



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

## SENATE

FINANCE AND PUBLIC ADMINISTRATION REFERENCES  
COMMITTEE

**Reference: Recruitment and training in the Australian Public Service**

THURSDAY, 15 AUGUST 2002

CANBERRA

BY AUTHORITY OF THE SENATE

## **INTERNET**

The Proof and Official Hansard transcripts of Senate committee hearings, some House of Representatives committee hearings and some joint committee hearings are available on the Internet. Some House of Representatives committees and some joint committees make available only Official Hansard transcripts.

The Internet address is: **<http://www.aph.gov.au/hansard>**

To search the parliamentary database, go to: **<http://search.aph.gov.au>**

**SENATE**  
**FINANCE AND PUBLIC ADMINISTRATION REFERENCES COMMITTEE**  
**Thursday, 15 August 2002**

**Members:** Senator Forshaw (*Chair*), Senator Watson (*Deputy Chair*), Senators Heffernan, Marshall, Ridgeway and Wong

**Substitute members:** Senator Allison for Senator Ridgeway

**Participating members:** Senators Abetz, Allison, Brandis, Calvert, Carr, Chapman, Conroy, Coonan, Crossin, Eggleston, Chris Evans, Faulkner, Ferguson, Ferris, Harradine, Harris, Knowles, Mason, McGauran, Murphy, Murray, Payne, Sherry, Tchen and Tierney

**Senators in attendance:** Senators Forshaw, Heffernan, Marshall and Wong

**Terms of reference for the inquiry:**

To inquire into and report on:

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.

**WITNESSES**

<b>ALLAN, Ms Maureen, Senior Director, Business Assurance Services Group, Australian National Audit Office .....</b>	<b>86</b>
<b>ANDERSON, Mr David, First Assistant Secretary, Strategic Development Division, Department of the Environment and Heritage .....</b>	<b>129</b>
<b>ANDREWS, Ms Jan, Chair, Public Service Education and Training Australia.....</b>	<b>140</b>
<b>BARTLEY, Mr Roger Brian, Executive Director, Graduate Careers Council of Australia.....</b>	<b>145</b>

<b>CLELLAND, Mr Ross Campbell, AM, Fellow, Australian Institute of Purchasing and Materials Management Ltd.....</b>	<b>118</b>
<b>COCHRANE, Mr Warren John, Group Executive Director, Performance Audit Services Group, Australian National Audit Office .....</b>	<b>86</b>
<b>COX, Ms Cathy, Acting General Manager, People and Strategies, Department of Agriculture, Fisheries and Forestry .....</b>	<b>97</b>
<b>FAIRBROTHER, Mr Keith Raymond, Assistant Secretary, People Management Branch, Department of Environment and Heritage .....</b>	<b>129</b>
<b>McMARTIN, Ms Sally, Executive Officer, National People and Development Unit, Aboriginal and Torres Strait Islander Commission .....</b>	<b>106</b>
<b>MESSER, Mr David John, Senior Vice President, Australian Institute of Purchasing and Materials Management Ltd .....</b>	<b>118</b>
<b>PAHL, Mr Bill, Chief Operating Officer, Department of Agriculture, Fisheries and Forestry.....</b>	<b>97</b>
<b>SCHWARTZ, Mr Rob, Manager, AQIS Learning and Development, Department of Agriculture, Fisheries and Forestry .....</b>	<b>97</b>
<b>TOWLER, Mr William, Executive Development Officer, National People and Development Unit, Aboriginal and Torres Strait Islander Commission .....</b>	<b>106</b>
<b>WATSON, Mr Gregory John, Senior Director, Performance Audit Services Group, Australian National Audit Office .....</b>	<b>86</b>
<b>WILLIAMS, Mr Troy Russell, Professional Development Manager, Australian Institute of Purchasing and Materials Management Ltd.....</b>	<b>118</b>
<b>WYSE, Ms Alison Margaret, Senior Director, Performance Audit Services Group, Australian National Audit Office .....</b>	<b>86</b>

**Subcommittee met at 9.04 a.m.**

**CHAIR**—I declare open this public hearing of the Senate Finance and Public Administration References Committee. Today's hearing is part of the committee's inquiry into recruitment and training in the Australian Public Service. All of the witnesses who appear before the committee are protected by parliamentary privilege with respect to the evidence they give. This means that witnesses are given broad protection from action arising from what they say to the committee and that the Senate has the power to protect them from any action which disadvantages them on account of the evidence given to the committee. The committee prefers to conduct its hearings in public. However, if there are any matters which you or other witnesses wish to discuss with the committee in private, the committee will consider any such request if it is made.

Following its appearance before the committee yesterday, the CPSU—the Community and Public Sector Union—has provided a corrigendum with its submission. This was provided to us subsequent to their evidence being given. That corrigendum will be tabled. That will now appear as part of the union's written submission.

First up this morning, I would like to welcome representatives from the Australian National Audit Office. I am sure you are aware of the way in which our committees work, so I do not need to go through all of those specific details now.

[9.06 a.m.]

**ALLAN, Ms Maureen, Senior Director, Business Assurance Services Group, Australian National Audit Office**

**COCHRANE, Mr Warren John, Group Executive Director, Performance Audit Services Group, Australian National Audit Office**

**WATSON, Mr Gregory John, Senior Director, Performance Audit Services Group, Australian National Audit Office**

**WYSE, Ms Alison Margaret, Senior Director, Performance Audit Services Group, Australian National Audit Office**

**CHAIR**—You have provided to us a written submission, which we thank you for. Are there any alterations or additions that you wish to make to that submission?

**Mr Cochrane**—Yes, there is one on page 2 of the submission. It lists the reports that we have conducted over the last 10 years in the human resource management area. I just wanted to add to that list—because I know it has come up in some of the questioning that has been going on in the last couple of days—a report that was published in 1997-98, Report No. 16, entitled *Equity and employment in the Australian Public Service*.

**CHAIR**—Thank you for pointing that out. We are grateful for the submission, particularly the identification of those various reports which the committee will be able to access and take as part of your overall submission. I now invite you to make some opening remarks, and we will then proceed to questions.

**Mr Cochrane**—Thank you. As can be seen by the submission, we have been pretty active in the people management area in the APS for a long time now. Probably that activity is increasing as the delegation of responsibility in the APS increases. We certainly feel that the Audit Office, in part, provides some information to the parliament about how things are progressing across the APS. We spend a lot of time doing it. We also recognise the importance of having a professional and efficient Australian Public Service. People issues are an important part of that and, therefore, it is only logical that the Audit Office spend some time on it.

In our submission to the committee, we mention three reports that are more recent and probably more relevant to the committee's inquiry. Some of the reports were not tabled at the time of preparing the submission. The strategy we have taken today is to bring along the three managers who are responsible for the three recent reports that have been tabled in this area. Collectively, the three reports do not go to all the terms of reference that the recruitment training inquiry have under way at the moment but, certainly for the most part, they cover many of the issues.

The three reports are Report No. 64, *Management of Learning and Development in the Australian Public Service*, and Alison Wyse was the audit manager for that audit; Report No.

61, *Managing People for Business Outcomes*, which was a benchmarking study, and Maureen Allan was the audit manager for that audit; and Report No. 56, *Workforce Planning in the Department of Immigration and Multicultural Affairs*, and Mr Greg Watson was the audit manager for that report.

To give a brief summary of those three reports, the learning and development audit set out to examine some of the key management factors that assist in ensuring value for money in learning and development activities across the APS. Consequently we are focusing on how agencies identify their needs and align their learning and development strategy plans to their business mission and goals and how those learning and development activities are integrated to other resource management activities. Of course it would not be the Audit Office without also looking at whether the learning and development was actually delivering value for money for the APS. We also looked at how agencies and the APS Commission evaluate learning and development strategies and activities.

While we found that there were certainly significant efforts on behalf of most agencies to develop their learning and development strategies, at least at the top level there was good alignment of those strategies to the other business objectives. There was certainly a lack of performance information and strategic evaluation occurring. We found great difficulty in being able to demonstrate whether those activities were efficient and effective and whether they really are contributing to their goals in achieving organisational effectiveness. We also made some recommendations about the then PSMPC's role in APS-wide learning and development activity. I know that has been of interest to the committee over the last couple of days. We are quite happy to talk about our recommendations, which the PSMPC have accepted, to undertake more evaluation in learning and development activities.

The benchmarking study, *Managing People for Business Outcomes*, examined people management practices in 14 public sector organisations and analysed the extent to which managers lead and manage people to achieve business outcomes and how the support areas are helping managers to assist that. It is a very valuable report and contains lots of benchmark information about how well the APS is going in many of the 14 areas that we identified for detailed examination. It compares them to the wider Australian sector. Certainly we have made many observations there based on the benchmarking activities and results that have occurred in a number of areas. We are quite happy to talk about some of that today.

The third audit is reflective of some activity that we commenced a few years ago. We developed a better practice guide for work force planning in the Australian Public Service. That work force planning guide was basically developed recognising there are many demographic issues in the Public Service at the moment that need to be managed. We are following that through with a series of audits and work force planning in different agencies. Work force planning in the Department of Immigration, Multicultural and Indigenous Affairs is the first of those audits. We have actually audited the department against the criteria that we have identified in the better practice guide. The relevance of that here today is to take that as an example of one department where we have had an in-depth look at those sorts of issues. In overall terms the audit concluded that existing work force planning systems within the department generally provided low levels of support for human resource management. The department had allowed work force planning to occur largely at the discretion of program and regional managers. It is

similar to some of the results that we found in the *Managing People for Business Outcomes* benchmarking exercise. I am quite happy to answer the committee's questions where we can.

**CHAIR**—Thank you, Mr Cochrane. It might be appropriate to have the three reports you referred to formally tabled. The following reports are therefore tabled as part of your submission to the committee: *Management of Learning and Development in the Australian Public Service*, *Managing People for Business Outcomes* and *Workforce Planning in the Department of Immigration and Multicultural Affairs*. I have a couple of questions at the outset. I was a little surprised and interested in the finding of the report on learning and development. I will go to the words that you actually used—and this has been raised on a number of occasions already in our earlier hearing. The finding stated that the departments 'were unable to demonstrate the efficiency and effectiveness of their investment in learning and development and its contribution to organisational effectiveness', and it seemed that there was a distinct lack of systems and data within the agencies and the department to do that. I am interested to hear further comment from you about that situation, because I would have thought that that was inherently necessary and something that should have been in place, particularly from the experience that all senators have had, and particularly in the last few years, with the change in the way that the portfolio budget statements have been written—the outputs and outcomes approach and identifying performance indicators in all their areas of expenditure. That point that you made really struck me as a significant deficiency. What was your reaction, how did this happen and what do you think is going to be done about it?

**Mr Cochrane**—First of all, obviously we have made the point because we feel it is significant and there is pretty big scope for improvement. Definitely, throughout the audit, we really had to look at how well learning and development strategies within departments were achieving the objectives they set out to achieve. Lots of data issues arose. First of all, in some agencies, yes, there was just the lack of a complete activity costing to be able to establish just how much was being spent in the area. The second issue that we have had, and we have had it in some of the other studies, was the comparability of information across agencies. With the delegated arrangements, lots of agencies had different cost management systems in place, so it was difficult to be able to compare on an agency by agency basis in many of the activities we were undertaking.

Overall, we were concerned with the finding that only 15 per cent of agencies were making some attempt to do at least some evaluation of learning and development strategies, in the sense of how well it was contributing to the business outcome. It was quite common at the end of a course that an agency might have for an officer to have a sheet asking, 'Did you enjoy the course?' and 'Did it meet your needs?' et cetera, but the extra step of asking, 'How well is it contributing to the agency's business outcomes?' was very rare. I am not saying for a moment that that is an easy thing to do, but certainly, as you well make the point, for a number of years now departments have been grappling with performance indicators and improving performance indicators, and this just another area where we need to spend some time.

**CHAIR**—Does it not tell us that there is a real problem if we have departments and agencies not collecting the data or, it appears, not really knowing how they are supposed to make these evaluations and assessments? We had evidence from one department yesterday that they had had difficulties for years in making assessments and evaluation of training and learning and development. They referred to the Kirkpatrick model. I took it that they had a model to work



with but they did not really know how it was supposed to work. They could not get answers to questions they wanted to ask. Why is this the case? The public sector, I have always understood, is pretty good at data collection. It should be the fundamental function of all departments and agencies to constantly make assessments about the outcomes they are getting for the money being spent on the services they provide. That includes their training initiatives. It seems to me somewhat incredible that departments and agencies are saying they are not even sure, in some cases, where to start to do proper evaluations of what they are doing, beyond what you have just described—simply giving people a questionnaire to fill out. I am not trying to trivialise it but, to put it in stark terms, that is my impression. You have made recommendations and findings in this regard, but where does it go from here?

**Mr Cochrane**—One of the reasons we are a bit caught out on this is that the skill requirements in the Australian Public Service today are becoming more and more important. The pace of change over the last few years has been pretty solid. Things like contract management and accounting skills are becoming more important. It becomes, therefore, more important that we equip our people to be able to cope with those sorts of changes. In our approach to this audit we were looking for a response to all those underlying changes that are occurring in the APS. It is not an easy issue to evaluate but it is becoming more important that we are satisfied that we are coping well with the changes that are occurring by spending our L&D dollars successfully.

Where to now? There are a couple of things. First, we had a very good response from the Public Service Commissioner. The APS Commission is going to put more effort into evaluation and, therefore, into the guidance that needs to be employed in helping agencies improve their position. Also the Audit Office is undertaking the development of an L&D better practice guide. We have the APS Commission's cooperation in the development of that guide, which is occurring at the moment. Part of what we are trying to achieve through publishing the performance audit report and putting it on the table is to create the awareness for agencies to improve their activities in this area and make sure that they remember how important it is to maintain the assets of the Australian Public Service for L&D activities.

**CHAIR**—You mentioned the Public Service Commissioner. Mr Podger and his officers appeared yesterday. In your report on learning and development, which you just referred to, you made some recommendations. You said:

...there is scope for the PSMPC—

which is now the Public Service Commission—

to undertake a more catalytic role, particularly by better targeting its facilitation efforts; and to enhance its advisory and reporting roles, including reporting to Parliament, by the collection and analysis of APS-wide data on learning and development.

There are two things. As we know, with the devolving of a lot of activities directly back to the individual agencies and departments and their carrying almost total responsibility for their training and development programs, there is no centralised approach to collection of data. I take it that that is something that you are at least supportive of, but the Public Service Commission's view is that that may not be necessarily the best way to go at this point in time. I do not want to

misrepresent their evidence, but I think the reason they were not convinced by it was along those lines. What is your position in regard to this? In the summary, you said:

The PSMPC believes the audit will be valuable to the APS. However, it is not at this point persuaded, that the costs of establishing a central collection point for core data on costs and activity levels of learning and development across the APS would be justified.

That sounds to me like a bit of an impasse. I am concerned about what will happen if that recommendation is not picked up by the Public Service Commission.

**Mr Cochrane**—I will start at the level of devolution versus the centralisation of some of these things. Firstly, I want to make it clear that the Audit Office is supportive of devolution—it is important for line managers and line agencies to be able to make their own decisions about what they need and to marry those decisions to the activity—but, when looking at some of our recommendations, we always draw back to the fact that, at the end of the day, the APS is one entity. We need to be satisfied that, as an entity, the APS is being well looked after and that we understand what is going on, just like you would in any other major corporation. In making recommendations and observations about gathering essential data and evaluating some of the activities, we are not looking for an interference with the different agency managements but for a check on the system so that we can suggest to the parliament and the wider Australian public that the APS is in good hands, it is being well looked after, we are spending enough money—in this instance, on L&D—and the results are as you would expect from an efficient and effective Public Service. It is getting that balance between letting the managers manage and saying that the APS, as an asset, is being well looked after. That is where the Audit Office is coming from with some of those recommendations.

**Senator WONG**—I would like to follow up on that. As I understood Mr Podger's evidence—and I do not want to misrepresent him—one of the concerns raised about the Public Service Commissioner being responsible for oversighting evaluation was the longitudinal aspects of that. In effect, what they were saying was, 'If you are going to properly evaluate learning and development, you need the departments to monitor the effectiveness of that over a period of time. We cannot do that because it is not our job, and we are not there.' How does that fit with the evidence that you just gave?

**Mr Cochrane**—It fits with the evidence I have just given because basically we are saying, yes, we do need some sort of a standard. As a corporation of the APS, we do need to know what is going on. But we are not suggesting—and I will make this clear again—that the APS become a centralised agency again and totally responsible for this area. In fact, when you look at the commission's responsibilities, there was no intention when it was set up that it should take over total responsibility for these areas. From a management point of view and an internal control point of view, it does seem sensible to us that someone take a cross-agency look at it and report on some of the important aspects of people management in the APS. Indeed, that was the motivation behind the *State of the service* report. I guess what we are actually saying is that it would be good if some of the *State of the service* report was being fed by some comparable data across the APS.

**Senator WONG**—So you would like some cross-APS benchmarks?

**Mr Cochrane**—Yes. Certainly, one of the issues that we have when we do these cross-portfolio audits, as I mentioned at the start, is the difficulty of being able to gather data that is comparable and reasonable and that we can add up and say, ‘Yes, that’s where the APS is sitting. That’s the state of the service.’ It is very difficult. I think that area really does require some moderation and some sort of leadership to make sure that the APS position can be looked at and analysed and that we can say, ‘Yes, as a whole, we’re doing pretty well,’ without at all interfering with agency management.

**Senator MARSHALL**—What sorts of areas did you identify in terms of training or skills that it would be appropriate to have across the public sector?

