

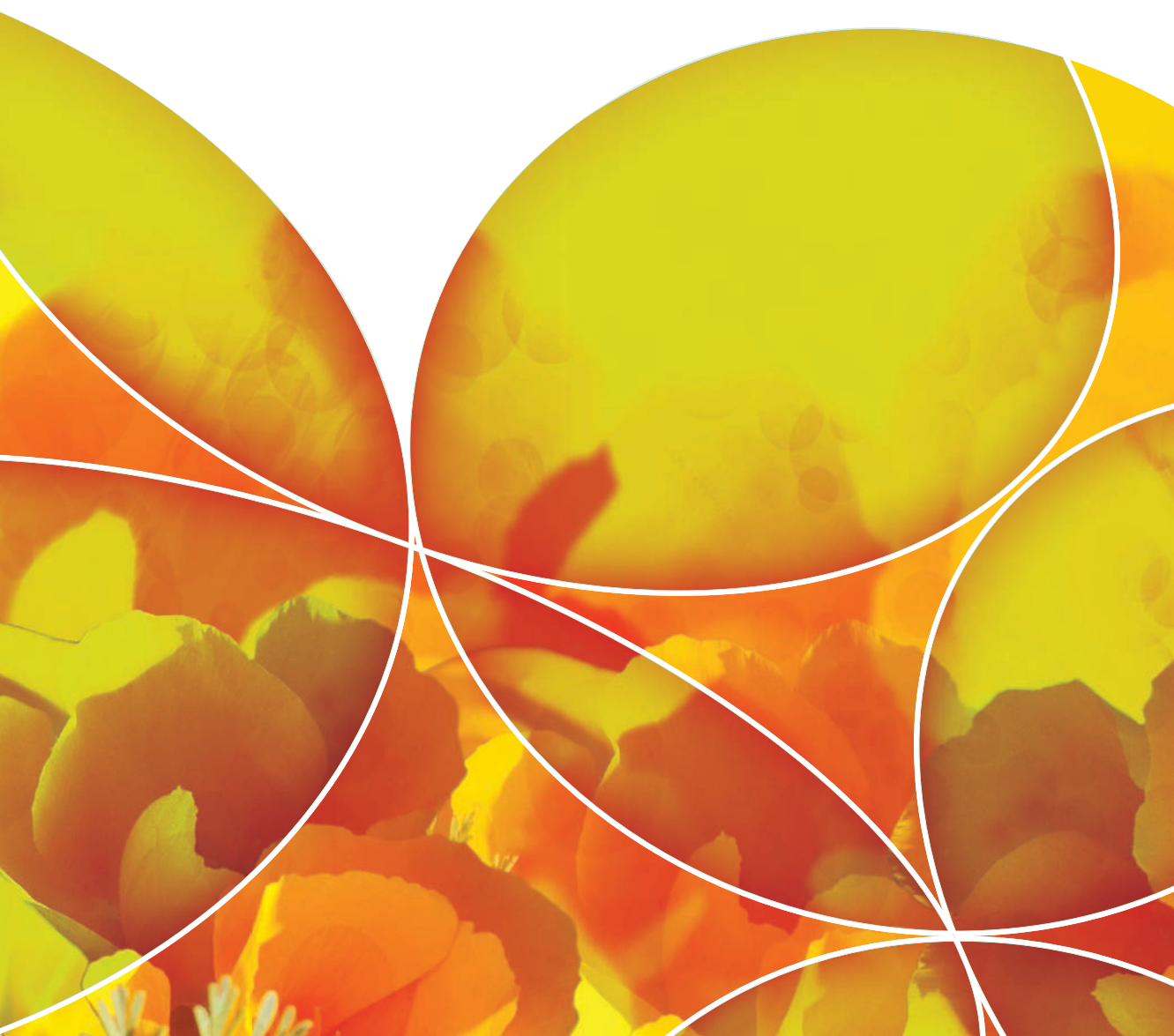


Australian Government
**Australian Public Service
Commission**

State of the Service Report

State of the Service Series 2012–13

Effective leadership Diverse workforce Capable organisations and workforce Employee conditions APS Values



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Australian Government
Australian Public Service Commission

The Honourable Tony Abbott MP
Prime Minister
Parliament House
Canberra ACT 2600

Dear Prime Minister

In accordance with the provisions of Section 44 of the *Public Service Act 1999* and clause 3.5(2) of the Australian Public Service Commissioner's Directions, I present to you the component of my annual report on the state of the Australian Public Service for 2012–13.

The Joint Committee of Public Accounts and Audit agreed in 2003 to extend the tabling deadline of the State of the Service component of my annual report to one calendar month after the tabling date for agencies' annual reports. This report is required to be tabled by 2 December 2013.

Yours sincerely

Stephen Sedgwick AO
Australian Public Service Commissioner

2 December 2013

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Preface

Section 44 of the *Public Service Act 1999* (Public Service Act) provides that the Australian Public Service Commissioner must issue a report each year to the agency's minister for presentation to the Australian Parliament. The report must include a report on the state of the Australian Public Service (APS) during the year.

The *State of the Service Report 2012–13* identifies the year-to-year trends in workforce participation and capability across the APS. The report also details the initiatives and human resource management practices of APS agencies during 2012–13.

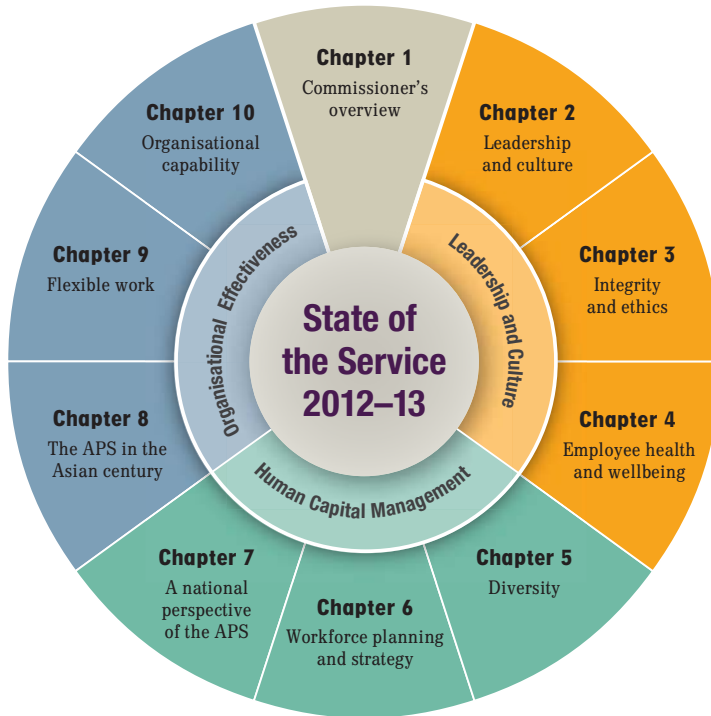
This year's State of the Service report is the sixteenth annual report on the state of the APS that Australian Public Service Commissioners have presented to parliament. The report has been significantly enhanced since it was first tabled in 1998.

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

- Leadership and culture
- Human capital management
- Organisational effectiveness.

The 10 chapters in the report are grouped into these themes (as highlighted in the following figure) to provide a focus for understanding the range of workforce capability issues in the APS.

Figure P.1 State of the Service report themes, 2012–13



Source: Australian Public Service Commission

The State of the Service report draws on a range of information sources but its main data sources are the State of the Service agency survey, the APS employee census and the APS Employment Database (APSED). The agency survey includes all APS agencies employing at least 20 staff under the Public Service Act. All 103 APS agencies, or semi-autonomous parts of agencies, that were invited to participate in the online agency survey in June 2013, completed the survey. These agencies are listed in Appendix 2. APSED contains information about recruitment, mobility and separations for all ongoing and non-ongoing employees.

To aid analysis of survey data and for comparability with previous years' data, agencies have again been grouped according to size. Of the 103 responding agencies, 23 were classified as large (more than 1,000 APS employees), 32 as medium (251–1,000 APS employees) and 48 as small (20–250 APS employees). Appendix 2 provides information on agency size.

To allow further comparisons between similar organisations, agencies have been categorised based on both their size and primary function. The functional clusters have been derived from information that agencies provided in the 2010–11 State of the Service agency survey. The functional clusters are: policy, smaller operational (less than 1,000 APS employees), larger operational (more than 1,000 APS employees), regulatory and specialist. Appendix 2 lists agency functions.

Similar to last year, in 2013 the Australian Public Service Commission (the Commission) issued a census to all available APS employees. This census approach provided a comprehensive view of the APS and ensured no eligible respondents were omitted from the survey sample. A total of 102,219 valid responses to the employee census were received, representing a response rate of 66%.

The Commission engaged the services of ORIMA Research and ORC International to help design, deliver and compile statistical output for the agency survey and employee census respectively. Appendix 3 provides information on the agency and employee data collection methodologies.

Agency contact officers in five agencies assisted with testing the agency survey while a number of individual APS employees from nine agencies tested the employee census. The Commission is very grateful for this input.

The *Australian Public Service Statistical Bulletin 2012–13* has been produced in association with the *State of the Service Report 2012–13*. These publications are available at: <<http://www.apsc.gov.au>>.



Amalgam Public Service Commission

Chapter 1

Commissioner's overview

It was acknowledged in last year's State of the Service report that the Australian Public Service (APS) had entered a period of tight resourcing which was likely to persist for many years. The 2013 budget and subsequent announcements confirmed this picture, with a number of initiatives taken to reduce government spending, including through increased efficiency dividends. The change of government has brought new points of emphasis in government activities and the prospect of more significant changes in light of the deliberations of the Commission of Audit. Among other things, the new government's policy agenda focuses on boosting productivity and reducing red (and green) tape. As a result, while the environment continues to be one in which the twin pressures of maintaining service levels with fewer resources and responding to increasingly complex policy problems will continue, the focus on innovative approaches to enhancing productivity is likely to be renewed. This reinforces the imperative for the APS to be 'a strategic, forward looking organisation, with an intrinsic culture of evaluation and innovation'.¹

This overview highlights the particular challenges and opportunities facing the APS today, and the increasingly critical role of high-quality leadership in meeting them. Leading the APS through significant rescaling and effectively implementing machinery-of-government changes while maintaining the capacity to deliver the government's agenda and long-term capability, is the most visible and urgent of these. This will require real improvement in the capacity of the APS to manage change and boost productivity. In the latter case, we need to focus on efficiencies and in the way we interact with citizens, as well as program and organisational effectiveness. The capability reviews and agency self-assessments across a range of organisational functions suggest four key capabilities the APS can improve: workforce planning; performance management; change management; and work assignment and delegation. Intriguingly, with the exception of work assignment and delegation which was not assessed in 2011, these were also identified two years ago as capabilities that agencies wanted to improve. Investment in human capital is critical to success with all of these key capabilities. In large part we have in place the foundations to meet these challenges and exploit the opportunities offered by a new agenda.

¹ Advisory Group on Reform of Australian Government Administration, *Ahead of the Game: Blueprint for the Reform of Australian Government Administration*, Commonwealth of Australia, Canberra, (2010), p. xi.

Rescaling the APS

Ultimately, as noted in last year's State of the Service report, the correct size of the APS is determined by the nature and scale of the activities a government wishes to pursue and its preferred delivery model.

The forward estimates of the previous government contain considerable downward pressure on APS numbers, partly because funding for some programs is coming to an end and partly because of the accumulating impact of efficiency dividends, additional efficiency dividends and similar measures. The new government is also committed to achieving budget savings by reducing the Commonwealth public sector by a further 12,000 positions through natural attrition over two years. It is difficult to predict the accumulating impact on APS employee numbers of these measures and any that may emerge from the work of the Commission of Audit or government decision making in the budget context.² Even allowing for the uncertainties and the pressure to add people with different skills as new policies are introduced, it is clear the APS will undergo a very significant net downsizing over the next few years. Indeed, in headcount terms, the peak in APS numbers has already passed—it occurred in June 2012.

The last major downsizing of the APS began in 1996 and took place over three years. The APS headcount was reduced by almost 30,000 (20.5%) over this period. The then government sought to reduce the size of the public service through a combination of measures that included a reduction in recruitment of employees from outside the APS (recruitment was confined to filling essential positions), strict controls on the engagement of non-ongoing (or temporary) employees, the avoidance of higher duties allowance as far as possible, and a requirement to use excess employees to fill vacancies, including a central process to place employees seeking redeployment across the service. The government did not implement a 'recruitment freeze'. Indeed, engagements continued at a rate equivalent to 5% of the APS workforce throughout this period. The overwhelming majority of separations were made through retrenchments.

Importantly, the then government took a number of decisions that changed what government would or would not do, giving shape to the downsizing. John Nethercote's examination of the departmental machinery-of-government changes that took place between 1987 and 1998 is instructive in putting the 1996 to 1998 downsizing in context.³ On taking office in 1996, the government took a number of significant structural decisions that resulted in reductions in the size of the public service. However, these changes can be seen as an extension of what had been a significant period of change for the public service that started in 1987.

² It is harder still to predict the impact on headcount, that is, the measure of APS size reported in our official statistics (including this report) rather than on average staffing level (ASL). An example may illustrate the difference between 'headcount' and 'ASL'. Headcount is a point-in-time count of the number of individuals employed. ASL is an average measure of the number of people employed on a full time equivalent (FTE) basis throughout the year. A person employed on the census day (say end June) on a part-time basis (in this example for half the week) registers as one for headcount, but they count as half of a FTE. If that person were employed on that basis for the whole year they would be recorded as half an ASL, but if they only joined the APS half way through the year they would contribute the equivalent of one-quarter of an ASL for that year.

³ J Nethercote, 'Departmental Machinery of Government Since 1987', *Research Paper No. 24 1998–99*, Department of the Parliamentary Library, Commonwealth of Australia, Canberra, (1999).

Throughout this time the government of the day made structural decisions about the public service that included abolishing, re-shaping, moving and outsourcing public service functions. For example, a large stream of work was removed from the Attorney-General's Department when the Australian Government Solicitor was converted into a statutory authority, and a substantial commercialisation program in the Defence portfolio enabled a downsizing of its workforce. This continued in the late 1990s with the outsourcing of a number of activities previously performed in-house, the so called 'yellow pages test'. A particular focus of these activities was on outsourcing information technology (IT) infrastructure and 'back office' services. However, strategic decisions about the method of delivery of services to the public also contributed. For example, the Commonwealth Employment Service was abolished and Job Network⁴ established to provide labour market assistance to the unemployed.

Natural attrition in the APS is currently 4.1%. This has fallen significantly compared to the peak, which was reached in 2007–08. Part of the explanation probably lies in the impact of the global financial crisis on retirement savings. Another factor has been that in recent years agencies have sought to reshape their workforces to meet both client expectations and budget targets, and the use of redundancy benefits has increased. Historically, natural attrition is inversely related to the availability of redundancy benefits. The 2013 natural attrition rate is at about the same level as it was between 1996 and 1998.

Engagements in 2013 were running at close to historic lows at the time of the change of government. Indeed, there is only one instance in the past 20 years when engagements as a proportion of the workforce has been lower than it is today, and that was in 1996–97. To minimise the costs of achieving the overall reduction in public service numbers implicit in the forward estimates and other policy statements, the government has introduced temporary measures to restrict new hiring. The arrangements are not a recruitment freeze. Rather they require agencies to demonstrate to the Australian Public Service Commissioner (the Commissioner) that a vacancy needs to be filled and, if so, require that they first seek to fill it from within the APS, with preference given to employees with the appropriate skills who are potentially excess. Critical vacancies that are genuinely difficult to fill from within the APS may still be advertised, with the agreement of the Commissioner, for filling by external applicants. Certain 'difficult to re-start' recruitment, such as the annual intake of graduates, will also continue.

The objective is to restrict new hiring while preserving the capacity of the APS to meet legitimate business needs. The arrangements to seek approval to advertise are intrusive and not sustainable for a prolonged period. If such restrictions are sustained over the longer term this could have unpredictable impacts on the capability of the APS. It is hoped that the need for such centralised controls will be reduced in time as the shape of future decisions about which areas of activity the government will withdraw from (or scale back) become clearer, including in light of the report of the Commission of Audit.

⁴ Known since 2009 as Job Services Australia, and currently funded through the Department of Employment.

Machinery-of-government changes

After the election, the government changed the structures and functions of Commonwealth departments in support of their policy agenda. Three departments (the Department of Education, Employment and Workplace Relations, the Department of Resources, Energy and Tourism and the Department of Regional Australia, Local Government, Arts and Sport) have been abolished, two new departments created (Department of Education and Department of Employment) and a further nine departments renamed, in part to reflect functional changes.⁵

Some of the more significant changes include the:

- consolidation of Indigenous policy, program and service delivery functions previously performed in a number of departments into the Department of the Prime Minister and Cabinet
- responsibility for customs and border control policy moving from the Attorney-General's portfolio to the (renamed) Department of Immigration and Border Protection
- settlement services for migrants and humanitarian entrants moving from the immigration department to the (renamed) Department of Social Services, which also assumed responsibility for ageing and aged care, all programs for people with disability, and all income-support arrangements for working age people
- climate change policies and programs moving from the industry department to the (renamed) Department of the Environment, with the Department of Foreign Affairs and Trade assuming responsibility for leading Australia's participation in climate change negotiations.

The government also signalled its intentions to abolish some statutory bodies (for example, the Climate Change Authority) and announced that the Australian Agency for International Development would be integrated into the Department of Foreign Affairs and Trade.

Substantial machinery-of-government change is not a new experience for the APS. These types of adjustments to the structure and function of the APS occur periodically. These are times when the professionalism, resilience and responsiveness of the APS workforce are especially apparent.

Machinery-of-government changes present an opportunity to bring 'like functions' together to exploit economies of scale and scope. They also allow a government to give organisational expression to its priorities. At the same time, they are disruptive and can be expensive and need to be managed with considerable care.

One source of cost pressure is the considerable variation in the terms and conditions available to APS employees in different agencies. For example, employees will often move onto the salaries of the gaining agency when these are more generous. Another is the cost of moving employees onto IT and other systems that are different to those of their original agency. There is legitimate debate at the moment about whether these differences continue to be justified. The original rationale for such differences was to give agencies scope to introduce employment arrangements

⁵ The *State of the Service Report 2012–13* is based on 2012–13 financial year data; machinery-of-government changes that occurred after June 30, 2013 will be reflected and discussed in detail in the State of the Service report for 2013–14.

and systems and procedures that best meet their business needs. Work is in hand within the APS, however, to revisit some of these assumptions. An example is work currently getting underway to examine the case for fewer (in some circumstances, a single) enterprise resource management systems to provide financial management or human resource management information to agencies. Any such move will take time to implement efficiently. Moreover, the scope to exploit economies may be restricted by the extent to which agencies preserve significant differences in employee conditions or business processes. Small steps were taken in the 2011 enterprise bargaining round to achieve greater commonality in terms and conditions. It remains to be seen how much scope is currently available to pursue such an agenda in the tight financial environment agencies now face.

Managing change needs to improve in the APS

Experience in the private sector confirms that mergers are difficult to achieve successfully. They place a high premium on change management skills. APS agencies report that change management skills are lower than desired.⁶ Less than one-quarter of agencies covered by the 2013 agency survey believed their change management capability is at the desired level. Indeed, change management was rated the second lowest of the eight capabilities that agencies were asked to assess. This assessment tends to be confirmed by the findings of most capability reviews and employees' generally poor perceptions of how well change is managed in their agencies.⁷ Change management was also one of two capabilities assessed in both 2011 and 2013, where agencies reported that little or no improvement had been made. The key to successful machinery-of-government changes is a highly skilled approach to change management. This will require close attention in the years ahead. An update on the capability reviews and an overview of key findings to-date are included in Chapter 10.

One potential benefit of a machinery-of-government change is to bring service delivery together around a common client group. This was, for example, part of the rationale for the creation of Centrelink in the late nineties and the integration of several service delivery agencies into the Department of Human Services (DHS)⁸ in 2011. Such an approach potentially simplifies coordination across multiple programs to provide a more 'joined up' face of government to the citizen. Research suggests, however, that care needs to be taken to ensure that previously external boundaries to collaboration are not simply replaced by internal ones after a public sector merger.⁹ How well change is managed and the ability of senior managers to find common cause between employees who previously worked in different departments is key to success.

⁶ The 2013 State of the Service agency survey used a capability maturity model to assess key organisational capabilities across the APS. Agencies were asked to assess their current and required positions on a five-level maturity model (chapters 2, 6 and 10 present results from this model in detail).

⁷ Results from the 2013 APS employee census demonstrate that more than one-third of APS 1–6 (35%) and Executive Level (EL) (41%) employees disagreed that change is managed well in their agency. A further 32% of APS 1–6 and 33% of EL employees were ambivalent (these results are discussed in more detail in Chapter 2).

⁸ In July 2011, former human services agencies, CRS Australia, Centrelink and Medicare Australia, were integrated into DHS.

⁹ See, for example, F Buick, 'The culture solution? Culture and common purpose in Australia' and CL Talbot and CR Talbot, 'The structure solution? Public sector mergers in the United Kingdom', in *Crossing Boundaries in Public Management and Policy*, J O'Flynn, D Blackman and J Halligan (eds), Routledge, New York (to be published 2014).

Increased public sector productivity continues to be a priority

Broadly, productivity can be understood as the efficiency with which an organisation converts inputs to outputs. However, in a predominately service-based organisation that does not sell its outputs in a market, such as the APS, there is no difference between the cost of inputs and the value assigned to the outputs produced. Consequently, there is no single all-encompassing measure of APS productivity equivalent to that available for the market economy. Moreover, the effectiveness of government activities in improving outcomes for citizens is often a function of agencies working collaboratively. No single agency is responsible for the ultimate outcome—their individual contributions are partial. As such, measuring productivity in the public sector is at best partial.

However, this does not release the APS from the imperative to contribute to improving the living standards of Australians through raising the effectiveness and/or reducing the cost of public sector activities—whether service delivery or regulation or policy design and implementation. In general terms, there are three key areas for improving APS productivity: capitalising on new opportunities to improve the efficiency of administration, including ‘back office’ functions and reducing the compliance burdens faced by businesses and individuals; improving the effectiveness of program management and delivery; and maximising the public value that comes from combining people, technology and processes through good organisational design.

Efficiency

A range of techniques are available to reduce the costs of government—conceived broadly to include both the administrative costs incurred by agencies and the compliance costs borne by citizens.

In terms of compliance costs, the new government has committed to reducing red and green tape. Among other things it is proposing to change the remuneration arrangements of senior officials to increase the incentives in favour of deregulation. Examples of recent initiatives intended to reduce compliance costs for citizens (or improve the customer experience) include:

- Standard Business Reporting—standard business reporting is a quicker and simpler way to prepare and lodge reports directly from business software and is being used by the Australian Taxation Office (ATO) to facilitate greater efficiency in reporting, reduce errors and provide greater certainty to customers. A range of ATO forms can be lodged via standard business reporting including activity statements, payroll tax and Pay As You Go payment summaries.¹⁰
- MyGov—MyGov is a new web-based facility that allows citizens to access a range of government services in one secure location. These services include Centrelink, Medicare and Child Support.¹¹

¹⁰ See: <<http://www.ato.gov.au>>.

