

Recommendation	Government Response
<p>Recommendation 15: The Committee recommends that the General Insurance Code of Practice be revised so that it provides remedies for community groups and small businesses who are affected by price exploitation in relation to public liability or professional indemnity policies. The Committee recommends that Insurance Enquiries and Complaints Ltd submit the revised code for ASIC's approval under the FSR Act.</p>	<p>Reponse: The General Insurance Code of Practice (the Code) is voluntary and is the responsibility of the industry. In the event that price exploitation is exposed, the Government will look to all suitable remedies, including compelling industry to strengthen the Code. Under the FSRA and Corporations Act, ASIC has the power to approve codes of conduct. Such codes have to be voluntarily submitted for approval since it is not mandatory to have a code. The legislation makes it clear that before ASIC can approve a code it must satisfy itself about a range of matters including that there are adequate mechanisms to ensure compliance with the code.</p>

## GOVERNMENT RESPONSE TO THE SENATE FINANCE AND PUBLIC ADMINISTRATION REFERENCES COMMITTEE REPORT ON RECRUITMENT AND TRAINING IN THE AUSTRALIAN PUBLIC SERVICE

### Background

1. The bi-partisan report of the Finance and Public Administration References Committee (the Committee) on Recruitment and Training in the Australian Public Service (APS) was tabled in the Senate on 19 September 2003.
2. The purpose of the Inquiry was 'to examine whether current recruitment and training practices and policies in the Australian Public Service are adequate to meet the challenges the APS faces'.
3. The Committee's Terms of Reference are at [Attachment A](#).

### Human Resource Management in a devolved APS

4. As the report acknowledges, the APS has been responding for over twenty years to the challenges presented by sustained and accelerating social, economic, demographic and technological change, combined with increasing community expectations of the APS.
5. The APS response to these challenges has been characterised by its progressive shift away from a system of centralised control. The Public Service Act 1999 (the PS Act),

together with the Workplace Relations Act 1996, represent the culmination of two decades of public sector management reform. For five years, Agency Heads have now had the responsibility, together with the flexibility, to manage their staff according to their business needs in order to maximise the performance of their agencies.

6. Agency Heads exercise the full range of powers of an employer in respect of agency employees and have the authority to engage and terminate the employment of these employees subject to certain conditions. They also have the authority to negotiate terms and conditions of employment with their employees within policy parameters. Agency Heads have the prime responsibility for management decisions and actions within their individual APS agencies, including in respect of recruitment, and learning and development.

### The Accountability and Reporting Framework

7. The APS in 2004 operates within an accountability and reporting framework that is designed to balance the greater management and employment powers that have been given to Agency Heads with their increased accountability for the use of these powers.
8. Annual reports are one of the main vehicles by which APS agencies publicly report on their performance. Sections 63 and 70 of the PS Act require Agency Heads to provide their Minister with an annual report detailing

their activities during the year for presentation to Parliament. The annual reporting requirements, approved by the Joint Committee of Public Accounts and Audit, provide that annual reports should include an assessment of an agency's effectiveness in managing and developing its staff to achieve its objectives. Matters suggested for inclusion in the annual report include workforce planning, staff retention and turnover and an agency's key training and development strategies.

9. Another critical element in the maintenance of accountability across the APS is the requirement under section 44 of the PS Act that the Public Service Commissioner report annually to Parliament on the state of the Service. In addition to the APS Commission's own research and databases, one of the main sources of information for the report is a questionnaire sent by the APS Commission to all agencies employing staff under the PS Act. Section 44(3) of the PS Act requires Agency Heads to give the Public Service Commissioner whatever information the Commissioner requires for the State of the Service Report.
10. The Auditor-General has an important role in ensuring APS agencies are accountable by reporting on their performance to the Parliament. The Auditor-General Act 1997 provides the Auditor-General with a high level of independence and overriding information gathering powers. The Australian National Audit Office (ANAO) also regularly produces better practice guides on public sector management issues including workforce planning and learning and development in the APS.
11. Finally, the Management Advisory Committee (MAC) is a high level APS forum that advises the Government on matters relating to the management of the APS. The MAC is established under section 64 of the Public Service Act, and chaired by the Secretary of the Department of the Prime Minister and Cabinet, with the Public Service Commissioner as executive officer. It includes all Portfolio Secretaries and the heads of larger

APS agencies. While the MAC has no statutory powers or executive functions, it provides a forum for members to discuss and report on significant issues of topical and strategic interest to the APS. The work of the MAC is becoming increasingly influential as a source of guidance and identification of better practice approaches to improving public administration.