**Mr Cochrane**—In the OND report, we did not actually look to identify cross-APS training needs, if I can put it that way. We looked more at individual agencies to make sure that individual agencies had in place some mechanism for identifying their training needs and aligning them to their business objectives. Certainly, throughout the other reports of the ANAO, there are a number of issues that agencies are grappling with that are common. Contract management is probably one of the most talked about. The changes with the introduction of accrual accounting and the financial management that needs to follow from those changes is another area that is reasonably common in terms of training needs. There are some like that. Usually, when we look at an audit or performance audit of an individual program area, one of the areas that we look at a lot of the time is whether officers in the area have the right skill base. It does serve us quite a bit in some of those areas of contract management and financial management issues.

**Senator MARSHALL**—Did you identify any areas where there were problems retaining young recruits or recruits in general?

**Mr Cochrane**—Certainly the benchmarking report, *Managing People for Business Outcomes*, gives a breakdown of the various age groups within the public sector and how they compare to the wider public sector. Retention within the APS at the moment is an issue for a lot of agencies, but what we are finding is that there is also a huge internal churn factor. People are hopping from agency to agency and from area to area within departments, and that is certainly causing some difficulties in being able to maintain consistent skill bases, retain corporate memory and so forth.

**CHAIR**—Is that happening substantially more now than it used to? Is that what you are saying?

**Mr Cochrane**—It is hard to be sure because the data is not always there, but it seems so. It does seem, from some of our reports, that there are large internal churn factors.

**Senator MARSHALL**—You did not identify why that might be.

**Mr Cochrane**—No. I could guess, but, on an audit basis, I cannot say.

**Senator WONG**—Going back to the comment you make in the brochure that there was a general lack of evaluation of learning and development strategies by agencies: I want to understand that a bit more. Looking briefly at the actual audit, I understand the majority of

agencies do evaluate aspects of their learning and development, particularly satisfaction of the participants, and I think value for money was one of the things as well; but return on investment was very low in your little table. One of the things raised by a department yesterday—I cannot recall which one—was some of the difficulties in evaluating return on investment, which inherently might be a quantitative analysis but obviously there are qualitative aspects to it. Are there models you think are available which could be applicable in these circumstances across the agencies to obtain that kind of evaluation?

**Mr Cochrane**—Certainly I made the point at the start that this is not an easy area to evaluate; we do need to work on it. Alison, can you give a breakdown?

**Ms Wyse**—As you said, most agencies do assess participant satisfaction, but then moving on to higher levels of evaluation, such as uptake and changing skills in the workplace or addressing corporate objectives, is far more difficult. We found that both ROI and value for money were undertaken in a very low percentage of organisations. Indeed, there is a whole consulting industry out there with consultants that are prepared to come in and help you establish the ROI on training, on learning and development.

As part of the audit we did not assess methodologies that were in place or that were appropriate. However, because we found the recognition of the need for evaluation but—as you said you heard from agencies yesterday—that there was just not the support or the information readily at hand, and agencies also acknowledge that evaluation costs money and takes time, the better practice guide that is following on from this audit and that is being done in collaboration with the Australian Public Service Commission is looking at that next level, at what is available, at what indicators might be appropriate, so that people can look at evaluation. Indeed, I understand that the commission is also looking at a separate evaluation framework for learning and development as a flow-on from this audit. So, as Warren pointed out earlier, the awareness has certainly been raised; the message has been heard from agencies that they need some support; and the commission is working with us, on one front, and independently to develop that, to consult with agencies, identify what they need and provide that support as part of their role.

**Senator MARSHALL**—Can you tell the committee what the rationale was for choosing the Department of Immigration and Multicultural and Indigenous Affairs for the work force planning audit?

**Mr Cochrane**—I will let Mr Watson handle that. But I will point out that, as I said earlier, when we originally developed the workforce better planning better practice guide in, I think, 1999-2000 we had intended to take that guide and check a number of agencies against the better practice we had identified in the guide, and I thought DIMIA might have been just the first cab off the rank.

**Mr Watson**—Yes, they were. When we do the audit planning at the start of each financial year we do a risk profile of each of the agencies. The workforce better planning better practice guide had come out and we had identified a couple of issues as we went through and did other audits in Immigration. We suggested this topic to the department because they were moving towards SAP HR and a few other changes they wanted to make. They were quite agreeable to us—

**CHAIR**—They were moving towards what?

**Mr Watson**—They have an investing in people strategy and it will run in parallel with the implementation of SAP HR, which is their new HR information system which would replace their old system.

**CHAIR**—Can you clarify that? I am used to acronyms in this area, but—

**Mr Watson**—They have an old HR information system database that is called Nomad, I think. It is quite old and it does not fit into the new networks. It will not run in Windows based environments. They are moving away from that old character based system to a more modern system which also integrates with their financial system that is run by SAP—the people who do their financial and accounting software.

**CHAIR**—So what is SAP HR?

**Mr Watson**—It sits on top of that.

**CHAIR**—What does it mean?

**Mr Watson**—It is a human resource information management system that allows you to load up all the information about pay and entitlements.

**CHAIR**—I think I know what you are saying it does; I am just wondering what SAP HR actually stands for. One of the difficulties we have—and Hansard can often have—is knowing what these things mean when people read them.

**Mr Watson**—Sorry. Essentially, the timing was right. One of things we looked at was the fact that they operate a work force over a regional and indeed a global network, so we decided to run the ruler over them with the new better practice guide.

**Senator MARSHALL**—So a similar audit is intended to be conducted in other agencies?

**Mr Watson**—That is true, yes. We will use the same methodology again. There are a couple of agencies in the melting pot, but I am not sure which one would come up right now.

**CHAIR**—Our inquiry is looking at recruitment and training in the APS—the Australian Public Service. There are of course a range of other bodies and corporations that are not covered by the Public Service Act, and they are not then specifically within the APS for the purpose of this inquiry or for the legislation, but they are substantial employers of people within the Commonwealth public sector. Are you able to tell the committee whether or not there are better systems in place, in some of these other bodies or corporations, that could be utilised within the APS? I hesitate to start naming names, but you know who I am obviously referring to. A large proportion of public sector employment is now in stand-alone corporations that are carrying out very similar functions or responsibilities. They obviously have their own training, learning and development and recruitment strategies. What do you glean from the way they do things compared to the Public Service?

**Mr Cochrane**—A lot of our effort in that regard is going on now, in terms of the development of this better practice guide on learning and development. We are looking for better practice examples, if you like, across and beyond the Public Service so that we can include in the guide some indication of where the better practice is available and so that people can follow through. I guess—and it is a very broad comment—it is probably unlikely that you would go to organisation A and find that 100 per cent of its HR practice would be perfect and would be the ideal model. It is more usual, in our view, to find that agencies have some initiatives somewhere that are probably better practice, and that is what we are trying to seek out now. We are trying to draw that together to increase the awareness and availability of some of that information about where the better activities are occurring. Certainly, there are any number of agencies that have better information and better data coming out of their personnel systems than other agencies. The Audit Office does know some of those agencies and it will be using some of that information to produce this guide.

**CHAIR**—That was what I was trying to get at. If the departments and agencies are now operating in a devolved environment, carrying their own responsibility for many of these issues, then clearly the corporations are even more stand alone. But, at the end of the day, as I take it from the Audit Office's perspective on systems and evaluation, some comparisons should be able to be made. If we are talking about better practice, particularly in evaluation, I would have hoped that there were examples to be looked at that could provide guidance to the agencies and the departments.

**Mr Cochrane**—Certainly that is an area that we will be looking at. I think the point also needs to be made that the current report found some agencies were a little ahead of others, which again indicates that there is some scope for improvement in a lot of them—not that any one is doing it totally perfectly, but some agencies are ahead of other agencies. We will certainly try to draw some of that out. An example of how we do that is in the original work force planning guide. We used a number of examples there of agencies that were more advanced in their work force planning activities. Some agencies have actually spent a great deal of time investing in work force planning, in being prepared for how to develop their work force for the future, and we are able to use some of those agencies as better practice examples in the guide. Again, we will be doing that in a learning and development context.

**CHAIR**—Finally, what about your own organisation? Can you tell us a little of what is happening in the Audit Office in respect of learning and development and recruitment and evaluation of those? Given that you are clearly charged with the responsibility of looking over everyone else's shoulder, I am sure you are applying some of these findings and lessons to your own organisation.

**Mr Cochrane**—The Audit Office is very conscious that it lives in a glasshouse.

**CHAIR**—Let us not get into where you live; that is for another committee!

**Mr Cochrane**—About two or three years ago we started working at a work force planning framework that essentially tried to align all our people activities into one model so that we could ensure that we were maximising our effort, getting good people in the door and retaining good people. I cannot say that that has been an easy process from the Audit Office's point of view. It has been a hard process, and we are continuing to work on it. We have developed a

model that takes into account our need to align our business policies, our personnel policies and our VE systems so that we can prepare to have a cohesive work force now and into the future. There are several issues involved in that and, as I said, we are working through some of those.

In the context of learning and development, I do not think, as an agency, we are where we would like to be. In fact, about three or four months ago I remember being at a senior management conference and having a debate about how we were actually going to evaluate our learning and development strategies and how we were going to improve the measurement of them. We have a project in hand at the moment that is basically centred around trying to get the managers to make some assessment of how well individuals are performing after they have gone through a learning exercise of some sort. If we can measure that when they come back into the work force, we can see if improvement is occurring and then determine whether we should be spending more money in certain areas or whether we should be reordering that activity or walking away from that activity. I made the point at the beginning that it is pretty hard to actually measure some of these things, but we are attempting to.

**CHAIR**—What about the other part of this inquiry—recruitment and retention? What is the picture? Can you give us a quick snapshot of how many employees you have? This is probably available through portfolio statements and that, but for this inquiry we would like the number of employees and the mix of part time and full time. I understand you also utilise the services of outside professionals from time to time. Particularly can you give us some detail on this age profile issue that has been referred to before.

**Mr Cochrane**—The Audit Office has about 285 staff at the moment, and our work program is achieved through the efforts of those 285 staff and, as you made the point, many contractors. The contractors in part are a reflection of peaks in the workload, most notably on our financial statement side where the peak activity centres around the June financial statement year end. We also use a number of contractors in a number of our audits because we are looking for a particular skill set that we might not have in-house. For example, our performance audit activities cover a number of programs and, from time to time, for example, on a people orientated audit, we might actually have some professionals from outside to help us through some people management issues.

Our churn factor—our turnover in total—has been very high over the last few years. That is a reflection of the fact that the market has been very healthy, firstly, and, secondly, most of our people are accountants, and well-qualified accountants, and the public sector has been going through enormous accounting reform, so our people have been in very strong demand. If you like, it is part of the internal churn factor in the Public Service that we are losing lots of people to other agencies. In part, it has been a pretty rough period for the Audit Office in terms of maintaining its staff, and that is why we ourselves have spent lots of time on work force planning, including remuneration and retention strategies et cetera. I am not sure we are through the woods yet, but we certainly have had—in the last 12 months anyway—a reduction in our turnover factor.

We mostly recruit graduates as professional officers, as you point out, and on the financial side all our people need to be not only university qualified but also we encourage them to be postgraduate qualified in one of the major accounting professional groups. On the performance audit side we certainly have a situation where we are wholly employing skilled, degree

qualified, highly analytical people with, we hope, good communication skills. The nature of the professional work itself requires some fairly good people to be able to perform it well. That is a broad summary.

**CHAIR**—Thanks for that. Any other questions? Thank you for your submission and your attendance today. I might indicate that I have not—I am not sure if others have—had the opportunity to read in full all of your audit reports. We have had quite a lot of submitted material. But we will certainly read them and there may well be some questions arising out of the findings in the reports that you have presented to us, and some issues that may come up in evidence, that we would like to put back to you with questions on notice as we progress through the inquiry. If you could address those if and when they are presented it would be very much appreciated.

**Mr Cochrane**—Happy to help.

**CHAIR**—Thanks very much.



[9.55 a.m.]

**COX, Ms Cathy, Acting General Manager, People and Strategies, Department of Agriculture, Fisheries and Forestry**

**PAHL, Mr Bill, Chief Operating Officer, Department of Agriculture, Fisheries and Forestry**

**SCHWARTZ, Mr Rob, Manager, AQIS Learning and Development, Department of Agriculture, Fisheries and Forestry**

**CHAIR**—I welcome representatives of the Department of Agriculture, Fisheries and Forestry to our hearing this morning. Thank you for your attendance and also for the submission that you have presented to the committee. You are, of course, familiar with the proceedings and rules governing the hearings of Senate committees. Are there any changes, alterations or additions to your original submission?

**Mr Pahl**—There is one small change to a figure in the training expenditure on page 4, in section (b), Training and development. For 2000-01, the figure should be \$2 million, not \$1.8 million.

**CHAIR**—Thank you. Would you like to make some opening comments and we will follow that with questions?

**Mr Pahl**—I thought it would be useful to set the scene a little bit so that the committee had a wider view of AFFA. We employ a wide range of staff, from policy officers, program administrators, scientists, economists and so on in Canberra through to meat inspectors, veterinary officers and quarantine inspectors spread right around the country. To service what is a fairly diverse range of staff, we use a variety of ways of recruiting people, including assessment centres, face-to-face interviews and similar techniques that are of long standing. We have had a net increase in our staff in the last year of about 700 people. The lion's share of those people have come on board in the border protection and quarantine area of the department. That campaign has had a very positive impact on AFFA's overall age profile and also on the number of women we have employed in the department.

There are two areas of particular interest and concern to AFFA that we want to highlight. The first one is the issue of on-the-job training. We think that, at the moment, in a reporting sense, we do not capture on-the-job training to the extent that we should. We are probably getting much more benefit than we actually realise from that area. The second area is the evaluation of training and development. Just from listening this morning, I know that how you might measure that is an area of concern to other agencies as well. We certainly do not have the answer but, in our view, it is an area that the APS generally needs to be doing some more work on so that we get some uniformity in the way we go about it agency by agency.

A lot of the comments in our submission directly relate to the Australian Quarantine and Inspection Service. The reason for that is that the service now makes up about two-thirds of our

agency. As I said previously, we have undertaken a very large recruitment campaign in the last 12 months to service our increased needs in that area. We invest about \$3 million a year on recruiting, training and developing 30 to 40 graduates. In the campaign that we have just about completed, we were expecting to make offers to about 40 additional people. We have recruited about 110 graduates since 1997. We still have about 71 of that group with us, which is a retention rate of about 65 per cent. We believe this is fairly high compared with other agencies around the place. It is a very competitive market out there for graduate staff. In addition to the 110, the Australian Bureau of Agricultural and Resource Economics recruits between 10 and 15 each year. They have recruited about 45 since 1997.

AFFA is keen to see improvements to training and development in the APS that include improved coordination of training and development across areas of common interest in the APS. That goes to the comment I made previously in respect of having a uniform way of doing some of this. Encouraging public administration as a profession is an area that does not get a lot of air time. Most people look down on public administration in many ways. A shift from traditional classroom style training to e-learning, modular delivery, long distance learning and so on is probably a reflection of the fact that we are a geographically dispersed department, which presents to us a range of issues some other central agencies might not have to deal with. Finally, with respect to more onus on individuals and immediate managers to follow up on activities in the workplace: we see that happening through mentoring and coaching of staff.

**CHAIR**—Are there any other comments from witnesses?

**Ms Cox**—No.

**Senator MARSHALL**—Are you satisfied with your retention rates?

**Mr Pahl**—In the market we are in, I think that retaining two-thirds of our recruits over a five-year period is a pretty good effort. When we go through graduate recruitment campaigns, we find that a number of people have a very different view of what Canberra will be like compared with what it is really like when they arrive. For many, it is the first time they have left home.

**Senator MARSHALL**—We have never heard that before!

**Mr Pahl**—They arrive here and spend a year or two and then, for whatever reason—family or whatever—they return to their home state. I think that is a factor that we will have to continue to deal with.

**Senator MARSHALL**—Have you done work to establish that those are the sorts of reasons why people leave, or is that an assumption you are making?

**Mr Pahl**—No. We attempt to capture the reasons for their departure from most—but not all—willing people who depart the organisation, particularly from our graduate group, so that we can better inform ourselves of how we might do things differently in the future to retain people and also in terms of the graduate campaign that we run each year. If we find particular things that we might want to highlight to potential applicants, it is much better for us that someone does not accept a position and then pull out six months into a program rather than

accepting and doing just that, because there is a considerable investment—as I said previously, it is about \$3 million per annum.

**Senator MARSHALL**—Your expenditure seems to vary quite significantly from year to year. What is the explanation for that?

**Mr Pahl**—Are you referring to graduates?

**Senator MARSHALL**—The expenditure on training.

**Mr Pahl**—If you look at the three years that we have figures for in the submission, in the first two of those three years we were running a major senior management development program, which was a residential program at Mount Eliza in Victoria. I cannot recall the exact number of staff that went through the program but it was a very significant number, each program having about 20 people on it and running for the better part of a week. That tended to inflate the figure for those two years. That program ceased towards the end of 2001, and it had tapered off in the previous year. We are in the process of the developing our replacement program and I would expect that once that is in place, early in 2003, we would see the expenditure going up again.

**Senator WONG**—I have some questions on the profile of your work force. Are you able to give us some approximate percentages for, firstly, the number of women?

**Ms Cox**—We have about 3,640 staff and there are about 1,300 women.

**Senator WONG**—That is just over a third.

**Mr Pahl**—It is a bit over a third.

**Senator WONG**—In terms of your recruitment of new staff, is that a factor you are seeking to address?

**Mr Pahl**—There are two points I would make there. The first one is that in our last campaign we actually increased the overall number of women through that campaign.

