

## Chapter 7

### Training and identification of training needs

7.1 Since workforce skills are critical to the efficiency and cost-effectiveness with which agencies can deliver their outputs, agencies can improve their overall performance by making a sound strategic investment in learning and development for their staff.<sup>1</sup>

7.2 The quality of staff training and development in organisations will also be a key consideration for both current and potential employees in a world of increasing competition for high quality staff. The ongoing competition for talent means that organisations providing integrated and effective training in leadership and management skills as well as specific task-related skills combined with career planning and succession systems, will have the greatest success attracting and retaining staff.

7.3 Thus training plays an integral role in not only lifting the performance of public sector organisations, but also in their ability to recruit and retain the people needed to achieve business goals.

7.4 In the following chapters, the Committee examines a range of APS training issues, namely:

- expenditure on training (Chapter 8);
- accredited and articulated training (Chapter 9);
- evaluating APS training (Chapter 10); and
- devolution and the role of the APS Commission in training (Chapter 11).

7.5 In this chapter, the Committee discusses the different types of training that occur in the APS and the different ways by which agencies identify their training needs.

#### Types of training

7.6 Learning and development covers a wide range of activities to improve the capabilities of people. Activities comprise not only technical skills and knowledge but also people's attributes, attitudes and behaviour. The 'better practice' guide for building capability in the APS recently released by the ANAO and the APS Commission listed activities that assisted acquisition of new capabilities as including 'on-the-job training, development opportunities, such as special projects, conferences,

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1 ANAO, *Management of Learning and Development in the Australian Public Service*, Audit Report No.64 2001-2002, p.11

secondments, and mentoring, as well as formal classroom training'.<sup>2</sup> Appendix 2 to that report sets out a comprehensive list of 'possible learning interventions' including those appropriate for application 'on the job', through formal development and opportunities of a professional and community nature.<sup>3</sup>

7.7 The Committee accepts that different types of learning and development are appropriate for employees of the APS. They include:

- induction training;
- formal training in agency-specific skills and information;
- task-focussed training;
- accredited training (for example, through Registered Training Organisations (RTOs), the vocational education and training (VET) sector, universities, etc); and
- 'on-the-job' training.

7.8 Induction training is important both for junior staff commencing their first job as well as for more senior people joining the public sector from outside. The OECD considers this type of training important for staff retention and many member countries have formal programs in place. For example, Sweden 'places heavy emphasis on administrative know-how and routines specific to central government administration'.<sup>4</sup>

7.9 Training in agency-specific skills and knowledge is important in the case of skill shortages, and also where staff transfer from diminishing areas to expanding ones. There is also a noticeable trend to flexible training offerings – online, distance learning, programs suitable for a range of levels (e.g. to management and senior staff).

7.10 OLA considered that face-to-face learning had many advantages over online or traditional distance learning including cost efficiency and encouragement of broader perspectives amongst APS staff. It noted the difficulty for smaller agencies and agencies in regional areas to undertake face-to-face training. It considered that many skills requirements were shared by agencies and noted it had successfully delivered training to groups comprised of participants from many different agencies. Shared learning was most effective, in its view, when supporting materials were customised (for example, referring to special instructions or legislation) for participants.<sup>5</sup>

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2 APS Commission and ANAO, *Building Capability: A framework for managing learning and development in the APS*, April 2003, p.8

3 APS Commission and ANAO, *Building Capability: A framework for managing learning and development in the APS*, April 2003, p.41

4 OECD report, pp.24 , 25

5 Open Learning Australia, Submission no. 7, p.5

7.11 People and Strategy (ACT) considered that better value for the training dollar would result from targeting training to those who need it, rather than to all groups of staff, which appeared to be the case. It considered that a reluctance to target training to individuals in the APS seemed to stem from ‘a perception that streaming people into appropriate development programs was counter to the merit principle or Equal Employment Opportunity’. It considered that training efforts focused on those who are most likely to change would result in a return on investment to the agency and the APS as a whole.<sup>6</sup>

7.12 Further, it argued that the focus should be on ‘longer term development for complex skills such as management and leadership rather than the ‘quick fix’ of a half day course’.<sup>7</sup>

7.13 The Department of Agriculture, Fisheries and Forestry Australia (AFFA) said that on-the-job training is given a high priority across all businesses as part of blended solutions for staff development. It considered that, in addition to being able to take advantage of the skill sets of experienced staff and transferring their knowledge to those less experienced, on-the-job training fostered a positive learning environment.<sup>8</sup>