12. The Committee's report notes that recent reports from the MAC and the ANAO 'provide a firm basis for agencies to develop practical approaches to recruitment, retention and training'. An outline of these and other recent APS Commission publications to which reference is made in the Government's response to the report is at Attachment B.

#### **The Role of the Public Service Commissioner**

13. While each Agency Head has employer powers, the Public Service Commissioner has an important role in contributing to the future capability and sustainability of the APS. As well as her reporting and quality assurance role through the State of the Service Report, the Commissioner has a specific statutory role under section 41 of the PS Act to develop, promote, review and evaluate people management throughout the APS, and to foster and contribute to leadership in the APS. This includes, amongst other responsibilities, promoting and upholding the merit principle, and developing and promoting people management policies and practices in recruitment, and learning and development.

#### **The Government's Response**

14. The Government's response to the Committee's recommendations has been framed against this background, noting the report's advice that 'the impacts of devolution on the way the 'new APS' is managing recruitment and training challenges is a recurring theme throughout the report'.
15. For the most part, the Committee's report reinforces the significant effort being undertaken by APS agencies, the APS Commission and the MAC in recent years to improve workforce planning and to tailor recruitment, and learning and development strategies to

- current and future business requirements. For example, the MAC's report last year on Organisational Renewal provides careful analysis of demographic trends in the APS and promotes improved workforce planning, employment flexibility, targeted recruitment and more structured learning and development. The MAC report reflects much of the Government's wider efforts to address demographic change, workforce flexibility and enhanced skills and productivity.
16. Accordingly, many of the Committee's recommendations confirm that current APS recruitment, and learning and development arrangements appropriately reflect the changes in the APS and the Australian workforce over time. The recommendations are also generally consistent with the roles of Agency Heads and the Public Service Commissioner in an environment where responsibility for management decisions has been devolved to Agency Heads.
  17. In all, many of the Committee's recommendations endorse practices and arrangements that the Government considers all agencies should have, or already have in place. Generally, the Inquiry has affirmed the Government's commitment to devolved people management arrangements for the APS and the role of APS agencies vis-à-vis the APS Commission, and reinforced the importance of agencies adopting a rigorous, strategic approach to workforce planning. In particular, the Committee has identified the value and appropriateness of the Government's efforts in relation to encouraging APS agencies to consider the benefits of Indigenous employment.
  18. The Government considers that a small number of recommendations, however, are directed to a more centrally driven recruitment and training approach that would not be consistent with the current devolved APS management environment and seek to impose reporting requirements on Agency Heads which could in practice be met adequately under the existing accountability framework.
  19. There are some recommendations which would require all agencies to apply a uniform approach. While the proposed approach might reflect good practice in many cases, in other cases a business driven model might well lead to a different approach. The Government's policy in favour of devolved management is based on ensuring the focus is on each agency's business needs as determined by the Government, with the onus on Agency Heads determining and managing their workforce requirements accordingly. The Government's response does not accept these recommendations. However, where relevant, work being undertaken by the APS Commission to assist agencies to tailor good practice to their own operations is noted in the Government's response to particular recommendations.
  20. While the Committee has also recognised the crucial role for accountability of reporting by APS agencies in a devolved environment, its recommended requirements can, in the Government's view, be met through the accountability and reporting requirements currently in place in the APS. In recognition of this, the Government's response to the Committee's recommendations does not therefore increase the current reporting requirements for APS agencies and the APS Commission. These are considered adequate to fully meet the intent of the Committee's recommendations. In particular, the Public Service Commissioner will continue to seek information from APS agencies that enables her to provide high-level commentary on capability development and employment practices in the APS through the State of the Service Report.
  21. The Commissioner will also continue to provide advice and support to APS agencies consistent with the recommendations of the report, and to promote people management policies and practices in accordance with her current statutory responsibilities. The APS Commission will continue in its current role of providing advice and guidance to agencies in relation to a range of recruitment strategies and practices. Workforce planning, which encompasses the relationship between the selection, retention and development of

employees in the context of future business needs, will continue to be promoted by the APS Commission through a range of forums to support agencies to meet their current and future business objectives and build individual and organisational capability.

22. The Committee calls upon the Public Service Commissioner to assume a particular role in APS recruitment practices in relation to the employment of graduates and to promote the APS as an employer of choice and public administration as a major profession. This recommendation is consistent with the recent MAC report *Connecting Government: Whole of Government Responses to Australia's Priority Challenges*. The report found that:

Whole of government opportunities have the potential to be a positive attraction factor and marketing tool for graduate recruitment and should be part of graduate programs. Research indicates, for example, that graduate recruits (in the APS) responded positively to the ability to move between departments.