**Senator WONG**—This is the 40 you have employed?

**Mr Pahl**—No, the 700 net additional staff for the year for the increased quarantine intervention initiative. The second point is that a lot of the categories that we have in the field are not particularly attractive to many female staff, particularly the meat workers and similar. So when we look at that as a department we need to break it down into employment categories and regions and have a much closer, more detailed look to make sure that we properly address the issue of women in the workplace.

**Senator WONG**—Have you got any analysis of the areas which might be less predominantly male in terms of the numbers of people who would work in those areas? I accept what you are saying—I used to do some work with the meat workers union and there are not a lot of women

who work in that area. But have you done an analysis of occupational areas where perhaps in the community there might be a more even mix of women and men?

**Mr Pahl**—I do not believe we have done work to the extent that you are asking about. It is an area that we will have to continue to work on.

**Senator WONG**—I turn now to AQIS. You said in your submission that that is one of the areas in which you have received some award on workplace diversity.

**Mr Pahl**—That is correct.

**Senator WONG**—It is an interface with a lot of overseas visitors, isn't it?

**Mr Pahl**—Yes.

**Senator WONG**—Do you recruit specifically there from communities of non-English-speaking backgrounds, or, for example, people with a second language? Do you have a particular strategy in that area for those sorts of employees?

**Ms Cox**—There is not a specific requirement for that, but in the last recruitment round we picked up people who do have second languages, from non-English-speaking backgrounds. It was not a deliberate strategy.

**Senator WONG**—Do you think there would be some benefit in that?

**Ms Cox**—There certainly could be, yes.

**Mr Pahl**—We have also in that period picked up quite a number of Aboriginal and Torres Strait Islander people, particularly in our northern regions.

**Senator WONG**—Yes, I did read that. You have obviously worked quite well, from what you say, with those communities in those areas. I was more interested in the interface with a lot of either migrants or visitors to Australia who are from non-English-speaking backgrounds, particularly from the Asian region. This is very anecdotal—it is my own experience—but it seems that when those people arrive in Australia there is often a lot of confusion about our quarantine laws and about explaining them. I was just wondering whether actually recruiting staff who speak another language was a strategy, but I understand you have answered that: there is not a specific strategy on that.

**Mr Pahl**—No.

**Senator WONG**—You might have covered this; I am sorry if it is in your submission. Do you have some sort of strategy for recruiting specifically from regional areas for particular aspects of your operations?

**Mr Pahl**—Given the geographical spread of our operations, we do draw on regional areas—probably more than most Canberra based departments—to service our needs in those areas.

Clearly, people working at the barrier in regional and remote areas need to live there. People who already live there are often the best employees because they are quite comfortable with the environment that they are in. It also reduces the cost to the Commonwealth of moving people about. I do not know that I would have a breakdown of how many recruits from this last major campaign were from regional and rural areas versus the cities, but I think it would be fair to say that a fair number of those people would have been recruited from regional and rural areas.

**Senator WONG**—Is that a function of the jobs you do or is it that you offer positions within regional locations and therefore advertise in those areas?

**Mr Pahl**—I think it is probably a bit of both.

**Senator WONG**—In this most recent round that you have described you say that there was, from your recollection, quite a number of people from regional areas in the intake. What I am asking is, did you specifically advertise in regional Australia that you were offering these positions in particular areas or regions, or was there just an Australia-wide bulk intake?

**Ms Cox**—No, it was done region by region.

**Senator WONG**—Finally, I understand from your submission that you have effectively said that you would appreciate some assistance in developing evaluation models for learning and development?

**Mr Pahl**—Yes.

**Senator WONG**—And that is a role you can see being taken up by the Public Service Commission?

**Mr Pahl**—Yes. We think that some sort of uniformity would benefit all agencies and would actually allow inquiries like this to make some sort of comparison—

**Senator WONG**—Meaningful comparison.

**Mr Pahl**—between agencies. More importantly, it would help us to understand where we sit on the continuum moving towards better practice. It is very difficult to know that in the current environment.

**CHAIR**—Why is it difficult? In an age now where evaluation and performance audits are happening all the time across industry, why is it that your department and presumably a lot of other departments and agencies are having—and have been having for some time—difficulties in developing systems to do proper evaluations of the outcomes of their investments in training, learning and development? You can do it in a lot of other areas; why is this such a difficulty?

**Mr Pahl**—I think—and this is my personal view rather than the departmental view—the difficulty arises because it is very hard to know whether a person's performance improvement can be directly assigned to some learning and development activity that has taken place or whether it just comes through as part of a person getting better at their job because they are

more familiar with it and they are repeating the process. It is a subtle influence that a lot of this has. I know that in our department, and in others, we measure things like the satisfaction of people with the learning and development activities. There are all these little forms that people fill in after the event. That is very useful information because it does highlight from time to time where you might have a course that is not up to scratch. Measuring beyond that and saying, 12 months on, how much of the improvement in an individual you can attribute to their attendance at a particular activity is a pretty difficult thing to do.

**CHAIR**—I am still having difficulty in accepting, with all the resources available to Public Service departments—and this is not directed at your department; it is acknowledged by the commissioner and departments that this has been happening—when they have made all these changes to the Public Service in recent years with particularly the devolution of responsibility in a whole lot of areas down to individual departments and agencies, corporatisation et cetera, major technological change, contracting out, outsourcing, you name it, that we are now getting told that we are having great difficulty in finding ways to measure and evaluate a significant investment in our own people. A system has been set up of, firstly, efficiency dividends that departments have had to meet for a number of years. Presumably they are able to be measured. If those targets can be met, why can the evaluation of learning and development investment not be measured? Secondly, there are systems in place at the senior levels of the Public Service where performance bonuses and so on exist. Presumably they are based upon some evaluation system. Through all of this we are getting told, ‘This is just too hard; we don’t know how to do it. It is too difficult.’ The audit office says that the data is not being collected. What is wrong here?

**Mr Pahl**—I think one aspect is that the maturity of the performance appraisal arrangements has not been there in past years, and we are now getting to the stage where we do have very mature performance appraisal arrangements and systems in place, and part of that is a learning and development agreement. I do not think the public sector is any different to the private sector here. When you bring in wholesale appraisal systems you need to go through a couple of cycles of compliance before you start to derive the real benefits from those arrangements. I think now we have all of that in place and we are now coming, as you rightly describe it, to that very difficult area of trying to measure the impact of learning and development on the performance of individuals and teams within the sector. I certainly would not want to leave the committee with the impression that we are saying, ‘It’s too hard; we’re not going to do it.’ We are just saying it is a challenge, and it is a challenge that, given it is a challenge right across the sector, is probably better met by a central agency like the commission with the assistance of departments having a good close look at it instead of a number of departments, perhaps, investing lots of money in a very difficult challenge and all coming up with the same result. In summary, we are not shying away from it; we are just recognising that it is a very difficult area.

**CHAIR**—There seem to be lots of consultants out there that would say, ‘We have got systems and solutions for how you do this; just pay us lots of money and we can tell you.’ A large part of your submission is directed to AQIS. As a former member of the Senate Rural and Regional Affairs Committee, I am very familiar with what has been happening with AQIS over a number of years. To summarise it quickly, it has gone through substantial change following the major reports that were handed down into its organisational structure at the time, and of course the recent establishment of biosecurity, so I am not surprised that you have focused a bit on AQIS. It is the case, isn’t it, that there has been lots of change in AQIS, essentially driven by

the outcomes of the reports that said there needed to be some major organisational change? Is that correct? In other words, the motivation, it seems to me, for what has happened in AQIS has been as a result of substantial problems that were there some years ago, and even in recent years.

**Mr Pahl**—I do not know that I am really qualified to answer that question. I think I would need the help of one of my AQIS colleagues.

**CHAIR**—Let me put it to you this way: you mentioned the focus on quarantine and border protection.

**Mr Pahl**—Yes, in the last 12 months that has come about due to the outbreak of foot-and-mouth disease in the UK and the subsequent response of the Australian government to increase our—

**CHAIR**—But it also goes back to everything from meat substitution problems to the increasing issues surrounding trade—biosecurity et cetera.

**Mr Pahl**—I can certainly say that, during the years that I have been in the department, AQIS has continued to take on board the various recommendations of inquiries, the Australian National Audit Office and other internal arrangements to better service their clients and the needs of Australia. I cannot really go to the detail because, as I said, I do not have anyone here today who could actually talk with some authority on that issue.

**CHAIR**—I mentioned it as background, because I want to ask you: what has changed in AQIS's approach to learning and development and recruitment; what has happened in recent years?

**Mr Pahl**—We can certainly answer that question.

**CHAIR**—My point is that I think it has come out of a background that we are aware of and I want to know what has been done.

**Ms Cox**—The recent change in the last 12 months has come about because of the foot-and-mouth disease outbreak in the UK and the government decision to increase quarantine intervention. Recruitment processes were undertaken across Australia at a regional level to put on ongoing staff and some non-ongoing staff. As a result of that, our training programs have been reviewed and we have developed some induction training and some certificate II training. We are also in the process of developing certificate III and certificate IV training programs for our quarantine inspectors. Rob can go into more detail on the structure of the training programs.

**Mr Schwartz**—With the increased number of staff coming on, we found that we had to redesign our introductory program. The existing program ran over almost 12 months, and we were not able to run a program like that and recruit and train the number of people we had to in the time that we had available to do so using that approach. The way we used our staff also changed. The previous practice over some years was to generally multiskill people on the understanding that they would use these skills in various areas of AQIS and be able to move around. With the increased focus on quarantine intervention, particularly at airports, mail

exchanges et cetera, the profile of our staffing did change. We found that, certainly in the larger regions, there were a large number of people who were working solely at those locations, particularly at the airport locations, who were not going to move to other areas of AQIS—at least, not initially.

There was an opportunity then to look at our introductory training again and reduce the length of it so that it specialised in those areas in which people needed training in order to do their job when they first joined AQIS. We could provide additional training as their skills needs changed, and perhaps, if they were to move to other areas, additional training could be provided. So we looked at our existing training package. Firstly, we adopted a quick 12-day program—it was not accredited at that stage—in order to train people and get them operational as quickly as possible.

Following that, we developed our certificate II and III programs. The certificate II program is designed as an introductory program which would replace the 12-day introductory program. The classroom part of that would be delivered as soon as people joined the organisation and then some on-the-job training and assessment instruments would be done over a period of a few months after that, to complete that project. The certificate III program was designed to follow on from that to give people the skills to perform other duties or duties at a higher level as their careers developed and as the needs of the organisation changed. Both those programs were accredited by the Australian National Training Authority, through the ACT Accreditation and Registration Council, in December of last year. We commenced running the bridging courses for certificate II in February. Our certificate III program has just commenced in one of our regions and will continue to be implemented throughout the rest of the regions for the rest of this year. We also have an existing certificate IV program, which was our original introductory program, which—as I mentioned—went over 12 months. We are redesigning that at a higher level again at the moment, so that people can undertake a certificate II, move on to a certificate III and, if appropriate, move on to a certificate IV program which will build on the skills that they have obtained.

In addition to that, we have a number of management programs which we have developed and are developing. AQIS has developed a middle management development program which picks up our supervisors and staff—that is, those at the AFFA level 5 and 6, but it may also go to those at level 7. We are currently developing, as an AFFA-wide application, a senior management development program aimed at people in AFFA levels 8 and 9 and possibly into SES band 1.

**CHAIR**—How much of AQIS's work now is contracted out? I am talking about the inspection part of it particularly. If you want to talk about all of it, that is fine, but I am particularly interested in the inspection side.

**Mr Schwartz**—We do use a number of contracting staff. I do not think we have the figures for those at the moment.

**CHAIR**—Could you supply them to us?

**Mr Schwartz**—Yes.



**CHAIR**—You were asked earlier by Senator Wong about the number of women in the department, and also there was discussion about the geographical spread of the department's services and employment. Would you be able to provide us with a table of those figures, showing where your staff are located, in round figures, across the country?

**Mr Schwartz**—Sure.

**CHAIR**—Could you also provide breakdowns between full-time—I think it is called ongoing—and non-ongoing employment? Also, you have people overseas, don't you?

**Mr Schwartz**—Yes.

**CHAIR**—Are they mainly AQIS people?

**Ms Cox**—No, they are AFFA posts.

**Mr Pahl**—We can give you that breakdown.

**CHAIR**—Thank you. As there are no further questions for AFFA, we thank you for your attendance this morning.

**Proceedings suspended from 10.29 a.m. to 10.55 a.m.**

**McMARTIN, Ms Sally, Executive Officer, National People and Development Unit, Aboriginal and Torres Strait Islander Commission**

**TOWLER, Mr William, Executive Development Officer, National People and Development Unit, Aboriginal and Torres Strait Islander Commission**

**CHAIR**—Welcome. I think you are familiar with the rules and procedures governing Senate committee hearings and parliamentary privilege. As we say to every witness, we prefer the evidence to be given in public, but if there is particular evidence that you may wish to give in private to the committee you may make that request and we will consider it at the time.

You have written to us, and that has been included in the committee's material as a submission. I understand that this morning you also wish to table some more complete additional material. I would invite you to now make an opening statement and, in the course of that, you may table the material that you are providing to us and then we will have some questions from the committee.

**Mr Towler**—I have provided some information packs to the committee. The Aboriginal and Torres Strait Islander Commission currently employs 1,263 people throughout Australia. In order to effectively carry out its functions, responsibilities and delegations, ATSIC needs the knowledge, skills, cultural values and perspectives of Indigenous people from across Australia. It is the belief of the commission that no-one can better assess and express the aspirations, rights and needs of Indigenous communities and individuals than Indigenous people themselves. As a Commonwealth agency administering the government's programs for Indigenous people, ATSIC should lead the way in setting the standard for the delivery of effective, high quality services tailored to addressing the needs of Indigenous people. It must also be creating employment opportunities for Indigenous people and assisting in the development of their careers in public administration. The Commonwealth Equal Employment Opportunity legislation and the Aboriginal Employment Development Plan place significant obligations on ATSIC to remove the institutional barriers to Indigenous recruitment in career development.

ATSIC works towards four key goals in a recruitment and career development framework. These include creating an environment favourable for Indigenous recruitment and development, increasing employment opportunities for Indigenous people, increasing Indigenous skills development and progressing and promoting Indigenous career development. To achieve these goals, ATSIC has developed and coordinated several recruitment and development training programs. Details regarding these programs are in the information packs provided. It was not our intention today to go over the full details of the programs, unless the committee wishes otherwise. The main message that we would like to get across today to the committee is that we encourage the committee to think about how best to encourage other departments and agencies in the undertaking of a commitment for increasing Indigenous recruitment and development. For this to happen successfully, specific programs and processes need to be undertaken across the Australian Public Service.

**CHAIR**—Firstly, we will formally accept the folder that you have presented to us this morning and have that tabled as part of your submission. We also accept your briefing paper as

---

a supplementary submission. Obviously, as this has just been provided to us this morning, we have not had a chance to go through it. Questions may arise, subsequent to our reading of the material you have provided, that we would ask you to take on notice and respond to in due course. With those remarks, I will open it up to questions from my colleagues.

**Senator MARSHALL**—A number of the agencies spoke about their levels of Indigenous employment. Does ATSIC get involved in assisting those agencies to develop such programs? Do you have a monitoring role in that?

**Mr Towler**—We do not so far. We are in the process of negotiating with a couple of agencies who have approached us about getting involved in our programs. It is in the early stages as to how much they want to be committed, and that type of thing.

**Ms McMartin**—A group has recently been established called the Indigenous Employment Group. We have officers from National People and Development on that group. That group is starting to think about the recruitment, retention and development of Indigenous workers across the public sector—rather than thinking that is the key role of ATSIC and not other agencies.

**Senator MARSHALL**—Where does that group originate?

**Ms McMartin**—From the Public Sector Commission, as I understand.

**Senator WONG**—I am new to this, so can you explain to me what your submission means by ‘identified positions’?

**Mr Towler**—At ATSIC we have identified all our positions for recruitment through the selection criteria 1 and 2. I have given more details in the information packs.

**Senator WONG**—Yes, I have read the selection criteria. I am referring to Mr Clark’s submission that all positions within the APS which deal with Indigenous communities should be classed as ‘identified positions’. I am asking: what is an ‘identified position’?

**Mr Towler**—We feel that ‘identified position’ means an understanding of and commitment to Indigenous communities and organisations. ATSIC feels that there is nobody better to do it than Indigenous people themselves.

**Ms McMartin**—They are real positions. ‘Identified positions’ means that they are actually positions within ATSIC. That is how I understood it.

**Senator WONG**—I assumed that ‘identified positions’ meant positions within the public sector where one could apply specific criteria such as the selection criteria that you forwarded to us, as opposed to a purely merit based—for want of a better term—selection process. Is that correct?

**Mr Towler**—No, it is part of the merit based system. It is being included in it. It is not overriding.

**Senator WONG**—I appreciate that. An ‘identified position’ would include those particular criteria as part of the selection criteria. Is that right?

**Mr Towler**—Yes.

**Senator WONG**—And that is not currently the case?

**Mr Towler**—It is with ATSIIC.

**Senator WONG**—I mean across the public sector.

**Ms McMartin**—No, it is not.

**Senator WONG**—To your knowledge, do other agencies, where there is an identified engagement with Indigenous communities, have a practice of including criteria such as the selection criteria that you have presented to us?

**Mr Towler**—Some do and some do not. We have not effectively done any research into what other departments are doing. It is my understanding that a lot of departments do not.

**Ms McMartin**—If it is a specific position that would be working with Indigenous communities, my suspicion would be that most of those agencies would have similar words to that in regard to that particular job specification. With us, they are in every job specification.

**Senator WONG**—Yes, I understood that. The Indigenous Employment Group that the Public Service Commission is auspicing—I do not know who established it—what is the objective of that?