7.14 AFFA also made the point that *reported* training expenditure does not reflect the *real* level of training and development activity because it does not include ‘on the job’ training. It advised that skills learned through work performance constituted a major part of training for AFFA staff and that performance agreements formally included components that provided for work of a challenging nature, opportunities for experience at higher-level meetings and activities to help build the communication and liaison skills of staff. It considered that development of such skills is vital to AFFA’s role as a negotiator, both internationally on trade, and nationally on resource allocation.<sup>9</sup>

## **Training needs analysis**

7.15 Before examining the ways in which agencies identify needs, the Committee notes the general principles that should underpin training needs identification.

7.16 An agency’s training needs must be based on the skills required to deliver its business outcomes and the current status of skill levels in the agency. Identification of existing skills and those required in an agency should occur at a corporate, section and individual level. In this way, the abilities required to deliver the overall business outcomes of an agency can be related to each individual’s skills and contribution to outcomes. The gaps in skills of individuals, sections and agencies can then be identified.

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6 P&S (ACT), Submission no. 6

7 P&S (ACT), Submission no 6, p.4

8 AFFA, Submission no. 19, p.5

9 AFFA, Submission no. 19, p.5

7.17 The Australian National Audit Office (the ANAO) considers that both current and future skills requirements need to be considered to ensure that learning and development strategies and plans are fully aligned with agencies' corporate goals. ANAO audits had found that the most commonly used methods to identify future workforce requirements are training needs analysis, future scenario planning and consultation with senior executives. While recognising that indicators to measure learning and development effectiveness are 'difficult to articulate clearly', the ANAO considered that it is important to attempt to develop output (activity) and outcome (effectiveness) performance indicators. These are needed to inform and support the planning for, and delivery and assessment of, learning and development.<sup>10</sup>

7.18 According to the Public Service Education and Training Australia (PSETA), training needs analysis is best conducted as an integral part of an agency's business planning with systemic implications (for example, a shortage of finance managers) referred for whole of government consideration. PSETA stressed the importance of links to performance management and capability assessments. It stated:

The needs analysis should make a systematic assessment of short, medium and longer term skill needs of the organisation against all categories of staffing (eg entry level, junior, mid and senior staff; first line, middle and senior manager; junior and senior executive; deputy and chief executive and specialist occupational streams). The identification of training needs should link to performance review and development and special recruitment initiatives to provide a workforce capability assessment for the agency and the sector.<sup>11</sup>

7.19 The Committee notes that identifying training needs not only requires the identification of areas in which skills need to be improved. It also requires agencies to consider which *forms* of training would best target skills shortages or the need to upgrade skills that have been identified. It notes that the ANAO found that while, in general, agencies have made an effort to tie their training strategies to business needs identified in corporate plans, the impact of this alignment is not always evident in practice. The report also found that training in many agencies is still planned in an intuitive way, rather than to reflect long term strategic needs.<sup>12</sup>

7.20 The next sections look briefly at the following issues:

- identifying needs at a corporate level and an example of a program that aims both to identify and address corporate level needs;
- performance management as a means of addressing skills needs; and

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10 ANAO, *Management of Learning and Development in the Australian Public Service*, Audit Report No.64 2001-2002, p.18

11 PSETA, Submission no. 43, PSETA, p.3

12 ANAO, *Management of Learning and Development in the Australian Public Service*, Audit Report No.64 2001-2002, p.42

- workforce planning as a means of identifying future workforce requirements.

## Identifying training needs at a corporate level

7.21 Identifying training needs at the corporate level is important for ensuring that training strategies provide staff with the skills required to fulfil business goals. Identifying needs at the corporate level should also enable senior agency executives to manage training activities strategically and identify priority areas for development. The ANAO report, *The Management of Learning and Development in the Australian Public Service*, highlighted the need to identify training needs at the corporate level aligned with agency business outcomes. The report identified four requirements for the effective alignment of training with corporate goals, namely:

- corporate planning which incorporated a commitment to learning and development;
- previous training experience informing training planning through ongoing reviews;
- identifying skills required by the organisation through the a number of means of identifying future workforce requirements; and
- implementing training performance information frameworks.<sup>13</sup>