23. The Government notes that this recommendation would require additional resources, and this would need to be tested for priority in a future budget context. Accordingly, the Government response agrees that there is value in considering at a later stage a further role for the APS Commission to promote the APS as an employer of choice and appropriate arrangements to support such a role.

#### **DRAFT WHOLE OF GOVERNMENT RESPONSE TO RECOMMENDATIONS 1-28**

**Recommendation 1:** The Committee recommends that the APS Commission widely disseminate advice and guidance to agencies clarifying the flexibility with recruitment available under the legislation. This should include information on the exceptions that apply to requirements for advertising vacancies, Australian nationality and candidates who have accepted a redundancy benefit (Para 2.89)

**Response: Agree**

**Recommendation 2:** The Committee recommends that, to reduce barriers to mobility, the APS Commission provide clear guidance to all

agencies on efficient, flexible and streamlined recruitment and selection processes. (Para 2.91)

**Response: Agree**

**Recommendation 3:** The Committee recommends that the APS Commission provide clear guidance to all agencies on their responsibilities under the Public Service Act 1999 regarding non-ongoing employees' entitlements and rights. (Para 2.103)

**Response: Agree.**

**Recommendation 4:** The Committee recommends that all APS agencies develop mandatory exit interview processes to monitor and report on retention and separation trends. The APS Commission should assist agencies in this process and also develop a set of standard questions to enable it to report on APS-wide retention and separation issues and developments. (Para 2.112)

**Response: Agree in part.** Agencies may wish to use tailored questions in exit interviews or post separation questionnaires that meet their own purposes—this information may, for example, draw on findings of agency staff surveys and be used to support workforce planning. However, a centralised and standardised collection, analysis and reporting of APS-wide exit interview data would be resource intensive for both APS agencies and the APS Commission and would not maximise the usefulness of the exit interview process to individual agencies. The APS Employment Database (APSED), which is maintained by the APS Commission, contains APS-wide data that currently allows reporting on APS trends in engagements and separations over time. As well as providing the capacity to analyse and report by a range of variables such as classification, age, gender and location, APSED provides a resource against which agencies are able to benchmark themselves. Information on service-wide retention and separation trends will be included in the Commissioner's State of the Service Report.

**Recommendation 5:** The Committee recommends that all APS agencies, as a priority, develop a detailed analysis of their present workforce profile and a strategic action plan to meet their future workforce needs. (Para 2.116)

**Response: Agree.** The Government considers it important that all APS agencies develop strategic workforce plans so as to meet future workforce needs and, that for workforce planning to be effective, it is critical that agencies develop workforce planning strategies that are tailored and timed to the specific agencies' context and meet their business objectives and changing workforce needs. The Management Advisory Committee (MAC) has noted in its report *Organisational Renewal*, released in 2003, that 'agencies need to engage in more systematic workforce planning'.

Many agencies have, to date, undertaken significant steps to improve their workforce planning. Responses to the agency survey undertaken for the State of the Service Report 2002–03 indicated that 36% of agencies had in place policies or strategies to ensure they would have the skills and capabilities needed in their agency for the next one to five years. Consistent with the priority which agencies are placing on workforce planning, another 54% indicated that they are currently developing these for 2003–04.

To further support agencies' workforce planning activities, the Australian National Audit Office (ANAO) and the APS Commission collaborated to produce the better practice guide: *Building capability: A framework for managing learning and development in the APS*, in April 2003. The APS Commission, together with the Departments of Employment and Workplace Relations, and Finance, and Comsuper and Comcare also developed a package of resource materials for human resource practitioners in the APS to address retention of mature aged workers which was launched in late 2003. Details of these, and other recent publications which promote and assist agencies to improve their workforce planning are provided at Attachment B.

The APS Commission is currently developing an Internet interface that will allow agencies direct access to their workforce data from APSED, including customised tables providing a demographic profile of staff in their agency, together with APS averages for benchmarking. The APS Commission is also continuing to undertake a range of other activities to support agencies workforce planning including learning and development options, case studies and collaborative pro-

jects. Responses to Recommendations 11 and 12 also consider aspects of workforce planning in APS agencies.