**Ms McMartin**—I think it has met once, by the way. It is about thinking about how to increase Indigenous recruitment and retention across the public sector. So it is not necessarily specifically work around Indigenous work—Indigenous people should be part of the mainstream public sector.

**Senator WONG**—That is a little different from what you are proposing.

**Ms McMartin**—Why?

**Senator WONG**—In the sense that one is a broader strategy and one is a policy position that says where you have positions that interface with the Indigenous community there should be, as a benchmark, one of the selection criteria that agencies use.

**Ms McMartin**—Yes.

**Senator WONG**—Is that issue being discussed by this Indigenous Employment Group?

**Ms McMartin**—As I said, I think they have met once. I suspect they will, but I think there are two different issues there.

**Senator WONG**—I agree; that is my point. Neither of you are on this group?

**Ms McMartin**—No. It is only because those people are interstate that they are not sitting here.

**Senator WONG**—From ATSIIC's knowledge, there is not really a cross-public sector protocol about, firstly, identifying whether any particular positions within agencies would have a substantial component of their work interfacing with or engaging with the Indigenous community and, secondly, what criteria therefore should apply to those positions. Is that right?

**Ms McMartin**—Yes.

**Senator WONG**—That seems odd.

**Ms McMartin**—Do you mean that it seems odd that we do not know?

**Senator WONG**—No, it seems odd that they do not have one.

**Ms McMartin**—It is a bit difficult to answer for other organisations. I know, for instance, that Centrelink does quite a lot of work in recruitment and retention of Indigenous workers. Most of their workers—if you look at the percentages, and I do not have them in front of me—are in the north of Australia.

**Senator WONG**—Do you have strategies you could assist this committee with to increase Indigenous employment across the public sector, and not just specifically within ATSIIC?

**Ms McMartin**—We are an organisation that works in Indigenous affairs, so we have a very strong commitment to this, but we have learnt a lot through the process of recruitment, retention and development of Indigenous workers. What we know is that you have to put special things in place. For example, in the break we were talking about a small example of what we mean. Last year we ran—and we are going to do it this year—a graduate program. Our graduates range in age from 22 to 52. There was a gentleman who had been a single parent for many years, and it took him 11 years to get his degree. Out of those graduates, we had two graduates who had never had their hands on a computer and who did not pick it up till they came to our organisation. We make some assumptions about people's skill level and so on. It is quite different sometimes for some Indigenous people.

We have some programs that are about assisting young people to get into the organisation, and they are listed there. From the last intake, those young folk were doing the certificate programs and there were issues around literacy and numeracy skills. Again, we thought that these are the sorts of things that we often take for granted in recruitment and retention. We assume that people know how to switch on a computer and generally have a reasonable level of literacy and numeracy. But in the case of some of the folk who we are trying to attract into ATSIIC that is not the case. Different things need to be in place. Besides specific programs for retention and development, there needs to be some acceptance that we may need to do some basic work at the beginning of the recruitment process.

**Senator WONG**—And that if you set the bar at a particular standard you might, by definition, be excluding quite a number of Indigenous people?

**Ms McMartin**—That is right.

**Senator WONG**—Would you say that ATSIC, through the work you have done and the commitment you have to Indigenous employment, has developed a reasonable expertise around recruiting and retaining Indigenous employees?

**Ms McMartin**—Absolutely.

**Senator WONG**—Have you been asked by other agencies or the Public Service Commissioner to provide some assistance by way of sharing that kind of expertise?

**Ms McMartin**—Not to my knowledge.

**Mr Towler**—No. As I said before, I have had one agency come in to negotiate about either taking part in our program or looking at taking some people on at the end of the program, after we have trained them up.

**Senator WONG**—So you train them up and then they—

**Mr Towler**—That is possibly one of the outcomes. We wanted to negotiate how much they wanted to be involved. Each time we do a new program it is continually changing. One of the issues that we found before was literacy skills, so next time we take people on we would like to perhaps have a bit more of an assessment. We would still take the people on, but we would allocate a lot more resources initially to get them up to that bar you are talking about.

**Senator WONG**—I am interested in talking a bit about what you think would be the most effective way for you to share that expertise you have developed. One model might be along the lines of the example you have given, which would be that ATSIC might train a number of Indigenous persons up to a certain point and then those persons might have the opportunity to be placed with other agencies later. There are obvious cost implications for that for ATSIC. Another option might be simply that you assist agencies, or somebody assists agencies, in developing their own process for that. I would be interested in your thoughts about those two options or any other options.

**Mr Towler**—With the second option, what necessarily works for ATSIC may not work for another agency. So I guess there has to be a bit of flexibility and then learning from the program as it happens—finding out what has worked this time and what has not, and then making the changes for the next program.

**Ms McMartin**—People working in ATSIC now, particularly in the National People and Development area, have spent a lot of time on this. I think there are some wise heads in there who could certainly provide some coaching and information to other APS agencies about what works and what does not. I think William is absolutely right: it often does need a flexible approach. We have run programs or thought about programs we would run and we have thought, ‘This will be successful,’ and we have been a bit worried about it ourselves. So we

keep changing and moving with it, but there is a lot of knowledge in there that could be shared—there is no doubt about it. I reckon there is a third option—it is probably not for this committee—which is about assisting the private sector to think about how to increase the percentage of Indigenous workers, because I do not think people do. There is no real push to do that; there is no policy in place, or incentives.

About your two options: in a sense, while Williams is right, that organisations are all quite different and need a different approach, I think it would possibly not be right to be thinking that ATSIIC is always the one who employs Indigenous workers, builds the skills and then passes them out to agencies. I would hope other agencies would think they had a responsibility in this.

**Senator WONG**—Yes; I do not disagree with that.

**Ms McMartin**—So I prefer option 2.

**Senator WONG**—They were very quickly constructed options, so they were not particularly well thought through. What would you say to agencies who said—and this is hypothetical; I am not suggesting they would say this—‘Look, in terms of our work, we have a fairly limited number of positions we can identify as ones where there is a reasonable engagement with the Indigenous community such that they would be appropriate to be identified as positions such as Mr Clark has outlined, and we do not have the resources to develop programs for those positions’?

**Ms McMartin**—Senator, it goes back to what you said before. There are two issues here. There is the issue of agencies employing Indigenous workers because they are involved in Indigenous affairs and they want to make sure that their policy development is culturally appropriate and so on. They would be looking to employ Indigenous workers. We would have another argument, which is: why do Indigenous workers always have to work in Indigenous affairs? Shouldn’t Indigenous workers be able to work in the broad, mainstream public sector? There are two issues.

**Senator WONG**—Absolutely. It is only the latter—on your understanding—that is being discussed by the Indigenous Employment Group. Is that right?

**Ms McMartin**—That is right.

**Senator WONG**—I assume that ATSIIC, because of the nature of the work you do, would also have to look at cross-cultural training for non-Indigenous persons.

**Mr Towler**—Yes.

**Senator WONG**—Have you done that effectively?

**Mr Towler**—We do a minimum of two programs per year through the Canberra based office—cultural awareness programs focussed on both Aboriginal and Torres Strait Islander specialities. Everybody is invited to that. All ATSIIC employees are encouraged every two years to attend that. Some of our remote areas are working on similar cultural awareness programs. That has been very successful to date. It has been preaching to the converted because everybody

in ATSIIC has to go through the selection criteria process. We get some inquiries from other agencies and departments asking us about a program of information. We invite them along if they are interested in coming.

**Senator WONG**—What sort of uptake do you have on that from other agencies?

**Mr Towler**—It is looking good. We have had positive feedback.

**Senator WONG**—How many agencies—every agency in the public sector, or a very small proportion?

**Mr Towler**—A very small proportion would contact us. That is why we can, at this stage, invite them along when we are doing our cultural awareness programs. We are having another one in October, so if anybody from the committee is interested in attending or sending a representative, please let me know.

**CHAIR**—Thank you for that. I am sure that it would be of interest to members of the committee.

**Senator WONG**—Did you say that every two years employees are invited or required to attend such cross-cultural training?

**Mr Towler**—Yes.

**Ms McMartin**—It is almost like a shot in the arm for some people.

**Senator WONG**—A refresher.

**Ms McMartin**—People are expected every two years to do that kind of refresher. Everyone goes to that training. New staff go to that training. It is over two days.

**Senator WONG**—Is the cost significant?

**Mr Towler**—We try and target a larger number of participants, so it does not work out to be too high cost-wise.

**Senator WONG**—Is that delivered in-house?

**Mr Towler**—No; we get consultants in. Sometimes we have guest speakers from within and outside ATSIIC and people from the local community as well.

**Ms McMartin**—I do not know if ATSIIC thinks about costs around that program. It is so important that people in our organisation do that training. It is almost seen as compulsory training.



**Mr Towler**—We try to take the most cost-efficient approach. Again, some things may work or we may get negative feedback. We get feedback from the participants as well as the people doing the training. We take any suggestions on board for the next time.

**Senator WONG**—Do you participate in the Indigenous Cadetship Program?

**Mr Towler**—Yes, we do.

**Senator WONG**—Do you think it is an effective program?

**Mr Towler**—I do. One of the problems we are having at the moment is getting the message out there for people to participate or put in applications.

**Senator WONG**—How many cadetships are offered?

**Mr Towler**—We have six at the moment.

**Senator WONG**—Is that within your department?

**Mr Towler**—Yes, within ATSIIC we have six.

**Senator WONG**—Do you have any knowledge across the public sector?

**Mr Towler**—No, sorry.

**Ms McMartin**—We run our own.

**Senator WONG**—I see.

**Mr Towler**—We are looking to take another five in October.

**Senator WONG**—You have made some comments about areas where Indigenous employment within the public sector could be improved, particularly in other agencies. Is the cadetship program addressing that problem, or insufficiently so?

**Mr Towler**—No. A large number of other organisations are interested in taking on Indigenous cadets. They are budgetary restrained as well. But it has been pretty successful to date.

**Senator WONG**—What I am asking is: do you think that is the primary strategy which can be used to increase—

**Mr Towler**—It should definitely be one of the strategies.

**Senator WONG**—What does it not address that it should address? What are its limitations?

**Ms McMartin**—For me it is: why do we have to do something special? We do, but why don't we think about it more in terms of just mainstream recruitment? Why do we always have to have special programs? In some cases—I am arguing against myself because I know you have to have them—the message does not get out to Indigenous people that they should be applying for these as well. We need to make it easy for people to do that. I am not sure that it always is.

**Senator WONG**—How do we do that?

**Ms McMartin**—In selection processes people can be quite intimidating. Given where some people come from, it can be difficult to get to selection processes. Maybe we should be thinking about selection processes in different ways. It does not always have to be a formal interview—we are hooked on that. How do we make it easier for people to apply? Can we think of different selection processes that might not be quite so intimidating for Indigenous people?

**Senator WONG**—Do you offer accredited training?

**Mr Towler**—Yes.

**Senator WONG**—Internally?

**Mr Towler**—No. We use a consultant for certificates 3 and 4 and government administration.

**Senator WONG**—In public administration?

**Mr Towler**—Yes. That is for the operative development program and the vocational experience traineeship program.

**Senator WONG**—How widespread is that?

**Mr Towler**—That is nationally.

**Senator WONG**—What sort of support does ATSIC give to people who undertake those programs?

**Mr Towler**—We recall them to Canberra three or four times a year to attend a class workshop and we have the trainer in full contact. We have videoconferencing link-ups, computer link-ups and guidelines on where everybody should be up to at each step of the way. Where people are having problems—for example with literacy skills—extra work needs to be done to bring that person up to the bar.

**Senator WONG**—Is study leave part of that?

**Mr Towler**—Study leave is available to all ATSIC employees.

**Senator WONG**—What percentage of Indigenous and non-Indigenous people participate?

**Ms McMartin**—They are all Indigenous.

**Mr Towler**—Studybank is open to all ATSIC employees. Sixty per cent of that would be Indigenous. Another program, the awardship program, is strictly for Indigenous people.

**Ms McMartin**—With some of those programs, people are invited to join the program, which also gives them a position within the organisation. So with the operative development program, people are employed in the organisation and, through the program, they receive their training, like William is suggesting.

The other thing is that, when people come onto that program, the regional office agrees to take that person or that position so that folks are getting support at the regional level. So they do formal training as well. We also have a coordinator, who sits in our Canberra office, for each of those programs. So participants know that, if they are in a little bit of difficulty, they have that coordinator.

One of the things that we have been talking about, and are going to do a little bit more work on, is setting up some mentoring programs for new Indigenous employees and also for Indigenous employees who may have been around for a while but need some more assistance with career development. So we are thinking a bit more about how to formalise a mentoring program for folks around there.

**Senator WONG**—Can you tell me about the vocational experience traineeship?

**Mr Towler**—That is a 12-month program. At the end of the 12-month program the participants do not get a position with ATSIC; the aim is to give them their certificate III, and for them to build up a network system over the 12 months and possibly get a job within ATSIC at the end of that period through the network system. A number of participants have left because they have found permanent and better jobs elsewhere. It is often hard to find a job while you are not working, whereas it is a lot easier when you go to an employer and say, 'I am currently working here and getting my skills up.' Again, that is over a 12-month period. It is very similar to the operative development program, except that there is not so much focus on the outcome.

**Senator WONG**—I would like your opinion on whether the Public Service Commission is best placed to facilitate standards or procedures for employing and retaining Indigenous people across the public sector.

**Ms McMartin**—In the first instance, with regard to at least starting the debate and discussion—which I think that working group is attempting to do—I think it is, absolutely, a role for them to have. I would hope that, in the future, the standards were there and the agencies were just doing it. But yes: I think they are the catalyst in getting it going.

**Senator WONG**—You think it is the agent of change?

**Ms McMartin**—Yes.

**CHAIR**—What is the role of ATSIC in relation to liaising with and having input to the other departments that also employ and recruit Indigenous people or have programs, functions and

---

services that have a particular relationship with the Indigenous community? Obviously, one is the Department of Immigration and Multicultural and Indigenous Affairs; one could specifically point to a number of others. Obviously, you have a good understanding of what is happening, what has to happen and the programs you are undertaking within ATSIC itself in terms of total employment, but what about having some influence and input into those other departments?

**Mr Towler**—We do not, really. It is mainly through Indigenous employment groups—when they get together and the different departments come and say what is working for them. We do not have anybody come in or anything like that.

**CHAIR**—There is no specific requirement for those other departments to consult with ATSIC—

**Mr Towler**—No.

**CHAIR**—in relation to the employment of Indigenous personnel?

**Mr Towler**—No. We occasionally get general inquiries asking how the grad. program works or about different programs like that. We are more than happy to provide assistance. But, again, nothing sustaining has to happen; no.

**CHAIR**—We can ask for this from all the other departments, but do you have access to the data for employment levels, in all of the other departments and agencies, of Indigenous Australians?

**Mr Towler**—No, only our own.

**CHAIR**—You mentioned your graduate program, and you gave us the numbers. In what professional areas are they graduating?

**Mr Towler**—It is varied. We start off with managers within ATSIC putting their hands up to take on a graduate. When applications come in, we always match that up with areas if possible. If there are outstanding applications, or applications that we feel would benefit ATSIC, we will approach the areas and try to persuade them.

**CHAIR**—Are you targeting particular disciplines?

**Mr Towler**—No, we are targeting across-the-board. There is IT, finance, legal—

**CHAIR**—Health.

**Mr Towler**—Human resources—

**Ms McMartin**—Social policy.

**CHAIR**—It is the broad range. That concludes the questions for today. Thank you for the material you have provided this morning. If questions arise out of our consideration of that

material we will send them to you, and you can respond. We will also consider taking up your invitation in October. For the purposes of the *Hansard* record, I will identify the particular documents that are in the package provided. There is the briefing paper from ATSIC on the inquiry into recruitment and training in the APS; there is a document overview of ATSIC's recruitment and development programs; there is a table showing the percentage achievement against ATSIC's targets 2002-04; there is a document detailing ATSIC regions and zones, identifying the locations of the various offices throughout Australia, and there is also a book which is entitled, *As a matter of fact*—answering the myths and misconceptions about Indigenous Australians. Thank you very much for your attendance today.

[11.33 a.m.]

**CLELLAND, Mr Ross Campbell, AM, Fellow, Australian Institute of Purchasing and Materials Management Ltd**

**MESSER, Mr David John, Senior Vice President, Australian Institute of Purchasing and Materials Management Ltd**

**WILLIAMS, Mr Troy Russell, Professional Development Manager, Australian Institute of Purchasing and Materials Management Ltd**

**CHAIR**—Welcome. As you are aware, this is an inquiry by the committee into recruitment and training in the Australian Public Service. All witnesses who appear before our committee are protected by parliamentary privilege with respect to the evidence that they give and any submissions that they provide to us. That means that witnesses are given protection from any action that might arise out of what they put to us, and the Senate has powers to protect witnesses from any actions which may disadvantage them as a result of their appearance. We obviously hope that never happens, but we need to certainly inform you of that. We also prefer that evidence be given in public. If there are any particular matters that you believe you should deal with in confidence, you can raise that concern at any time and we will consider it. We have received from your organisation a written submission which has been authorised for publication. I invite you to make some opening remarks, which we will follow with questions. Are there any alterations or additional material that you would like to present to us this morning with regard to your written submission?

**Mr Williams**—There is one minor amendment which appears on page 11. It refers to the Queensland Government Purchasing Certification System. The last paragraph in that section states that the first four levels of the program are not based on nationally endorsed competency standards. That is not entirely true. The change is that it was based upon nationally endorsed competency standards and there have been some improvements which resulted in the departure from the assessment guidelines within that training package.