¹¹ See: <<http://www.humanservices.gov.au>>.

In terms of ‘back office’ efficiency, the APS has long sought to exploit changing opportunities to achieve economies of scale through whole-of-government purchasing arrangements when market opportunities emerge. Recent years have seen an expansion in the willingness of agencies to ‘build once and use many times’ so as to exploit economies of scale and standardisation to reduce costs and improve productivity. For example, this approach has been successfully applied in delivering the APS employee census that informs this report. In this small example, the Australian Public Service Commission (the Commission) delivers a whole-of-APS employee survey that a large majority of agencies now rely on for information about the attitudes of their workforce. It is estimated that this approach saves about \$4 million annually by reducing the need for each agency to conduct its own survey. Other examples are emerging on learning and development through pilot testing of a collaborative APS-wide approach for designing foundation, core and management skills programs.¹² This work is delivering learning resources that can be applied on a whole-of-government basis, whether by an agency’s internal trainers or through a quality assured external provider. The intellectual property is retained by the Australian Government and is ‘built once applied many times’. The potential savings if the benefits of the pilots are generalisable are quite large.

There are other examples where the APS is using specialist capabilities to improve overall productivity. Examples include introducing the parliamentary workflow system (developed by the Department of Education, Employment and Workplace Relations on behalf of the APS as a whole), recruiting graduates, administering grants and progressing the APS diversity agenda. The benefits of this approach are improved knowledge transfer across the APS, improved opportunities for innovation and persistent management focus on a specific activity for the benefit of all. Similar, but larger-scale applications of this principle could include a move to fewer human resource and financial management information systems used across the APS or the adoption of a common platform for recruiting or other shared services arrangements, if the initial investment is justified by long-term savings.

There is growing willingness among agency heads to collaborate, share resources and work together to exploit economies of scale. While there is considerable scope for greater efficiency through standardisation and more common approaches, the evidence is that the execution of these approaches needs to be well managed. There are plenty of examples (particularly in shared services) where a good idea that is not well implemented leads to increased costs and/or poorer service standards.

Program effectiveness

A second area for improving the broadly defined productivity of the APS is to get better results from government programs. The foundation of good program outcomes is good, creative program design. Evidence is the foundation of sound problem analysis and program design.¹³ The range of analytical tools and data sources available to policy analysts these days is very wide, and there is growing recognition of the value of bringing many perspectives and

¹² This work is discussed in detail in Chapter 2.

¹³ Productivity Commission, *Annual Report 2012–13*, Commonwealth of Australia, Canberra, (2013).

disciplines to bear in framing and understanding problems. Some of this awareness stems from concerns about the complexity of the issues facing government. Some relates to relatively recent work that blends approaches from different academic disciplines to deliver new techniques to assist in making policy choices. Many APS agencies are actively exploring a broader range of techniques and collaborating with each other and with external experts to share experiences. Both DHS and the ATO, for example, have applied techniques from behavioural economics to elements of their work. The Department of the Treasury has entered into a joint venture with the University of Melbourne and the Victorian Treasury to establish a centre to design, test and implement tailor made economic policy solutions.¹⁴

A second line of attack in seeking good program outcomes is the use made of performance metrics and formal evaluation of program effectiveness. The *Public Governance, Performance and Accountability Act 2013* (PGPA Act) was passed by Parliament on 28 June 2013 replacing both the *Financial Management and Accountability Act 1997* (FMA Act) and the *Commonwealth Authorities and Companies Act 1997* (CAC Act) from 1 July 2014.¹⁵ Among other improvements, these changes require agencies to develop and use information that informs judgments about the effectiveness of programs. In particular, the development of more formal approaches to program performance indicators such as SMART performance indicators¹⁶ and professional approaches to program evaluation are components of this approach.

The Department of Finance is leading the implementation of the PGPA Act but the successful application of the tools it provides will require leadership and workplace culture that supports a professional approach to evaluation, accepts dispassionately the results of program evaluation even when inconvenient to their own interests, supports innovation and manages change effectively. This is a key responsibility of senior leaders. The PGPA Act is intended to signal to senior leaders their responsibilities in this matter. That message will be more readily acted upon when a dispassionate approach to program evaluation is also supported by the ministers to whom public servants are accountable. Even in the absence of that support, however, the responsibility of senior leaders to pursue approaches that maximise the effectiveness of programs remains, and may require courage and relationship management skills to discharge properly.

Organisational effectiveness

Organisational capability arises from the way in which an agency's culture, structures, systems and processes combine to deliver productive outcomes. It includes consideration of: the quality of leadership; the way in which systemic capability is built and sustained; the way the

¹⁴ Design and innovation in the APS is discussed in more detail in Chapter 10. This chapter highlights the Australian Centre for Excellence in Public Sector Design (DesignGov). DesignGov was established collaboratively through the APS Innovation Action Plan and Secretaries Board and work on successor arrangements is underway.

¹⁵ More information on the PGPA Act is available from: <<http://www.cfar.finance.gov.au/>>.

¹⁶ SMART is one of a number of methodologies that can be used to determine if the group of selected indicators contain a range of characteristics that allow for the identification of effective delivery of a program objective. Australian National Audit Office, *Development and Implementation of Key Performance Indicators to Support the Outcomes and Programs Framework*, Performance Audit Report No. 5, 2011–12, Commonwealth of Australia, Canberra, (2011), p. 45.

performance of individuals and teams is managed to contribute to achieving highest priority goals; the way in which risk is understood and managed to enable innovation rather than stifle it; and the way that work is allocated, decisions are made and accountabilities managed. The capability of an organisation is built on the skills and abilities of its people, but it is also a function of the system in which those skills are applied to ensure the priorities of the government are maximised, and the workplace culture in which this occurs.

One recent example serves to illustrate the hidden importance of the relationship between culture, structures, systems and productivity. This year saw serious allegations of criminal conspiracy involving members of the Australian Customs and Border Protection Service (ACBPS) leading to the arrest of four ACBPS employees between August 2012 and February 2013. If the allegations are correct, the effectiveness of ACBPS in delivering outcomes for the community has been diminished, at least in those locations. ACBPS has responded with a significant program of reform that is supported by legislative changes to strengthen its integrity culture, people capability, law enforcement capacity and business operations. Importantly, this commendable response goes to the heart of ACBPS culture, structures, systems and processes.

The lessons of the events in ACBPS are explored further in Chapter 3. However, it is worth reinforcing an observation from the ACBPS capability review¹⁷:

Close-knit cultures, combined with poor leadership in some regions, have also led to inadequate understanding of the role and expectations of leaders (including supervisors and team leaders), resulting in poor discipline and lack of reinforcement of expected behaviours. This type of culture can present significant risks in terms of potential opportunities for fraud, misconduct and corruption.

This observation reminds us that all leaders are responsible for constantly safeguarding and nurturing the culture of the APS—in particular its ethical boundaries—and that failure to do so can undermine the effectiveness of the organisation.¹⁸ When leaders tolerate what might seem to be on the surface small indiscretions, it gives permission for others to do the same.¹⁹ The new APS Values and Employment Principles provide an opportunity for agencies to reinforce a culture of ethical awareness and integrity across the APS.

Several complementary strands of activity are under way across the APS that seek to improve the organisational effectiveness of the service.

¹⁷ Australian Public Service Commission, *Capability Review: Australian Customs and Border Protection Service*, Commonwealth of Australia, Canberra, (2013), p. 25.

¹⁸ As Chief of Army, Lieutenant General David Morrison, AO, has said in a different context: 'The standard that you walk past is the standard that you accept'.

¹⁹ As noted by the Australian Commission for Law Enforcement and Integrity in its interim report into the same matter, misplaced loyalty and compromise, poor standards and a breakdown in supervision '... led to a lack of confidence amongst staff that wrongdoing would be noted or punished, so poor standards of conduct became acceptable, and even became the norm [in some cases] ...' Australian Commission for Law Enforcement Integrity: *Investigation Report: Operation Heritage—a joint investigation of alleged corrupt conduct among officers of the Australian Customs and Border Protection Service at Sydney International Airport (Interim Report)*, Commonwealth of Australia, Canberra, (2013).

Capability reviews

Capability reviews continue to provide agencies with independent, forward-looking assessments of their capability across the dimensions of leadership, strategy and delivery. Seventeen reviews have been completed and two are in progress. Four reviews remain to be completed in 2014.

The reviews have confirmed that the APS has real strengths. But they also highlight opportunities for improvement, which are captured in an action plan developed for each agency and detailing how that agency will address the findings of its capability review. This plan is agreed between the agency head and the Australian Public Service Commissioner. Agencies report quarterly to the Commission on their progress against their plan. To date, 12 agencies have completed action plans, and another five are under development. Finally, a 'health check' is conducted after the agency has had time to implement measures in response to its initial review to assess the extent capability has been lifted. The first health check commenced in July 2013. A discussion of systemic findings to date appears in Chapter 10.

Building capability

A foundational element of assuring organisational capability is having a forward-looking view of capability requirements, resulting in proactive approaches to build capability in advance of predictable need and resilience to cope with the unexpected. Agencies wish, generally, to significantly improve their workforce planning capability. Workforce planning is a foundation tool for agencies seeking to systematically address capability issues proactively. Only 14% of agencies believe their current capability is appropriate—more than one-third aspire to a maturity level one higher than their current one, another one-third seek to advance two levels and 13% plan to advance three levels. This result exceeds, by a considerable margin, those recorded across the remaining seven key organisational capabilities assessed this year. Intriguingly, similar results were recorded in 2011 when agencies were asked to self-assess their maturity across a comparable range of capabilities. More systematic approaches to talent management, especially at the most senior levels, have been adopted, including in collaboration with the Strategic Centre for Leadership, Learning and Development. However, a number of critical skill shortages persist (see Chapter 6 for a longer discussion) and, in a couple of instances, succession issues are emerging which need to be addressed in coming years.

Achieving high performance

Increased attention is being paid to performance management as an important tool in building a high-performance organisation. Work undertaken by the Commission in 2012, confirmed that in many instances, capability reviews show that even agencies with well documented, high-quality policies in respect of performance management, opportunities abound to improve current practices.

Too often performance management is characterised by a focus on improving the ability to deal with the few employees who are performing poorly. Underperformance should be addressed—we do not have resources to carry those who deliberately do not pull their weight.

But there is far more to be gained by also ensuring that the efforts of the vast majority of APS employees who are well motivated and skilled are well directed. The efforts of these employees will be more effective when there is clarity about what is required of them and at what standard; and when continuous and purposeful feedback allows continual corrections to ensure that priorities are met without misdirection of resources.

Much of this can be achieved by lifting the foundation, core and management skills in structuring work, monitoring individual, team and organisational performance, providing performance feedback that is actionable, and developing capability at all levels. The evidence²⁰ shows considerable scope for improvement. Even within agencies that on paper have good systems in place, there is scope to raise skill levels, awareness and manager commitment to employ better techniques and more consistent approaches to maximising alignment with the government's highest priority outcomes. This is particularly true during a period like the next few years in which expression is given to the priorities of a new government and agencies that are downsizing.

New tools to support the achievement of high performance

An array of new tools has been developed to enable agencies to improve their high-performance capabilities, including diagnostic tools, revised work-level standards (see next section) and whole-of-APS learning materials.²¹

The diagnostic process has been designed to: gauge the extent to which an agency's practices and people capabilities align with those that have been demonstrated to positively impact performance; assist APS agencies to assess their baseline condition, identify areas of strength and weakness, and the required actions to achieve more consistent and better practice; and use quantitative and qualitative inputs to identify key areas requiring improvement and provide suggestions for action. In implementing the performance management diagnostic, specific emphasis is placed on uncovering how and why practices are effective or ineffective. This will allow targeted actions to be developed that will enhance an already effective practice or address an ineffective practice. In this way agencies will be better positioned to focus on the factors that truly drive performance rather than merely the effects or surface-level symptoms of these issues. In 2014, we plan to report on the implementation and benefits of this approach.

Better assignment of work within agencies

There is evidence, including from capability reviews, that in many agencies work is being elevated to too high a level, slowing decision making, raising costs and delaying the development of decision-making skills among the young. At times this has been justified as a risk management technique. But if it is, the benefits are short term; persisting with this approach arguably may decrease the capacity of the workforce more generally, including future leaders, to exercise judgement and make sound decisions.

²⁰ D Blackman, F Buick, M O'Donnell, J O'Flynn and D West, *Strengthening the Performance Framework: Towards a High Performing Australian Public Service*, Australian Public Service Commission, Commonwealth of Australia, Canberra, (2013).

²¹ To date four core skills learning programs have been developed by the Commission: Structuring work; APS ethics and Values; Performance management; and Coaching and developing others. Throughout 2014–15 there will be a rolling release of 10 suites of core skills programs, subject to endorsement by the Secretaries Board.

Work-level standards are an important tool to ensure consistency in the classification and management of work value within agencies and across the APS. The APS Classification Review was completed by the Commission in 2013. One recommendation was to establish a common set of principles for classification management across the APS.²² The Commission, in consultation with agencies, has developed and released new work-level standards for APS 1–6 and Executive Level (EL) 1–2, and supporting material such as a draft role evaluation tool and a comprehensive classification guide.

A number of agencies are actively pursuing policies to push work down to more appropriate operational levels. For example, as part of strategies to manage the efficiency dividend, some agencies examined their classification profiles to ensure work was undertaken at appropriate levels. Efforts to flatten structures and push decision making down within organisations will need to be complemented by work to revise each agency’s approach to risk management. At the Department of Health significant work has been undertaken to improve the ratio of APS 1–6 to EL staff. This model is designed to ensure that non-specialist EL employees have staff management responsibilities. To achieve this the department has undertaken a range of activities including a focus on APS 1–6 level recruitment, job sizing new roles against APS work level standards, targeted voluntary redundancy programs aimed at EL staff and ensuring new departmental structures, such as the newly created Grants Service Division, reflect this organisational design focus.

Investment in human capital

There is an old adage along the lines ‘what gets measured gets done’. Similarly, investments tend to be made where there is quantitative evidence to show a return on investment is available. In the private sector, a growing body of research is establishing the links between investing in human capital (in particular, learning and development) and future profitability.²³ Research has also found a 50% difference in the business outcomes of a top-performing leader compared with an average leader, and organisations with the highest quality leaders are 13 times more likely to outperform their competitors across a range of metrics.²⁴ Broad measures of public sector productivity are difficult to construct and the link to investment in APS human capital is more difficult to justify than, say, investment in new systems that reap efficiency savings.

The bulk of the productivity improvements available for organisational effectiveness essentially relate to people and how skilled, motivated, well managed and led they are. With benefits difficult to quantify, there is a risk of underinvestment in human capital, especially at times when resources are strained. Work is in hand, under the auspices of the Commission’s Strategic Centre for Leadership, Learning and Development, to more systematically capture the benefits realised from implementation of its programs. However, this work is still embryonic.

²² Australian Public Service Commission, *APS Classification Review*, Commonwealth of Australia, Canberra, (2012), <<http://www.apsc.gov.au>>.

²³ L Bassi, P Harrison, J Ludwig and D McMurrer, *The Impact of US Firms’ Investments in Human Capital on Stock Prices*, McBassi & Company, (2004); L Bassi, *Human Capital Management Predicts Stock Prices*, McBassi & Company, (2010).

²⁴ J Boatman and RS Wellins, *Time for a Leadership Revolution: Global Leadership Forecast 2011*, Data Documentation Initiative, (2011).

Nonetheless, we now capture remuneration data for each public servant²⁵ that can help throw some light on this issue. For example, we know the opportunity cost of one-third of EL 2 employees spending three days to complete a recently developed training module on performance management would amount to about \$7.5 million per annum. There would also be additional costs of a few million dollars to deliver the course and associated products. But if this investment raised the productivity of the APS by just 1%, the benefit would be valued in the order of \$130 million per annum, a very substantial return on investment. It is hoped that agencies will continue to prioritise worthwhile investments in their people even as resources tighten in the years ahead. Indeed, more effective performance management techniques could well assist an agency to ensure that its resources are applied to the highest priorities (which will change over time) to maximise its effectiveness even as employee numbers shrink.

The role of human resource professionals within the APS

Any organisation concerned about long-term success and sustainability will routinely assess whether it has the leadership and workforce capability needed to execute its business strategy now and into the future. It will also ensure this strategy is effectively cascaded through business plans and ultimately to the work of individuals. When change is required it must be expertly managed. A focus on day-to-day performance discussions between employees who value the way in which work is done, as much as what is achieved, is critical to supporting a culture of high performance. These are all areas where appropriately skilled human resource (HR) practitioners should play a critical role as contributors to the business strategy itself, the design of supporting frameworks and systems and high-quality advice. Yet, it often seems the skills most highly sought after from our HR practitioners are transactional and compliance oriented rather than strategic.

There is a case for more comprehensively reviewing the contribution of HR professionals in the APS and defining their technical and other capability requirements. Unlike accountants, psychologists, engineers or those in IT professions, for example, there are no APS-wide accreditation requirements for those advising managers on people-related issues.

Some departments²⁶ have commenced efforts to clarify technical and other HR requirements, and are freely sharing these with others. Collaborative progress has also been made in some areas, notably with workforce planning and performance management. An annual APS HR summit was organised for the first time last year by members of the HR profession with the express intent of hearing from Secretaries and others about what they need from HR, what would most assist them and how best to build the capabilities necessary to do this.

²⁵ This data is obtained through a complete enumeration of individual remuneration. Previously remuneration data was captured through a survey conducted by Mercer. This work is supported by a memorandum of understanding between the Commission and APS agencies and provides a wider range of information to agencies to inform decision making.

²⁶ For example, the Department of Education, Employment and Workplace Relations developed and conducted an in-house HR capability development training program. The program focused on building HR knowledge and critical skills. Similarly, DHS is undertaking work to identify current skills, qualifications and skills gaps. Strategies to address any identified shortfalls will focus on both core skills and specialist/technical skills.

But some key questions remain, which have already been answered in the best private sector firms, including:

- What contribution should HR make in assisting to address current and emerging business issues in the APS?
- Should standards be set for the technical skills and other capabilities needed to competently practice the strategic components of HR in the APS?
- How should HR resources be structured to maximise efficiency and effectiveness at agency and APS-wide level?
- How best to organise enabling HR systems to ensure they represent good value for money and provide the business intelligence needed to support leaders to make decisions?

The first three are essentially workforce planning questions for the APS HR profession and should be pursued. The fourth, related question is being considered as part of a broader shared system review.

Public comment by public servants

This issue was addressed in the overview to last year's State of the Service report, and the points made there will not be repeated. However, a number of examples this year, including some in the public domain, illustrate that APS employees commenting publicly online on work-related matters continues to be an area of some uncertainty for agencies and employees. In one recent case, which attracted media attention, misconduct action was taken against an employee who commented online about public policy issues where the agency considered the comments were inconsistent with the employee's duties. These comments were seen to pose a reputational risk for the agency as well as for the employee. In this particular case, the comments were posted using a pseudonym, illustrating a point made in the Commission's guidance material that anonymity cannot be guaranteed on the web (and in any event does not give an employee the right to engage in behaviour that is inconsistent with the APS Code of Conduct). Cases such as this demonstrate that the APS leadership has a continuing need to engage with employees to ensure they understand the behaviours expected of public servants, and for agencies to deploy sophisticated training material that develops good judgement using scenarios that are relevant to employees in the range of circumstances in which they may wish to comment online. It also reflects the need to reinforce the application of the APS Values in the context of evolving technologies and social norms.

Diversity

As outlined elsewhere in this report, additional measures were introduced over the past 12 months to improve the capacity of the APS to attract and retain Indigenous employees and those with disability.²⁷ Nonetheless, the representation rate of these groups remains below

²⁷ Chapter 5 discusses these measures in more detail.

target. It will be important to manage the expected APS downsizing in ways that do not set back the achievement of the desired levels of representation.

The majority of the APS workforce is female. However, this representation decreases as classification level increases. As at June 2013, women comprised 39.5% of the Senior Executive Service, which is in stark and positive contrast to the 16.4% of women on Australian Securities Exchange (ASX) 200 boards (as at September 2013). There is, however, considerable variation across agencies, with some only achieving representation in senior ranks of one-quarter or so. Among agencies with relatively low representation rates of women, the Department of the Treasury and the Department of Defence have active strategies in place to improve the situation. It is hoped that other agencies in a similar situation will also become more proactive, consistent with the merit principle.

Looking ahead

It is clear that the APS has much to be proud of. Capability reviews, for example, consistently praise the commitment of APS employees and their responsiveness to the agenda of the government of the day. Employee responses to the census show rising levels of engagement and rising levels of satisfaction with the performance of their leaders, despite the stresses and uncertainties of an organisation that has begun to contract and faces substantial uncertainty until its future roles and scale are better defined. The APS has smoothly navigated another change of government and is now implementing significant changes to the machinery-of-government. Yet there is much still ahead of the APS, including to:

- assist the government to re-prioritise and re-scale government activities and respond at pace to the needs of a rapidly changing external (indeed world) environment
- support innovation that extends the effectiveness of government interventions while reducing costs of delivery (including compliance costs)
- build leader capability, especially in leading and managing change, and more consistently embedding a high-performance culture and practices, and strengthen succession in a number of instances
- develop the cultural competencies that both support effective interactions with a diverse population and workforce and lead to more active engagement with and understanding of the countries of our region
- collaborate to improve outcomes for (and the experience of) individuals and businesses
- sustain trust in the APS as an effective, politically neutral institution that is responsive, proactive, forward looking, and creative, and that embodies the APS Values.

As we said last year, leadership will need to focus on encouraging the discretionary effort of our people to really engage, make a difference and perform to full capacity. 'Getting by' is not enough. The ability to think, imagine, collaborate, listen and respond will continue to be an important part of managing future challenges.



Australian Public Service Commission

Chapter 2

Leadership and culture

In an environment of slower economic growth, in which the expectations of governments, citizens and businesses are high, public confidence in the quality of public sector leadership is crucial.

The Australian Public Service (APS) is operating in a time that is more transparent, diverse, turbulent, ambiguous and, perhaps most importantly, more interactive than ever before. For APS leaders the key is to establish agile organisations with an embedded culture of innovation and an effective approach to increasing productivity. Broadly, productivity can be understood as the efficiency and effectiveness with which an organisation converts inputs to results. In predominately service-based organisations like the APS, this depends, in particular, on how well its workforce is organised and led.

