube Tax Tips, 70