**CHAIR**—Thank you for pointing out that change. I now invite you to make some opening remarks.

**Mr Messer**—We believe that the biggest area of discretionary expenditure in Commonwealth government departments—in fact, in any organisation—is procurement. Most other things are set in concrete. If you can achieve savings in procurement expenditure, then that is more money that is made available to other sections of the organisation—that is, procurement of goods and services. We contend that it would be inconceivable that a CEO or a first assistant secretary of a Commonwealth government department would employ as a financial controller someone who did not have accounting qualifications. We believe it is inconceivable that legal advice would be offered to a Commonwealth government department by somebody who was not qualified in legal matters. We contend that procurement is so important an issue that it should be treated in exactly the same way. The recommendations in our report add strength to that. I do not wish to say any more than that at this stage, but we honestly believe that the most important issues that

face governments these days are those which relate to expenditure. Unless that expenditure is handled professionally, money inevitably will be wasted.

There are six recommendations. I do not intend walking through them one by one at this stage. I should add that my experience is over 35 years in the business of procurement and contract management and included three years as the chairman of the State Supply Commission in Western Australia. I have a passionate interest in this area. The one that I think matters most is recommendation 5, on page 16 of the submission. It suggests that the decision made in the Commonwealth procurement circular 98/3 to change from mandatory to best practice the requirement that all persons undertaking procurement functions meet appropriate Commonwealth procurement competency standards should be reversed immediately.

**CHAIR**—Could you expand on the importance of recommendation 5, and your views.

**Mr Messer**—It is my view, from my own exposure to what happens in government procurement generally, that there is the very real risk that standards of procurement will decline unless there are some rules in place that are mandatory, not best practice. There is no clearer evidence of this than the number of disastrous procurement activities that have taken place over time in government agencies, both federal and state—some of which cause a great deal of embarrassment, a lot of which cause the loss of a lot of money.

I find it inconceivable that there is not the same respect treated to people in the procurement profession as there is to people in accounting, law, engineering and so on. In fact, there are several definitions of strategic procurement around, one of which is that the strategic procurement director should report directly to the CEO. In many organisations that is not the case. In many organisations procurement is entrusted to people who have no formal qualifications and who do not really understand what they are doing, and the results can be disastrous.

**CHAIR**—Can you refresh my memory? The Joint Committee on Public Accounts recommended what you have now also put before us. What was the government's response to that recommendation? We do not have that in front of us. We can obviously check it but you could respond and tell us.

**Mr Williams**—As a general rule it has simply been neglected or overlooked. It has not to my recollection been positively dismissed; it has simply not been acted on. It has effectively been laid aside and the current scenario allowed to prevail.

**Mr Messer**—That is my understanding as well.

**CHAIR**—It is a requirement upon government to present a formal response to the parliament to recommendations by parliamentary committees. As I said, we do have the benefit of having that government response before us today. We will get it. But do you recall whether there was an indication that the government accepted the recommendation or did it just note it or did it make some further comment about what action it might want to take?

**Mr Williams**—Certainly. The answer to that in fact can be found in a subsequent inquiry into contract management in the Australian Public Service. Item 4.36 in that report noted that:

As part of Report 369, Australian Government Procurement, the training and education of purchasing officers was examined. The Committee gave high priority to training and rejected, through a recommendation, the Government's decision to downgrade from mandatory to best practice the need for all persons undertaking procurement functions to meet appropriate Commonwealth Government Competency Standards. Regrettably, despite a weight of support for mandatory training, the Government rejected the Committee's recommendation.

**CHAIR**—That is the answer. What report—

**Mr Clelland**—This is on page 7 of our submission.

**CHAIR**—Okay. Thank you for that. I raise the role of the Public Service Commission, formerly called the Australian Public Service Merit Protection Commission. It basically still has the same functions. What role do you think that the Public Service Commission can play in addressing the concerns and the recommendations that you have raised?

**Mr Williams**—One of the observations the institute has made is the acquisition of training services seems to be very much on a department to department or agency by agency basis. As such, there is no coordination role and you will get variances in quality in terms of the training. If the commission was to look at establishing an agreed framework for training systems for acquisition training so that there would be registered courses in the VET sector and competency standards working through RTOs and allowing departments to make a decision as to the relevance of that training that would address the variations we get. So it could establish a framework, basically relying on the VET system for the provision of training and qualifications arising from that but allowing the departments to make a decision on the detail of it. That would address the variations we get at the moment.

**CHAIR**—Are you aware of a report that has just been released by the Audit Office into learning and development in the Australian Public Service?

**Mr Williams**—I know of its existence but I have not had the opportunity to review it.

**CHAIR**—They have a narrower focus than we may be covering here but certainly they did raise their concern about the lack of rigorous data in departments to assess or evaluate the outcomes of their learning and development programs and have recommended something along the lines of what you have just said but in the context of having an overview of what is happening in each department in that regard. At this point in time that has not been accepted by the Public Service Commissioner.

**Mr Messer**—If I can add a little bit to that, there is an important need to have an independent health check of what is happening in government. It is very easy for people to become introspective when they are players in the activity. I will give you an example of something that concerns me a little and has for some time. There is an Australian procurement and construction council, which comprises Commonwealth and state government ministers and the CEOs or secretaries of the various departments who are involved in procurement and construction throughout the country. There is no external health check on what is happening. This does tend to introspection and to a lack of capacity to have a different perspective. I have raised with other people—Senator Ellison is one whom I happen to know because I come from the West—what I believe is the need for an independent panel of procurement professionals not affected by the outcome of decisions that are made to review and assess the adequacy of existing policies,



procedures, best practice guidelines, exemption procedures, evaluation of tenders and determination of the best outcome. I think that that would be a very useful mechanism to ensure that the best outcome is achieved.

**CHAIR**—Have you developed that to a formal proposal or a detailed proposal?

**Mr Messer**—No, I have not at this stage. It was fairly recently and I must say that personal circumstances have prevented me from pursuing that over the last six or eight weeks or so.

**CHAIR**—I might say that there is a committee of this parliament—the Joint Committee on Public Works—which has a role in examining any public works expenditure over a certain amount. There is no requirement on the government to accept, necessarily, the recommendations of that committee.

**Mr Messer**—No.

**CHAIR**—You also indicate as your first recommendation that the Commonwealth, through the Australian National Training Authority, provide funding for the development and maintenance of competency standards in purchasing and supply developed by the relevant industry training advisory boards. You have made some comments about that issue. Are there competency standards that already exist in industry? Can you just expand on this proposal? Are there not any standards in existence within the department?

**Mr Williams**—As it turns out, through the public sector, education training in Australia is actually a very good set in the public sector. They are currently being reviewed at the moment. They were last endorsed in 1999 and through the normal sequence are being reviewed. They deal with a range of issues, not just procurement and contracting. We go through administration and the full range of clerical issues you have there. The review has only just commenced, and is predominantly dealing with stakeholder feedback from those who use the competency standards to assess their relevance and whether they are delivering worthwhile training.

However, the private sector is quite a different scenario. It falls under the business services ITAB and the business services training package. There are no directly relevant competency standards for procurement. There are some that come very close, and there is a contract management financial accounting, but none in purchasing as such. The result is that the private sector quite often uses the public sector ones as the basis for training. That is also being addressed and the development of the business services training package will address that. The potential problem is that you might end up with two separate disciplines: public sector procurement and private sector procurement with different learning outcomes. The reality is that most of the skills are generic.

**Mr Messer**—Yes. More than 90 per cent of the skills are generic. They apply to the private sector as much as they do to the public sector.

**Mr Williams**—The variations quite often in the public sector extend the review of degree of probity, and things like that which, of course, are beneficial for the private sector. The only potential concern is that ANTA might end up effectively funding the same work twice. It is currently reviewing the work of the public sector competency standards, and the institute is

quite happy with that. It might end up funding the development of a set of standards for the private sector when the reality is that you could probably take and build upon the good work of the public sector ones.

**Mr Messer**—Ross has a significant contribution to make here. By way of background: Ross was the director in what was Purchasing Australia, responsible for the development of the public sector competency standards that existed at the time. I was on the advisory board at that stage as well, and we tried desperately hard to merge the private and public sector competencies but other events got in the way. Would you like to enlarge on that a bit, Ross?

**Mr Clelland**—Back in 1994, as a result of the House of Representatives committee findings, it was decided that procurement competencies needed to be developed for the APS. I led the team which developed the competencies. From there, we developed the curricula and from those we developed the teaching and learning materials for simple and complex procurement in the public sector.

I chaired a steering committee which met every four to six weeks, and we had representatives of the unions, other departments, the industry and training institutions. It was interesting at that time that some of the private sector people felt that they should not have been involved. But, as we pointed out and as David mentioned earlier, 90 per cent of the procurement competencies which we were developing for the public sector were quite applicable to the private sector. Sure, there were things that we were developing that came from the Commonwealth procurement guidelines which were specifically for the public sector—and the public sector was much more concerned about probity and ethics than was necessarily the case in the private sector—but in the main the material we were developing was quite acceptable to the private sector. As it turned out, as time went on, the private sector came to accept that and endorsed what we had developed.

Flowing on from there, we then had a set of procurement competencies and teaching and learning materials for simple procurement and for complex procurement, which was a certificate IV in public sector procurement. The Department of Defence picked up those and ran with them. None of the other departments did at the time and, because of the decision that it was not mandatory, they made the decision subsequently that, because it was not mandatory, it was only following best practice. So none of the other departments followed up with it. Defence did. It is now 2002 and Defence are going through about the third generation of the teaching and learning materials which we had developed back in the middle 1990s. Defence are running procurement competency training right now for both simple and complex procurement, and they run it on a regular basis.

**CHAIR**—Our inquiry is specifically focusing on the Australian Public Service, but there are a whole range of other corporations which are potentially government owned or run but which are not directly covered by the Public Service Act. Is this an issue that you see across the public sector—

**Mr Messer**—Very much so.

**CHAIR**—including those bodies, or have they got their act together in a better way?

**Mr Messer**—In a word.

**Mr Clelland**—To my knowledge, the only department which is showing any interest in procurement competencies is the Department of Defence. They have grabbed the idea and are running with it, and they run courses on a regular basis on simple and complex procurement. The ‘simple’ one is a two-day course, and the ‘complex’ one is a number of modules of two days each. In the simple procurement course they do an examination at the end, and if they pass the examination they are given a statement of competency in simple procurement. With the complex procurement course they have to go back to the workplace and do a workplace assignment which is sent forward for assessment. Depending on how they go with that, they might get a tick in the box for that particular module. If they get enough ticks in the box for enough modules, they will be issued with a certificate IV in public sector procurement.

**CHAIR**—You talked in your opening statement about the broad range of procurement that occurs for services et cetera. Are there any particular areas that stand out? You mentioned IT, which of course has had a massive increase in recent years across all the departments. Are there particular areas that you see where this problem is more acute?

**Mr Messer**—I cannot say specifically—I do not have enough empirical evidence in that regard—but I do believe that in the construction area there are real concerns as well. Probably if you were to apply Pareto’s theory—the 80-20 rule—you would find that that applies equally in this area as it does in just about any other.

**CHAIR**—Thank you.

**Senator WONG**—I have a number of questions. The first is on your recommendation 5. I am not particularly experienced in the area of procurement, but I assume that there are different levels at which procurement would operate in the Public Service and that there would be people who would be outlaying less. It might be argued that there is too high a training standard for those people compared to somebody who has oversight of the procurement program within an entire department. Obviously, there are different levels of competency required. Is it your view that, nevertheless, there should be mandatory training for all persons engaged in procurement and that that difference in function is reflected in different standards, depending on different tasks?

**Mr Messer**—Absolutely. It probably goes without saying that you would not expect somebody who is buying pens and pencils to have the same level of competency as somebody who is spending millions of dollars on behalf of the department, but the basic rules still apply. There are some basic tenets which must apply to procurement. If there is no indoctrination program even for people who are expected to buy, then how can you expect them to buy properly. The answer is, yes, there will be various levels, as Ross mentioned, from simple through to strategic or complex procurement activities.

**Mr Williams**—To add to that, the current public sector training package, in fact, reflects that outcome. There are a number of qualifications depending on the complexity. The one thing that also is not commonly understood is that a lot of procurement will not be external—it will be departmental transfers and acquisitions of goods and services. Quite often people think of purchasing as the Commonwealth or their department buying from, presumably, the public

sector, whereas sometimes they can be internal transfers, and that is an area where quite often training is overlooked.

**Senator WONG**—Are you aware of any of the reasons behind the government's rejection of the recommendation to which you referred in the committee's report and whether or not it was the view of a number of agencies that it was not cost beneficial or the trade in costs outweighed the potential benefits?

**Mr Messer**—I think that Ross's experience leads to that view, yes. Many agencies saw expenditure on training as being one of those things they could cut. We were discussing only this morning, prior to coming here, our view that perhaps some form of training guarantee levy, as long as it was applied only to training provided by registered training organisations with an outcome that was beneficial to the employees, might be a way to go. Without some compulsion, it has been my experience over many years, it is very difficult to encourage people who control the purse strings to spend money on training.

**Mr Clelland**—In the private sector, it is now accepted that every dollar saved in the procurement phase of a contract is equivalent to \$10 of sales at the end of the process. The private sector is now starting to show more interest in professionalising its procurement officers to ensure that they can save the dollar at the beginning to save them having to have \$10 of sales at the end. The same thing applies in the public sector. If we can save money at the procurement stage of the process, it leaves that much more money in the coffers of the different agencies to use on other things at the end of the process.

**Senator WONG**—Yes, I understood that. What I was asking was whether there had been some cost analysis of the impact of that particular recommendation which was a primary factor in its rejection?

**Mr Clelland**—I am not aware of that, but my feeling at the time was that Defence were very happy to pick it up and run with it because—

**Senator WONG**—They were doing it already.

**Mr Clelland**—they could see a lot of benefit in it. They were very supportive of the whole process when I was running the project. Other agencies felt, 'Goodness, this is more money that we have to spend on training,' and really, what are procurement people? They are just people who go out and place an order. There is no skill in that. Someone says, 'I want 1,000 widgets,' and another person says, 'Alright, I'll go out and buy 1,000 widgets.' There is much more to it than that, but I believe a lot of the agencies felt at the time that they would rather be spending their money elsewhere.

**Senator WONG**—Are you familiar with the Audit Office?

**Mr Messer**—Yes.

**Senator WONG**—Do you think that is the appropriate body—

**Mr Messer**—No, I do not.

**Senator WONG**—If I may: they may not have procurement expertise particularly, but we heard some evidence this morning that, on occasions, they will bring in external consultants when auditing particular areas in relation to which their staff may not have specific expertise. I am asking not so much whether you think the people in the Audit Office can do it but whether that is the appropriate office to auspice such a panel.

**Mr Messer**—My personal view, based on my own experience, is that having a group of people who are not involved internally in government and are not affected in any way by the outcome of decisions that are made and who have expertise in procurement, contract law and finance, an independent panel similar to the supply commissions or the purchasing councils that exist in each of the states, is a better way to go—ministerial appointments who can add some value.

**Senator WONG**—Why is it a better way to go?

**Mr Messer**—Once again because, if you employ a consultant—I am a consultant; one of the definitions of a consultant is someone who tells you the time using your watch, with no disrespect—there is sometimes a feeling by the consultant or by the agency concerned that they want a particular outcome. If you have an independent body of people who are not affected by the outcome, they are more likely to be impartial in their observations.

**CHAIR**—But the Audit Office is intended to be and is recognised as being independent. It decides the areas that it intends to audit when it does a specific performance audit, as distinct from its annual requirements.

**Mr Messer**—I am not discounting that at all. I think that is an important function that should continue, but I am personally of the view that a procurement council, or something like that, would be sensible. It is also a good way of allowing government agencies to interact with the private sector.

**CHAIR**—The other part—to add to what Senator Wong said—is that with the Audit Office it can be a matter of resources, too, and their own prioritisation. They always have more things that they could audit and investigate than they have the time or personnel to do. You mentioned in your submission recommendation 4 with respect to the programs in Queensland and Victoria and you provided details of the nature of the course. I take it you are suggesting that they are a reasonable model to adopt.

**Mr Messer**—Basically we are suggesting that we should not reinvent the wheel, that if good work has already been done and the ground work has been established, why not build on that, improve on it and customise it to meet the requirements of the Commonwealth agencies, but do not reinvent the wheel.

**Mr Williams**—In fact, one of the meetings we had yesterday was with representatives of Central Queensland University, which is one of the organisations responsible for the management and implementation of the Queensland government scheme. We are looking at ways to improve it. It could be adapted not only by the public sector in Queensland and, increasingly, in New South Wales, but by the private sector as well.

As a model it is probably 80 per cent there and it would need only a few changes with respect to the method of delivery and assessment to make it applicable to the private sector as well. If the Commonwealth were to look at a training and certification system for purchasing officers, there would be savings to be made by simply looking at the Queensland government scheme and building upon it.

**CHAIR**—Are the other states doing some work in this regard?

**Mr Clelland**—Yes, the Queensland government's purchasing certification scheme has now been picked up by New South Wales and transplanted there. They use the same process but where the Queensland purchasing certification refers to the Queensland state purchasing policy, in New South Wales they refer to the New South Wales state purchasing policy. They are using exactly the same material and the same process.

**CHAIR**—Can you give us an indication of the cost of implementing across the Commonwealth public sector what you are recommending here? What do you see as the benefit, in crude dollar terms? As Senator Wong said, that is an important issue.