Defining the full contribution the workforce makes to organisational productivity is difficult. However, the evidence is clear that the motivation, commitment and engagement of the workforce are all crucial inputs to productivity that can vary depending on the quality of leadership. For example, a study of 78 companies showed that organisations that had positive leadership cultures¹ had 12% higher productivity than lower-performing organisations.² Similarly, other research has found³:

- the difference in business outcomes for an organisation between a top-performing leader⁴ and an average leader can be 50% or more
- organisations with the highest quality leaders were 13 times more likely to outperform their competition across a range of measures
- organisations with a more evolved leadership culture were three times more likely to outperform their competition

¹ As defined by the High Performing Workplaces Index (footnote 2), high-performing workplaces are associated with higher levels of authentic leadership, leaders who have a strong developmental orientation and leaders who prioritise people management as a key priority.

² C Boedecker, R Vidgen, K Meagher, J Cogin, J Mouritsen and JM Runnalls, *Leadership, Culture and Management Practices of High Performing Workplaces in Australia: The High Performing Workplaces Index*, University of New South Wales, Sydney, (2011).

³ J Boatman and RS Wellins, *Time for a Leadership Revolution: Global Leadership Forecast 2011*, Data Documentation Initiative, (2011).

⁴ Leadership was assessed by leaders (12,243) and human resources professionals (1,897) in more than 2,600 organisations across 74 countries.

- organisations with higher quality leadership were three times more likely to retain employees than their competition.

This chapter examines the contribution a positive APS leadership climate makes to the ability of the APS workforce to sustain high levels of performance and productivity in turbulent times. It provides an overview of the current state of APS leadership by outlining impressions the APS workforce has of its leaders. It then examines the impact APS leaders have on improving employee engagement, managing change and enhancing ethical behaviour. It concludes with a review of the efforts to strengthen the capacity and capability of the APS leadership cadre.

APS leadership

Increasingly, the productivity of APS agencies will depend on how effectively and efficiently leaders can, on one hand, realign agency strategy and reallocate resources to deliver on government priorities, while on the other, manage these changes so that the capacity, capability and motivation of the APS workforce is not compromised.

National site leadership in the Australian Taxation Office

The shift in the Australian Taxation Office (ATO) from a regional to a national business operating model has been well supported by the site leadership initiative since 2004. There is no sense in the ATO of a national office and regional office divide so often prevalent in other large, geographically dispersed organisations. This is a testament to the success of the site leadership initiative. Currently sites are at different levels of maturity and the ATO is supporting each one to shift their focus from improving social cohesion to improving business outcomes to further drive productivity benefits.

To achieve this, the ATO has:

- clarified the leadership behaviours expected of employees at site level
- simplified and aligned site plans with the organisation's People Strategy 2012–15, with Senior Executive Service (SES) Band 2 Site Champions taking accountability for the plans
- developed appropriate models for SES involvement according to the needs and demographics of each site.

Examples of the kind of initiatives sites are implementing to improve business outcomes include:

- mobility and rotation programs, enabling exposure to different work types and expanding capability
- mentoring or coaching programs that promote interaction across different business areas and enable knowledge sharing
- opportunities for networking and peer learning
- technical discussion groups to build expertise
- corporate discussion forums enabling SES to lead discussions with employees on the strategic direction of the organisation
- targeted initiatives to enhance employee engagement.

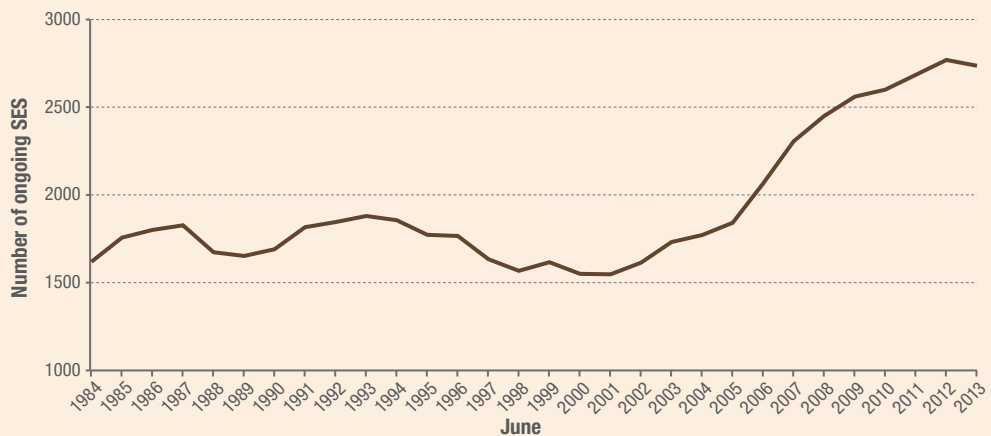
Leadership capacity and capability

There has been a decline in the number of Senior Executive Service (SES) employees over the last year. At 30 June 2013, the APS had 2,736 ongoing SES employees, compared with 2,769 at 30 June 2012.⁵ These figures are from the Australian Public Service Employment Database (APSED) and include ongoing and non-ongoing SES employees, including those occupying SES-equivalent positions and those on long-term leave. Figure 2.1 shows from the inception in 1984 until 2003 the size of the SES remained relatively stable with minor variations that reflected budgetary or organisational changes. However, the SES grew steadily between 2003 and 2012. The recent decline in SES numbers in APSED is the first since June 2001.

In June 2010, the government imposed a cap on SES numbers to control the growth of operational SES. The SES cap includes all ongoing and non-ongoing employees in SES roles for three months or more and excludes employees who are inoperative (that is, on long-term leave). The SES cap is monitored monthly. As at June 2013, the number of operational SES roles was 2,770, down from 2,850 in 2010.

In both measures of SES numbers it is clear that the growth in employment at these classifications has stopped and that overall SES numbers are reducing.

Figure 2.1 Ongoing SES employees, 1984 to 2013



Source: APSED

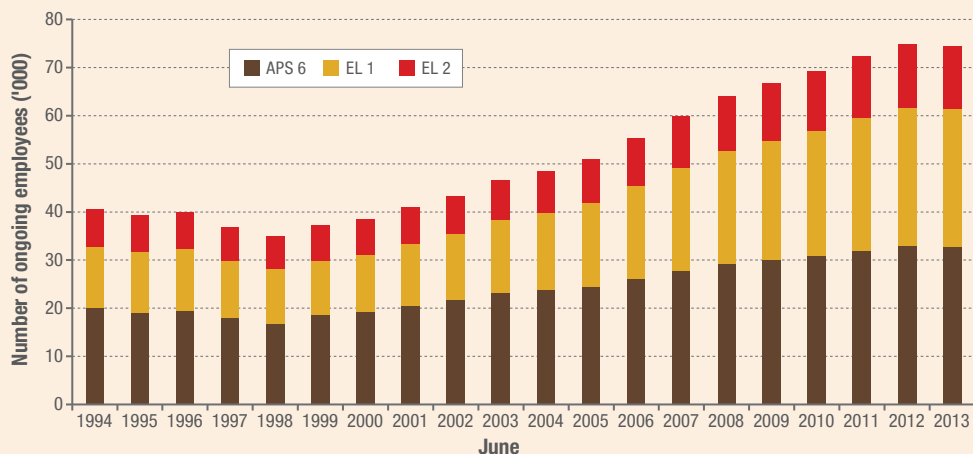
APS 6 and Executive Level (EL) employees are a critical element of the APS leadership pool. APS employees at these levels fill a mix of technical and leadership positions in which they are

⁵ Base, or substantive, classification is used in this analysis so anyone on temporary assignment at SES level, whose substantive classification is below SES, is not included.

responsible for delivering activities contributing directly to APS productivity. At these levels the art of direct leadership is learned in many agencies. EL 2 employees also constitute the pool of talent from which future SES employees are most likely to be drawn.

Figure 2.2 shows the three classifications have experienced considerable growth since 2003. The relative growth in the EL classifications has been the largest, with growth in the EL 1 classification the most significant.

Figure 2.2 Ongoing APS 6, EL 1 and EL 2 employees, 1994 to 2013



Source: APSED

The relationship between and movement within these three workforce classifications represents a significant workforce planning issue for the maintenance of a healthy APS leadership talent pool. While the APS workforce is refreshed by external recruitment, internal employee movements that capitalise on existing core public service knowledge, skills and abilities remain critical to the overall performance of the APS. Consequently, as the APS enters a period of downsizing, agencies will need to balance an overall reduction in absolute numbers against preserving the right mix of skills and opportunities for career advancement for talented leaders. As discussed in the next section, managing this workforce risk is seen by agencies as a priority for the next five years.

Work-level standards are one way agencies can consistently classify and manage the work value of positions. New work-level standards for the SES have been fully implemented. These are mandatory and all APS agencies must ensure the work value of each SES role is consistent with the work-level standards. Agencies must complete their analysis of all SES positions no later than December 2014. New work-level standards for APS 1–6 and EL 1–2 have been developed and are due to be released to agencies in 2013–14.

Similarly, APS-wide activities relating to performance management, the efficiency of the APS-wide learning and development system and approaches to talent management will all contribute to improving the management and performance of these important segments of the APS workforce.

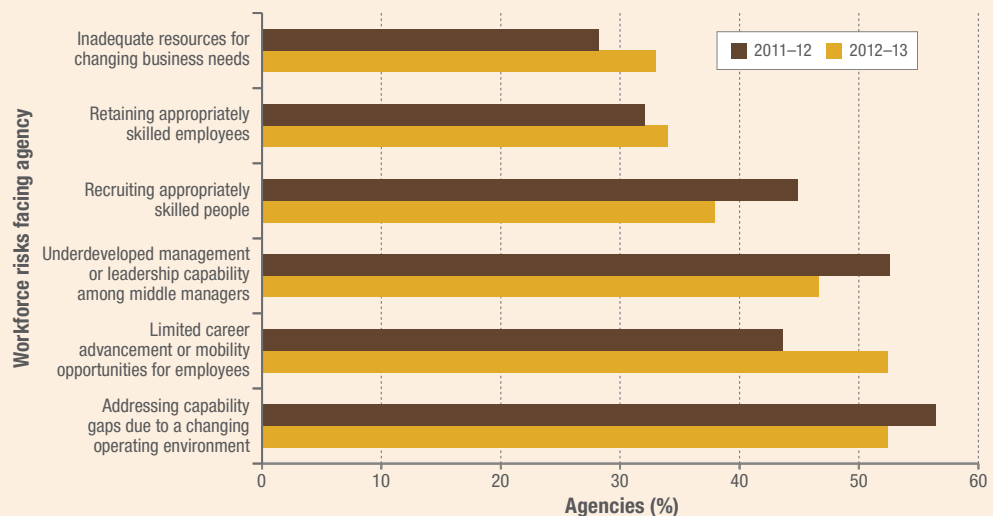
Appendix 1 provides additional information on the demographics of the APS classification structures.

Risks and priorities

In the 2013 State of the Service agency survey (agency survey), agencies were asked to identify how demands on their agency heads and executive teams would change over the next 12 months. Forty-six per cent of agencies anticipated that demands in relation to setting strategic directions and priorities would increase greatly in the next year. This was the highest rated area of anticipated increased demand facing agencies in 2013. In 2012, only 35% of agencies identified this as an area of increased demand. Other activities agencies expected to increase greatly over the next 12 months included reallocating resources (41% of agencies) and managing significant change (40% of agencies).

Figure 2.3 shows the top six areas of workforce risk identified by agencies over the next five years (with comparative data for 2011–12). Addressing capability gaps remains a concern for more than 50% of agencies, although this is slightly lower than the number of agencies that cited this risk last year. Compared to last year, however, resource constraints, retaining skilled employees and limited career development opportunities for employees were identified by more agencies, perhaps reflecting the advent of downsizing. Although identified by fewer agencies than last year, middle-management leadership skills remained a significant issue in 2012–13.

Figure 2.3 Top six areas of workforce risk over the next five years, 2011–12 and 2012–13 comparison



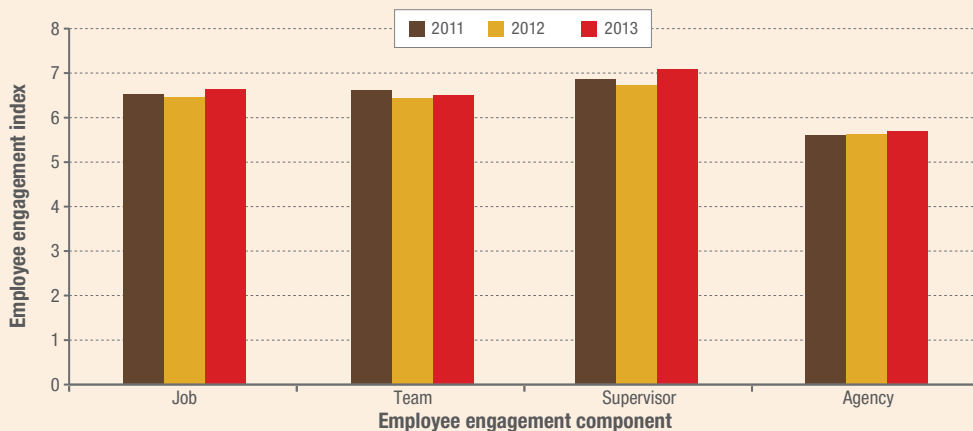
Source: Agency survey

Leadership and engagement

Leadership can have a substantial positive or negative effect on the workplace. Good leadership can substantially enhance the work experience while poor leadership can have a profoundly negative effect on the workplace and workforce.

Figure 2.4 compares employee engagement scores from 2011 to 2013. While there was a decrease in scores for job, team and supervisor from 2011 to 2012, there were improvements across all four components of employee engagement in 2013, markedly so in the case of engagement with the supervisor. Given the tight fiscal climate and the beginnings of possible APS workforce reductions, this is a particularly positive result.

Figure 2.4 APS employee engagement levels, 2011 to 2013



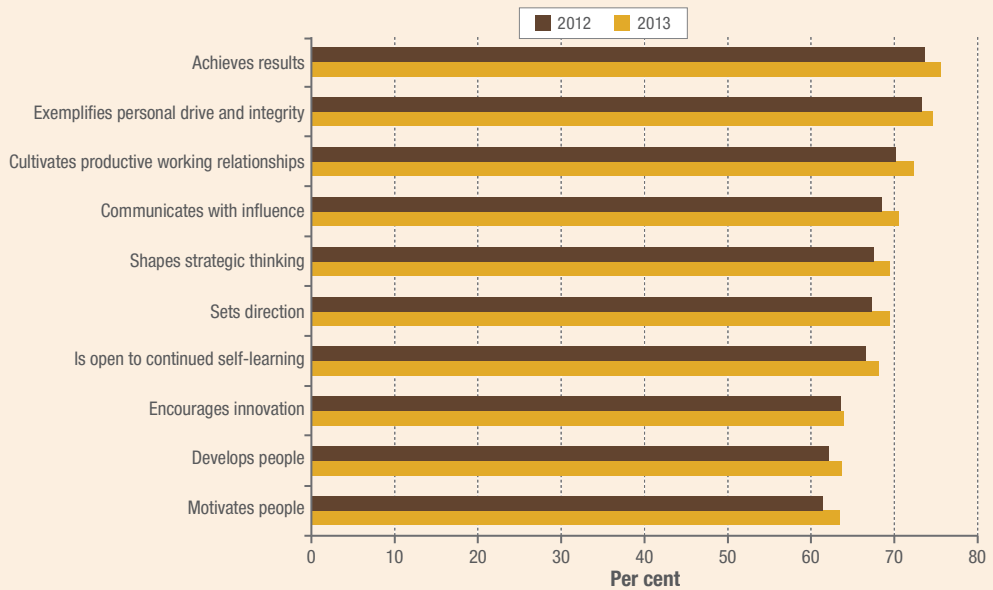
Source: Employee census, 2012 APS employee census, 2011 employee survey

Immediate supervisor and SES capabilities

Overall, employee satisfaction with immediate supervisor capability remained high in 2013. Seventy-eight per cent of employees agreed with the statement ‘I have a good immediate supervisor’. This is an increase on 2012 (73%).

Figure 2.5 shows improvements across all immediate supervisor capabilities, including those that make up the Integrated Leadership System, such as achieving results and exemplifying personal drive and integrity which increased from 2012 to 2013. Areas that attracted the least favourable responses remained the motivation and development of people and encouragement of innovation.

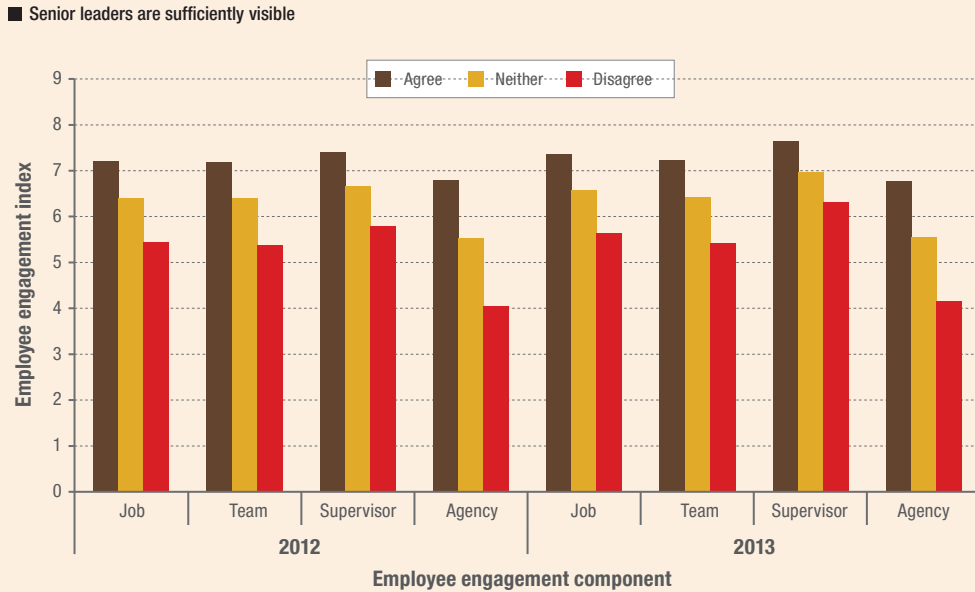
Figure 2.5 Employee views of their immediate supervisor, 2012 and 2013



Source: Employee census

Results from the 2012 APS employee census demonstrated that employees who strongly agreed with the statement ‘In my agency, the most senior leaders are sufficiently visible (for example, can be seen in action)’ recorded substantially higher scores on all elements of employee engagement than employees who disagreed with the statement. Figure 2.6 shows the same effect in 2013. Visibility is not the only feature of leadership that had an effect on employee engagement. Employees were also shown to value the opportunity to interact with their leaders in a meaningful way, with similar effects on all elements of employee engagement.

Figure 2.6 Impact of senior leader visibility on employee engagement, 2012 and 2013

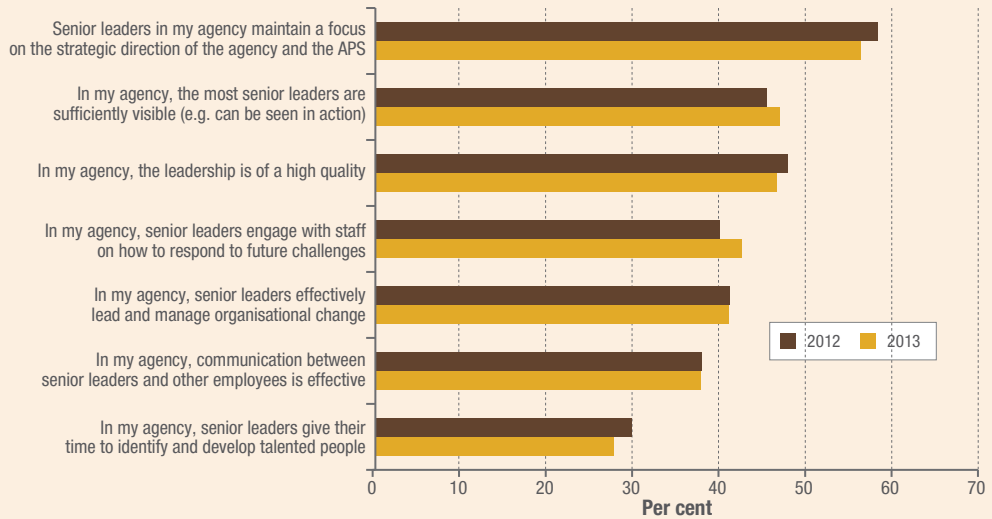


Source: Employee census

Figure 2.7 shows that, in 2013, 46% of employees agreed that agency leadership was of a high quality. This result was similar to previous years (2012: 48%; 2011: 47%). However, 47% of employees agreed their most senior leaders were sufficiently visible (for example, can be seen in action) compared with 45% in 2012 and 40% in 2011 showing a steady rise in perceptions of this behaviour over the past three years. A total of 42% of employees agreed that senior leaders in their agency engage with employees on how to respond to future challenges. This is also an increase on previous years (2012: 40%; 2011: 40%).

When asked about senior leadership capabilities, only 56% of employees agreed their SES maintain a focus on the strategic direction of their agency and the APS, down on the 58% that agreed with the same statement in 2012. Similarly, employee perceptions that senior leaders give their time to identify and develop talent remains persistently low and has fallen this year (2013: 28%; 2012: 30%).

Figure 2.7 Employee views of their SES leadership capabilities, 2012 and 2013



Source: Employee census

There was an improvement in satisfaction with some leadership capabilities of immediate supervisors and SES over the past year, however there were also some areas where positive perceptions declined and/or remained persistently low.

Discretionary effort

Broadly, discretionary effort can be defined as the difference in the level of effort an employee is capable of bringing to an activity or a task and the effort required in meeting the minimum standard of performance. A more complete understanding of discretionary effort is important because research has demonstrated a positive relationship between discretionary effort and a range of organisational and employee outcomes, including productivity, engagement, job performance and absenteeism.⁶

Discretionary effort involves the employee willingly giving effort for which there is no formal expectation of reward. In practice, this might include willingly working extra hours to get the job done or willingly helping a colleague to learn a new skill or sharing job knowledge. In the past, discretionary effort was measured in APS employee surveys through items such as ‘When needed, I am willing to put in the extra effort to get a job done’. Consistently, this item, and others like it, showed no variance in response, with around 96% of employees responding positively. Nor did responses to this item provide any insight into the way these behaviours contribute to team and organisational performance. To better understand discretionary effort

⁶ P Podsakoff, S MacKenzie, J Paine and D Bachrach, ‘Organisational Citizen Behaviors: A Critical Review of the Theoretical and Empirical Literature and Suggestions for Future Research’, *Journal of Management*, (2000), vol. 26, no. 3, pp. 513–563.

in the APS, the 2013 APS employee census (employee census) included additional items to examine two aspects of discretionary behaviour: behaviours related to the performance of the task or job, and behaviours related to supporting and helping colleagues in the workplace.

