

The State of the Service

- 3.1 Section 44 of the *Public Service Act 1999* requires the Australian Public Service Commissioner to prepare an annual report that includes a report on the state of the APS during the year. This section of the report has become known as the State of the Service.¹
- 3.2 As outlined by the APSC, 'the State of the Service report provides data and information on changing workforce trends and workforce capability across the APS, as well as activities and human resource management practices of APS agencies'. The report 'draws on a range of information sources but its main data sources are two State of the Service surveys – one of agencies and the other of employees'.²
- 3.3 While overall the State of the Service reports present a picture of progress, there is still work to be done in areas such as workforce diversity, leadership and ensuring adequate promulgation of important guiding documents for APS staff in dealing with political stakeholders.³
- 3.4 Finally, an additional challenge over the coming year for many APS agencies is likely to be how to improve the 'state of the service' while at the same time finding savings to meet the increased efficiency dividend.
- 3.5 These aspects were explored further by the Committee at the hearing and through questions on notice.

1 APSC, *2010-11 State of the Service Report*, p. xiii.

2 APSC, *2010-11 State of the Service Report*, p. xiii.

3 see <http://www.apsc.gov.au/publications-and-media/parliamentary-reports/state-of-the-service/state-of-the-service-2010/at-a-glance>.

Diversity

3.6 According to the most recent State of the Service report:

- employment of people with a disability in the APS continues to decline, with the decrease in the last year, in absolute terms, the largest in a decade ;⁴ and
- Indigenous representation has also seen a steady decline down to 2.1 per cent in 2011.⁵

3.7 These results are despite a number of APS-wide initiatives to address the lagging representation of both these groups. The Committee asked for insight into the continuing decline in diversity in terms of Indigenous employees and employees with a disability and what was being done to counteract this trend.

3.8 The Public Service Commissioner explained that the fall in recruitment over the last year combined with a separation rate higher than the APS more generally across these groups, if a 'standstill' option is taken, it will result in continuing decline. Instead, the Commissioner advised, the Secretaries Board has agreed to establish a diversity council to renew efforts in this area. Two programs are underway to increase Indigenous representation by improving the employment pathway and improve retention.⁶

3.9 For those with a disability, the Commissioner highlighted the new strategy 'As One'. The aim is to improve the APS environment, and help people feel more comfortable identifying themselves as having a disability. The Secretary of the Department of the Prime Minister and Cabinet added that the key is to get people in and let their ability come through. According to the Public Service Commissioner, this will be facilitated through a system of interview guarantees for those that identify as having a disability and meet certain criteria.⁷

Leadership

3.10 Similar to previous years, the most recent State of the Service report found that the average overall employee satisfaction with senior leaders was low.⁸ The Committee was concerned to read that in some cases satisfaction

4 APSC, *State of the Service 2010-11*, pp. 177-178.

5 APSC, *State of the Service 2010-11*, p. 165.

6 Mr Sedgwick, APSC, *Committee Hansard*, Canberra, 20 June 2012, p. 6.

7 Mr Sedgwick, APSC, *Committee Hansard*, Canberra, 20 June 2012, p. 6.

8 APSC *State of the Service 2010-11*, p. 8.

was as low as 23 per cent, and asked the Public Service Commissioner what actions had been taken to address this ongoing issue.

- 3.11 In a detailed written response, the Commissioner outlined the work of the Strategic Centre for Leadership, Learning and Development, which was formed in 2010 in response to the finding in APS Blueprint for Reform that more could be done to improve leadership. According to the Commissioner, strategies are being developed and deployed in consultation with APS agencies to improve 'APS management knowledge and craft'. Initiatives have included a refreshed SES orientation program; SES talent development programs; refreshed leadership development suite to improvement the delivery and implementation of government policies; and ongoing research and analysis for the core skills strategy.⁹
- 3.12 While the focus is on SES, the PM&C Secretary noted in his opening statement that he considers 'everyone in the APS is a leader' and as such, development opportunities need to be offered more broadly through both formal and on-the-job programs and training. Dr Watt highlighted the need for diverse and real world experiences, encouraging employee mobility through lateral transfers and exchanges with non-government bodies, including academia, community and private sectors.¹⁰

Committee comment

- 3.13 Leadership drives success of an organisation, yet there is this continuing trend of dissatisfaction with those steering the course. The Committee will continue to monitor closely results in this area through the data in the State of the Service Reports, noting that a formal evaluation of the Strategic Centre will take place in June 2014.