**Mr Williams**—The Queensland government's system was designed to address that specific point. It is effectively structured at eight levels so that those with low-level purchasing responsibility are only trained in the immediate areas of need. The cost, of course, would be dictated very much by how many agencies pick it up. For example, if it were to be replicated in Defence and across the APS, you could look at substantial savings where the cost of high-level qualifications would come down by a factor of 50 per cent. The highest level, the level 8, would only be applicable to probably two or three per cent of the entire number of people purchasing. Even the medium levels, levels 5 or 6, would only amount to 20 or 30 per cent.

The bulk of the training, in terms of absolute volume, would be at the levels 1 to 3, and the cost for them would be less than \$1,000 per person. Of course it does not take many purchases going slightly amiss to recoup that figure very quickly over the life cycle—two or three years—of an employee in that position. And the training is graduated so that a person who progresses in their career can continue to pick up the model. The reality is that the resources to do a cost benefit analysis at the moment are beyond the institute, but it would be a natural progression.

**CHAIR**—I understand that point, but you made the comment at the outset, Mr Messer, that there could be substantial savings in the overall cost of procurement without affecting quality and quantity et cetera. Those savings could be utilised in other areas—including, maybe, other forms of training, learning and development. Do you have a ratio, if you cannot give us hard figures?

**Mr Messer**—There is an issue here. When somebody applies for a job in the public sector as an accountant or as a lawyer, the public sector has not necessarily picked up the cost of that education. For someone taking on a major role in procurement in a government agency, it could be part of the essential selection criteria that they have a postgraduate qualification in strategic procurement. For instance, there is a masters degree in procurement that is conducted by Griffith University. Curtin University in Western Australia has a strategic procurement degree and a masters degree available. And there are various other degrees and postgraduate diplomas

available. Why not say, 'If you want this job, this is one of the qualifications we expect of you,' and get people to do it themselves?

**CHAIR**—That is a point I understand. I suppose I am still thinking in terms of what the Audit Office said: that there is no data at the moment to evaluate the success and outcomes of current learning and development programs. It would be useful to know that the considered view was that this would lead to savings of five per cent, 10 per cent or whatever figure. For example, we hear in other programs, such as export enhancement programs, that for every dollar you put in you get \$4, \$8 or \$10 benefit at the end of the day for Australian industry. That is the sort of thing I am wondering whether you are able to quantify.

**Mr Williams**—That comes in part to the wording of the recommendation, which was that it be studied. It stands to reason that, before the Queensland government established the program and the New South Wales government accepted it, they would have done their own work in this area. In the short term, it could be acceptance of an implementation offer that could be done at relatively low cost because you would simply piggyback on the existing scheme rather than create one from scratch. But, in terms of a direct benefit, my guess is that you would be able to get at least a fairly good indication out of the Queensland public sector because of their existing management of the program they have.

**Senator WONG**—In terms of evaluation, though, this might be an area where it is not as hard as perhaps other areas of trading, because you could say, 'In these financial years, we bought this range of materials for this amount, and now we've done it for this amount.' You would look at CPI, et cetera, and make some reasonable estimate, I would have thought, of the cost-benefit of your training. Am I being too simplistic about that?

**Mr Messer**—No, I think you are absolutely right. Knowing the quantum of things, the difficulty for us is that we are all volunteers, with the exception of Troy. What we are doing is something that we believe in passionately, because we believe it is very important that the profile of what we do is enhanced in the public sector. I have a gut feeling that, of the \$6 billion that is spent in Western Australia—based on my own experience of chairing the commission there—if that expenditure were properly managed, you could conceivably save several hundred million dollars per annum.

**Mr Williams**—To put it into perspective, the other thing is that the cost of training compared to the area of responsibility is going to be fairly small. For a person at an intermediate level procurement function, the cost of training might only be \$5,000 or \$6,000 over two or three years for them to complete that program, compared to their responsibility in expenditure, which conceivably could be that much a week. You need only to look at savings in the order of one or two per cent to recoup that cost, then you have the ongoing benefit for the time they are in that position.

**Mr Clelland**—Interestingly enough, last year, the Queensland Department of Emergency Services—ambulance, fire, rural fire and state emergency services—decided that they wanted all 500 of their people who were doing low level, simple procurement qualified up to level 2 because they saw that they would be able to save money by having their people know what they were about when they went out doing simple purchasing. In a period of three months, they had

approximately 500 people trained up to level 2, just because they realised they could save money.

**CHAIR**—As there are no further questions, thank you for your attendance and for your submission. You have raised a very interesting issue, and I am sure that it has given us a lot of food for thought. We will certainly consider your comments and evidence when we come to writing our report.

**Proceedings suspended from 12.13 p.m. to 1.30 p.m.**



**ANDERSON, Mr David, First Assistant Secretary, Strategic Development Division, Department of the Environment and Heritage**

**FAIRBROTHER, Mr Keith Raymond, Assistant Secretary, People Management Branch, Department of Environment and Heritage**

**CHAIR**—I welcome the officers from the Department of the Environment and Heritage to the committee's inquiry into recruitment and training in the Australian Public Service. You are no doubt aware of the rules and procedures that apply in respect of Senate committee hearings, so I do not think I need to go through those in specific detail. You have provided us with a written submission, for which we thank you. Are there any changes or additions to that submission?

**Mr Anderson**—No.

**CHAIR**—I now invite you to make some opening remarks before we proceed to questions.

**Mr Anderson**—We have provided a fairly detailed submission, which flags areas of interest to us. I should point out that the submission essentially covers the core Department of the Environment and Heritage, which is the Canberra based organisation plus the parks service in Kakadu, Uluru Kata-Tjuta and Booderee and also the Antarctic Division in Tasmania. We have not provided any comment on other organisations within the portfolio, being executive agencies and statutory bodies. Our major focus is the core department.

As a general comment, Environment Australia is quite comfortable with the current devolved arrangements in terms of recruitment and staff development training. It is very supportive of the role played by the Public Service Commission, particularly its strategic advice and the ability to form strategic alliances on key issues. As a general comment, we are comfortable with the way the current arrangements are progressing.

**CHAIR**—Mr Fairbrother, did you wish to add anything?

**Mr Fairbrother**—No, thank you.

**CHAIR**—Are you aware of the recent report of the Audit Office on learning and development in the Australian Public Service?

**Mr Anderson**—Yes.

**CHAIR**—And the concerns expressed by the Audit Office about the lack of available data from departments and agencies to enable proper evaluation of learning and development programs to occur? You are aware of what I am referring to?

**Mr Anderson**—Yes.

**CHAIR**—What is your response to that finding of the Audit Office and the recommendations that were made about that issue by the Audit Office insofar as they apply in your department?

**Mr Anderson**—Perhaps I could make a general reference, and Mr Fairbrother might like to comment on the detail. I think it is perhaps one of the problems of devolution that you do have trouble maintaining core central data. Even within our organisation, pulling together information on expenditure patterns becomes more difficult when you devolve it down to individual divisions, and particularly when they do not necessarily have a separate funding allocation. If training is covered as part of a normal departmental expenditure it does make it quite difficult to aggregate and compile data. As a general comment, we would agree that readily pulling data together can be problematic at times, and you need to put in very good procedures and databases to capture that.

**CHAIR**—What is the department doing to overcome the problem? It appears to be something that applies right across the Public Service, in various departments and agencies. It does not seem to be a terribly satisfactory position that we have these responsibilities devolved down to the departments and the agencies. There is a lot of expenditure on training. Obviously, there is now more of a focus—we keep getting told this at estimates every time—on outcomes, performance measures and so on, but in the critical area of just evaluating the departments' and agencies' own training programs we are getting told, 'We can't do it,' or 'We don't do it,' or 'We don't know how to do it.'

**Mr Fairbrother**—There are several aspects to that. One is that, in relation to our business systems, we are about to upgrade our SAP system up to its latest version. As part of that process, we intend to buy some of the modules which relate to training—what they call training and events management. That will enable us to get a better database of the training undertaken by our staff and also the management of some of our training activities. Through some of the reporting packages on SAP, when that upgrade is fully implemented, which will be in roughly July next year, we will get one better source of data. Our agency is also part of the investors in people program, which we have mentioned in our submission, and, as part of that exercise, we have done some survey work, which is giving us some idea of the training needs of staff. Through our performance and development scheme, each officer has a learning plan, and we are gradually gathering data on that. At the moment, we can provide reasonable data, but a lot of it has been collected manually, and that is not as efficient as we would like. Whilst we can cover most bases at the moment, we are really hoping that, through our SAP upgrade, individual staff members can enter data online. That will give us a much more reliable database for reporting to the Australian Public Service Commission or other agencies that need that aggregated data from our agency.

**CHAIR**—Is most of your training done in house, or is it outsourced? What is the nature of the training, and how is it managed?

**Mr Fairbrother**—All our training takes place in the context of our investors in people program. We have an indicative level of \$1,000 per staff member for training and development, plus up to five days per year. That training is delivered mainly in a devolved way by our individual divisions. We also provide some training centrally, which is coordinated by my branch. The training that is provided centrally is often done through the use of external providers. So, in relation to IT training, for instance, Wizard is our contractor. We have a

memorandum of understanding with the Australian Public Service Commission in terms of using some of their programs. We have a panel of people who are providing training in relation to our performance and development scheme. So a lot of the centrally provided training is provided by external providers. The training provided by our divisions is a mix. Some of it will be provided in house, just using the skills and resources of our own staff. Sometimes, where the subject matter is a bit more specialised, we will be using outside providers. We certainly have no problem with using outside providers. They are good for training components. But for other aspects of learning, like learning on the job or rotational experiences and so on, obviously we do that through our in-house resources.

**CHAIR**—Your submission goes specifically to the department and you mentioned specific divisions as well—the Antarctic Division and the parks service. I appreciate that our inquiry is focused on the Australian Public Service, but what are the other agencies or organisations that you were referring to in your opening remarks that come within the department’s coverage but are not covered under the Public Service provisions?

**Mr Anderson**—I was referring to organisations like the Australian Greenhouse Office, the Bureau of Meteorology, the Great Barrier Reef Marine Park Authority and the National Oceans Office that sit within the portfolio but have separate funding arrangements and run their own training programs. I did mention that we look after the parks service, which does give us a bit of comparison in terms of training and recruitment issues compared to the core department in Canberra. We have obviously got a focus there on Indigenous recruitment and Indigenous training, and that throws up a different set of issues that we have to deal with. The department does have quite a high churn rate: last financial year we had a separation rate in excess of 30 per cent, which puts pressure then on recruiting replacement staff and training them. Also, I think less than 50 per cent have had more than five years APS service or service in the department. So it is a fairly youthful department in that sense, and that throws up pressures for training, induction and a range of other issues.

**CHAIR**—I appreciate the distinction you make, and we obviously understand that in regard to the extent of this inquiry, but it is of interest to us to know whether or not those other sectors or organisations that are within the departmental portfolio area are in a similar situation to the picture for the department in general or whether or not they have specific training initiatives—I am now talking just about training, and we will get on to recruitment in a minute—that they might be undertaking that could be of value in comparative terms for either the rest of the department or the rest of the service. Are you able to comment on that?

**Mr Anderson**—Only at a very broad level. The Great Barrier Reef Marine Park Authority is based in Townsville and has a particular focus on marine science and research, and their training is particularly focused in that regard. They still have a focus on what I would call corporate training—financial management, contract management and project management—but they have a particular focus which we do not have on training relevant to their charter and objectives. Whilst we have quite a good working relationship, we do not really provide any service to them, so I am not really in a position to provide much more detail than that.

**CHAIR**—They essentially manage it all themselves?

**Mr Anderson**—That is right. They have a separate appropriation and they make their business choices about how much they want to invest in training and what sort of training they want to invest in. They provide a separate annual report, of course, to parliament, as well.

**CHAIR**—But would it be reasonable to say that the evaluation measures that could be applied to expenditure on training, for instance, could be generic across the whole of the department? Is there anything special about the training initiatives and programs in those areas that would, in terms of evaluating their outcome, be expected to be different from the rest of the department?

**Mr Anderson**—I would not expect so and, whilst they operate quite independently, we do share information. Quite often they will piggyback off our procedures, our code of conduct or various strategic plans. We share those around the portfolio and they top and tail them and modify them to their local circumstance. We share issues about training, problems we might have and how we go about evaluation so there is quite an exchange and cross-fertilisation of ideas. At the end of the day, they take all that into account and, essentially, draw up their own training program and evaluation.

**Mr Fairbrother**—In terms of evaluation methodology, I would expect that would be fairly common. It would not really matter what agency you were from when it comes evaluating training. We would acknowledge that evaluation and training has probably not been done as comprehensively as it should have been in the past. It is also a difficult area.

**CHAIR**—That is what is behind my questions and why I have gone back to the Audit Office's report. I am asking these questions in the context of the whole devolution process. We have departments and agencies within the APS that have carried this responsibility now and you have just acknowledged, as others have acknowledged, that there are problems within those departments and agencies in trying to get a proper measurement of the evaluation of programs, the expenditure that goes into them and the outcomes. There is a problem, therefore, in getting an overall picture and it would seem—and that is why I asked the question—that this could be the case in many of the discrete organisations or bodies that are not within the APS directly but are within the public sector and the portfolio areas. So as we get more and more devolution, if you like, we have the problem occurring everywhere—I am speculating here because I am interested in your comment. That in turn probably suggests that at least there is an increasing need to have some good evaluation measures in place, if only for the Public Service Commissioner.

**Mr Anderson**—One of the issues is of definition and where you draw the boundaries around training, staff development and learning. In regard to a lot of things we align very much with staff development, like participation in conferences and workshops. Perhaps under a more formal definition these would not be considered as formal training. Sometimes agencies would benefit from a bit clearer definition when we are gathering data so we know what is to be included and what is not to be included in a particular exercise. We have been able to provide all the data to central agencies on our training but the problem we have had is that a lot of it is done through manual intervention and that involves quite an effort. However, in terms of being able to evaluate our training and pull together statistics, we can do it and when we have the corporate system upgrade that will be more routine. I think sometimes when you are compiling

information the issue concerns the definition, and perhaps some guidance from central agencies and a little more prescription as to the definition might help from time to time.

**Mr Fairbrother**—I think we found good practice guidelines that might be developed by the commission or in conjunction with agencies through workshops, plus the operation of professional networks, have been useful ways of keeping departments up to date on better practice approaches to learning and development and the evaluation aspects of it.

Our department has always been very willing to participate in ANAO studies, and we are actively involved in a variety of HR networks. We find that a valuable contribution that the commission makes in terms of getting a robust debate going about good practice. We find that works for us. Obviously, the organisation needs to have an internal discipline in order to make sure it follows through on some of those initiatives.

**CHAIR**—In the report of the Audit Office, there is a telling statement, which I am sure you have read, which says:

There is scope for the PSMPC—

the Public Service Commission, as it is now called—

to undertake a more catalytic role, particularly by better targeting its facilitation efforts; and to enhance its advisory and reporting roles, including reporting to Parliament, by the collection and analysis of APS-wide data on learning and development. In a devolved environment, this would require the cooperation of all APS agencies which might require Ministerial direction to ensure full coverage and cooperation. At least there should be a reasonable assessment of the costs and benefits involved at both an individual agency and whole of government level with the aggregate picture derived from, and complementary with, agency accountability and performance information.

That is the context in which I have been asking these questions. I assume you see the benefit of that role of the Public Service Commissioner and some value in that recommendation being picked up.

**Mr Anderson**—Indeed, and it is very hard to quarrel with the sentiment of that comment. From my experience, one of the problems is that you tend often to collate a lot of this information in one hit, like compiling information for an APS report or general annual reporting requirements. The weakness in some agencies is that they pull that together at the last minute rather than having that as an ongoing statistical exercise. Whenever training is incurred or expenditure is incurred, that is being aggregated and accumulated into a database rather than trying to pull it together very much later in the piece. Some guidance from the commission, some templates, would help.

Our view is that the commission is quite proactive. As Mr Fairbrother mentioned, there have been workshops and networks. They have stopped short of being prescriptive, and maybe it is not their role to be overly prescriptive in some of these areas, but in terms of giving general leadership and guidance we have been quite comfortable with the role they have been playing. It is a question of whether some departments perhaps are not as responsive as they could be to the work that the commission has been doing.

**CHAIR**—Thank you. I will go to Senator Marshall now for questions, but we also have to cover the area of recruitment, which, in the context of those comments about learning and development, I would gather is an area where it is a bit easier, you would say, to compile the data and make the comparisons. Is that the case? You will have the statistics available, presumably.

**Mr Anderson**—Yes.

**CHAIR**—We will come to that in a moment.

**Senator MARSHALL**—I thought you said there was a 30 per cent turnover in your staff last year?

**Mr Anderson**—That is right.

**Senator MARSHALL**—Is that a normal turnover?

**Mr Anderson**—That has been the pattern for a number of years. That includes ongoing and non-ongoing. It is probably distorted a little bit by the high turnover of non-ongoing staff, particularly in the parks area, where staff are recruited for short-term tasks like construction work on roads and what I would call the old day labourer sort of concept. That is quite a deliberate business requirement. We bring people in on a regular basis for a short term. If you strip that away, we are probably down to a separation rate of 17 per cent or 18 per cent, which again is probably quite a bit higher than the benchmark standard.

**Senator MARSHALL**—I would think it is. I think Foreign Affairs were telling us that four per cent is what they work on. That was low, I must admit.

**Mr Anderson**—I think the standard is about eight per cent. We are significantly higher than that.

**Senator MARSHALL**—Have you done any work to try to identify why that is?

**Mr Anderson**—Yes. The environment department is an attractive organisation to work in. We do not have any difficulty in recruiting large fields for positions. The majority of people we recruit are particularly well qualified. They quite often come in quite intentionally for a defined period to get some experience in the environment at the Commonwealth level; then they will move on to a state agency, a university or a peak NGO group. For a lot of people, it is part of their development. Whilst there is a cost in that, there is also some attraction to the department, because we are getting in people with new ideas, fresh ideas, who want to be creative and want to rattle the cage a bit in terms of how the department operates. There is a balance in all of that. There is a cost in recruiting; there is a cost in training. But the benefits are that you are getting continual new blood into the organisation, with new ideas.