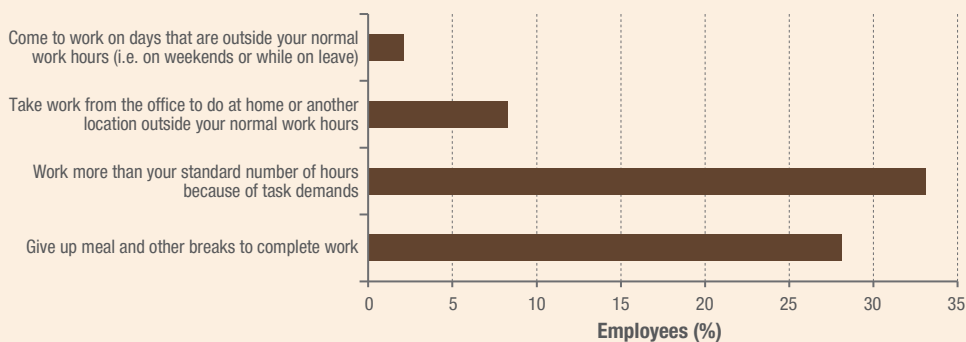
Academic research has demonstrated strong relationships between organisational work climates and job attitudes. Organisational climates that are generally viewed as positive (for example, those that are fair, supportive, ethical and/or participative) have emerged as reliable predictors of positive employee attitudes. Similarly, the link between climate and positive employee behaviours like discretionary effort, and negative behaviours like the withdrawal of commitment, is also well established.⁷ There is also considerable evidence that the individual characteristics of leaders⁸ and their different leadership styles and behaviour⁹ relate positively to different facets of work climate. Consequently, leaders can, through their behaviour, influence the extent to which employees contribute to team and organisation productivity through the effort they apply to completing tasks and contribute to building positive relationships within the team.

Task related extra-role behaviours

Figure 2.8 shows that in the fortnight preceding the employee census around one in three employees reported they worked extra hours every day or most days to complete work tasks and just over one-quarter frequently missed meals or other breaks. These items showed moderate or strong associations with the number of hours the employee reported working in the previous fortnight.

Figure 2.8 Task related discretionary effort, 2013

■ In the last fortnight, how often did you



Source: Employee census

⁷ M Kuenzi and M Schminke, 'Assembling Fragments into a Lens: A Review, Critique, and Proposed Research Agenda for the Organizational Work Climate Literature', *Journal of Management*, (2009), vol. 35, no. 3, pp. 634–717.

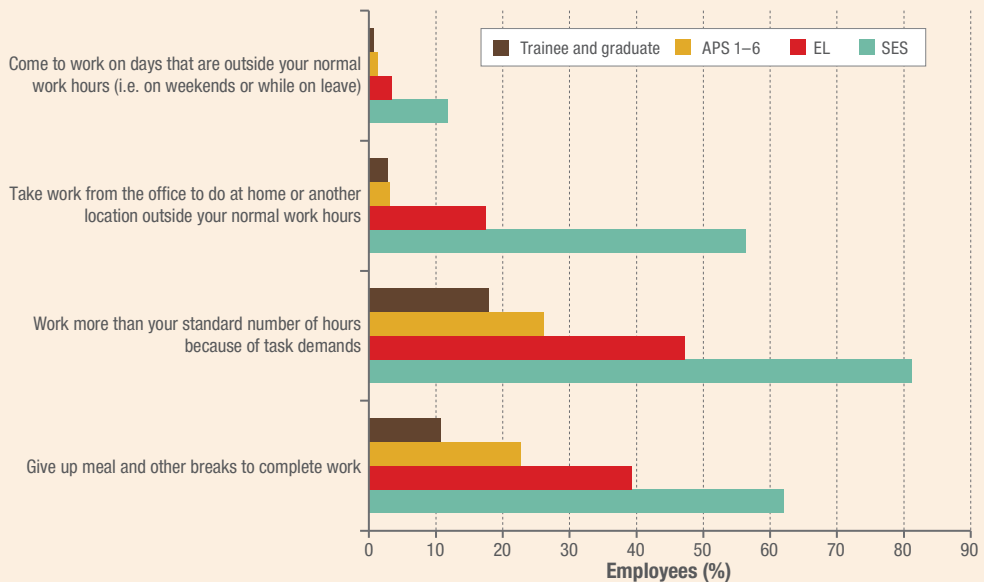
⁸ D Mayer, I Nishii, B Schneider and H Goldstein, 'The Precursors and Products of Justice Climates: Group Leader Antecedents and Employee Attitudinal Consequences', *Personnel Psychology*, (2007), vol. 60, pp. 929–963.

⁹ BM Bass, BJ Avolio, DI Jung and Y Berson, 'Predicting Unit Performance by Assessing Transformational and Transactional Leadership', *Journal of Applied Psychology*, (2003), vol. 88, no. 2, pp. 207–218; D Zohar and G Luria, 'Climate as a Social-Cognitive Construction of Supervisory Safety Practices: Scripts as Proxy of Behavior Patterns', *Journal of Applied Psychology*, (2004), vol. 89, no. 2, pp. 322–333.

Figure 2.9 shows that a positive response to these items is strongly associated with an employee's classification, with more senior employees being more likely to invest extra work hours. In particular, SES employees are much more likely to work longer hours, miss meal breaks or take work home. It may be for other classifications that the ability to take work home is not as readily available and, consequently, the lower response is a function of the nature of work at a particular classification level or in a particular position.

Figure 2.9 Task related discretionary effort by classification, 2013

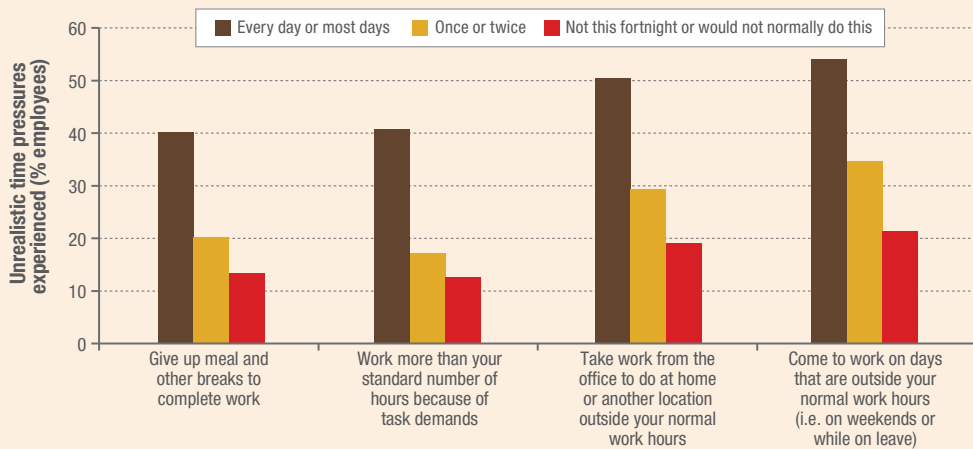
■ In the last fortnight, how often did you



Source: Employee census

Figure 2.10 shows the proportion of employees who indicated they are 'always or often' under unrealistic time demands by the frequency with which they engage in discretionary effort behaviours. The differences are quite substantial. Forty per cent of those who indicated they gave up meal breaks to complete work also agreed they 'always or often' experienced unrealistic time pressures.

Figure 2.10 Task related discretionary effort and the experience of unrealistic time pressures, 2013



Source: Employee census

The level at which more senior classifications are giving additional effort raises two questions: Is there a negative impact on productivity? Is there a negative impact on organisational capability?

Burnout at work is a prolonged response to chronic emotional and interpersonal stressors on the job, and is defined by three dimensions: exhaustion, cynicism and helplessness. Research has shown that excessive job demands (for example, too much work for the available time) supports the notion that burnout is a consequence of overload. In particular, excessive workload and time pressure are strongly and consistently related to burnout, particularly the exhaustion dimension. This relationship has been found with both self-reports of experienced strain and more objective measures of demands such as number of hours worked.¹⁰

With senior leader talent management, 'high-potential derailment' is also a possible outcome of excessive workload. Derailment describes high potential leaders who want to move up in the organisation and who the organisation has identified as having high potential, but who either fail to reach their potential or leave the organisation before doing so.¹¹ In addition to burnout, some employees derail intentionally by choosing to 'plateau' voluntarily or by taking themselves out of contention for advancement. This is an organisational capability issue in that it represents talent lost to the organisation or potential unrealised.

While high levels of task-related discretionary effort is positively associated with features of high levels of job engagement, there is also a need to monitor whether the effort is willingly given or is a function of unrealistic expectations and/or poor job design. All leaders are responsible for managing fatigue (their own and others) to ensure good decision making, the

¹⁰ C Maslach, WB Schaufeli and M Leiter, 'Job Burnout', *Annual Review of Psychology*, (2001), vol. 52, no. 1, pp. 397–422.

¹¹ A Furnham, *The Elephant in the Boardroom: The Causes of Leadership Derailment*, Palgrave Macmillan, (2010), p. 283.

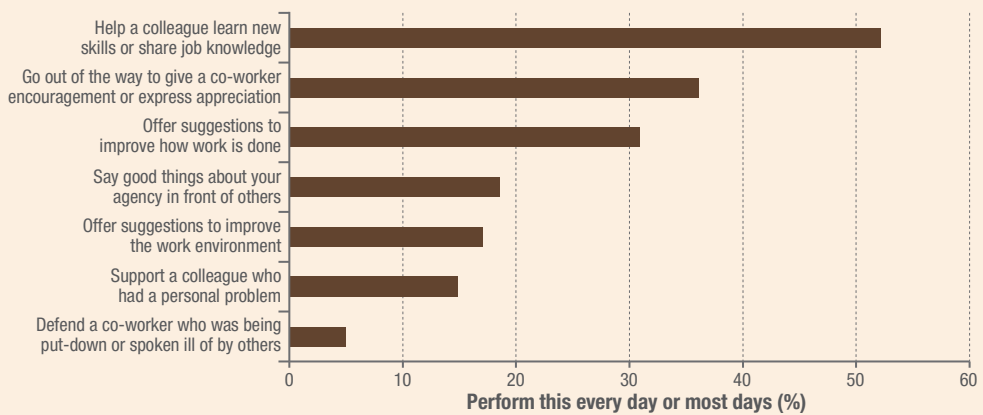
maintenance of a skilled workforce, continued levels of high performance and sustainable organisational capability.

Team related extra-role behaviours

Figure 2.11 shows that, in the preceding fortnight, more than half of employees indicated they had shared their knowledge in the workplace ‘every day or most days’. More than one-third had gone out of their way to express appreciation to a colleague or offer suggestion on how work is done.

Figure 2.11 Team related discretionary effort, 2013

■ In the last fortnight, how often did you

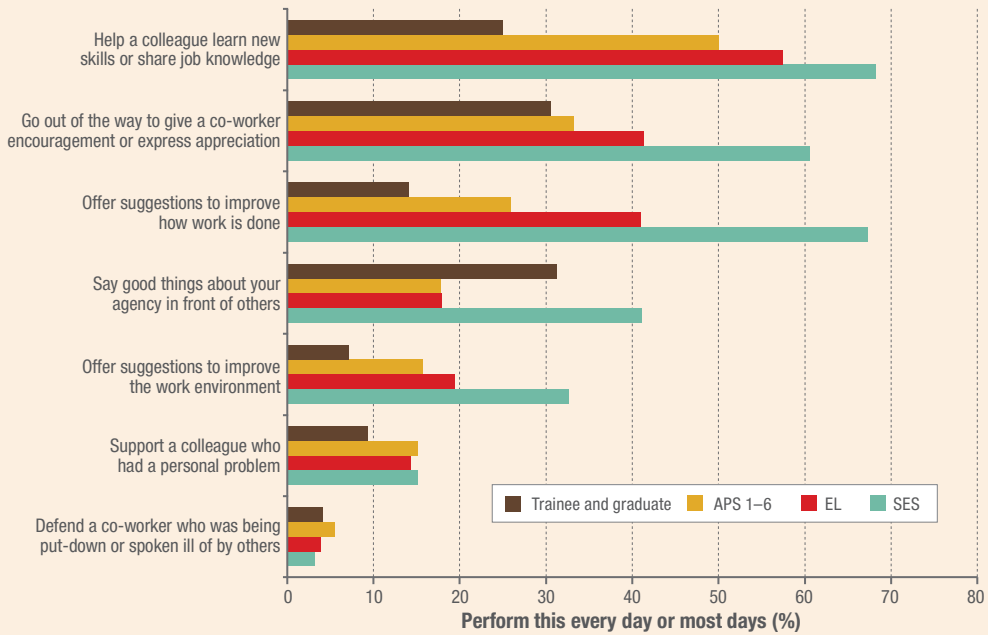


Source: Employee census

As can be seen in Figure 2.12, employee census results show employees at more senior levels reported they performed team-related behaviours more often. These results may be a function of greater opportunity for SES employees to engage in these behaviours as part of their role as leaders. However, there is a substantial difference between SES and EL employees who also exercise leadership responsibility as part of their role in an agency.

Figure 2.12 Team related discretionary effort by classification, 2013

■ In the last fortnight, how often did you

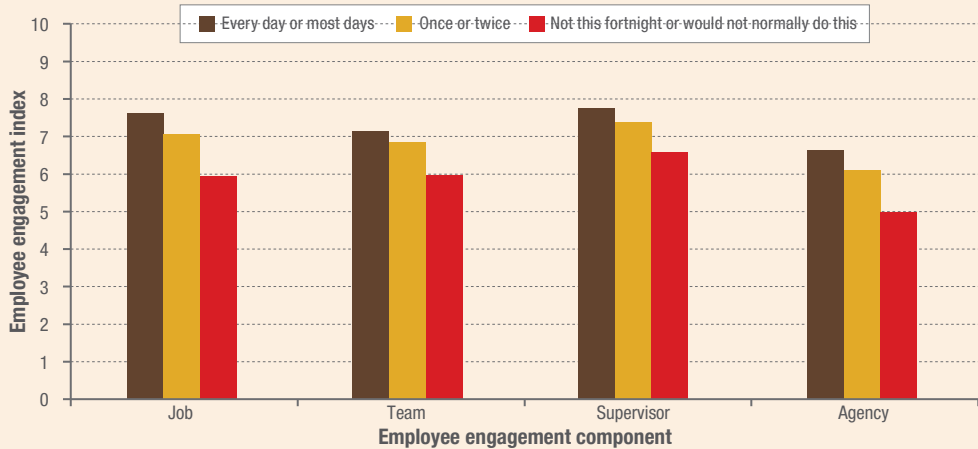


Source: Employee census

Interestingly, SES and trainees and graduates were more likely than other classifications to indicate they had said ‘good things’ about their agency in front of others in the previous fortnight. Figure 2.13 shows employees who engaged in this behaviour also showed a strong positive association across all elements of employee engagement.

Figure 2.13 Positive agency representation and employee engagement, 2013

■ How often did you say good things about your agency in front of others?



Source: Employee census

In summary, leaders play a significant role in creating the environment in which engaged employees contribute to the productivity of the team and organisation through the effort they apply to completing tasks and building positive relationships within the team.

Leadership and change

The demand for the APS to be more agile and more flexible in developing and delivering public policy is growing. Meeting this demand in a tight financial environment requires APS leaders to constantly manage change in all aspects of the agency's culture, structures, systems and processes.

Unfortunately, the evidence is that change management is rarely managed well. One leading researcher noted, 'most change processes do not attract universal acclaim'.¹² Others have asserted the 'brutal fact is that about 70% of all change initiatives fail'.¹³ Despite this, there is also persistent evidence that leadership styles and behaviours influence the success or failure of organisational change initiatives.¹⁴

¹² AM Pettigrew, 'Linking Change Processes to Outcomes: A Commentary on Ghoshal, Bartlett, and Weick', in Beer, M and Nohria, N, eds., *Breaking the Code of change*: Harvard Business School Press, Boston Mass, (2000).

¹³ M Beer and N Nohria, 'Cracking the Code of Change', *Harvard Business Review*, (2000), vol. 78, no. 3, pp. 133–141.

¹⁴ M Higgs and D Rowland, 'All Changes Great and Small: Exploring Approaches to Change and its Leadership', *Journal of Change Management*, (2005), vol. 5, no. 2, pp. 121–151.

This year, the capability maturity model approach was re-introduced to assess key organisational capabilities across the APS.¹⁵ APS agencies were asked to indicate their current and required¹⁶ positions on a five-level maturity model¹⁷ for key agency capabilities, including change management. The capability maturity model is discussed in more detail in Chapter 10.

Table 2.1 shows there has been little change in the assessments agencies made of their capability to manage change between their first assessment in 2010–11 and this latest assessment. The majority of agencies continue to assess they need to be one or two levels above their current capability. These agencies aspire to a strategic approach to change management where formal program and project management techniques are applied to the process, and change is championed by senior leadership. However, the agencies assess that while the current desire for change has been well communicated and there are pockets of good practice, overall change is managed inconsistently.

Table 2.1 Change management capability maturity, 2010–11 and 2012–13

	2010–11 (%)	2012–13 (%)
Agencies at a change management maturity level that would enable them to achieve agency goals within the next three years	26	23
Agencies that need to be one or two levels above their current change management maturity position to achieve agency goals within the next three years	69	68
Agencies that need to be three or more levels above their current change management maturity position to achieve agency goals within the next three years	5	8

Source: Agency survey

In the past year, 71% of employees reported being affected by some kind of change in the workplace. However, Figure 2.14 shows that more than one-third of all employees are not confident change is managed well in their agency. SES employees show the greatest confidence in change-management processes and EL employees the least. This has been a consistent set of findings for many years.

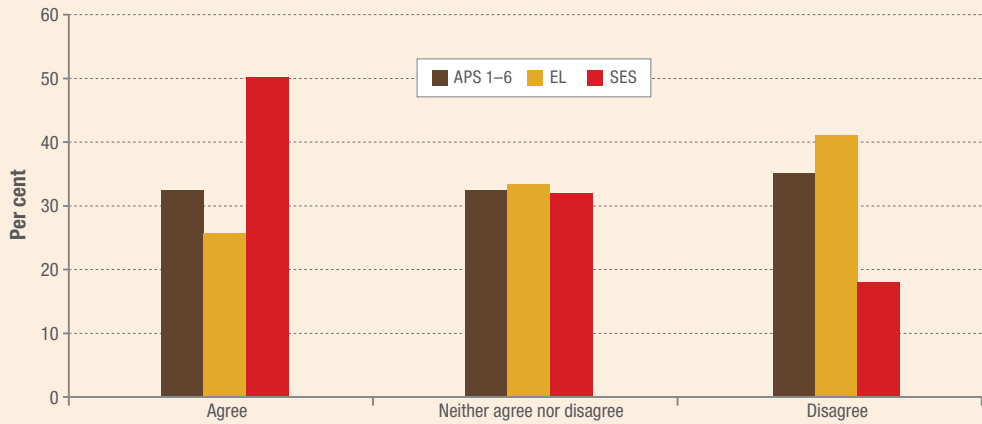
¹⁵ The capability maturity model was introduced in the 2010–11 State of the Service agency survey and is discussed in more detail in Chapter 10.

¹⁶ Required positions are the maturity levels assessed by agencies as necessary to achieve their goals within the next three years.

¹⁷ A maturity model is a set of structured levels describing how well an agency's practices and processes can reliably and sustainably produce required outcomes. The five maturity levels for agency capabilities are in Appendix 6.

Figure 2.14 Employee perceptions of change management, 2013

■ Change is managed well in my agency

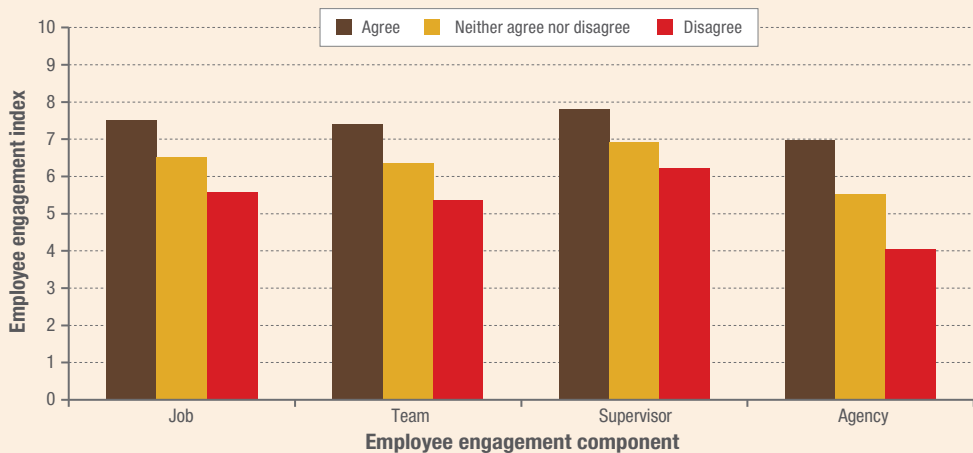


Source: Employee census

Figure 2.15 shows when employees perceive change is managed well it is associated with substantially higher levels of employee engagement.

Figure 2.15 Effectiveness of senior leader change management and employee engagement, 2013

■ In my agency, senior leaders effectively lead and manage organisational change



Source: Employee census

These findings are consistent with other Australian Public Service Commission (the Commission) research that has shown that APS employee perceptions of the effectiveness of change management improve when their senior leaders:

- encourage innovation and creativity
- demonstrate an ability to learn and adapt
- align change to organisational outcomes
- give time to developing talent
- are personally active in efforts to improve diversity
- encourage learning and development.

These six capabilities might be seen to fall into two categories. First are capabilities relating to the way in which senior leaders model and communicate the importance of change through their own behaviour, for example, the way they encourage innovation, are open to learning and supporting others by aligning change to organisational outcomes. Second are senior leader capabilities that model and communicate a commitment to change through a focus on the employee, for example, in the way they develop talent and encourage diversity or learning and development.

Broader research shows that positive leadership styles influence the success or failure of organisational change initiatives—in particular when those behaviours contribute to a sense that not only are employees involved in the change process but also a pattern of leadership behaviour over time has established a positive predisposition to change among employees.¹⁸ It may be these six senior leader capabilities are the expression of this finding in the APS.

The positive role of senior leaders in effectively communicating change is a recurring theme of organisational research. Thirty-eight per cent of APS employees agreed communication between senior leaders and employees was effective and 44% of employees agreed they were consulted about change at work. Other preliminary research by the Commission found that agencies with high levels of employee engagement reported using different communication strategies compared to agencies where employee engagement was lower. Agencies with higher engagement levels reported using communication strategies that were specific, targeted and personally involved senior leaders in delivering the message. It may be that applying these approaches to communication more generally, and to the management of change specifically, will improve employee perceptions in both areas.