7.22 According to the results of an APS-wide survey, conducted by the ANAO, 88 per cent of agencies indicated that they had included a commitment to workforce development in their corporate plans, while 60 per cent of agencies had separate learning and development strategies.<sup>14</sup> The ANAO concluded that agencies, in most cases, have made a ‘significant effort’ to ensure that their training strategies are driven by business needs as defined in corporate plans.<sup>15</sup>

7.23 Agencies making submissions to this inquiry indicated that a commitment to training had been incorporated in corporate planning processes in a number of ways, including:

- DEH’s use of a multi-layer corporate model (the Corporate Learning and Development Program) to align business needs with individual learning and development, using the IiP process founded on individual PDSs. Other priorities for corporate-wide training have been IT training, contract management, project management and financial skills training, and education on the impact of changes in legislation (both DEH legislation and the APS employment and legislative framework).

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13 ANAO, *Management of Learning and Development in the Australian Public Service*, Audit Report No.64 2001-2002, pp.35-41

14 ANAO, *Management of Learning and Development in the Australian Public Service*, Audit Report No.64 2001-2002, p.36

15 ANAO, *Management of Learning and Development in the Australian Public Service*, Audit Report No.64 2001-2002, p.18

- DFAT's integration of training and development strategies with corporate plans and thus business outcomes.
- Defence's reflection of its human resource strategies, including training, in its long-term security direction and capability enhancement framework, *Defence 2000—Our Future Defence Force*, and its Strategic Workforce Planning Review established to examine the role of workforce planning in delivering the capability outlined in the framework.<sup>16</sup>
- Centrelink's alignment of learning priorities with its business plan and objectives.
- ATO's strategic planning linking the achievement of essential business outcomes through its *People and Place* plan.<sup>17</sup>

7.24 With a view to improving learning and development strategies, the Department of Health and Ageing said major areas that it is addressing include stronger alignment of learning and development priorities with corporate goals and directions, and more systematic evaluation of the contribution of learning and development activities to business outcomes (return on investment). It considered that improvements in training at the strategic level would provide a sound basis for planning to enhance the skills of individual employees.<sup>18</sup>

7.25 The Committee found, however, some evidence that the integration of training needs analysis with corporate goals and broader training strategies could be improved. In its report, *Building Corporate Capacity: the APS in Transition*, the APS Commission stated that:

It would appear that generally agencies place greater emphasis on development of individuals than on developing the capability of the agency as a whole. Managers report that HR is better at helping them identify the learning needs of individuals, than at identifying the future needs of the agency and then translating these needs into effective learning and development plans. Managers indicated that performance needed to be lifted considerably in this area.<sup>19</sup>

7.26 The ANAO also found that learning and development strategies in some agencies are 'intuitive' and reflect short term considerations rather than longer term strategic needs.<sup>20</sup> The Committee considers that it is possible that an emphasis on individual training needs may lead some agencies towards such a short-term focus at the expense of broader agency requirements. To help overcome this tendency, it is

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16 DOD, Submission no 36

17 ATO, Submission no. 22, p.9

18 DOHA, Submission no. 28, p.13

19 PSMPC, *Building Corporate Capacity*, 2000, p.14

20 ANAO, *Management of Learning and Development in the Australian Public Service*, Audit Report No.64 2001-2002, p.18

important that the identification of individual training needs occurs within a broader framework informed by agency training strategies and linked to corporate planning. The Committee discusses this point below in relation to performance management systems.

### *Aligning training with corporate needs – Investors in People Program*

7.27 The Investors in People Program (IiP) is a program that was developed specifically to tie training and development within organisations to the delivery of business outcomes.

7.28 IiP is an international human resource standard based on 16 indicators designed to achieve ‘best practice in the management and development of people to deliver organisational goals, together with a framework for ongoing evaluation and improvement’.<sup>21</sup> On achieving the standard, an agency is entitled to accreditation as an Investor in People.

7.29 The Committee understands that the standard, first developed in the UK, drew on the experience and best practice of successful organisations in all sectors of the economy. Its aim was to balance policy reforms associated with a more ‘commercial’ approach to human resources management (including recruitment, remuneration, promotion and tenure) with a workplace that was more fulfilling, more flexible, and more productive’.<sup>22</sup> Now offered in over 20 countries, the standard is mandatory for all UK government agencies and covers about 40 per cent of that country’s workforce.