**Mr Fairbrother**—I think it also reflects to some degree the changing nature of the workplace. In our department in recent years, we have needed various task forces to undertake particular projects. When we were doing work on forests, we needed a work force that had special skills. When that project had finished, a number of those people left the department and

---

went on to other employment of their choice. It was not necessary to have all those people as part of our core work force. To some extent, the use of non-ongoing staff in our department has given us some work force flexibilities to meet our particular business needs. As Mr Anderson is saying, the figure is probably higher than we would like, but we have a long pattern of having a higher than usual turnover rate. And our business needs seem to be being met.

**Senator MARSHALL**—But in terms of the ongoing staff, that creates an enormous burden in terms of recruitment. I am just interested to know what training you then offer new recruits and whether that is designed to reduce the turnover level over time or whether we are providing a lot of training on the expectation that it is going to disappear very quickly.

**Mr Anderson**—The majority of people who come in have quite good professional qualifications, so they quite often have the subject matter knowledge. For a lot of people, our focus is clearly on induction training, training in the code of conduct, training in the values of the APS, training in financial skills and project management—a range of corporate priorities that we would identify. And then there may be some other tailored training they need as well. In one sense there is a cost, but with training like induction we have a program, so it is just a matter of the cost of delivering it. It is not so much the cost of formulating it. In a sense, it has been our pattern for a number of years, so essentially we have embedded that into our budgets and into the way we handle training.

**Senator MARSHALL**—I take it from what you have said that there is, then, little in the way of professional development training.

**Mr Anderson**—People can have access to professional training. As Mr Fairbrother indicated before, we make available \$1,000 per person for training. That can go to professional training. A lot of these people get what I would call on-the-job professional training through domestic or international workshops and seminars. Most of them also have very good networks. We certainly encourage them, either formally or informally, to keep up networks and keep their training current, and will facilitate additional training and additional degrees—postgraduate work as well. We have a range of opportunities for them.

**Senator MARSHALL**—Is it the same 18 per cent that turn over each year? I think it is an amazing figure. In theory, we could turn over the whole staff in a period of five to six years. Are we training for long-term careers and to maintain that expertise?

**Mr Fairbrother**—The focus of our training relates more to the skills needed to do the job at hand. As Mr Anderson is saying, a new recruit at any level would have an orientation program, would be trained on our computing systems and would develop a learning and development plan which is related to their particular job at hand. That in-house training would generally supplement their professional skills, which have generally come through their tertiary qualifications.

With regard to the longer term development of our staff, we are looking at people to fill senior-level vacancies in the future. Most of our turnover is at the EA6 level and below rather than at the director and assistant director level. In filling those more senior positions, through our appraisal system we are trying to spot talent for the future and, in that regard, we have some special activities. For example, we have a number of people studying the Master of

Management Program at the Australian National University and we are part of a consortium of departments involved in that particular project. We are sending some staff to the commission's career development assessment centre and we are doing some work force studies to give us some idea of what our senior level requirements will be in future.

As Mr Anderson said, we also have some people studying at universities through our studies assistance program. I would regard those as investments in the long term in terms of our staff in a formal sense, but I think most of our staff who are staying for the longer term find that their work experience, the coaching and mentoring from their supervisors and the opportunity to participate in particular types of work are the experiences that are actually developing them professionally and enhancing their opportunities for advancement in the department.

**CHAIR**—In that context, do you see succession planning as a specific requirement or initiative?

**Mr Fairbrother**—We do. It is not an area where we have done much work. We have identified work force planning as a priority for us for the future. We have put our toe in the water in terms of trying to get better metrics about the organisation. We do want to get more actively involved in succession planning. We have had a look at some of the issues that other departments have—for example, the question of people leaving the service just before they turn age 55. We have identified that that does not seem to be a particular issue for our agency. We have some preliminary information which makes us feel fairly comfortable that we would have very good fields of applicants, both internally and externally, for our SES positions and for our more senior management positions. But further down the organisation there are issues that we do need to address.

**CHAIR**—One of the problems that has been identified by some witnesses, particularly with the new devolved arrangements across the Public Service, is the lack of opportunity for mobility and recruitment from department to department. Is that something that you have experienced? What is the approach of your department in respect of recruitment from other areas of the Public Service?

**Mr Fairbrother**—Like all agencies, we advertise our vacancies. We have a policy of advertising vacancies in the press so we are going to the widest possible market. Of course, we also advertise in the *Gazette*. In terms of outcomes, most of our positions are filled by internal promotion or transfer, but the next biggest category is from outside the service. Our history does not show a large number of people transferring into the agency or being promoted in from other Commonwealth agencies. It is more likely—and this partly reflects the type of work we do—that we draw people from the state public services, from universities or from other areas of employment. That has been the pattern for a couple of years now.

**CHAIR**—In your submission, you have given us some figures about the recruitment programs—the graduate program for instance. Also you state that the majority of applicants are female and more than half have science qualifications. You also state the other specific recruitment program focused on young people is the Indigenous career recruitment and development strategy. Firstly, is there a particular reason the majority of applicants are female?



**Mr Fairbrother**—We do not know the answer to that. We have asked our recruitment consultants to look at that issue. We suspect it is something to do with the nature of our work, which seems to be attractive to women as an area of employment. All we know for sure is that that has been a consistent pattern for some time. Just over half of our work force are women, but in terms of our graduate recruits it is at a higher rate.

**CHAIR**—The ratio of the applicants is two to one but that is also reflected in the number that are employed.

**Mr Fairbrother**—It is reflected in the number that are selected. We have a very rigorous selection process where we use external consultants and a career assessment centre to select those people. That is how the results are turning out based on the selection criteria that we are applying.

**CHAIR**—I notice you also say that the median age of the current intake is 25 and the ages range from 21 to 31. That is an interesting statistic in the light of some other evidence about what is happening with youth recruitment now, and there is a difference, obviously, between those that are graduates and those that are not. The latter have clearly declined substantially. What is the retention rate for these people? Other evidence has been given to us that there is an increasing trend for people to be leaving after five years or so.

**Mr Fairbrother**—We did a study of graduate retention in December 2001. We looked at all the graduates who had joined us since 1994. We had recruited about 96 or so graduates over that period. The retention rate at the moment is about 48 per cent over that entire intake over that period of years. For a long period of time, the retention rate was significantly higher than that. It is only in about the last two years that our retention rate has declined. We did a survey of every graduate who had left the department and asked them why they had left. The pleasing part of the answer was that virtually no-one had left because they were unhappy with the department as a place to work or with the nature of the work. The majority had left because of their assessment of promotional opportunities. They were assessing that there were better promotional opportunities in other government agencies. Only about 15 had left the Australian Public Service, so the effect of our graduate program—which is good for the service but not so good for us—is that we are a good recruiter to the Australian Public Service. We would rather like more of our graduates to be staying with us rather than moving on to other APS agencies.

**CHAIR**—Can you tell us who the other agencies are? Who are pinching all of your people?

**Mr Fairbrother**—I probably could. I do not know whether I can do it off the top of my head.

**CHAIR**—I am interested in the sort of work that they are moving into. Is it similar?

**Mr Fairbrother**—Yes, I think it is broadly similar work or work that they regard as key policy work. They have gone to places like AFFA, Foreign Affairs, Prime Minister and Cabinet—central core policy agencies.

**CHAIR**—So they are carrying their skills, their qualifications and their training with them to other areas?

**Mr Fairbrother**—I think they are leveraging off the development experiences that we have given them in policy work for a career in policy work in the Australian Public Service.

**CHAIR**—What is the picture with recruitment and employment in rural and regional areas? Can you give us a quick snapshot of the number of employees in the department and the ratio between city and country?

**Mr Anderson**—We do not really run regional offices; we are really a core department in Canberra. We have the Antarctic Division in Hobart, with about 250 stationed there. Then there is an annual recruitment of expeditioners to the bases. The only other employment outside Canberra is in the national parks, where they tend to be specialised. So we do not have regional offices.

**CHAIR**—How many are employed overall, and how many are in Canberra?

**Mr Anderson**—In Canberra, we have about 1,000 staff. We have about 300 in the parks and about 250 in the Antarctic Division.

**CHAIR**—But a lot of the focus of your department is, as the name says, on environmental issues. Many of those are big issues in rural and regional Australia. I take the point that you do not have offices located in these areas, but do you have any strategies or policies in regard to recruiting people from those regions? I assume—tell me if I am wrong—that you have people who would be doing a fair amount of fieldwork in non-metropolitan areas.

**Mr Anderson**—It is a mixture. If you look at, say, the Antarctic Division, their headquarters staff is relatively stable. They are not experiencing the same churn that we do, but they recruit between 150 and 200 expeditioners each year to go to the bases. Looking at some statistics, we see those people are recruited from all around Australia. I think in the last round only seven per cent were recruited from Tasmania. People were recruited from Western Australia, Northern Territory and Queensland. Those people are scientists, carpenters, tradesmen, professionals and station leaders, so the division recruits quite widely. Our graduates come from every state and territory. The parks service's policy is to recruit locally engaged Indigenous people wherever possible. Key management positions are advertised nationally, and you often get a national field and you may recruit either nationally or internationally. One of our park managers ran a refugee camp, for example, and was recruited into Australia to run a park—so we do have a pretty diverse base that we recruit from.

Adding to that, in terms of environment programs, as you would probably appreciate, a lot of our programs are delivered through the states, local government and local groups. Our Natural Heritage Trust program, for example, would be generating a lot of employment at the regional level, but those people would probably be engaged through the relevant state government or state agency. So there is no doubt that a lot of our programs are facilitating employment at the regional level, but we are not the direct employer.

**Mr Fairbrother**—Senator, if you looked across our work force, I think you would find that the majority of our work force were not born and bred in Canberra. They have come from other places, as Mr Anderson said. We would have a proportion of our work force who were essentially Canberra born and bred people, but it would not be the majority of our work force.

**CHAIR**—Thank you, Mr Anderson and Mr Fairbrother, for your submission and your attendance today. If there are any further matters we need to pursue, we can send you questions on notice—particularly any arising out of evidence given by other witnesses that you may wish to comment on.

[2.18 p.m.]

**ANDREWS, Ms Jan, Chair, Public Service Education and Training Australia**

**CHAIR**—Welcome. This is a public hearing in the Senate Finance and Public Administration References Committee inquiring into recruitment and training in the Australian Public Service. All witnesses who appear before the committee are protected by parliamentary privilege, which means that witnesses are given protection from any action arising from evidence that they may give to the committee. The committee prefers to conduct its hearings in public. If at any stage you wish to discuss matters in private with the committee you may request that and we will consider it. Are there any alterations or additions to the written submission that you have provided?

**Ms Andrews**—No, there is not.

**CHAIR**—I invite you to make some opening remarks before we proceed to questions.

**Ms Andrews**—In addition to the detailed comments I have made in the submission in response to your terms of reference, I want to add one more overview perspective from where we sit. That is that the components of the ‘what’ and the ‘how’ of training and development in the Public Service and of recruitment—as I am sure you have probably heard by now—are fairly widely well recognised. One can have discussions about different elements of that and how they best match together or work. But, if one wants to go to what some of the strategic issues are, I would have to point to the fact that the area of human resource management generally—and, within that, recruitment and training and development—is probably the last of the infrastructure components of public service management to be looked at strategically and strongly.

So we have been through periods of financial management improvement and so forth. In that same time, human resources management generally has been regarded or treated as not so important and has tended to fall into being a lesser function in agencies. That is to take nothing away from the people who work very hard at that function and for the agency heads who care very much about it, but in general that has been the case. I would have to say that the industry as a whole does not help by its production of glossy flyers that swamp in-trays and that kind of thing. There has not been a particularly sharp professional edge of a type that senior managers think it is worthy of their time to spend much time with. That has partly contributed—there are some other factors as well—to why training and development does not get the attention that it needs on occasion. In the end what we lack is the will, and there are a number of factors contributing to that, at the agency level—I am speaking across jurisdictions here; and, again, this is not to take anything away from the people who do put a lot of good work into it—and the mandate to assure quality.

**Senator MARSHALL**—We have heard lots of evidence being presented that it is incredibly difficult to evaluate training. Can you give me your opinion on whether that is the case, or how we may go about it and how it might be measured?

**Ms Andrews**—It is an area in the professional literature that is a bit vexed. As I think I have commented in my submission, there tends to be the ‘happy sheets’ at the end of a particular program or course and sometimes there will be a special project of research into a particular initiative that has been run. There is not any large-scale instrument that you can use. As I said, there have been return on investment models mooted at different times—mostly out of the United States—and they are, as yet, impractical for use. I would say—and this goes to the issue of there being quite a lot of ad hoc or short courses or ‘just in time’ courses—that if you applied proper program evaluation methodology to those courses, with pre, during and after assessment of the employees and tracking the long-term career development of some of them, even as a pilot or trial or for a core group of employees in your agency, I think you could come up with better data than we do. But there are not the resources allocation or the profile to give the resources allocation to that in most cases.

**Senator MARSHALL**—What sort of costs do you think it would add on to the training budget to do good evaluation? Do you think we would actually recoup those costs through understanding training better and focussing it more specifically where it is needed? We have had departments giving evidence and I think one had a \$60 million budget for training. That is an enormous amount to be spending when you really do not understand whether or not it is having an impact.

**Ms Andrews**—It certainly is. There is no real rule of thumb but, if I cite from my own jurisdiction, we have run a \$2.4 million management training initiative over the last three years and we allocated \$80,000 to an evaluation of that—conducted, as I have said, pre, during and after—so something of the order of one-eighth of the cost might not be too much to expect. That is for a very comprehensive evaluation. If you were clever in your design of how you evaluate the inputs and the outcomes, I am sure you can do other clever things for much less money at different times. It tends to be that the people who design and implement the training programs are usually not program evaluators. They tend to go to a higher program evaluation person to do it. They come in with the full wealth of their expertise. That seems like a rather large undertaking and I think there is room for a much more responsive and quick turnaround in their interaction with the people thinking of doing the training, doing it and afterwards. They need to be a bit quicker on their feet about it.

**Senator MARSHALL**—I suspect that it is easier to evaluate recruitment. Are there standardised evaluation methodologies that can be applied to recruitment?

**Ms Andrews**—Not that I know of. If what you are wanting to evaluate is the longevity of your retention of young people or people coming in through recruitment, that is easily done through your personnel records and exit interviews. There are different methodologies you can use that are well recognised in the field. Basically, work force planning is the general heading for the methodologies around tracking work force movement. Supply and demand are well recognised. But there is not a particular box of tricks to use. There are different components for different areas of your recruitment cycle and your training and development cycle.

**Senator MARSHALL**—There does appear to be a difficulty with retaining young people in particular—

**Ms Andrews**—There does.

**Senator MARSHALL**—and some of the evidence was that people just want to move on. It is really not something that is very tangible. One would think that if we go through the cost of recruiting, the cost of training, the cost of professional development training and then not really clearly understand why people then leave, something is wrong. There is always going to be an element of people who do just want to move on; I accept that. But I think it is too easy for people to say that that is why we might have up to 18 per cent turnover per year.

**Ms Andrews**—Young people are an interesting cohort to look at. I forget which letter in the alphabet we are up to now in the generations: it is generation X or Y or something or other. But there is a different culture among young people today that has been documented in the research which says they are much more interested in stimulation and professional development right in the here and now. They do not have the longer term focus that perhaps I did when I started my career and are not prepared to wait even 10 years, let alone 20, to make it into the executive ranks or something like that and feel like they are making a really big difference. There is that element of it.

When—again speaking for my own jurisdiction—we evaluated our graduate scheme some years back, we found that about 30 per cent of young people were dissatisfied with the kind of work, and the kinds of attitudes they met in their supervisors. A lot of that was about a generation gap. I recognise that that is a bit ephemeral to be talking about but what we also found was that agencies did not do exit interviews, so no-one had come up close to those people and tried to find out why they wanted to leave. Post surveys go to some way to helping but actually capturing the young person in particular while they are on the threshold of leaving, as it were, is a good idea.

**Senator MARSHALL**—Thank you.

**CHAIR**—The Australian National Audit Office recently handed down a report on learning and development in the Australian Public Service. Have you—

**Ms Andrews**—I have not read that.

**CHAIR**—I will take you to one of the key issues that they raised. They said:

While agencies had made significant efforts to ensure that learning and development strategies are properly aligned with the business needs identified in their corporate plans, they were unable to demonstrate the efficiency and effectiveness of their investment in learning and development and its contribution to organisational effectiveness. Generally, learning and development strategies are not being evaluated by agencies.

They then go on to make some recommendations including that the Public Service Commissioner undertake a more catalytic role to bring this about. Speaking from your experience in your capacity as Deputy Commissioner in the Office for the Commissioner for Public Employment in South Australia, do you have a comment to make about the inability of government departments and agencies to gather this data and to make these evaluations of their own investment in training? Being able to look at this in a whole of government situation, any comments you are able to make about the position in the state arena would be welcome.

**Ms Andrews**—Six years ago, I think, in South Australia—and then repeated in year 5, back—we conducted a survey of human resource development activity in government agencies

---

because the Public Service Commissioner in South Australia felt that things were not happening in the way that would best help work force capability development. We found that there was a great variety in the level of attention applied to training and development across agencies and that it was nowhere near any sort of industry standard. It would have fallen under two per cent investment in training and development, in many cases. Issues about who got access to that training and development were present, and so forth. We worked with our chief executives to improve that. The survey we did about 18 months later pretty much showed the same pattern and not much of an improvement, yet our agencies and chief executives were trying pretty hard in their own contexts.