In summary, the majority of agencies have identified the need to improve the systems and processes used to manage and monitor change implementation. Employees do not have positive views about the management of change but when they perceive senior leaders manage change well it is positively associated with employee engagement. Similarly, senior leader capabilities that model an acceptance of change and those that encourage those same behaviours in employees are positively associated with employee perceptions of how well change is managed. Finally, it may be that targeted change communication showing how leaders are personally

¹⁸ M Higgs and D Rowland, 'All Changes Great and Small: Exploring Approaches to Change and its Leadership', *Journal of Change Management*, (2005), vol. 5, no. 2, pp. 121–151.

involved in delivering change is likely to have a positive impact on how change is perceived by employees.

Decision making and delegation

Capability reviews (Chapter 10) have highlighted concerns about the elevation of decision making in the APS. The review teams agreed that centralised decisions led to ‘an excessive reliance on the risk-scanning intuition of a small number of senior people’¹⁹ and noted ‘feelings among some staff that they are not trusted and valued by the senior leadership, which can be demotivating’.²⁰ Review teams also agreed that a more devolved approach to decision making would result in ‘freeing up senior officers time’, ‘giving junior officers more authority’²¹, along with the ability to develop their ‘leadership qualities, in making strategic resourcing decisions and in assisting to better articulate departmental strategies to staff and stakeholders’.²² Related concerns were also identified during the development of the APS Leadership and Core Skills Strategy. This work found decision making needed strengthening and the re-development of the APS learning and development programs will place a focus on addressing this issue.

A corollary of the reduced opportunity for middle-level managers to make decisions is that decision-making knowledge and experience becomes concentrated in more senior levels. This could lead to a cycle that reinforces decision-making behaviour that could ultimately reduce APS responsiveness and effectiveness.

The negative perceptions EL employees have of change management noted earlier is an important finding in relation to the observations made about the possible centralisation of decision making. A recent study of the role of middle managers in delivering change argued that middle management participation in change is constrained by senior leadership behaviour.²³ A lack of empowerment is seen as a source of change failure because middle managers are not able to effectively fill the gap between senior leadership and employees at lower levels. The employee census did not specifically focus on the empowerment of middle managers in relation to change management. However, these findings suggest there would be value in reporting this issue in the future.

The delegation of decision making is a key component of agency governance arrangements. In 2013, decision-making delegation was included as a capability in the five-level maturity model assessed through the agency survey. This capability was included to test the extent to which agencies were confident that decision making was delegated to the appropriate level and that relevant information on decisions was communicated back to managers.

¹⁹ Australian Public Service Commission, *Capability Review: Department of Immigration and Citizenship*, Commonwealth of Australia, Canberra, (2012), p. 9.

²⁰ Australian Public Service Commission, *Capability Review: Department of the Prime Minister and Cabinet*, Commonwealth of Australia, Canberra, (2012), p. 19.

²¹ Australian Public Service Commission, *Capability Review: Department of the Prime Minister and Cabinet*, Commonwealth of Australia, Canberra, (2012), p. 12.

²² Australian Public Service Commission, *Capability Review: Department of Infrastructure and Transport*, Commonwealth of Australia, Canberra, (2012), p. 31.

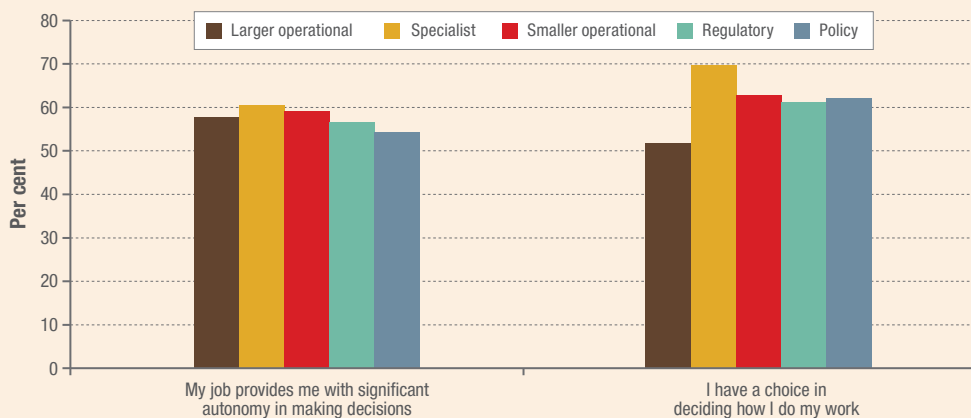
²³ JD Raelin and CG Caraldo, 'Whither Middle Management? Empowering Interface and the Failure of Organizational Change', *Journal of Change Management*, (2011), vol. 11, no. 4, pp. 481–507.

The majority of agencies (51%), employing 58% of the APS workforce, reported they are at a maturity level that would enable them to achieve agency goals within the next three years. Of these, most indicated they have a governance framework in place that is efficient and enables managers to delegate responsibility for decision making to appropriate levels. The other 49% of agencies reported they need to be one or two levels above their current maturity position to achieve agency goals within the next three years. The 49% of agencies that indicated they needed to be one or two levels above their current maturity levels were predominately small (36%) and medium (36%) agencies, with large agencies making up 28%.²⁴ The majority of these agencies indicated that while a clear governance framework was in place for defining decision-making responsibilities, they were less confident that the responsibility for decision making was at the appropriate level.

Figure 2.16 shows employee perceptions of the extent to which they have autonomy to make decisions and their level of control over how work is completed.

Employees in specialist, smaller operational, regulatory and policy agencies reported higher levels of control in deciding how to do their work than autonomy in decision making. This result was particularly evident for specialist and policy agencies. In relation to specialist agencies, this finding may reflect the technical and professional nature of these agencies, whereby risk management frameworks require decision making to be delegated to a specific qualification or position. For policy agencies, the nature of work may result in decision making being undertaken at a higher level to offset the less clearly defined parameters of work. Employees from larger operational agencies, however, reported slightly higher levels of autonomy in decision making than choice over how they accomplish work tasks. This result may reflect more tightly prescribed work conditions that, because of articulated boundaries of authority, facilitate decision making within well-established parameters.

Figure 2.16 Employee perceptions of decision making autonomy by agency function, 2013



Source: Employee census

²⁴ One extra-large agency (more than 10,000 employees) was included in this group.

Leadership and ethical behaviour

The APS has a long history of emphasising high standards of ethical behaviour as a central component of public service culture. Public servants exercise authority on behalf of the Australian Government and manage significant financial resources on its behalf. Their actions directly affect the lives of the public and the confidence the public has in government. The Australian public, quite rightly, demands high standards of behaviour and ethical conduct from the people entrusted with this responsibility. It is partly in recognition of this that Section 35 of the *Public Service Act 1999* requires SES employees to promote the APS Values and Employment Principles and compliance with the Code of Conduct by personal example and other means.²⁵

It is well established that the most effective way of undermining organisational values is for leadership to contradict them silently by their own behaviour, and that leadership support is critical to ensuring organisational values are well integrated into an agency's systems, processes and procedures. Commission research also found that leadership is important in ensuring organisational values are understood by employees and applied to daily decision making.²⁶ As a consequence, the Commission developed a model (updated in 2013) to assist agencies to embed the APS Values.²⁷ The APS Values and Employment Principles provide the foundation for every management decision taken.²⁸

Figure 2.17 shows APS employees consistently supported the view that their senior leaders, immediate supervisors and colleagues act in accordance with the APS Values.

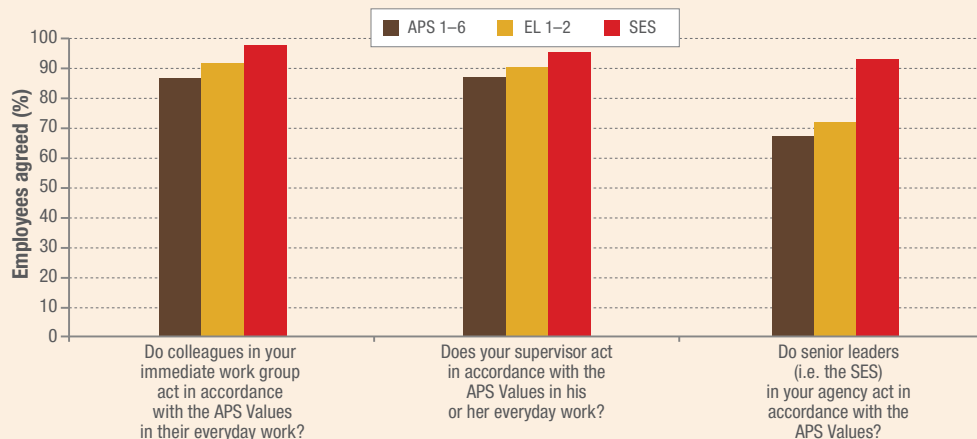
²⁵ Agency heads are also required to promote the APS Values and Employment Principles and comply with the Code of Conduct (sections 12 and 14 of the *Public Service Act 1999*).

²⁶ Australian Public Service Commission, *Embedding the APS Values*, Commonwealth of Australia, Canberra, (2003).

²⁷ Information on embedding the APS Values can be found at: <<http://www.apsc.gov.au/publications-and-media/current-publications/strengthening-values>>.

²⁸ See Chapter 3 for a more detailed discussion of integrity and ethics.

Figure 2.17 Ethical behaviour by work group, supervisor and senior leader, 2013



Source: Employee census

In recent years, a range of topics and approaches have been used in the academic literature to investigate the relationship between ethical leadership, workplace behaviour and organisational outcomes. Ethical leadership has been found to have positive associations with wellbeing and job satisfaction, performance, employee engagement, cooperation and collaboration, ethical decision making, and moral reasoning.²⁹ Ethical leadership has also been found to lead to reduced levels of workplace bullying.³⁰

There is debate in the academic literature as to whether ethical leadership is a unique form of leadership or whether it is a component of existing leadership frameworks—for example, ‘transformational leadership’, ‘authentic leadership’ or ‘adaptive leadership’—all of which emphasise the importance of an ethical leadership base in behaviour.

Ethical leadership and employee engagement

Poor ethical leadership climates have been associated with organisational cultures that emphasise self-interest as the primary behaviour, while good climates have been associated with cultures where the primary behaviour is the wellbeing of others.³¹ The APS has a very strong foundation of ethical leadership. It is clear that when immediate supervisors and senior leaders are seen to behave ethically this has a substantial positive impact on all aspects of employee engagement, and most likely on the overall productivity of the workforce.

²⁹ DN Hartog and FD Belschak, ‘Work Engagement and Machiavellianism in the Ethical Leadership Process’, *Journal of Business Ethics*, (2012), vol. 107, no. 1, pp. 35–47; D Mayer, K Aquino, RL Greenbaum and M Kuenzi, ‘Who Displays Ethical Leadership and Why does it Matter? An Examination of Antecedents and Consequences of Ethical Leadership’, *Academy of Management Journal*, (2012), vol. 55, no. 1, pp. 151–171.

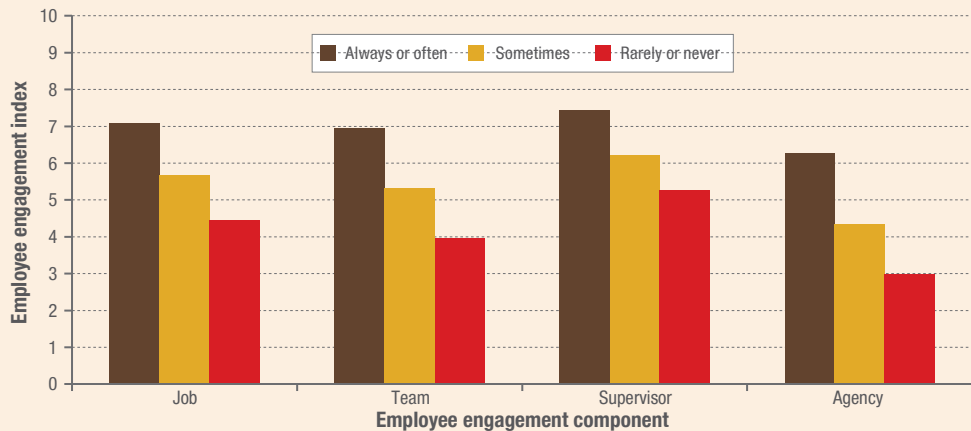
³⁰ J Stouten, E Baillien, A Van den Broeck, J Camps, H De Witte and M Euwema, ‘Discouraging Bullying: The Role of Ethical Leadership and its Effects on the Work Environment’, *Journal of Business Ethics*, (2010), vol. 95, pp. 17–27.

³¹ F Karakas and E Sarigollu, ‘Benevolent Leadership: Conceptualization and Construct Development’, *Journal of Business Ethics*, (2012), vol. 108, no. 4, pp. 537–553.

Figure 2.18 shows employees who indicated their SES ‘always or often’ behaved in accordance with the APS Values had higher engagement levels than those who did not. This result was consistent for immediate supervisors also—that is, employees who agreed their immediate supervisor behaved in accordance with the APS Values had higher engagement scores than those who did not.

Figure 2.18 Ethical leadership by SES and employee engagement, 2013

■ How frequently do senior leaders (i.e. the SES) in your agency act in accordance with the APS Values?

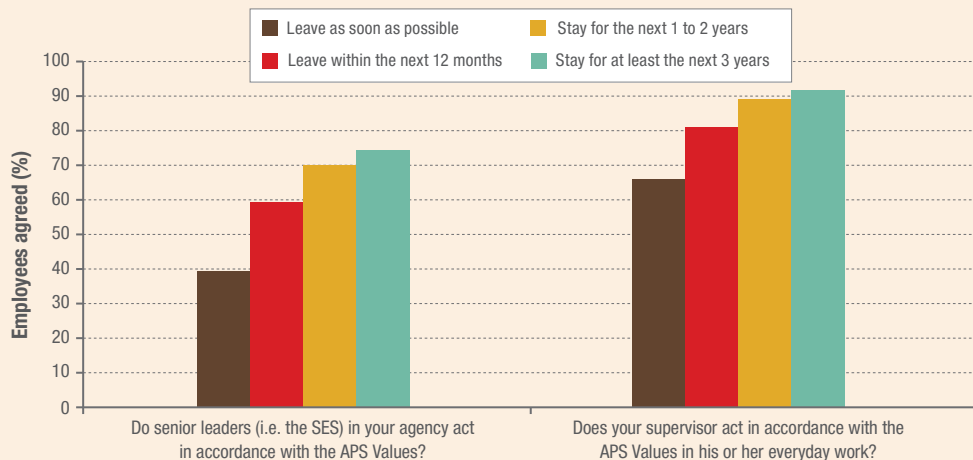


Source: Employee census

Ethical leadership and intention to leave

Figure 2.19 shows employees who intended to leave their agency ‘as soon as possible’ were less likely to agree their supervisor and senior leaders ‘always or often’ act in accordance with the APS Values. Where the perception is that senior leaders are not acting in accordance with the APS Values the impact on the employees’ intention to leave the agency appears to be particularly powerful. Of those employees who reported they intended to leave their agency as soon as possible, less than 40% believed their senior leaders act in accordance with the APS Values.

Figure 2.19 Ethical leadership and intention to leave, 2013



Source: Employee census

Ethical leadership matters

In summary, when an APS leader is seen to model desired ethical behaviour, employees are more likely to regard the organisation in a positive light which supports reduced employee intentions to leave. The literature suggests there is also likely to be a reduction in counterproductive behaviours such as bullying.

Strengthening the leadership of the APS

This chapter has highlighted the contribution leaders make to enhancing individual performance and organisational capability. Continuing to strengthen the leadership of the APS remains a service-wide priority, supported by funding from agencies for the work of the Commission’s Strategic Centre for Leadership, Learning and Development (the Strategic Centre). In particular, this funding has supported the development and implementation of specific programs to support leaders as they transition to new roles, to enhance their capability in current roles and equip them to move to more senior roles. Moreover, APS thought leadership networks and events taking place across the APS encourage agencies to share knowledge and build the ‘one-APS’ ethos.

The leadership development effort across the APS

In 2011 the APS Leadership Development Strategy was released. This provided a new framework for APS leadership development that recognised leadership capability as a

combination of ‘knowing, doing and being’. Drawing on research and consultation, this framework identified that leaders need to:

- know how to lead—people, processes, technology
- behave in ways consistent with achieving results—strategic thinking, communicating well
- be a leader—self-awareness, authentic leadership, public service vocation.

The critical point is that combinations of these three components contribute to leadership capability. For example, success in leading and managing change requires a combination of knowing, doing and being, and the adaptability to adjust this combination to suit the changing environment. Understanding which strategies to employ to lead people through change, behaving in a manner conducive to positive outcomes (including communicating well), and being self (and situationally) aware to ‘bring people along’ are all essential to successfully implementing change.

The importance of developing leaders across all three elements has been reinforced by the findings from the employee census, with visibility of leaders and their meaningful interaction with people strongly influencing levels of employee engagement, communication and employee involvement. These are central to change management, and ethical behaviour as a safeguard against negative workplace behaviours (such as bullying). They are also an enabler of workplace outcomes, such as reduced intention to leave.

In addition, the 2011 strategy also initiated a fresh approach to the way leaders are developed.³² Contemporary research indicates leadership development is most effective when learning takes place over time using a range of learning methods (including learning through reflection and real experiences in the workplace). The 70-20-10 principle of program design identifies that development is most effective when it is a combination of structured on-the-job learning (around 70%), network or relationship-based learning (around 20%) and formal learning (around 10%).³³

The transition of senior executive leadership development activities to take into account both the knowing-doing-being leadership framework and the 70-20-10 model is almost complete. APS agencies worked collectively to develop refreshed leadership programs for SES Bands 1 and 2. These were offered for the first time in 2012–13. As noted by the Australian Public Service Commissioner in June 2012³⁴:

We are creating a suite of leadership development programs that build towards transformational and adaptive leadership capability: leaders who are able to work with increasing levels of complexity and ambiguity on one hand and build their own consciousness of how they are as a leader on the other; [and] leaders who know what they don’t know and know how to work with others whose perspectives might be

³² The Australian Public Service Commission, *APS Leadership Development Strategy*, Commonwealth of Australia, Canberra, (2011).

³³ M McCall, R Eichinger and M Lombardo, *The Career Architect Development Planner*, Center for Creative Leadership, (2001).

³⁴ S Sedgwick, *Looking to the Future: Leadership in the APS*, (2012), <<http://www.apsc.gov.au/publications-and-media/speeches/2012/looking-to-the-future>>.

different to ensure that we correctly identify the problem before we move to solution finding mode.

The particular focus of each development activity varies depending on the target group. For example, the SES Orientation Program focuses primarily on the knowledge and skills participants need to perform effectively as an SES leader (the knowing and doing components of the framework), but also exposes participants to new ways of thinking that enables them to expand their vision about what it means to be a leader in the APS (the being component of the framework).

The programs designed to support the ongoing development of SES leadership capabilities use the APS leadership development framework to focus on building knowledge and skills to overcome capability gaps in strategic, change and people leadership while building strong concepts of 'self-as-leader' within the specific APS context of ethics, values and responsiveness to government. Importantly, these programs focus on developing the ability to work with 'wicked' or 'adaptive' challenges within complex, fast-paced environments. These programs present a contemporary view of leadership as a practice rather than a position. While the current focus is on the most senior levels due to the crucial role they play in establishing direction, setting culture and driving change within agencies, other levels will be the focus of future efforts.

Talent development across the APS

Research by the Corporate Leadership Council has found that organisations that successfully identify and develop high-potential talent enjoy short and long-term advantages over their competitors.³⁵ For the APS, competitive advantage in a commercial sense is not the goal. However, successfully identifying and developing high-potential talent will position the APS to not only meet future challenges but excel in providing public policy advice and service delivery.

Slightly higher than last year, 59% of agencies (covering 84% of the workforce) had in place, or were developing, a talent management strategy that covered all or part of their organisation.³⁶ One-third of agencies indicated there was a strategy in place for EL 2 employees while 18% indicated there was a strategy in place for SES employees only. Twenty-four per cent of agencies indicated there was a talent strategy in place for other levels of employees.

The most common measures agencies put in place to develop talented employees, regardless of classification were:

- focusing on creating in-depth experience within the agency (for example, internal job rotations)
- identifying emerging skill set needs

³⁵ Corporate Leadership Council, *Realising the Full Potential of Rising Talent*, (2006), p. xv.

³⁶ Only 79 agencies were asked to provide detailed data on talent management, learning and development. To reduce the administrative burden on small agencies, those with fewer than 100 employees completed a shortened version of the agency survey. In 2011–12, 55% of agencies reported they were developing a talent management strategy in all or part of their organisation.

- using mentoring, coaching, peer support schemes
- establishing programs for building leadership strength
- identifying critical positions.

There were differences in emphasis across classifications. For example, for APS 1–6 employees the primary emphasis was on ‘creating in-depth experience’ whereas for EL and SES employees it was on ‘building leadership strength’. Additionally, for SES employees there was emphasis on using talent development programs as a means of ‘assessing leadership strength in the agency’.

The challenges agencies experienced in developing talent in 2012–13 varied by classification. For APS 1–6 employees, the key challenges identified (in priority order) were: a lack of career or mobility opportunities within the agency, the lack of a talent management framework or strategy, losing key employees due to competition with other APS agencies, and difficulty in developing talent internally. For EL employees, the challenge for agencies around lack of career or mobility opportunities remained but there was also concern about ‘retirements leading to a loss of corporate knowledge’ and greater emphasis on the difficulty in developing employees internally. For SES employees, the primary challenge agencies identified was the ‘lack of talent management framework or strategy’ followed by a paucity of internal development opportunities and retirements leading to a loss of corporate knowledge. For SES, there was also an emphasis on the ‘limitations in rewarding talent’.

While agencies may focus on developing talented employees to take on internal roles, the Strategic Centre, on behalf of the APS as a whole, takes a broader perspective to ensure the APS as an institution has a sustainable pool of talented people for critical leadership roles. Participants in talent-management activities run by the Commission are not only assessed by their managers as high-performing, they are also believed to have the aspiration, ability and engagement to move into more senior roles. As talent development program participants are usually strong on delivering results, the program’s major focus is on developing people leadership and self-as-leader skills. These are the same skills that have the potential to impact positively on employee engagement and change leadership.

In 2011, the Secretaries Board endorsed the principles for an APS talent management system, which included an initial focus on the SES. Initially, the talent development program targeted high-performing and high-potential SES Band 2 leaders. Targeting high-potential SES Band 3 employees for intensive development took place for the first time in 2012–13. Band 2 and Band 3 programs will be run for a second cohort in 2013–14. Subsequent work will address the next priority for whole-of-APS talent development, most likely the Band 1 cohort. Feedback to date is that the refreshed SES leadership programs and new talent management programs are highly regarded by participants.