7.30 NATA Certification Services, the administrator of the program in Australia, summarised the thinking behind the program as follows:

Experts have long concluded that implementing programs that deliver sharply focussed training, genuine employee motivation, and a visible commitment from senior management, always results in a quantifiable improvement, whether in the public service arena, or in private enterprise.<sup>23</sup>

7.31 NATA advised the Committee that, at the time of writing, 11 federal APS agencies had implemented the IiP and 5 had been accredited as ‘Investors in People’ on the basis of evidence of improvements in performance, efficiency and morale.

7.32 According to users, IiP delivered the following benefits:

- improved budget control, productivity, and quality;
- improved employee motivation, attitudes and flexibility;
- improved customer service;

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21 NCS International Pty Ltd, Submission no. 27, p.1

22 NCS International Pty Ltd, Submission no. 27, p.1

23 NCS International Pty Ltd, Submission no. 27, p.1

- effective communications with employees showing better understanding of goals; and
- improved corporate image.<sup>24</sup>

7.33 The Department of the Environment and Heritage (DEH), an accredited 'Investors in People' (IiP) agency, stated that IiP underpinned its strategic approach to learning and development and that its Performance and Development Scheme (PDS) 'was a prime factor in gaining IiP accreditation'. Through the PDS process, individual staff performance agreements are aligned to the work plans of the individual staff member's area. DEH also considered that IiP had been a catalyst for cultural change that provides 'more emphasis on individuals taking responsibility for directing their learning and development and greater awareness of the need to constantly update and acquire new skills'.<sup>25</sup>

## **Performance Management Systems**

7.34 A number of agencies stated that performance management is the primary and most effective means used to identify individual training needs. For example, the ATO stated that its Performance Management System is 'the most effective way to identify real training and development needs and priorities'. It considered the 'collaborative process between staff and their manager, using multi-source feedback' as the best way to identify individual training needs.<sup>26</sup>

7.35 A performance management scheme attempts to align individual performance with organisational goals, thus providing a means by which individual performance can be assessed in an overall corporate context. Individual assessment also usually incorporates an assessment of training needs, which may take the form of an individual training agreement or and individual learning and development plan. The APS Commission found that 95 per cent of Certified Agreements containing performance measures included measures to identify learning needs.<sup>27</sup>

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24 NCS International Pty Ltd, Submission no. 27, p.2

25 DEH, Submission no. 20, pp.6-7

26 ATO, Submission no. 22, p.6

27 APSC, Submission no. 15, p.20



7.36 The 2001 Management Advisory Committee (MAC) report, *Performance Management in the APS—A Strategic Framework*, identified performance management as fundamental to improving the capability of APS agencies. This report stated:

There is an increasing emphasis on the importance of all staff having an individual performance agreement and that their agreement also links to a personal development plan or learning agreement.<sup>28</sup>

7.37 While performance management is broadly recognised as a central cog in training needs identification, evidence to the Committee indicates that it varies across agencies. For example:

- The Department of Foreign Affairs and Trade’s (DFAT) Performance Appraisal system is integrated with a PeopleSoft Performance Management Module for automatic generation of a database of training needs that fed into a training calendar.<sup>29</sup>
- Resourcing of training and development in the Australian Taxation Office (ATO) is based on directly linking performance outcomes with support for the delivery of strategic outcomes. According to the ATO, this strategic planning approach has ‘reduced the tendency for duplication’.<sup>30</sup>
- The Department of Veteran’s Affairs (DVA) said that performance development and review processes are used to identify both corporate (implemented through DVA’s National Learning Strategy) and divisional (for example, Compensation Training Strategy) training needs.

7.38 This variation bears out the APS Commission’s observation that the development of performance management has been ‘evolutionary’ with agencies’ systems ‘at different levels of maturity’.<sup>31</sup> Nonetheless, it considered that substantial improvements in learning and development arrangements, based on the implementation of performance development schemes, could be observed in a number of agencies in recent years.

7.39 However, the MAC report identified that further progress was required in identifying learning and development needs in individual development plans:

The use of Individual Development Plans or development components within performance agreements and assessment documentation is common

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28 Management Advisory Committee report, *Performance Management in the APS – A Strategic Framework*, p.32

29 DOFA, Submission no. 4, p.10

30 ATO, Submission no. 22, p.6

31 Management Advisory Committee report, *Performance Management in the APS – A Strategic Framework*, p.31

but still needs to go further in relation to strengthening the linkages with strategic people management issues including training and development.<sup>32</sup>

7.40 This finding reinforces the observation of the APS Commission, mentioned in the previous section, that agencies have tended to focus more on individual development than on building the capability of the agency as a whole.