**Recommendation 6:** The Committee recommends that, as a priority, all agencies develop mentoring programs and activities to support new young recruits. (Para 2.124)

**Response: Noted.** The Government considers that mentoring programs are best developed by agencies to meet their particular needs and may not be appropriate to the circumstances of all agencies. They may also extend beyond new young recruits to lateral recruits of whatever age and employees from specific diversity groups.

**Recommendation 7:** The Committee recommends that the APS Commission assist agencies to develop collaborative arrangements with industry to establish work experience arrangements for young people, especially in areas of key skill needs. (Para 3.64)

**Response: Disagree.** While reciprocal work experience placements with industry are desirable, agencies are better placed to know their requirements and to generate such placements.

**Recommendation 8:** The Committee recommends that in its overall recruitment strategy the Government re-commit the Commonwealth to significantly increasing the number of trainees employed in the APS. (Para 3.66)

**Response: Disagree.** The Government is aware that the changing nature of work in the APS means that for many agencies fewer positions are needed at lower points in the classification structure—the MAC report *Organisational Renewal* identifies the significant change undergone by the APS workforce, including recruitment patterns that see a greater reliance on graduates and the lateral engagement of older people above the base grade level together with a decline in employment at the lower classification levels. It is considered that agencies are best placed to know their likely need for the engagement of trainees in the future and, while it is not anticipated that there will be a need for a significant increase in the number of trainees within APS agencies, it may be that as agencies face greater competition for staff, they may wish to pursue the recruitment of trainees.

**Recommendation 9:** The Committee supports the APS Commission's initiative to establish an indigenous employment working group to assist development of recruitment and retention strategies. The Committee recommends that the APS Commission give priority to implementing and monitoring these initiatives and in particular improve information dissemination, awareness raising and communication strategies to indigenous people on employment in the APS. (Para 5.49)

**Response: Agree.** The Government is supporting the APS Commission's priority project aimed to help agencies in the recruitment, retention and development of Indigenous employees.

The APS Commission has established:

- a high level Deputy Secretary Steering Committee, to support and provide direction to the working group;
- an Indigenous Employment HR Forum to provide a forum for employing agencies to discuss issues and share knowledge on good practice approaches to Indigenous employment;
- State-based Indigenous APS employee networks in all States and Territories.

The APS Commission has also developed a communication plan to improve information dissemination and to raise awareness of the project.

**Recommendation 10:** *The Committee recommends that the APS Commission have a dedicated budget to assist indigenous people to gain employment in the APS. The Committee also recommends that indigenous employees be provided with ongoing intensive support for career development and to improve retention rates. (Para 5.51)*

**Response: Noted.** The Government has agreed to the APS Commission accessing funding of \$400,000 from its accumulated reserve funds to support the Indigenous Employment Strategy. The need for further funding will be considered in the light of the findings of the current project.

**Recommendation 11:** *The Committee recommends that all APS agencies develop a detailed recruitment strategy with a set of objectives for the next three years. Each agency should report annually to the APS Commission on progress in*

*implementing its recruitment strategy. Agencies should also report on progress annually to the APS Commission. (Para 6.38)*

**Response: Agree in part.** The Government recognises that it is important that agencies develop strategic workforce plans that are tailored to, and timed to meet the specific context and business objectives of individual agencies. It further notes that recruitment strategies represent only one aspect of workforce planning and need to be aligned with retention strategies to meet agencies' changing demographics and capability requirements. The annual reporting requirements for APS agencies provide that annual reports should include an assessment of the agency's effectiveness in managing and developing its staff to achieve objectives. Matters that are suggested for inclusion in the annual report include workforce planning, and staff retention and turnover. There remains scope for the APS Commission to seek information on matters such as workforce planning in connection with the State of the Service Report. Further mandatory reporting by agencies to the APS Commission is not seen as appropriate.

**Recommendation 12:** *The Committee recommends that the APS Commission present a detailed report annually, as part of the State of the Service report, outlining the progress made by each agency in achieving its objectives in recruitment. (Para 6.40)*

**Refer to responses to Recommendations 5 and 11.** The Government is supportive of reporting on the capability of the APS and encourages agencies to engage in workforce planning. This is a broader concept than reporting separately on agencies' recruitment objectives. While the State of the Service Report may include some analysis of recruitment issues facing agencies, a detailed report outlining the progress made by each agency in achieving its objectives in recruitment is considered to be of limited use in assessing their effectiveness. As indicated in the response to Recommendation 11, the annual reporting requirements for agencies also includes an assessment of the agency's effectiveness in managing and developing its staff to achieve objectives.