Band 3 talent development

As stewards of an enduring institution, Secretaries take an active interest in ensuring that the APS has a healthy pipeline of talented employees who are capable of shaping their organisations and who thrive in demanding leadership roles. To this end, a pilot Band 3 Talent Development Program began in 2012–13 to identify the development needs of high potential Band 3s, providing assurance that the APS has a strong pool of succession-ready leaders who are capable of filling Secretary or agency head vacancies.

Consistent with the *APS Leadership Development Strategy* and recognising that high-potential leaders are often strong at delivering results, the Band 3 Talent Development Program emphasises improving leadership practice, focusing on improving self and social awareness and people leadership capability.

Eighteen high-potential Band 3s took part in the pilot. Participants were selected based on their performance and potential (ability, aspiration and engagement). They were required to take part in a rigorous assessment process, providing 360-degree feedback on leadership strengths and potential development areas and culminating in a development discussion with a panel of current Secretaries. The panel discussion also helps Secretaries to develop shared insights into the succession pipeline for Secretary roles.

Since the completion of the assessment process, participants have been actioning personal development plans, which have included a range of personalised development opportunities ranging from job rotations to coaching and stretch assignments.

Feedback on the pilot has been positive, with 85% of participants agreeing that the process enhanced their understanding of their leadership strengths and development needs. A second Band 3 Talent Development program will run in 2013–14.

Core and management skills development effort across the APS

Equally critical to the ability of the APS to deliver on public and government expectations are the management skills that complement leadership capability. The APS Leadership and Core Skills Strategy was developed to respond to the changing requirements of the APS and enhance leadership development and core skills learning and development to position the APS to effectively respond to current and emerging challenges. In addition to the leadership capabilities identified in the 2011 strategy, three related development areas were identified as within the scope of this work:

- Foundation skills: essential workplace skills relevant to employees at all levels. These skills underpin leadership capability, core skills and management skills and are essential for effective operation in an agency.
- Core public service skills: these are public sector-specific knowledge and skills essential to the public service institution and of relevance to all public servants. Development of these skills would normally occur at APS 1–6 and EL levels.

- Management skills: these skills build on the core public service skills and provide the skills needed as public servants move into positions of authority (normally at EL and SES levels, although some APS 1–6 employees are in positions of authority). The framework identifies the public sector-specific management skills that support sound decision making and enable public sector managers to navigate APS systems and processes.

Initial implementation of the strategy focused on areas critical to employee engagement and high-performing organisations. Working with a reference group comprising agency representatives, the Strategic Centre has developed whole-of-APS learning programs to embed APS ethics and Values (critical to ethical leadership and the foundation for values-based decision making), to effectively manage performance, coach and develop others (critical to building the relationships which support discretionary effort), and structure work (an important foundation skill for thriving through change, and improving productivity). Though this work is in its infancy, with pilot programs for APS ethics and Values, structuring work, performance management, and coaching and developing others held between July and October 2013, preliminary feedback was positive. Fully customisable program materials for each of the four priority areas will be available to all APS agencies from early 2014, reducing the need for duplication of learning and development effort across the system and freeing agency resources to be used on agency and job family specific skills development. The coming year will see action on other priority skill clusters identified in the strategy, including working within and across teams, working with government and decision making.

Key findings

This chapter has examined the contribution a positive APS leadership climate makes to the ability of the APS workforce to sustain high levels of performance and productivity in turbulent times. Leaders play a significant role in creating the environment in which employees contribute to the productivity of the APS. As reflected in employee engagement and employee perceptions of change management skills and ethical leadership, in 2012–13 there was an overall improvement in satisfaction with the leadership capabilities of immediate supervisors and SES. There remain, however, areas where improvements can still be made.

The majority of agencies have identified the need to improve the systems and processes used to manage and monitor the implementation of change. Additionally, the appropriateness of decision-making delegation was questioned for many agencies in the capability review program, which highlighted potentially negative outcomes of excessively centralised decision making. In addressing these issues, it may be that targeted change communication that shows how leaders are involved in delivering change is likely to have positive impact on how change is perceived by employees. Likewise, deliberate strategies to harness the complementary capabilities of senior leaders and immediate supervisors in making workplace decisions may yield positive outcomes for the continued responsiveness and effectiveness of the APS.

Similar to previous years, in 2013 APS employees consistently supported the view that their senior leaders, immediate supervisors and colleagues act in accordance with the APS Values.

Continuing to strengthen the leadership of the APS remains a service-wide priority. APS agencies have contributed significant resources to support whole-of-APS initiatives in this area through the work of the Strategic Centre and the APS is now well-placed. In particular, specific programs have been delivered and implemented to support leaders as they transition to new roles, to enhance their capability in current roles and equip them to move to more senior roles. The collaboration on leadership has continued with the development and progressive implementation of the APS Leadership and Core Skills Strategy. Trials of new approaches to develop APS core skills have been encouraging and are a powerful example of the value of efficient innovations using the ‘build once, use many times’ approach.



Australian Public Service Commission

Chapter 3

Integrity and ethics

The effectiveness of the Australian Public Service (APS) fundamentally depends on public trust in its integrity as an institution and its capacity to look after the public interest rather than its own. A values-based culture is at the heart of a high-performing and trustworthy public service. A culture in which employees are expected and encouraged to act ethically, in which ethical behaviour is modelled for them by their leaders and peers, and in which each aspect of their work is compatible with the APS Values, is one in which the public can have confidence.

The international reputation of Australia's public sector is currently high. Australia is ranked equal seventh best in the world on a spectrum of least-to-most corrupt by Transparency International in its 2012 Corruption Perceptions Index (an improvement on the 2011 ranking of equal eighth¹).

Service-wide data shows that the level of serious misconduct in the APS remains low, and suggests the ethical culture overall is sound. Nevertheless, 2012–13 saw serious allegations of criminal conspiracy involving members of the Australian Customs and Border Protection Service (ACBPS).

The events in the ACBPS are a reminder that the risks to the integrity of the APS are real and cannot be ignored. Even a single case of serious fraud or misconduct has the capacity to undermine confidence in public institutions. These events tell the APS that it is crucial to pay attention to ethical culture, and while the vast majority of APS employees do not engage in deliberate misconduct, the ethical health of the service overall depends upon its commitment and capacity to do the right thing. The new APS Values and Employment Principles provide an opportunity for agencies to reinforce a culture of ethical awareness and integrity across the APS when embedding them into work.

This year saw fundamental changes to the ethics infrastructure governing the APS. In addition to amendments to the *Public Service Act 1999* (Public Service Act), the APS Values were revised, a set of APS Employment Principles developed, new Public Interest Disclosure legislation was passed, and the *Public Governance, Performance and Accountability Act 2013* was passed. These changes aim to strengthen the integrity, accountability and the performance of the APS.

¹ These indices measure levels of corruption not only in the APS but in the wider Commonwealth and state and territory public sectors.

This chapter describes recent changes to the ethics infrastructure governing the APS and uses data collected from APS employees, agencies and other sources to report on the extent to which APS employees are operating in accordance with the APS Values, Employment Principles and Code of Conduct.

The ethical infrastructure this year

Amendments to the Public Service Act, the Public Service Regulations 1999 (the Regulations) and the new Australian Public Service Commissioner's Directions 2013, came into effect on 1 July 2013. Among other things, the amendments to the Public Service Act and subordinate legislation clarify behavioural requirements and strengthen the capacity within the service to deal with suspected misconduct.

A key reform was the introduction of a new set of five Values.

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

The new Values were developed for the long term, while remaining relevant to contemporary challenges and language. They refined and distilled the previous Values, but they retained the essential character of traditional public service values—namely, accountable and professional, impartial service to the government and community, to the highest standards of integrity.

The new Values help to both define the APS and foster 'One APS'. They are based on the idea that fundamental commonalities bind the APS in the way work is approached and services are delivered.

The Values are complemented by statutory Employment Principles in the amended Public Service Act, underpinning the employment culture of the APS, including: merit-based employment; freedom from discrimination, patronage and favouritism; and fair workplaces that respect and value diversity.

It is important for agencies to ensure the revised Values and Employment Principles are embedded well and 'hardwired' into systems, procedures and practices so their benefits are fully realised.

Figure 3.1 The new APS Values

impartial
committed to service
accountable
respectful
ethical

Source: Australian Public Service Commission

These legislative amendments also strengthen arrangements for handling misconduct and extend the application of the APS Code of Conduct to some aspects of pre-employment misconduct and to the behaviour of former employees. Under the new arrangements, an employee can be found to have breached the Code of Conduct if they have knowingly provided false or misleading information, wilfully failed to disclose relevant information, or otherwise failed to act honestly and with integrity in connection with their engagement. In addition, agencies may start or conclude a Code of Conduct inquiry into the behaviour of an employee who has left the APS. It is expected agencies will generally only take this action if, on balance, there is a public interest to do so.

Changes have also further strengthened the Code of Conduct by providing that the first four elements now apply to conduct ‘in connection with’ APS employment, rather than ‘in the course of’ employment. These amendments clarify the application of the Code of Conduct and provide greater certainty about dealing with misconduct taking place outside the workplace.

There have been significant changes to the Australian Public Service Commissioner’s (the Commissioner) role. The amended Public Service Act gives the Commissioner three broad functions:

- to strengthen the professionalism of the APS and facilitate continuous improvement in workforce management in the APS
- to uphold high standards of integrity and conduct in the APS
- to monitor, review and report on APS capabilities within and between agencies to promote high standards of accountability, effectiveness and performance.

While the Commissioner can still undertake own motion reviews into any matter relating to the APS, the amended Public Service Act provides that the Commissioner may also undertake:

- systems reviews of management and organisational systems of an APS agency or of the functional relationship between two or more agencies, at the request of the Prime Minister, the agency minister, or the Secretary

- special reviews of any matter relating to an agency or the functional relationship between two or more agencies, at the direction of the Prime Minister.

Other amendments to the Public Service Act give the Commissioner the power to investigate employee misconduct at the request of an agency head or the Prime Minister. This power is intended to provide for serious and sensitive matters to be investigated where there is a need for an independent, expert decision maker. The power is expected to be used rarely, recognising agency heads should retain responsibility for the standards of conduct in their agencies and for investigating suspected misconduct. While the Commissioner may recommend sanctions, the power to impose them will remain a matter for agency heads who are best placed to do so in the context of their operating environment. The amendments address the risk of serious misconduct by senior employees not being adequately investigated in circumstances where the agency head needs to distance themselves from an investigation, for example, owing to perceptions of bias.

The Merit Protection Commissioner also now has the power to investigate misconduct, for non-Senior Executive Service (SES) employees, at the request of an agency head and with the agreement of the employee under investigation. This amendment is aimed at administrative efficiency and provides agencies with another option for dealing with sensitive matters more appropriately considered by a qualified person external to the agency.

Public Interest Disclosure Act

The *Public Interest Disclosure Act 2013* (PID Act) was passed on 26 June 2013. The PID Act establishes an Australian Government-wide whistleblower protection framework as envisaged by the government's 2010 Response to the House of Representatives Standing Committee on Legal and Constitutional Affairs report, *Whistleblower Protection: a comprehensive scheme for the Commonwealth public sector*.²

The PID scheme will operate to:

- establish a framework to encourage and facilitate reporting of wrongdoing by public officials in the Australian public sector
- ensure Australian Government agencies properly investigate and respond to public interest disclosures
- provide protection to public officials who make qualifying public interest disclosures.

The PID Act will come into effect in January 2014 and will repeal the APS whistleblowing framework set out in Section 16 of the Public Service Act and Division 2.2 of the Regulations. The PID scheme will be administered by the Commonwealth Ombudsman and the Inspector-General of Intelligence and Security. The Commonwealth Ombudsman will monitor and report annually on the number and nature of disclosures made under the scheme.

² House of Representatives Standing Committee on Legal and Constitutional Affairs, *Whistleblower Protection: a comprehensive scheme for the Commonwealth public sector*, Commonwealth of Australia, Canberra, (2009).

The Commissioner and Merit Protection Commissioner also have functions under the PID scheme to inquire into disclosures to the extent that a disclosure relates to an alleged breach of the APS Code of Conduct, similar to their existing functions under the APS whistleblowing framework. The Commissioner will continue to be responsible for investigating allegations of misconduct by agency heads.

The PID scheme and its pro-disclosure ethos, is intended to provide confidence and assurance to public servants who have witnessed what they suspect to be corruption, fraud or serious maladministration. The interrelationship of the PID scheme and the APS conduct framework will need to be carefully monitored in the coming months to ensure they effectively work together.

Public Governance, Performance and Accountability Act

The *Public Governance, Performance and Accountability Act 2013* (PGPA Act) was passed by Parliament on 28 June 2013. It will replace the *Financial Management and Accountability Act 1997* (FMA Act) and the *Commonwealth Authorities and Companies Act 1997* (CAC Act) from 1 July 2014.

In the lead-up to implementation, the Department of Finance will develop rules, guidance and training to support the PGPA Act. Implementation of this work will be overseen by a project board comprising deputy secretaries from a range of government agencies.³

The PGPA Act introduces ‘general duties of officials’, a set of behavioural requirements applying to all Australian Government officials, including APS employees. This is significant because two expressions of the duties of officials will exist in two pieces of legislation—the PGPA Act and the Code of Conduct in the Public Service Act.

The Commissioner stated in evidence before the Joint Committee of Public Accounts and Audit:

The performance and accountability we are talking about [in the Public Governance, Performance and Accountability Bill 2013] is in respect of the application of financial resources, so this is program based performance. This is not the management of performance of individuals, which is part of the Public Service Act framework ...

So what we actually have are two expressions of the duties of officials ...

This duplication of conduct requirements for APS employees has the potential to create confusion, and agencies will need to support their employees to draw appropriate links between their duties under the PGPA Act and the standards of behaviour they are required to follow under the Code of Conduct.

³ Department of Finance and Deregulation, *Commonwealth Financial Accountability Review*, Commonwealth of Australia, Canberra, (2013), <<http://www.cfar.finance.gov.au/>>.

Fair Work Amendment Act 2013—workplace bullying

The *Fair Work Amendment Act 2013* was passed by Parliament on 27 June 2013. Among other things, this Act amends the *Fair Work Act 2009* to enable employees who reasonably believe they have been bullied at work to apply to the Fair Work Commission for an order to stop the bullying. For the purposes of the Fair Work Act as amended, bullying is defined to mean repeated unreasonable behaviour that creates a risk to health and safety. It excludes a reasonable management action carried out in a reasonable manner. This is consistent with the definition in the draft Work Health and Safety Code of Practice for Preventing and Responding to Workplace Bullying developed by Safe Work Australia.⁴

The relationship between the new laws and existing frameworks for dealing with bullying in the APS will need to be monitored, particularly as the APS has a statutory review scheme (Section 33 of the Public Service Act) allowing for holistic consideration of an employee's concerns with a focus on resolving them, including through alternative dispute resolution.

Balancing privacy and transparency

Recent legislative changes have highlighted a tension between the need to protect individual privacy and the need for transparency in government administration. Amendments to the *Privacy Act 1988*, which come into effect in March 2014, introduce additional safeguards to protect privacy, while the PID Act establishes a pro-disclosure framework for reporting and handling allegations of corruption and serious maladministration. These changes are stimulating debate about the balance between the individuals' right to privacy and the public interest in disclosing sufficient information about the outcome of investigations to maintain public confidence that APS agencies are responding appropriately to allegations of misconduct. The Commission has identified a need for further guidance to help agencies in such cases and will circulate a discussion paper to gauge views on this.

The tension between privacy and transparency was also highlighted recently when the Parliamentary Joint Committee on Human Rights, in considering legislative amendments to the Public Service Act, raised concerns about the impact on individual privacy of the requirement to publish termination of employment decisions in the *Australian Public Service Gazette*. The discussion paper the Commissioner will release on privacy matters will also address this concern.

Embedding the APS Values

Feedback from agencies and a review of the contemporary literature on integrity and ethics was used to update the APS Values Framework, which was first introduced in 2003 to better recognise the stewardship role of APS leaders in building an ethical culture. As indicated earlier, for the benefit of the new APS Values to be realised it will be important to ensure they are thoroughly embedded into the day-to-day work of agencies. In 2012–13, the Commissioner

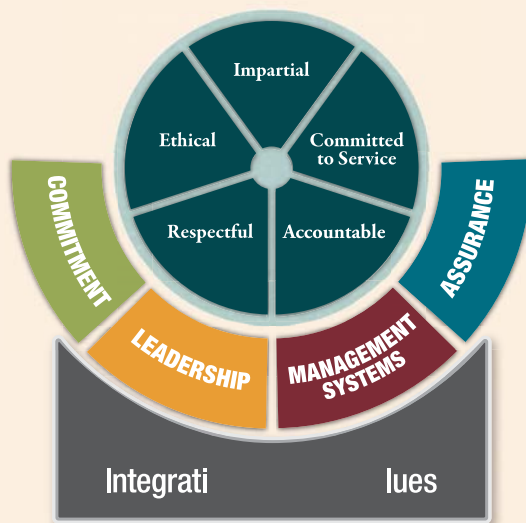
⁴ Safe Work Australia, *Draft Code of Practice: Preventing and Responding to Workplace Bullying*, Commonwealth of Australia, Canberra, (2013).

released a guide to assist agencies to achieve this—*Strengthening a values based culture*.

The new model (Figure 3.2) sets out four building blocks for strengthening a values-based culture:

- **Commitment** to the APS Values as the basis for the way we do business
- **Leadership** to integrate the Values into agency decision-making processes and culture; leaders who consistently reflect the Values in their own behaviour
- **Management Systems** that integrate the APS Values into day-to-day operations
- **Assurance** mechanisms that provide confidence that decisions and actions in the APS are based on the APS Values.

Figure 3.2 A model for strengthening a values-based culture in the APS



Source: Australian Public Service Commission

Promoting the APS Values and other standards

In 2012–13, 92% of agencies reported communicating the new APS Values to employees. Pamphlets and posters were the most commonly used means, followed by material on agencies' intranets. Sixty-four per cent of agencies have included the new Values in their employee induction programs and another 30% intend to do so. Nearly half of all agencies have plans in place to fully incorporate the new Values in corporate documents, policies and/or performance management procedures.

The APS serves the government of the day and many APS employees are required to balance the APS Value of impartiality with the Value of commitment to service in their daily activities. In the 2012–13 State of the Service agency survey (agency survey), 70% of agencies reported regularly providing advice to ministers or their offices. This result is similar to previous years. Table 3.1 shows the guidelines promoted by agencies to their staff to assist them in this. These results are similar to previous years.

Table 3.1 Guidelines promoted by agencies that regularly interact with ministers and their offices, 2012–13

Guidelines promoted	Agency size (no. of employees)		
	Small (<251) %	Medium (251–1,000) %	Large (>1,000) %
Standards of Ministerial Ethics (December 2007, updated September 2010)	32	36	73
Register of Lobbyists (May 2008)	18	32	59
Lobbying Code of Conduct (May 2008, updated June 2012)	29	32	68
Code of Conduct for Ministerial Staff (July 2008)	25	36	64

Source: Agency survey

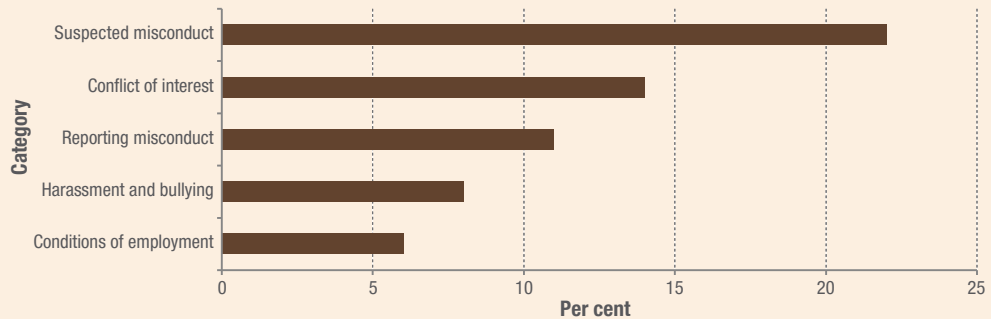
Ethics Advisory Service

The Commission supports sound decision making based on the APS Values and Employment Principles by operating the Ethics Advisory Service (EAS) and facilitating a network of agency-based Ethics Contact Officers.

The EAS assists all APS employees, including SES staff and agency heads, by providing guidance on how to apply the APS Values, Employment Principles and Code of Conduct as well as on strategies and techniques for ethical decision making. In 2012–13, the EAS received 719 enquiries from 86 APS agencies. Of the enquiries that fell within the scope of the EAS, 45% were from individual APS employees and 43% from agency human resource practitioners, with the majority of other enquiries from private citizens, including relatives of employees. Fifty-six per cent of those who made an enquiry and gave their classification were Executive Level (EL) employees, 30% were at the APS 1–6 level and 14% were members of the SES.

Figure 3.3 shows the main categories of enquiry. Suspected misconduct in the workplace and how to report it accounted for one-third of issues raised. Enquiries were received from employees wishing to make a complaint, employees under investigation seeking advice on procedural requirements, and human resource practitioners seeking advice on how to handle suspected misconduct in accordance with the legislative framework.

Figure 3.3 In-scope queries to the EAS by category, 2012–13



Source: Ethics Advisory Service

Other enquiries, grouped under the broad category of conflicts of interest, reflect perceived or actual conflicts between public servants' private interests and activities and their official duties. Employees sought advice on how to declare and manage conflicts of interest, including personal relationships in the workplace, recruitment and procurement, employment outside the APS, sponsorship and other gifts and benefits and, in the lead-up to the election, participation in political activity.

One issue raised with the EAS during the year concerned cyber-bullying, or online harassment of APS employees by clients and other members of the public. In response to this concern, the Commission established a working group of agencies to guide the development of advice to assist agencies in managing the risks and the effects of cyber-bullying. This guidance was released in October 2013. Cyber-bullying is also discussed in the context of employee health and wellbeing in Chapter 4.

Making comment online

One issue raised regularly with the EAS is how employees can make well-judged decisions when using social media in an unofficial capacity—that is, outside of their work role. It is clear from the approaches made to the EAS and from cases that have attracted recent media interest that this is a growing concern.

The use of social media and online networking tools by APS employees outside of their work role continues to be a matter of some uncertainty for agencies and employees. Many agencies have social media policies, and the Commission provides advice to agencies and employees on the considerations that apply when employees make public comment in a private capacity, including online. The APS Values, Employment Principles and Code of Conduct apply to employees' private behaviour, including online, to the extent that a reasonable connection can be drawn between the behaviour and their APS employment. Establishing such a connection and considering whether behaviour is consistent with the Values, Employment Principles and Code of Conduct must be done on a case-by-case basis, having regard to all the circumstances.