What we analysed from that and interviews is what I opened with by way of my supplementary comment: I do not believe that training and development is in leaders' mindsets as really mattering. It is seen as a soft skill that can go when the budget cuts are on. The difference is made where you have a chief executive or senior manager in the agency who has some human resource background. More than once we have fondly wished that executives on their way up to very senior positions would get tracked through the human resource management task in an agency because it would sensitise them to what is going on. I mean it would sensitise them in quite a strategic way; I do not mean that they would just care deeply for it.

Those agencies, when they are facing their business drivers, feel very pushed. The leaders of those agencies sometimes come from specialist professional backgrounds or whatever and they have a certain amount of tunnel vision about getting their business done, and training just does not rate. They would not dare disobey the financial management disciplines that are around but there is not the same level of discipline or valuing of human resource management. All will say it matters, and all will mean that to some degree, but it simply does not rank. I think that is what is at the base of the difficulty in having agencies look at this.

If you then look at the quality of staff in human resource management areas, these people are often not highly educated—they have come through the payroll or personnel strand of the human resource areas or organisations. While they have excellent skills in that area, they are suddenly expected to stretch across to other areas and cover human resource development. Then, as I said, the industry tends to swamp human resource areas with lots of: 'You beaut! Do this course today.' It is very hard to sort the wood from the trees and senior managers are rightly sceptical when an employee comes up to the door and wants something to be done. How do they know whether that is value for money or not? Yet there is a community of practice that is able to discern the quality of the training and development that is around and goes on.

For example, in the last 12 years of my experience nationally out of the commissioner's offices, which have had the lead responsibility for systemic training and development initiatives of one kind or another, across Australia there is a group of about 25 senior people in that cohort and, to some extent, PSETA has those people in it as well. They are very informed consumers of training and development and in analysing the issues that go with that. That level of expertise does not tend to get down into the agency level, however.

**CHAIR**—Thank you. Yesterday we had evidence and we received a submission from the Australian School of Government, which is in the process, I understand, of being established. You are no doubt aware of that.

**Ms Andrews**—I am.

**CHAIR**—Do you have some comment to make about that initiative? I understand it is being established at the moment and a number of the states have already indicated their willingness to be involved. From your experience, is this something you see as being very significant and worth while?

**Ms Andrews**—If it succeeds, I believe it will be very significant and worth while. From the early presentations I saw on that, the developers are basing their model very much on the Harvard graduate school of government. Having been to Harvard, though not to the Kennedy School, if they were successful in bringing that about, then you would indeed have a wonderful opportunity for a senior college of learning for public servants. The getting there is, I think, yet to be proven. One of the benefits of the Kennedy School is its ability to bring in international figures and generally have rigorous debate across national and political borders and all that goes with that. If this school of government can do that, that is terrific. But that, of course, costs quite a lot of money and so forth.

I would just mention the situation in some states; for example, my state of South Australia has a lesser budget situation. We would not be able to afford the very expensive funding. I think funding for a master's degree in public policy or something like that in the school of government is in the order of \$10,000 to \$15,000, and we would look to local suppliers. Several of our universities have substantial schools or applications in public administration or government. They are doing a very good job from our point of view. So I think that local strand of interest will continue. If the national School of Government proves to be successful over time, I think you will see a changeover.

**CHAIR**—Thank you very much, Ms Andrews, for your attendance today and for your evidence and your submission. We appreciate it very much.

**Proceedings suspended from 2.38 p.m. to 2.58 p.m.**



**BARTLEY, Mr Roger Brian, Executive Director, Graduate Careers Council of Australia**

**CHAIR**—Welcome. Thank you for coming along today and thank you for your written submission. This inquiry by the committee is being conducted into recruitment and training in the Australian Public Service. All witnesses who appear before the committee are protected by parliamentary privilege with respect to the evidence that they give, which means that witnesses are given protection from any action that may arise out of evidence that they give. The committee prefers to conduct its hearings in public. If there are any matters which you wish to discuss with the committee in private you may request to do so and we would consider that request at such time. I understand that you have a supplementary document, which you would like to present to the committee, in addition to the written submission that has already been received and authorised for publication. Is that correct?

**Mr Bartley**—That is correct. It started as some talking notes for me. I thought it would be sensible to commit them to paper so that they could form part of the record. They are basically an amplification of the original submission.

**CHAIR**—Thank you. We have received that document, which I will identify with the heading of Graduate Careers Council of Australia. It is now a tabled submission.

Resolved (on motion by **Senator Marshall**):

That the supplementary submission of Mr Roger Bartley be received by the committee and authorised for publication.

**CHAIR**—Mr Bartley, I now invite you to make some opening remarks to the committee, and then we will ask you some questions.

**Mr Bartley**—Thank you for the invitation to appear before this inquiry. My organisation, as stated in the original submission, is some 30 years old and has been conducting graduate destination surveys for most of that period. These are census style surveys that occur roughly four or five months after people have graduated from university. We are getting a response rate in the order of two-thirds; that is, nearly 100,000 people from whom we get information. These surveys are funded by the Department of Education, Science and Training to a significant degree. Therefore, they very much form part of the official record of university outcomes. That is one part of the GCCA business. We also are involved, and have been for the whole of our existence, in the production of a range of what you could call graduate careers education materials. These are career information booklets or directories. We also provide a number of materials that are aimed very much at the employer side of the graduate recruitment mix.

We are really two businesses blended into one, and it is in the context of both of those that we felt it might be appropriate to make a submission. In the first place, we have unique statistical information. We believe there is some value for this review in having a look at some of that statistical information. Secondly, we deal, on a daily basis, with all of the university careers advisory services. We act, in some senses, like a wholesaler to them. Therefore, we pick up a very significant amount of information—anecdotal, admittedly, most of it—about the way in

which they articulate with the employer community and about the behaviour of various kinds of employers.

In the Australian Public Service, being a particularly large employer and certainly a high profile employer, clearly the inquiry aroused some interest. Following our initial submission, I went back through our mailing list of career services and asked if anyone would like to offer any comments, as I had been invited to appear before this review. I did, indeed, receive a number of comments. I will not walk through these one by one because the essence of those comments is actually documented in dot points on the second page of this latter submission.

Perhaps I could very briefly explain, although I have put a brief explanation on the front page of the tabled submission. I thought it would be interesting for the review group to just have a look at the statistics on a time series basis as they relate to the years 1991 and then from 1996 through to 2001, by which means it is possible to identify the percentage and the actual numbers of people who graduated who were available for employment, and those who were available for the labour market who went into not only the Commonwealth government service—the APS—but also a range of other employment types.

The second table, on field of study, is also interesting because it gives the opportunity across 23 fields of study to examine for the 2001 year—which is the most recent year of graduate destination statistics—what percentages and numbers of graduates from those various fields of study went into the Commonwealth and state government or private and so on. Not being fully aware of the rest of the inquiry and the nature of the inquiry, I am not sure how helpful that will be, but I produce it mainly to display that we have a huge range of information. This is a fingernail sketch of the range of information that we have. If other data are required, be it on a time series or an even more fine-grained field of study basis than appears there, then that information can be made available.

In the time since I was invited to appear before this group—in fact just in the last two or three working days—the first of the 2001 series of publications from the survey cycle, of graduate starting salaries, has appeared. It has not been formally released by DEST yet and, to that extent, is not quotable publicly at this point, but it will be released in the next few days. The sort of information which we can detect here—and I find this quite interesting—is that of 13 fields of study which have entries in both Australian government or APS and industry or commerce, in 10 of those fields of study the starting salary in the APS was higher than the starting salary in industry and commerce. In three fields of study the starting salary was higher in industry and commerce than it was in the Australian Public Service.

This, of course, is not to draw any judgments about the long-term earnings capacity of people going into the Public Service. But if we are looking at, for instance, the issue of attractiveness of the Public Service as distinct from any other choice that well qualified people may make then they seem to be doing the right thing. It is sensible that they are in the upper quartile of the earnings for new graduates. At that point I would close off my comments. The comments about dealing with the Australian Public Service recruiters are nominated on the paper that I have tabled. If people want to raise issues from those, they are welcome.

**CHAIR**—Thank you, Mr Bartley. You mentioned that you have a large range of statistical data that you collect, and you have provided us with a couple of illustrations of that. Would you

---

be able to provide the committee with a list or a catalogue of the sort of data that you are collecting and have available? Then we could extract from that those areas that we believe would be of use to our inquiry and then obtain that data from you as well in a similar form to this. Is that possible?

**Mr Bartley**—Yes, we can certainly do that. I advise that the older parts of the time series—if there was an interest in going back into the 1970s and 1980s—can take a little while to produce, because some of it is not as amenable to computer access.

**CHAIR**—Subject to what my colleagues might say, I think this period is quite useful. We have a very efficient secretariat here who could discuss with you the sorts of statistical information that you are collecting and then we can sort out what we think would be of use to our specific inquiry. I do not want to ask you to provide everything because that is a major task for you and then for our people as well to work through. This is the first time that we have seen the two tables that you have provided—did you want to make any particular comments about the data? Are there any particular trends or observations that are of relevance to our inquiry? I appreciate that you have given us a written submission where you have made specific comments and pointed out other information, but do you have any comments in relation to these two tables that you have presented today?

**Mr Bartley**—I think the interest lies in the distribution of options and choice for people who are leaving university. One thing that these data cannot tell us is what the level of demand and the fulfilment of demand was from Commonwealth departments. For instance, the first of the two tables appended to the top note refers to employment sector. In 1991, we had 9.2 per cent of people who were available for employment entering the Commonwealth service; in 2001, we had 5.4 per cent. Of course, that also represents a considerable drop in actual numbers, as well as the actual percentage.

**CHAIR**—Sorry to interrupt, but could you direct me to your reference?

**Mr Bartley**—Yes. Look at 1991 in the table and then at the total in the second row down in the bottom block. That is the total, as opposed to male and female.

**CHAIR**—I am sorry, I was looking at the top figures. I see them now.

**Mr Bartley**—It is easy for me when I have my eye on it. Quite an interesting exercise that would be outside the scope of anything we have done would be to ascertain the extent to which Commonwealth Public Service departments that are in the business of graduate recruiting each year have been experiencing a shortfall so that we could detect whether the drop by a quite substantial amount in percentage terms—and certainly 500 individuals—is to do with a lowering of demand or whether it is to do with changing choices and changing options for graduates. It is something that is a little hard for us to know, because we do not have the depth of relationship with individual departments to get that sort of feedback.

**CHAIR**—I assume this data is right across the public sector, in the Commonwealth and in state governments, so it would include Public Service personnel and also independent statutory authorities and so on that may not be covered by the Public Service Act?

**Mr Bartley**—We tried as well as we could to get these broken down into the three broad bands of local government, state government and Commonwealth government. I accept that there will be some people who, in strict terms, are not APS employees that come under Commonwealth government. The majority will be through the main drives that take place on careers every year.

**CHAIR**—Thank you. Are there further questions?

**Senator WONG**—I was actually going to ask about the figures you have pointed us to that show a fairly large increase over that period, which is understandable, in the actual numbers of graduates seeking employment but a reduction both in real terms and in percentage terms in the numbers going into the Commonwealth government. In the absence of any indication from the departments that there has been a shortage, from their perspective, in graduate positions they offer, do you think that that trend is a problem?

**Mr Bartley**—Which trend are you referring to; the fact that there are fewer graduates going into the Australian Public Service?

**Senator WONG**—Yes.

**Mr Bartley**—I can say that it is a problem from the point of view of the volume of jobs that used to be available to Australian graduates. It may not be a problem from the departments' point of view, because they may have operated in such a way that they can manage with fewer people. But to the extent that it represents 500 fewer jobs over a decade that would have been considered relatively attractive jobs for people to go into, yes, it is a problem if you are a person trying to place graduates into work.

**Senator WONG**—I presume it impacts particularly on younger people—not always but differentially.

**Mr Bartley**—The majority of people are young. The under-25s still represent a majority, although I have made a point in some of my other comments that there is an increasing mature student graduate output from universities. But, yes, it would affect more people under 25 years of age.

**Senator WONG**—You have spoken both in your statement and in your submission about the fragmented approach that the APS currently has as a result of the devolution, essentially—that is, the arrangement for recruiting is now with departments, as opposed to being done centrally.

**Mr Bartley**—Yes. A quite strong feeling came through from university careers services that I spoke to that when Recruitment Services Australia, RSA, existed a number of issues were more positive from their point of view. Information came through more consistently, and there was no suggestion at that time that universities were being selectively omitted from receiving information, which has been a complaint about the current set-up. Also, the departments now operate in such different ways from each other that it is considerably harder for the university careers services to advise students appropriately as to how they should tackle particular departments because, at any one point in time, they do not know whether or not a department is

recruiting and, if it is, whether or not it will go through the careers service or through a third-party agency.

**Senator WONG**—I understand that. What is the Graduate Managers Forum?

**Mr Bartley**—I first learned about the Graduate Managers Forum at a careers advisers conference in December last year, and a gentleman from the Department of Industry, Tourism and Resources gave a speech about this operation. They are a professional gathering of a non-formal nature. They are not set up with a budget, as I understand it, from any of the government departments; they are just a group of people who are involved in recruiting graduates and who have decided to get together for professional support. One of the things that they have done as a group action is institute a special link for graduates on the DEWR JobSearch site. We have had some dealings with them. They are a little bound by the fact that they are not able to issue us with lists of their members. They feel that is not an appropriate way to go, and I guess they are probably concerned about being pestered by commercial third-party suppliers. It is problematic for the likes of ourselves in the university career services when we cannot get that information.

**Senator WONG**—Given that all recruitment, effectively, is devolved to departments now, what role or process would you envisage could better coordinate that in terms of graduates?

**Mr Bartley**—Perhaps I should start my response by saying that I am conscious that the RSA never had the role of coordinating all of the departments. I think Foreign Affairs was always independent of that group, and there may have been others. Essentially, there was a cluster of departments—say, 20—that operated under RSA. My understanding from talking with the careers services and, indeed, with my own staff, who look after a whole range of careers information, is that it would make sense to have a structure similar to the RSA, where the flow of information in both directions would be significantly improved, rather than having students trying to deal with a whole range of departments operating in individual ways. In short, some sort of return to RSA I think would be valued.

**Senator WONG**—Mainly to provide information about when particular recruitment occurs?

**Mr Bartley**—Yes, and first stage inquiries could be filtered through a single resource rather than students having to fill in 20 initial stage applications. They used to be able to go through one with the RSA.

**CHAIR**—Are you familiar with the functions and responsibilities of the Public Service Commission? It was called the Public Service and Merit Protection Commission.

**Mr Bartley**—I could not claim great familiarity, but I have a general idea of its purpose.

**CHAIR**—There are specific requirements and responsibilities under the Public Service Act. For instance, at 41(1), it includes functions such as:

(g) to develop, promote, review and evaluate APS employment policies and practices:

(h) to facilitate continuous improvement in people management throughout the APS;

(i) to co-ordinate and support APS-wide training and career development opportunities in the APS ...

One of the themes in some submissions is that, with the devolution of a lot of recruitment, training, learning and development responsibilities to individual, departmental and agency level, there is an inability to get an overall picture of what is happening through evaluating these requirements. Do you have any comments about what the Public Service Commissioner or his office might be able to do to try to address that issue?

**Mr Bartley**—I do not know—and it is possible that someone in this review group may know—whether RSA, when it existed, operated through that department or through the department of employment; I am not entirely sure. It sounds as though the Public Service Commission could be a source for regenerating something along the lines of RSA. Whether it was driven out of DEST or DEWR or through the Public Service Commission itself, it would appear to be something the Public Service Commission would want to take on board.

If this review produces a considerable number of submissions saying that the apparent lack of coordination is causing problems, it would appear to be a good idea for them to take the responsibility—perhaps in the first place—to investigate in more detail what these problems are. My submission is, after all, very anecdotal, because it was put together from the GCCA point of view, asking people whom we deal with what they find. But there is a very consistent voice coming from the universities, saying that the lack of cohesion leads to a sense of lack of understanding as to where the APS as a whole is heading with its recruitment strategies. That might be deliberate. It may have been that the disaggregation was done for a purpose: to allow departments to become more competitive with each other. But from the universities' point of view it does not work as well as it did before.

**CHAIR**—You might wish to think about that further. If you have any further comments you can certainly send them to us. Finally, we had evidence from Mr Peter Allen yesterday on the proposed Australian School of Government. Are you aware of that initiative?

**Mr Bartley**—Is that the School of Government being run through Griffith?

**CHAIR**—Yes, and it is in the final stages of being established and getting ready to operate. A number of state governments have indicated their support for it. As I understand it, it will provide opportunities for people within the service to obtain graduate or postgraduate qualifications. Do you have any comments to make about that initiative? It is apparently modelled on what has happened in the United States at Harvard.

**Mr Bartley**—It seems to me to be an eminently sensible idea. I suppose it has happened in other sectors: universities such as Deakin have set up special arrangements for postgraduate options to service particular kinds of industry or a particular sector. The idea of there being a special school for people operating in the public services to develop their career, pick up new information, become enhanced in their managerial abilities seems to be eminently sensible; yes. I would support that on a personal basis.

**CHAIR**—Mr Bartley, thank you for your attendance today and for the submissions and material you have provided. I am sure that members of the committee have found the statistical

data you were able to give us today particularly interesting; we have not had a lot of that, so it has been a fresh initiative. That concludes today's hearing.

**Subcommittee adjourned at 3.23 p.m.**