**Recommendation 13:** *The Committee recommends that the APS Commission assume a greater*

role in APS recruitment practices and in particular establish benchmarking of recruitment practices. (Para 6.40)

**Response: Agree in part.** The APS Commission's advisory role includes providing advice on the benchmarking of recruitment practices. For example, the Commission has recently produced and released a *Recruitment and Selection Kit* to provide a benchmark for managers for best practice in recruitment. The Commission does not have a statutory role in the actual recruitment practices of agencies.

**Recommendation 14:** *The Committee recommends that the government provide the APS Commission with such additional resources as are necessary to fulfil an enhanced role in guiding and monitoring APS recruitment strategies and practices. (Para 6.42)*

**Response: Noted.** Any additional resources would need to be considered and prioritised in a future budget process. While recruitment is primarily the responsibility of each agency, consideration will be given to the APS Commission being tasked and provided appropriate resources to complement agency recruitment activity by better promoting the APS as an employer of choice and extending the promotion of public administration as a career. Recommendation 27 also relates to this response.

**Recommendation 15:** *The Committee recommends that APS agencies review management processes to ensure that training outcomes are clearly and transparently linked to agency and individual goals. (Para 7.46)*

**Response: Agree.** This recommendation reflects current good practice and the intent of publications from MAC, the ANAO and the APS Commission. It is current practice in many agencies. The recommendation reinforces initiatives in those agencies that are working to improve their workforce planning and governance arrangements to better ensure alignment of agency goals and individual learning and development.

**Recommendation 16.1:** *The Committee recommends that the APS Commission enhance its advisory and reporting roles, including reporting to Parliament, by:*

*(16.1) encouraging and supporting collection and analysis of APS-wide data on training and development; and*

**Response: Agree with qualification,** recognising that the collection of data to measure the levels of formal off-the-job training being provided—as distinct from the broader concept of learning and development—has the potential to detract from recognition of the important role and need for effective evaluation of the full range of learning and development activities. Learning and development will continue to be a key area covered by the agency surveys undertaken by the APS Commission for future State of the Service Reports.

The 2002–03 agency survey gathered a range of APS-wide data on learning and development which was used in the 2002–03 State of the Service Report. The survey addressed both formal off-the-job training and less formal on-the-job learning and development, and the questions in the survey were based on the principles and minimum data set recommended to agencies in the ANAO-APS Commission better practice guide *Building capability—A framework for managing learning and development in the APS*. To further support agencies in this area, the APS Commission is currently developing a guide on *Evaluation of Learning and Development in the APS*.

**Recommendation 16.2:** *The Committee recommends that the APS Commission enhance its advisory and reporting roles, including reporting to Parliament, by:*

*(16.2) analysing the costs and benefits of training at both an individual agency and whole-of-government level. (Para 7.26)*

**Response: Agree with qualification.** Evaluation (including cost-benefit analysis) and reporting on the effectiveness of training strategies should primarily be an agency responsibility. However, the APS Commission will continue to report on relevant service wide issues through the State of the Service Report. In addition, following the more widespread adoption by agencies of the minimum data set recommended to agencies in the ANAO-APS Commission better practice guide *Building capability—A framework for managing learning and development in the APS*, the APS Commission intends to consider assessing

the extent to which agencies are themselves effectively evaluating their learning and development activities. The response to Recommendation 22 also relates to, and should be considered in conjunction with this response.

**Recommendation 17:** *The Committee recommends that centralised graduate and post graduate training such as that offered by Australia New Zealand School of Government and other institutions, as well as the new Public Sector Management program, be promoted to employees across the APS. (Para 9.35)*

**Response: Agree.** The APS Commission will continue to actively promote both the Australia New Zealand School of Government and the new Public Sector Management program to APS agencies.

**Recommendation 18.1- 18.3:** *The Committee recommends that all APS agencies demonstrate continuing support for employees training and development aspirations by:*

- 18.1 including a strong commitment to learning and development in corporate plans;
- 18.2 developing structured training programs and career pathways built on accredited and articulated training where appropriate, publicise these to employees and to potential recruits in agency marketing strategies;
- 18.3 providing sufficient funds and HR personnel to support integrated training for all employees;

**Response: Agree with qualification.** The Government agrees that agencies need to demonstrate support for employees' learning and development by including a strong commitment to learning and development in the corporate plan or in the whole of agency strategy and documents associated with the corporate plan. It also notes that for many agencies accredited learning is not an appropriate strategy for meeting the development needs of many of their staff and that it is important that agencies design their learning and development programs to reflect their context and business needs—this will usually involve a mix of both formal and informal development strategies