Notwithstanding this advice, a case arose recently in which an APS employee argued their capacity to make unofficial online comment under a pseudonym could not be circumscribed by the employer given the implied right in the Australian Constitution of freedom of political expression. The employee was unsuccessful in seeking an injunction to prevent the termination of their employment for a breach of the Code of Conduct for critical comments made on Twitter regarding the policies of the government and opposition on matters closely connected with the work of their agency. The court observed that a public servant did not have an unfettered right of freedom of political expression and the employee's right to pursue private interests was limited by their obligations to their employer, including under the Code of Conduct, which are supported by guidelines on employee use of social media.

This decision appears to be consistent with the Commission's guidelines, which note that while APS employees have the same right to freedom of expression as other members of the community, this right is subject to legitimate public interests, such as maintaining an impartial and effective public service in which the community can have confidence.

Another APS-related social media incident reported in the media this year, involving offensive comments an APS employee made on Twitter about a member of the public, demonstrated the impact unofficial public comment can have on the reputation of agencies and the APS. This was an example where an APS employee making offensive public comments online about another person was sufficient to draw public criticism of the agency's commitment to upholding high standards of personal conduct by its employees, risking reputational damage to the agency as a consequence.

Increased online engagement has blurred the distinction between work and private life to a much greater extent than before and has raised questions about APS employees' right to make public comment using a medium that encourages strident debate but which also leaves an enduring, easily replicated record with no guarantee of anonymity.

While there are some clear cases in which unofficial public comment by APS employees is unacceptable, there are also many that are far less clear. Enquiries to the EAS indicate agencies need to develop more mature and nuanced approaches to employees' unofficial online engagement. Adopting a wholly risk-averse position and advising employees to avoid making comment if in the slightest doubt about its propriety is unlikely to be conducive to harmonious working environments, or to building the capacity for sound decision making. Nor do employees have an unfettered right to make any comment at all, in any way they please. Ultimately, there is no single, simple answer to the question of what an APS employee may post online, and there is work to be done to develop agencies' and employees' capacity to consider and weigh individual issues as they arise.

Breaches of the APS Code of Conduct

The Public Service Act includes a statutory Code of Conduct that sets out the behavioural standards expected of APS employees. Section 15(3) of the Act requires agency heads to establish procedures, having due regard to procedural fairness, for determining whether an employee has breached the Code of Conduct and what sanction, if any, is to be imposed if a breach is found.

This section draws primarily on two data sources, the 2013 APS employee census (employee census) and the agency survey. The employee census collected data on employee perceptions of the incidence of serious misconduct⁵ as well as harassment and bullying.⁶ It also collected data on the proportion of this suspected misconduct that was reported and for employees who elected not to report, their reasons for not doing so.

The agency survey collected data on the number and nature of agencies' investigations of suspected misconduct over the same period, including the proportion of investigations resulting in a finding that an employee had breached the Code of Conduct and the types of sanctions that were imposed as a result.

In 2012–13, and consistent with previous years, agency survey data indicated the number of employees investigated and found to have breached the Code of Conduct represents only a small proportion of total APS employees (0.2% or 2 in every 1,000 employees).

Reporting suspected serious misconduct

The integrity of the APS and of individual APS agencies relies to a large extent on the willingness of employees to report suspected misconduct. In 2013, 9% of APS employees who responded to the employee census indicated they had witnessed what they perceived to be serious misconduct during the year, compared to 12% of employees in 2012 and 15% in 2011.

In 2013, 59% of employees who indicated they had witnessed suspected serious misconduct chose to report it so action could be taken, a slightly higher proportion than in 2012 (56%). EL and SES employees reported at a higher rate (68%) than did their APS 1–6-level colleagues (56%) and only a small number of employees from each group indicated they did not know how to report (3% and 5% respectively). Most employees who chose not to report gave the reasons shown in Table 3.2.

It is encouraging that both the proportion of employees who state they have witnessed serious misconduct is falling and, when witnessed, they are more prepared to report the behaviour.

⁵ Serious misconduct was defined in the employee census as fraud, theft, misusing clients' personal information, sexual harassment, leaking classified documentation or other behaviour that would likely result in termination of employment.

⁶ Workplace harassment was defined in the employee census as offensive, belittling or threatening behaviour directed at an individual or group of APS employees that is unwelcome, unsolicited, usually unreciprocated and usually (but not always) repeated. Workplace bullying was described as repeated workplace behaviour that could reasonably be considered to be humiliating, intimidating, threatening or demeaning to an individual or group of individuals. It can be overt or covert.

Table 3.2 Reasons for not reporting suspected serious misconduct, 2012 and 2013

Reasons for not reporting	Employees who did not report for this reason (%)	
	2012	2013
I did not think any action would be taken	46	39
It could affect my career	33	30
I did not want to upset relationships in the workplace	30	25
The matter was reported by someone else ^(a)	N/A	26

Source: Employee census

Note: (a) New question in 2013

A range of mechanisms are used by employees to report suspected misconduct, for example, by raising concerns with their manager or with a specialist investigative unit in their agency, through agency helplines, or by making a whistleblower report to an authorised person under Section 16 of the Public Service Act. Data collected from agencies indicated most reports of suspected misconduct that led to a finalised investigation in 2012–13 came from agency employees, either a supervisor/manager (28%) or colleague (21%). More than one-quarter of reports of suspected misconduct were identified by risk management strategies, such as audit processes, primarily in large agencies.

In 2012–13, the APS whistleblowing provisions of the Public Service Act were in place.⁷ Data collected from agencies shows that 55 whistleblowing reports were made in the APS in 2012–13, similar to the 54 reports made in 2011–12. Thirty-five of these were finalised during the year. Of those finalised, only two resulted in a decision to start an investigation into the suspected misconduct under the agency’s Section 15(3) procedures. The Commission will monitor and report on the number of Code of Conduct investigations arising from disclosures made under the PID framework once it comes into operation.

Table 3.3 shows that alleged harassment and/or bullying accounted for one-third of all whistleblowing reports in 2012–13. This indicates that many employees regard behaviours that affect them personally, for example bullying and harassment, with the same level of seriousness as they regard behaviours that indicate failures in institutional integrity, such as corruption.

⁷ The provisions of the whistleblowing framework set out in the Public Service Act and Regulations continue in place until repealed by the *Public Interest Disclosure Act 2013* which takes effect in January 2014. The outcome of a whistleblower report is a decision whether there is enough substance to the report to justify conducting an investigation under an agency’s Section 15(3) procedures to determine whether there has been a breach of the Code of Conduct.

Table 3.3 Whistleblowing reports lodged within agencies, 2011–12 and 2012–13

Subject matter	Reports lodged (no.)	
	2011–12	2012–13
Harassment and bullying	15	25
Conflict of interest	3	9
Improper use of position or status (e.g. abuse of power, exceeding delegations)	8	9
Fraud other than theft (e.g. identity fraud)	2	5
Improper use of resources other than Internet/email (e.g. vehicles)	4	4
Failure to act with respect and courtesy (other than harassment or bullying) during working hours	9	4
Improper use of Internet/email at work or using work resources	4	2
Unauthorised disclosure of information (e.g. leaks)	0	2
Improper access to personal information (e.g. browsing)	6	1
Other	8	7

Source: Agency survey

Note: An individual report can be counted against more than one subject.

Levels of investigation

Agency data shows that fewer Code of Conduct investigations were finalised in 2012–13 than in 2011–12. Table 3.4 shows the number of investigations into suspected misconduct and breaches of the Code of Conduct over the past three years.

Table 3.4 Finalised investigations and breaches of the APS Code of Conduct, 2010–11 to 2012–13

Year	Finalised investigations (no. of employees)	Breaches of Code of Conduct found	
		(no. of employees)	(% of breaches from finalised investigations)
2010–11	796	576	72
2011–12	793	481	61
2012–13	516	385	75

Source: Agency survey

As in previous years, there is variation between agencies in the proportion of employees investigated for suspected misconduct, with five large agencies accounting for most Code of

Conduct investigations in the APS.⁸ This reflects differences in the operational environment of agencies, including risk factors such as the number and dispersion of employees and the nature of contact with clients, as well as internal management practices.

Nature of reported and finalised breaches

Failure to behave in a way that upholds the APS Values and the integrity and good reputation of the APS at all times—Section 13(11)—continues to be the most common alleged breach, a factor in 60% of finalised investigations in 2012–13. Table 3.5 shows the number of employees investigated by agencies for suspected breaches of individual elements of the Code of Conduct and the rate of breach findings in 2011–12 and 2012–13.

Care needs to be exercised in interpreting this data because of the varying practices of agencies. Agency decision makers may find breaches of multiple elements of the Code of Conduct depending upon the suspected misconduct so that the final determination taken is more exhaustive. Alternatively decision makers may choose one or two elements of the Code of Conduct that are most directly relevant to the suspected misconduct.

Table 3.5 Elements of the Code of Conduct found to have been breached in finalised investigations, 2011–12 and 2012–13

Element of the Code of Conduct	Employees investigated for this element of the Code (no.)		Employees found to have breached this element of the Code (% of those investigated)	
	2011–12	2012–13	2011–12	2012–13
At all times behave in a way that upholds the APS Values and the integrity and good reputation of the APS	335	308	81	85
Behave honestly and with integrity in the course of APS employment	261	213	74	77
Comply with any lawful and reasonable direction given by someone in the employee's agency who has the authority to give the direction	299	191	91	88
Act with care and diligence in the course of APS employment	225	177	78	81
When acting in the course of APS employment, treat everyone with respect and courtesy, and without harassment	235	166	66	77
Use Commonwealth resources in a proper manner	216	146	81	90
Disclose, and take reasonable steps to avoid, any conflict of interest (real or apparent) in connection with APS employment	162	134	87	89

⁸ A total of 172 investigations were finalised in the Department of Human Services; 63 in the Department of Defence; 61 in the Australian Taxation Office; 29 in the ACBPS; and 26 in the Department of Immigration and Citizenship.

Element of the Code of Conduct	Employees investigated for this element of the Code (no.)		Employees found to have breached this element of the Code (% of those investigated)	
	2011–12	2012–13	2011–12	2012–13
Not make improper use of inside information, or the employee's duties, status, power or authority, to gain, or seek to gain, a benefit or advantage for the employee or any other person	89	80	64	63
When acting in the course of APS employment, comply with all applicable Australian laws	91	76	84	58
Not provide false or misleading information in response to a request for information that is made for official purposes in connection with the employee's APS employment	38	29	79	59
While on duty overseas, at all times behave in a way that upholds the good reputation of Australia	5	5	40	20
Comply with any other conduct requirement that is prescribed by the regulations	3	2	33	0
Maintain appropriate confidentiality about dealings that the employee has with any minister or minister's member of staff	1	0	100	0

Source: Agency survey

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

Table 3.6 shows interpersonal behaviour was a significant factor in the suspected misconduct investigated by agencies in 2012–13, with 187 investigations involving allegations of harassment, bullying and/or discourteous behaviour.

Table 3.6 Types of misconduct in finalised investigations, 2011–12 and 2012–13

Type of misconduct	Employees investigated for this type of misconduct (no.)		Employees found to have breached the Code (% of those investigated)	
	2011–12	2012–13	2011–12	2012–13
Improper access to personal information (e.g. browsing)	162	120	75	97
Failure to act with respect and courtesy (other than harassment or bullying) during working hours	171	117	73	72
Improper use of Internet/email at work or using work resources	163	92	82	86
Harassment and/or bullying	118	70	53	61
Conflict of interest	94	66	69	79

Type of misconduct	Employees investigated for this type of misconduct (no.)		Employees found to have breached the Code (% of those investigated)	
	2011–12	2012–13	2011–12	2012–13
Fraud other than theft (e.g. identity fraud)	53	39	32	82
Improper use of position status (e.g. abuse of power, exceeding delegations)	39	36	49	47
Improper use of resources other than Internet/email (e.g. vehicles)	51	26	59	73
Private behaviour of employees (e.g. at social functions outside working hours)	23	18	74	78
Unauthorised disclosure of information (e.g. leaks)	24	11	33	73
Theft	8	7	50	86
Misuse of drugs or alcohol	9	7	56	71

Source: Agency survey

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

Outcomes of finalised investigations

Table 3.7 shows reprimands remain the most commonly imposed sanction where a breach of the Code of Conduct is found, accounting for almost half of sanctions imposed. New data was captured this year on other management action taken by agencies where no breach was found.

Table 3.7 Outcomes of investigations into suspected breaches of the Code of Conduct, 2011–12 and 2012–13

Outcome	Employees affected (no.)	
	2011–12	2012–13
Reprimand	315	238
Deductions from salary by way of a fine	171	120
Reduction in salary	85	82
Investigation discontinued because of resignation of employee under investigation	81	71
Termination of employment	51	38
Reduction in classification	16	16
Reassignment of duties	9	13
Breach found but no sanction imposed	30	9

Outcome	Employees affected (no.)	
	2011–12	2012–13
Breach found but no sanction imposed—other management action taken (e.g. employee counselled)	53	16
No breach found	140	51
No breach found—other management action taken (e.g. employee counselled)	N/A	29

Source: Agency survey

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

Building decision-making capability

Findings of misconduct are important administrative decisions that have a significant impact on the rights and interests of the employee found to have breached the Code of Conduct, including their reputation and career prospects. Such decisions should provide assurance that the appropriate standards of behaviour are being enforced in an agency. They send a message to other employees about the agency’s commitment to appropriate standards of behaviour and about the fairness and integrity of the agency’s people-management practices.

The Merit Protection Commissioner reported in her annual report for 2012–13 that 34 applications were reviewed from employees seeking to have the finding they had breached the Code of Conduct, and/or the sanction imposed for that breach, overturned. This represented approximately 9% of Code of Conduct breach decisions in 2012–13.⁹ Fifty-six per cent of those decisions were upheld on review, and in 44% of cases a recommendation was made that the finding of breach and/or a sanction be set aside or varied. The proportion of Code of Conduct decisions set aside or varied by the Merit Protection Commissioner in 2011–12 and 2010–11 was 39% and 35% respectively.

The Merit Protection Commissioner’s annual report also indicates agencies are referring some matters inappropriately for investigation as suspected misconduct. This includes, for example, individuals whose behaviour as a manager is impacting adversely on the people they manage. The Commissioner’s Directions on the APS Values and the Commission’s guidance make clear that not every failure to act consistently with the APS Values, Employment Principles and Code of Conduct needs to be dealt with by implementing misconduct procedures. Misconduct action is part of a range of people-management practices agencies have available to them to support high-quality performance.

In addition, the Merit Protection Commissioner has reported that the quality of agency decision making on Code of Conduct matters varies. Decision makers at times struggle to make findings of fact, particularly when evidence is unclear and contested. They also struggle

⁹ There is not a direct relationship between matters reviewed by the Merit Protection Commissioner and the number of breaches found against individual employees in any one year. This is because applications for review may be made in one financial year but not finalised until the next. Nevertheless, on average, the Merit Protection Commissioner reviews around 9% of Code of Conduct decisions.

to explain their reasons for finding that an employee has breached particular elements of the Code of Conduct. The Commission will use feedback from the Merit Protection Commissioner's casework to strengthen guidance on handling misconduct when the current *Handling Misconduct* guide is revised in 2013–14.

Managing corruption risk in the APS

Public debate in some quarters calls for a Commonwealth Anti-Corruption Commission to be established, similar to the bodies that exist in each state. While the Australian Government faces corruption risks, particularly in the regulatory and law enforcement fields, due to the nature of functions performed by state public services (for example, land planning approvals and mining licences) state activities are often inherently more susceptible to corruption.

Nevertheless, the APS cannot afford to ignore the risk of corruption. This was demonstrated most recently by an alleged criminal conspiracy involving the ACBPS staff, to import illegally, through Sydney International Airport, pseudoephedrine and other chemicals to manufacture illegal drugs. This matter led to a joint investigation by the Australian Commission for Law Enforcement Integrity, the ACBPS and the Australian Federal Police in 2011. As a result, four ACBPS employees were arrested between August 2012 and February 2013. A significant program of reform was subsequently instituted in the ACBPS, supported by legislative changes to strengthen its integrity culture, people capability, law enforcement capacity and business operations.

As part of the integrity reforms, the Chief Executive Officer of the ACBPS was given new powers to:

- conduct targeted integrity tests on officers suspected of corruption
- authorise drug and alcohol testing of all ACBPS employees
- make a declaration that an employee has been terminated for serious misconduct (which modifies appeal rights)
- issue binding orders relating to conduct and integrity, such as mandatory reporting of misconduct.

These new powers bring the ACBPS into closer alignment with integrity arrangements already in place in the Australian Federal Police and Australian Crime Commission.¹⁰

When instances of corruption arise they have important lessons for the APS. Crucially, these cases remind the APS it is not immune from corruption. There is a need to assess, and mitigate, the risks of corruption in the context of each agency's functions, risk profile and operating environment. It is in the context of such risks that the Attorney-General's Department, in consultation with other agencies, has undertaken a review of existing Australian Government anti-corruption arrangements.

¹⁰ Australian Commission for Law Enforcement Integrity, *Operation Heritage—a joint investigation of alleged corrupt conduct among officers of the Australian Customs and Border Protection Service at Sydney International Airport (Interim Report)*, Commonwealth of Australia, Canberra, (2013).

Allegations of harassment and bullying

Harassment and bullying remained a focus of debate in 2012–13, including in particular through social media and blogs. As indicated earlier, the opportunities for APS employees to achieve administrative redress have been expanded through amendments to workplace health and safety legislation and the *Fair Work Act 2009*.

New questions were asked in the 2013 employee census to improve understanding of the factors driving employee concerns about workplace harassment and bullying. Employee census data indicates that 16% of employees experienced what they perceived to be harassment or bullying in the workplace during the last 12 months, similar to the 17% reported in 2012. This proportion was higher for employees with disability (29% compared with 15% for employees without disability). This finding is discussed in Chapter 5. In response to a new question in the employee census in 2013, 21% of employees reported witnessing another employee being subjected to what they perceived as bullying or harassment in the previous 12 months.

Of those employees who felt they had been harassed or bullied, 43% reported it, the same percentage as in 2012. The reporting rate was lower for employees who reported witnessing what they perceived as the harassment or bullying of others (35%). Reasons for not reporting harassment or bullying are shown in Table 3.8.

Table 3.8 Reasons for not reporting harassment or bullying, 2012 and 2013

Reasons for not reporting	Employees who did not report for this reason (%)		
	Harassment or bullying experienced		Harassment or bullying witnessed
	2012	2013	2013
I did not think any action would be taken	50	53	33
It could affect my career	40	42	21
I did not want to upset relationships in the workplace	39	41	23
Not worth the hassle of going through the reporting process	34	35	11
Managers accepted the behaviour	32	34	30
I did not think the behaviour was serious enough	20	21	9
I did not have enough evidence	20	19	20
The matter was resolved informally	10	12	18
I did not know how to report it	5	4	4

Source: Employee census

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

The majority of employees who believed they were harassed or bullied in the last year said they experienced verbal abuse (61%) and/or inappropriate or unfair application of work policies or rules (41%) from someone more senior who was not a supervisor (40%), a supervisor (35%) or a co-worker (35%). These results were consistent with previous years.

Employees described the alleged harassment or bullying as based on work performance (42%), gender (10%), work status (9%) or age (9%). However, half of all employees who indicated they had experienced bullying or harassment at work chose the 'other' category when asked the basis for the unacceptable behaviour. In 2012, employees reported 'personality differences' as the most common basis for harassment or bullying. This category was not available this year. Instead, qualitative research was conducted to clarify the nature of the behaviour perceived as other harassment or bullying. Ninety-four per cent of those who chose 'other' (6,944 respondents) provided a free text explanation. Analysis of this information revealed two distinct factors:

- personal differences, such as differences of opinion
- abuse of power, including disrespect for knowledge and skills, threatening and abusive language, competition in the workplace, harassment when on graduated return to work programs or sick leave and differences in status.

Employee census data suggests allegations of harassment and bullying arise often in the context of employee concerns about actions taken by managers to manage employee performance or health. While the behaviour employees describe as harassment or bullying may be objectively viewed as reasonable management action, perceived harassment or bullying can have a significant impact on employee engagement and wellbeing and is of concern (Chapter 4).

The enquiries to the EAS and applications for review by the Merit Protection Commissioner highlight that managing allegations of harassment or bullying is challenging. The allegations arise from the interaction between individual behaviour, potential power imbalances and individual resilience. Perceptions of behaviour are important, but they must have a reasonable basis.

Taking a highly formal approach to allegations of bullying and harassment may entrench positions and make long-lasting resolution hard to achieve. Not every failure to act consistently with the APS Values needs to be dealt with by implementing misconduct procedures. In many cases these issues can be dealt with through other means if managers and the affected employees have the capability and confidence to do so. One way of achieving this is to consider an employee's concerns through the statutory review of actions scheme.

Reviews of action

The statutory review of actions scheme enables APS employees to seek review where they have a complaint about an action or decision relating to their employment.¹¹ APS employees must apply to their agency head for review in the first instance for most employment-related decisions and actions (primary review).

¹¹ The scheme in Section 33 of the *Public Service Act 1999* is available to employees who are classified from APS 1 to EL 2 and is not available to SES employees.

The number and nature of applications under the statutory scheme, and the way they are handled, provides insight into the capacity of agency decision makers to make discretionary judgements in a principles-based employment framework. Data collected from agencies shows that in 2012–13, 37% of agencies received at least one application for a primary review of an employment action, the same result as in 2011–12. In all, 450 applications for review were made and 418 finalised. Applications continue to be concentrated in three large agencies, the Department of Human Services, the Department of Defence and the Australian Taxation Office, which together accounted for 72% of all applications. Together these three agencies make up 50% of the APS workforce.

In 2012–13, there was a significant increase in the proportion of reviews involving performance management decisions, which may reflect an increased focus by agencies on active management of individual performance as a way of improving organisational performance. Two-thirds of agencies finalised reviews that involved performance feedback or assessment (up from 49% in 2011–12). As the proportion of reviews involving performance management has grown, review of decisions involving harassment or bullying has declined, with fewer agencies (18%) finalising reviews involving bullying or harassment in 2012–13 than in 2011–12 (32%).

Sixty-six per cent of agencies reported an average timeframe of less than three months to finalise an application for review. Eighty per cent of finalised reviews upheld the original decision.

If an employee is not satisfied with the outcome of an agency review, or if the agency head considers the action is not reviewable, the employee can apply to the Merit Protection Commissioner for external review.