Interacting with Ministers and their advisers

- 3.14 Although there are a range of resources available to APS employees looking for advice or assistance to manage relationships with Ministers and their advisers, results in the State of the Service indicated limited awareness of this material. As in previous years, senior employees who had direct contact with ministers and/or their advisers generally indicated they had heard of, but were not familiar with, key guidance documents including the *Standards of Ministerial Ethics*; *Code of Conduct for Ministerial Staff*; *Register of Lobbyists*; and the *Lobbying Code of Conduct*.¹¹

9 APSC, *Submission 2*, pp. [1-2].

10 PM&C, *Submission 1*, p. [5].

11 APSC, *State of the Service 2010-11*, p. 65.

- 3.15 Noting the importance of an apolitical APS, the Committee asked for further detail on what guidance is available to public servants on interacting with Ministers and their advisers, and how this information is promulgated.
- 3.16 The APSC submission responding to this advised 'that the primary responsibility for providing guidance to APS employees about appropriate behaviour rests with agency heads'. The submission outlined the APSC's role in promoting the APS values and code of conduct, and also noted the 2009 establishment of the Commission's Ethics Advisory Service (EAS).¹²
- 3.17 According to the APSC's response, the EAS is referring to an outdated document in providing advice to APS employees, and the APSC only 'touches on' these matters in learning and development courses.¹³

Committee comment

- 3.18 The Committee considers that all APS staff, and particularly those in senior positions, should be well versed in all relevant guidance for dealing with political stakeholders. Emphasis should be placed on the importance of understanding not only the public servant's responsibilities, but also those they are dealing with.
- 3.19 That the APSC's advisory service is relying on documents that are not necessarily current is of concern to the Committee. Ideally, this document should be up-to-date, accessible to all and well-promoted by both the APSC and agency heads.

12 APSC, *Submission 2*, p. [4].

13 APSC, *Submission 2*, p. [4].

Efficiency dividend

- 3.20 Efficiency dividends may well be a useful tool to ensure agencies focus on operating in an efficient and economical fashion. However, the question remains at what point do cuts affect the state of the service, namely the capacity to meet its mandate and continue current reforms aimed at strengthening the APS to meet future challenges.
- 3.21 In November 2011, the Government announced that an additional 2.5 per cent efficiency dividend would apply, on top of the existing efficiency dividend of 1.5 per cent in 2012-13. Agencies were advised to find savings by reducing expenditure on advertising, travel, consultants, entertainment and printing.¹⁴
- 3.22 The Committee was interested in hearing firsthand any early findings on the impact of the efficiency dividend across the APS.
- 3.23 In responding, Finance highlighted interest from agencies in taking advantage of whole of government procurement arrangements to assisting making necessary saving. However, while the Government's advice was to first look to non-staff costs such as these for savings, Finance indicated that some agencies have chosen to consider staff costs.¹⁵
- 3.24 Noting there have been a number of reports of agencies planning redundancies, the Committee asked whether a global figure was available, and if those agencies considering redundancies to meet the additional savings required would be resorting to forced redundancies.
- 3.25 The Public Service Commissioner advised that 'data is published six-monthly that records the actual number' but this does not distinguish between voluntary or otherwise.¹⁶ Further, the Commissioner indicated he was aware of at least one department that was unable to achieve staff reductions through voluntary redundancies.¹⁷

Committee comment

- 3.26 The Committee makes no judgement on the efficiency dividend, but is interested in the efficacy of redundancies as a means of meeting the savings targets. Redundancies can only provide long-term value for money if the work unit is restructured and true efficiencies are made. The

14 Senator the Hon Penny Wong, Minister for Finance and Deregulation, 29 Nov 2011, http://www.financeminister.gov.au/media/2011/mr_pw25311.html.

15 Dr Helgeby, Finance, *Committee Hansard*, Canberra, 20 June 2012, p. 4.

16 Mr Sedgwick, APSC, *Committee Hansard*, Canberra, 20 June 2012, p. 4.

17 Mr Sedgwick, APSC, *Committee Hansard*, Canberra, 20 June 2012, p. 6.

Committee will be looking for evidence that redundant positions have not been refilled or backfilled with contractors.

- 3.27 It would be useful to have reporting data that indicated whether a separation was forced or voluntary. If such data is not included in future APSC collections, the Committee may consider requesting the inclusion of this information in Annual Reports under statistics on staffing.