This recommendation is consistent with the intent and practice which has been promoted to agencies over recent years, including through the MAC

reports *Organisational Renewal* in 2003 and *Performance Management in the Australian Public Service: a strategic framework* in 2001 and the ANAO-APS Commission better practice guide *Building capability: a framework for managing learning and development in the APS* in 2003. The better practice guide specifically encourages agencies to identify short and long term organisational capability requirements and establish learning and development strategies and plans that are aligned with the desired agency outcomes identified in key corporate planning documents. The guide also recommends that agencies ensure appropriate budgets are made available to support learning and development, and that agencies consider the use of accredited training and opportunities for articulating learning where appropriate.

**Recommendation 18.4:** *The Committee recommends that all APS agencies demonstrate continuing support for employees' training and development aspirations by:*

- 18.4 reporting annually to the APS Commission on progress in achieving training objectives. (Para 9.60)

**Response: Agree with qualification.** Agencies are required, through annual reports, to report on training and development outcomes and achievements. While detailed reporting and assessment of each individual agencies' performance by the APS Commission would be inconsistent with the more devolved environment for APS agencies, the State of the Service Report will identify APS-wide trends and issues related to learning and development based on responses to its agency survey.

**Recommendation 19:** *The Committee recommends that the APS Commission present a detailed report annually, as part of the State of the Service report, outlining the progress made by each agency in achieving its training objectives. (Para 9.61)*

**Response: Disagree.** The State of the Service Report will include a general report identifying APS wide trends and issues related to learning and development based on responses to its agency survey. It is more appropriate that agencies provide detailed reports on their progress in achieving their learning and development objectives through their annual reports.



**Recommendation 20:** *The Committee recommends that all agencies include in their guidelines on training management a requirement that all training programs must include an evaluation phase, timetable and methodology. (Para 10.86)*

**Response: Agree with qualification.** The Government agrees that agencies should ensure that their guidelines for managing learning and development include a requirement that every learning and development program has an evaluation plan which outlines the evaluation methodology and timing. The ANAO-APS Commission better practice guide: *Building capability: A framework for managing learning and development in the APS* reinforces the need for an evaluation plan for learning and development programs. However, having an evaluation plan does not mean that it is always appropriate to have a specific evaluation phase as evaluation does not have to be separate in time and methodology from intrinsic aspects of a development program. Also, to make evaluation mandatory for all learning and development activities would be unduly onerous, costly and not necessarily useful. Factors such as cost, effort and effectiveness should be considered prior to undertaking evaluations.

**Recommendation 21:** *The Committee recommends that agencies utilise experts with evaluation skills both in the design stage of training strategies and programs and during the post training evaluation stage. (Para 10.89)*

**Response: Agree with qualification.** Agencies should be encouraged to develop the capabilities of staff responsible for the management of learning and development, in areas of design and conduct of evaluation, and to use experts with evaluation skills, where this is assessed as appropriate and cost-effective, in the design and/or implementation of evaluation.

**Recommendation 22:** *The Committee recommends that agencies adopt the ANAO-APS Commission recommended minimum data set and performance indicators for training. The Committee also recommends that the APS Commission coordinate an evaluation of the effectiveness of these measures, to establish better practice principles and identify areas for refinement where necessary. (Para 10.95)*

**Response: Agree in principle.** The APS Commission will continue to encourage agencies to monitor and collect information about the outcome achieved by both their on-the-job and off-the-job learning and development, so agencies can make value for money assessments in planning future learning and development. The response to Recommendation 16.1 refers.

The APS Commission will have discussions with the ANAO about the conduct of an evaluation of the effectiveness of agencies' use of the ANAO-APS Commission minimum data-set and performance indicators for training, subject to availability of resources. As indicated in the Government response to Recommendation 16.2 it is proposed that this assessment of the extent to which agencies are themselves effectively evaluating their learning and development activities be considered in due course. It is intended that evaluation should move beyond the collection of data about the levels of activity in structured learning and development, and look to assess the value gained and ensure it includes development beyond off-the-job training, such as coaching and mentoring.

**Recommendation 23:** *The Committee recommends that the Senior Executive Service in all APS agencies lead by example by undertaking training and demonstrating commitment to continuing professional development as a key factor in their employment. (Para 11.25)*

**Response: Agree.**

**Recommendation 24:** *The Committee recommends that the APS Commission provide greater leadership to facilitate coordinated cross-service training. Its aim should be to ensure efficiency in design and development of training programs, particularly for core APS-wide skills. (Para 11.40)*

**Response: Agree,** noting the responsibility of agencies to recognise the value of cross-APS learning and development opportunities and take advantage of the programs on offer.