7.41 The Community and Public Sector Union (CPSU) submitted that it had found serious problems with the identification of training needs through performance management schemes. The CPSU survey found that 88 per cent had an individual training plan in place. 85 per cent of respondents with an individual training plan in place reported receiving less training under individual training agreement arrangements than prior to their introduction.<sup>33</sup>

7.42 Further, 54 per cent of respondents to the CPSU survey reported that they were not confident that the ITA scheme would deliver the training and skills development that is needed by employees. The CPSU told the Committee that:

...a large segment of APS staff believe that their individual training agreements are often little more than paper exercises. In other words, they are supposed to do them, so everybody sits down and does them but quite often the training agreed at the outset of the agreement is not actually delivered to them.<sup>34</sup>

7.43 One of the reasons for the possible ineffectiveness of individual training agreements, according to the CPSU, is a lack of support and training from human resource services to employees to develop individual training agreements.

7.44 APESMA supported this view. APESMA claimed that, according to its members, opportunities to undertake agreed professional development are not always forthcoming.<sup>35</sup> It was suggested that, while training and development plans may be in place for staff, lack of agency funds meant that implementation of plans did not always proceed.

7.45 Given the key role of performance management in identifying training needs, the Committee is concerned that performance management remains at an evolutionary stage in some agencies. It strongly urges all agencies to review their performance management processes to ensure that individual training needs are aligned with agency business goals and corporate planning.

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32 Management Advisory Committee report, *Performance Management in the APS – A Strategic Framework*, p.32

33 CPSU, Submission no. 42, p.7

34 Ms M Gillepsie, CPSU, *Committee Hansard*, 14 August 2002, p.30

35 Mr J Vines, APESMA, *Committee Hansard*, 11 November 2002, pp.226-227

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## Recommendation 15

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

### Identifying future workforce requirements

7.47 Chapter 6 referred to the need for the assessment of future skills, attributes and capacities required to deliver business outcomes as part of workforce planning.

7.48 The APS Commission concluded in *Building Corporate Capacity: the APS in Transition*, that:

The production of learning and development plans which are clearly linked to current and future workforce needs and which increase the emphasis on development opportunities in their broadest sense will be important strategies in further strengthening the performance of APS agencies.<sup>36</sup>

7.49 One way of developing a capability profile of an organisation's workforce is through a skill's audit. The ANAO noted that, whilst not common in the APS, skill audits are useful in planning learning and development.<sup>37</sup> The APS Commission, however, disagreed, claiming that skills audits 'can be cumbersome and resource intensive to undertake and keep up to date'.<sup>38</sup>

7.50 The Committee heard of other ways in which skills or capabilities may be assessed. The Australian Customs Service (ACS), for instance, uses a number of executive level networks to identify emerging development needs resulting from business changes. It has a network of Human Resource Advisors working with programs areas that provide advice on training issues.

7.51 A long term project in the ATO identifies capability sets for all ATO positions. The project incorporates processes to identify gaps in capabilities that need to be addressed through learning and development programs.<sup>39</sup> The ATO stated that while it does not usually conduct training needs analyses it had done so in relation to the implementation of the recent tax reforms. It stated that a significant result of its analysis was that training estimates made by change managers and system designers were often 'over-estimates'. It found that 'a thorough analysis comparing current tasks

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36 PSMPC, *Building Corporate Capacity*, 2000, p.14.

37 ANAO, *Management of Learning and Development in the Australian Public Service*, Audit Report No.64 2001-2002, p.19

38 ANAO, *Workforce Planning - a Better Practice Guide*, p.29

39 ATO, Submission no. 22, p.6

with future tasks, using the input from people who knew the job well, provided more accurate (and achievable) estimates of real training task loads'.<sup>40</sup>

7.52 DEH advised that it had recently commenced work on capability frameworks using the APS Commission model as a basis for development to suit future skills needs. The project would be integrated with workforce planning strategies for the future.<sup>41</sup>

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40 ATO, Submission no. 22, p.6

41 DEH, Submission no. 20, p.8