**Recommendation 25:** *The Committee recommends that the APS Commission, in consultation with agencies, review the availability of training programs and opportunities in regional areas to*

*ensure consistency with those available for APS employees in urban areas. (Para 11.44)*

**Response: Agree with qualification.** It is noted that some agencies already have established strong training programs in their regions to meet their specific business needs. It is also noted that staff in regional centres, particularly remote areas, often have different learning and development needs to agency staff in the major urban areas and that 'consistency' may not be always appropriate. The difficulties in managing learning and development outside the urban areas and the increased cost of its provision (due to both the lack of a critical mass of participants and the increase in indirect costs such as travel), will limit the assistance that agencies and the APS Commission can provide. Nevertheless, where requested, the APS Commission will work with agencies in regional areas to enhance the availability of learning and development opportunities.

**Recommendation 26:** *The Committee recommends that the APS Commission increase its efforts in coordinating and facilitating delivery of cross-service APS training programs in administrative law, record keeping, financial management and freedom of information requirements. (Para 11.80)*

**Response: Agree with qualification.** The APS Commission is proposing to offer a new series of interactive management programs that focus on project, contract, record, resource, relationship and performance management to complement existing programs. Current and continuing APS Commission programs incorporate aspects of these subject areas and complement the proposed new programs. The APS Commission also has a range of events and regular publications targeted at specific APS audience which provide avenues for focus on specific subject areas. The Integrated Leadership System, developed in consultation with APS agencies, will provide direction for further review of the suite of programs offered by the APS Commission.

It is noted that it may be more appropriate for some learning and development programs specifically in the areas of administrative law, record keeping, financial management and freedom of information requirements to be conducted by the relevant APS agencies, e.g. Attorney-General's

Department is conducting programs on Freedom of Information.

**Recommendation 27:** *The Committee recommends that the APS Commission and APS agencies actively promote public administration as a major profession and develop measures to enhance a professional identity amongst APS employees. (Para 11.82)*

**Response: Agree with qualification.** The Government's support for institutions such as the Australia New Zealand School of Government demonstrate its on-going commitment to the recognition of public administration as a profession and the importance it places on developing the capabilities of future public sector leaders. It agrees there is value in considering a further role for the APS Commission, to extend the promotion of public administration as a career. Recommendation 14 also refers.

**Recommendation 28:** *The Committee recommends that the APS Commission be given enhanced powers and responsibilities to ensure greater coordination on whole-of-service issues in recruitment and training. (Para 11.87)*

**Response: Disagree.** The Commission does not require enhanced powers to meet its co-ordination responsibilities in implementing the Government's response to the recommendations of the Inquiry.

#### **Attachment A**

##### Terms of Reference

On 21 March 2002, the following matter was referred to the Finance and Public Administration References Committee for inquiry and report.

1. That the following matter be referred to the Finance and Public Administration References Committee for inquiry and report by 12 December 2002: Recruitment and training in the Australian Public Service (APS)
2. That, in considering this matter, the Committee examine and report on the following issues:
  - a. Recruitment, including
    - (i) the trends in recruitment to the APS over recent years;
    - (ii) the trends, in particular, in relation to the recruitment to the APS

- of young people, both graduates and non graduates;
- (iii) the employment opportunities for young people in the APS;
  - (iv) the efficiency and effectiveness of the devolved arrangements for recruitment in the APS;
- b. Training and development, including
- (i) the trends in expenditure on training and development in the APS over recent years;
  - (ii) the methods used to identify training needs in the APS;
  - (iii) the methods used to evaluate training and development provided in the APS;
  - (iv) the extent of accredited and articulated training offered in the APS;
  - (v) the processes used in the APS to evaluate training providers and training courses;
  - (vi) the adequacy of training and career development opportunities available to APS employees in regional areas;
  - (vii) the efficiency and effectiveness of the devolved arrangements for training in the APS;
  - (viii) the value for money represented by the training and development dollars spent in the APS;
  - (ix) the ways training and development offered to APS employees could be improved in order to enhance the skills of APS employees;
- c. the role of the Public Service Commissioner pursuant to s.41 (1) (i) of the *Public Service Act 1999* in coordinating and supporting APS-wide training and career development opportunities in the APS; and
- d. any other issues relevant to the terms of reference but not referred to above which arise in the course of the inquiry.

## Attachment B

### Recent APS publications

This is a summary of publications which have become available to APS agencies during 2003 and which are designed to assist and guide them in identifying appropriate workforce strategies to meet the particular needs of their agencies, including recruitment, and learning and development strategies.

Reference is made to some of these publications in the Committee's report and in the Government's responses to the Committee's recommendations.

- In February 2003, the APS Commission issued a paper *Managing Succession*, that encourages agencies to establish succession management initiatives, consistent with the APS Values, as one of their strategies to ensure the long-term capability of their agencies.
- A key MAC report, *Organisational Renewal*, published in March 2003 examines the challenges of building organisational capability by APS agencies against the background of demographic change. This report encourages agencies to undertake improved workplace planning and to develop their own strategies to retain older workers. It also encourages agencies to better manage the risk of loss of corporate knowledge and skills and to recruit and to retain more young people and graduates in the APS. *Organisational Renewal* identified workforce planning as involving agencies' understanding their own workforce demographics, identifying their current and future capability requirements and implementing effective succession management. This includes understanding the attraction, retention and separation factors and trends which are relevant to their particular organisation.
- Implementing organisational renewal: Mature aged workers in the APS. This package of material, launched in November 2003, includes information provided by the Departments of Finance and Administration, and Employment and Workplace Relations, Comcare and the APS Commission. This

package is designed to assist agencies to respond to the ageing of the workforce and encourage them to develop a demographic profile of their workforce to underpin their workforce planning. It was compiled to assist APS agencies to develop strategies to retain and attract mature-aged employees.

- The better practice guide: Building capability: A framework for managing learning and development in the APS, was produced in collaboration between the ANAO and the APS Commission and released in April 2003. This guide draws from the key themes identified in the ANAO Performance audit: Management of learning and development in the Australian Public Service of June 2002 and the MAC publication Organisational Renewal. It stresses the need for alignment and integration of learning and development with other workforce planning and performance management, including recommending a 'minimum data set' of information that agencies need to use to evaluate the value of their investment in learning and development. The guide encourages and supports agencies in developing a more strategic approach to planning, delivering and evaluating learning and development to meet organisational goals and deliver best value for money.
- The ANAO tabled its report Managing People for Business Outcomes, Year Two in June 2003. This report assessed agency performance in people management against nine practice areas, stressing that agencies should identify those practice areas that are most critical to business, and develop appropriate performance targets and measures.
- The Get it Right Recruitment Kit for Managers, issued by the APS Commission in September 2003, is designed specifically to assist APS managers achieve high quality recruitment and selection decisions.

## **GOVERNMENT RESPONSE TO THE JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT—REPORT 391—REVIEW OF INDEPENDENT AUDITING BY REGISTERED COMPANY AUDITORS**

### **Background**

On 4 April 2002, the Joint Committee of Public Accounts and Audit (JCPAA) resolved to conduct a review of independent auditing by registered company auditors. The Committee tabled its report in the Parliament on 18 September 2002.

The Government notes that many of the recommendations contained in the JCPAA report traverse proposals contained in the ninth discussion paper of the Corporate Law Economic Reform Program Corporate Disclosure: strengthening the financial reporting framework (CLERP 9). The Government consulted widely on the CLERP 9 policy proposals receiving over 60 submissions from interested parties. The submissions were taken into consideration throughout the drafting of the Corporate Law Economic Reform Program (Audit Reform and Corporate Disclosure) Bill 2003 (the bill). The bill was released for consultation in October 2003 and approximately 50 submissions were received and taken into account while finalising the bill. The bill passed through the Parliament on 25 June 2004.

The Corporate Law Economic Reform Program (Audit Reform and Corporate Disclosure) Act 2004 received the Royal Assent on 30 June 2004 (the CLERP Act). Most of the provisions of the CLERP Act commenced on 1 July 2004. Schedule 3 to the CLERP Act (containing the proportionate liability reforms) commenced by Proclamation on 26 July 2004. The regulations relating to the CLERP Act commenced on 9 July 2004.

During the development of the CLERP 9 policy paper and the CLERP Act, the Government considered the recommendations of the JCPAA. A number of the recommendations have been taken up in the CLERP Act including Chief Executive Officer and Chief Financial Officer (CEO/CFO) sign off of financial reports, true and fair view requirements, a general requirement for auditor independence as well as proportionate liability and incorporation of auditors. The Government considered that some of the recommendations could be better implemented through other chan-