The Merit Protection Commissioner reported in her annual report for 2012–13 that 46 secondary reviews were finalised, 80% of which resulted in a recommendation to the agency head to uphold the original decision. Forty-three per cent of secondary review applications finalised by the Merit Protection Commissioner in 2012–13 concerned aspects of performance management, compared with 26% in 2011–12, a trend consistent with the increase in primary review applications in this category.¹²

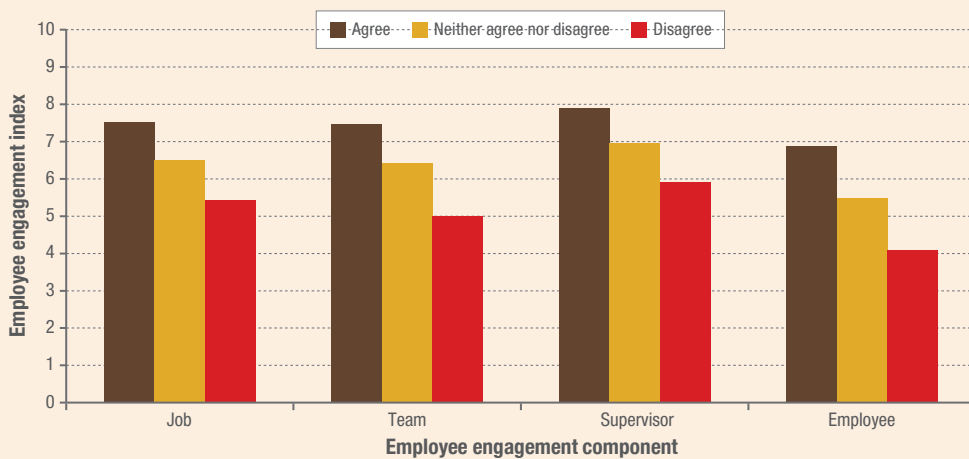
The Merit Protection Commissioner submitted a case study to the Commissioner as part of the *Strengthening the Performance Management Framework* project outlining observations on the effectiveness of performance management arrangements in the APS arising from the review casework. The Merit Protection Commissioner noted while agency performance management policies reflected good practice, the effectiveness of the policy implementation varied. In particular, many performance agreements considered on review relied heavily on behavioural performance indicators and lacked clear and measurable performance standards. It was also apparent that lack of trust in the performance management process and poor communication between managers and employees influenced employees to dispute the outcome of performance management processes.

¹² An application made and/or accepted for review by the Merit Protection Commissioner does not stay any employment action in hand or contemplated by the agency into the same or related matters.

Data collected in this year’s employee census was used to explore the relationship between the satisfaction of an employee with their agency’s grievance process and their feelings of engagement with their job, team, supervisor and agency (Figure 3.4). Agency grievance processes include the review of actions scheme, but also the dispute resolution arrangements under enterprise agreements, as well as non-statutory processes such as agency policies for responding to complaints of bullying and harassment. In 2013, 39% of employees were confident in their agency’s grievance processes, up from 36% in 2012.

Figure 3.4 The relationship between confidence in agency grievance processes and employee engagement, 2013

■ I have confidence in the processes that my agency uses to resolve employee grievances



Source: Employee census

Alternative dispute mechanisms are increasingly being used to good effect by agencies to resolve employee grievances, saving time and money and rebuilding trusting relationships in the workplace. Data collected from agencies showed that 76% of agencies have fully-implemented alternative dispute resolution processes to settle employee grievances or complaints, while another 12% have partly implemented such processes or are developing them. Of those agencies that used alternative dispute resolution processes, 63% used agency managers to conduct the processes, 52% used external providers and 38% used agency employees who are not managers.¹³

¹³ Agencies were able to select more than one category.

Key findings

The events of the last year indicate that while levels of corruption and serious misconduct in the APS remain low, the risks remain real. The preliminary outcome of the Australian Commission for Law Enforcement Integrity investigation into allegations of corruption in the ACBPS has served as a wake-up call across the service in several key ways.

These events remind us that the risks of corruption in the APS vary according to each agency's operating environment. It is critical that agencies consider their own risk profiles and take reasonable measures to mitigate risks. The ACBPS has done so in implementing its new integrity regime, a measure that responds to instances of corrupt conduct and is intended to prevent further occurrences.

The events in the ACBPS also serve as a reminder that tolerance of low-level inappropriate behaviour has the potential to undermine ethical culture in the workplace and can lead to much more serious misbehaviour.¹⁴ As the Chief of Army said earlier this year: 'The standard you walk past is the standard you accept', and a culture in which poor behaviour goes unremarked is one in which bad behaviour is allowed to flourish.

The ACBPS capability review also observed:

Close-knit cultures, combined with poor leadership in some regions, have also led to inadequate understanding of the role and expectations of leaders (including supervisors and team leaders), resulting in poor discipline and lack of reinforcement of expected behaviours. This type of culture can present significant risks in terms of potential opportunities for fraud, misconduct and corruption.¹⁵

These recent events also serve as a reminder of the importance of tending to ethical culture and setting clear boundaries around the behaviours and practices acceptable in the APS. The APS integrity framework was refreshed and reinforced this year with the introduction of new Values and Employment Principles, revised arrangements for handling misconduct and the new Public Interest Disclosure legislation. In embedding the new APS Values and legislation, the APS can now invigorate its ethical culture.

Many lessons can be drawn from the events in the ACBPS, but the crucial one is that the organisational culture of the APS needs safeguarding and nurturing. While preventing corruption is an important goal for Australian Government administration, a focus on corruption prevention alone is too narrow to support a robust culture of integrity. This means that employees, managers and leaders must do what is right, rather than merely avoiding doing what is wrong. The new APS Values and Employment Principles provide an opportunity for agencies to reinforce a culture of ethical awareness and integrity across the APS when embedding them into work. The APS Values and Employment Principles need hardwiring into systems, processes and procedures and should form the basis for every management decision.

¹⁴ Australian Commission for Law Enforcement Integrity, *Operation Heritage—a joint investigation of alleged corrupt conduct among officers of the Australian Customs and Border Protection Service at Sydney International Airport (Interim Report)*, Commonwealth of Australia, Canberra, (2013).

¹⁵ Australian Public Service Commission, *Capability Review: Australian Customs and Border Protection Service*, Commonwealth of Australia, Canberra, (2013), p. 25.



Australian Public Service Commission

Chapter 4

Employee health and wellbeing

The Australian Public Service (APS) workforce represents a substantial national investment and capability; consequently preserving and enhancing the productivity of the workforce is critical if it is to continue to meet the needs of both the government and citizens.

There is general consensus that the performance and productivity of employees experiencing poor health and wellbeing is diminished. Consequently, workplaces that support employee health and wellbeing can realise a benefit in terms of organisational performance.

While there are multiple definitions of health and wellbeing, the term shares two common elements. First, health and wellbeing refers to the physical health of employees and, second, it refers to the mental, psychological and emotional state of employees.¹

Workplaces support employee health and wellbeing in many ways, including by providing paid sick leave and graduated return-to-work programs. Paid sick leave allows employees to access medical care, recover more quickly, prevent more serious illness from developing and prevent the spread of disease and illness in the workplace. While paid sick leave provides surety to employees, it also contributes to increased productivity by allowing unwell employees to recuperate more effectively and return to full productivity more quickly.² Graduated return-to-work programs assist in the prevention of long-term and chronic illness, reduce the indirect costs to the employer associated with lost productivity and demonstrate the value of the employee to the organisation. Returning to work in a supported and timely way after injury or illness has been associated with positive employee social and health outcomes.³

The workplace can also provide simple accommodations for employees with existing injuries or medical conditions. Data from the 2013 APS employee census (employee census) indicates that nearly 12% of respondents reported having a medical condition, illness or injury, or disability for which they require some reasonable adjustment in the workplace or that in some way affects their ability to perform their work. The most common reasonable adjustments required by APS employees related to furniture items (53% of respondents who required adjustments) or work hours (35%).

¹ K Danna and RW Griffin, 'Health and Well-Being in the Workplace: A Review and Synthesis of the Literature', *Journal of Management*, (1999), vol. 25, no. 3, pp. 357–384.

² X Scheil-Adlung and L Sandner, *The Case for Paid Sick Leave*, World Health Organisation, (2010).

³ Comcare, *First Steps Back: A Guide to Suitable Employment for Rehabilitation Case Managers*: <<http://www.comcare.gov.au>>.

The modern workplace can have a positive effect on the health and wellbeing of employees. In 2010, the Australasian Faculty of Occupational and Environmental Medicine released a paper that noted: ‘... the findings are unambiguous, work is good for health and wellbeing’.⁴ The paper called on employers to acknowledge the contribution they can make to an employee’s health and wellbeing by:

- ensuring workplaces are safe and have a workplace culture that supports employee health and wellbeing
- supporting ill or injured employees to continue to contribute to the workplace where possible
- adopting inclusive employment practices and best-practice injury management.

A substantial body of evidence demonstrates the negative impact the workplace can have on employee health and wellbeing. Physical injuries and accidents are a major factor in the modern workplace and Australia has one of the most comprehensive workplace health and safety frameworks in the world. In 2012, this culminated in the introduction of nationally harmonised workplace health and safety laws. Psychological injuries are also a concern in many workplaces. In the APS, psychological injuries make up only a minority of claims, but represent a majority of the costs of APS workplace injuries.⁵

Whether chronic or acute, the impacts that health and wellbeing have on the workplace are important in sustaining workforce productivity. This chapter discusses the health and wellbeing of the APS workforce, how this contributes to organisational performance and how the APS workplace can contribute positively to employee health. It also examines the impacts of absenteeism and presenteeism⁶ in the APS workplace as well as bullying and harassment and workplace incivility as health risks to APS employees and what APS agencies are doing to address these issues.

How the workplace affects employee health and wellbeing

The most direct effect that workplaces have on employee health and wellbeing is through the occurrence of injuries or illness due to work. The nature of the workplace significantly affects the types of risks involved. Workplaces with a substantial degree of physical work (for example, those that involve lifting or carrying) pose different risks to workplaces where demands are more likely to be mental or emotional (for example, those that involve policy work) or where the amount of contact with clients is significant. While the type of work affects the injury risks in a workplace, some characteristics common to all workplaces influence the workplace health risks to employees.

⁴ AF Unal, DE Warren and CC Chen, ‘The Normative Foundations of Unethical Supervision in Organizations’, *Journal of Business Ethics*, (2012), vol. 107, pp. 5–19.

⁵ Comcare, *Working Well: An Organisational Approach to Preventing Psychological Injury*, Commonwealth of Australia, Canberra, (2008).

⁶ Productivity losses sustained where individuals attend work while ill or injured.

Workplace illness and injury

The nature of the workplace risks in the APS is different from those in other sectors, for example, manufacturing or agriculture, but risks exist nonetheless.

Injury claim data from Comcare on 35 APS agencies each with more than 500 employees—totalling almost 140,000 employees—shows that in the year to July 2013, injury claim rates ranged from just under two to almost 25 claims accepted per 1,000 employees.⁷ The average agency rate of claims was just over 10 claims accepted per 1,000 employees. This shows an increase over previous years when analysis showed a similarly wide range of claims, but average claim rates of 7.0 and 6.5 per 1,000 for 2010–11 and 2011–12 respectively.

Injury reporting and subsequent claims serve two purposes: first, they allow an employee to make a claim for support for an injury that has occurred in the course of their duties; and second, they allow the workplace to better understand the risks inherent in their workplace and be better placed to apply strategies that help maintain the health and effectiveness of the workforce. Data from the employee census indicate that of the employees who experienced an injury or illness due to work, only one in eight (12%) submitted a claim for compensation. Of the employees who reported they had submitted a claim for compensation, 74% reported the claim was accepted, while another 19% were not sure and/or the claim had not yet been finalised. The top five reasons for not submitting a claim were:

- minor injury only, not considered necessary (29%)
- negative impact on current or future employment (27%)
- other (22%)
- did not think I would be eligible for worker's compensation (20%)
- inconvenient/required too much effort or paperwork (18%).

As a condition of their employment in the APS, employees can make a claim for any illness or injury sustained at work. To have more than one-quarter of employees who may be eligible report they did not apply because of concerns about the impact on their future employment suggests there are some cultural issues within the APS regarding being ill or injured at work. Interestingly, the view there would be a negative impact on future employment as a result of a claim was distributed relatively evenly across APS 1–6 and Executive Level classifications, but Senior Executive Service employees were less likely to cite this reason for not making a claim.

More than one in six employees who indicated injury or illness due to work did not lodge a claim because it was too inconvenient or required too much paperwork, suggesting there may be procedural factors inhibiting the ability of the APS to monitor the risks to its workforce and respond appropriately. While these responses were also relatively evenly distributed across

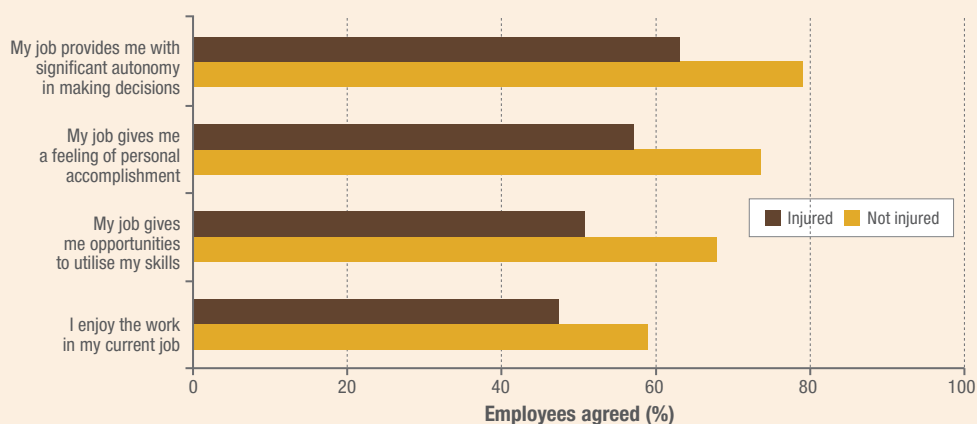
⁷ Claim rate data is only analysed for agencies with more than 500 employees to avoid the distortion that can occur when agencies with a small number of employees are included in the analysis. Given the nature of the data, year-on-year acceptance rates for injury claims cannot be calculated. That is, as claims can be received in one year and accepted or not in another, it is not possible to determine how many of the claims received in any given year were accepted.

the classification levels, Executive Level employees were more likely to cite this as a reason for not putting in a claim than employees at other classification levels.

While workplace injuries have a direct effect on the health component of employee health and wellbeing, they also have an effect on the wellbeing component. Data from the employee census shows employees who reported they were injured or became ill due to work were less positive across a range of attitudinal measures (including those relating to job satisfaction and work conditions) that can be seen to reflect an employee's sense of wellbeing at work. Figures 4.1 and 4.2 show these results.

As can be seen from Figure 4.1, employees who reported they were injured or became ill due to work were substantially less positive than other employees in relation to measures associated with job satisfaction, including their perceptions of workplace autonomy, feelings of personal accomplishment at work, the opportunity to use their skills and enjoyment in their current job.

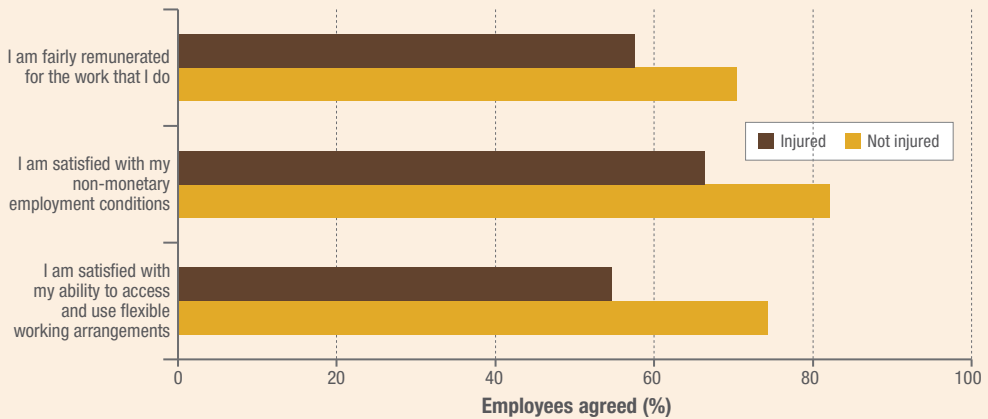
Figure 4.1 The relationship between workplace injury and job satisfaction, 2013



Source: Employee census

Similarly, employees who reported they were injured or became ill due to work were less positive than other employees on measures relating to workplace conditions, including remuneration, non-monetary employment conditions and access to and use of flexible work arrangements.

Figure 4.2 The relationship between workplace injury and workplace conditions, 2013



Source: Employee census

The nature of the workplace

Research into the impact of the workplace on employee health and wellbeing demonstrates that the sense of control employees have over their work, along with the demands of the workplace, combine to affect the likelihood of job strain and subsequently the likelihood of workplace stress.⁸ This job-strain model, first proposed in 1979, suggests that the relationship between two factors—job demand and employee control⁹—is complex but can be somewhat simplified by combining types of job demand (high demand versus low demand) with combinations of employee control (high control versus low control). These combinations resulted in the identification of the following categories of workplaces¹⁰:

- active—high demand and high control workplaces characterised by the ‘matching’ of employee skills and control with the challenges associated with fast-paced workplaces and associated with high levels of learning
- passive—low demand and low control workplaces characterised by a general passiveness in the workforce and associated with a general decline in overall problem-solving activity
- low strain—low demand and high control workplaces characterised by low job-strain and associated with moderate levels of learning

⁸ R Karasek, ‘Lower Health Risk with Increased Job Control among White Collar Workers’, *Journal of Organizational Behavior*, (1990), vol. 11, no. 3, pp. 171–185.

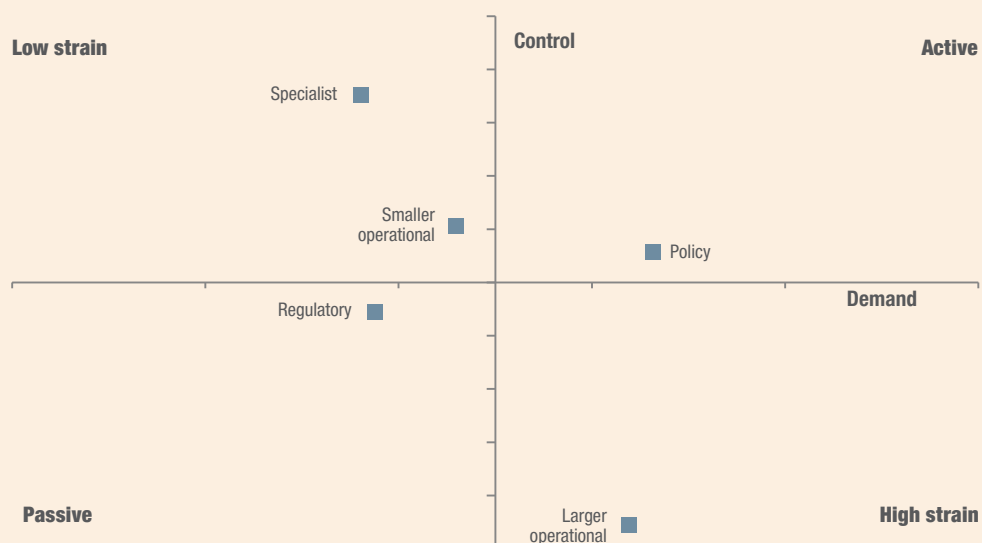
⁹ Job demand refers to issues such as job design and workload, while control refers to the amount of autonomy employees have over their work (that is, decision making).

¹⁰ R Karasek, ‘Job Demands, Job Decision Latitude, and Mental Strain: Implications for Job Redesign’, *Administrative Science Quarterly*, (1979), vol. 24, no. 2, pp. 285–308.

- high strain—high demand and low control workplaces characterised by high job strain and associated with a higher chance of negative employee health outcomes.

This research provides a framework for understanding the nature of APS workplaces in relation to job demand and employee control. Figure 4.3 shows the perceptions of employees in relation to their sense of job demand and control across agency functional clusters. As can be seen, employees from policy and larger operational agencies reported similar levels of workplace demand, however, employees from policy agencies reported higher levels of control. A similar relationship can be seen for employees from regulatory and specialist agencies where both reported similar levels of demand, but employees in specialist agencies reported much higher levels of control.

Figure 4.3 Workplace demands and control by agency cluster, 2013



Source: Employee census

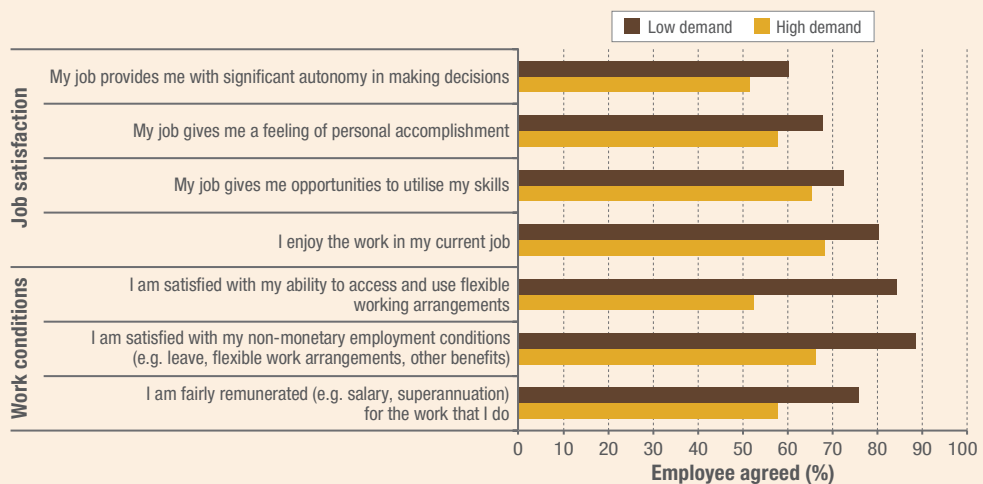
A number of factors influence whether an employee becomes injured or ill due to work and, furthermore, whether they submit a claim for injury or illness. Claim-rate data from Comcare, however, suggests that the perceived demands placed on APS employees and their capacity to exert some control in the workplace is reflected to some degree in the injury claim rates experienced in agency clusters:

- larger operational—18.74 claims per 1,000 employees
- smaller operational—13.22 claims per 1,000 employees
- specialist—12.42 claims per 1,000 employees
- policy—11.73 claims per 1,000 employees
- regulatory—9.41 claims per 1,000 employees.

Employee census data suggests a relationship between employee perceptions of job demand and control and attitudes across a range of workplace measures. As Figure 4.4 shows, employees who experienced high job demands were less likely to be satisfied with work conditions and were less positive on measures relating to job satisfaction. Conversely, employees who experienced high levels of workplace autonomy were more likely to be satisfied with their work conditions and were more positive on measures relating to job satisfaction (Figure 4.5). Additionally, figures 4.4 and 4.5 demonstrate that changes in employee perceptions of control are more powerful in their impact on measures of job satisfaction than changes in perceptions of workplace demand. This result is less obvious for measures of work conditions where changes in employee perceptions of both demand and control have a substantial impact on job satisfaction and work conditions.

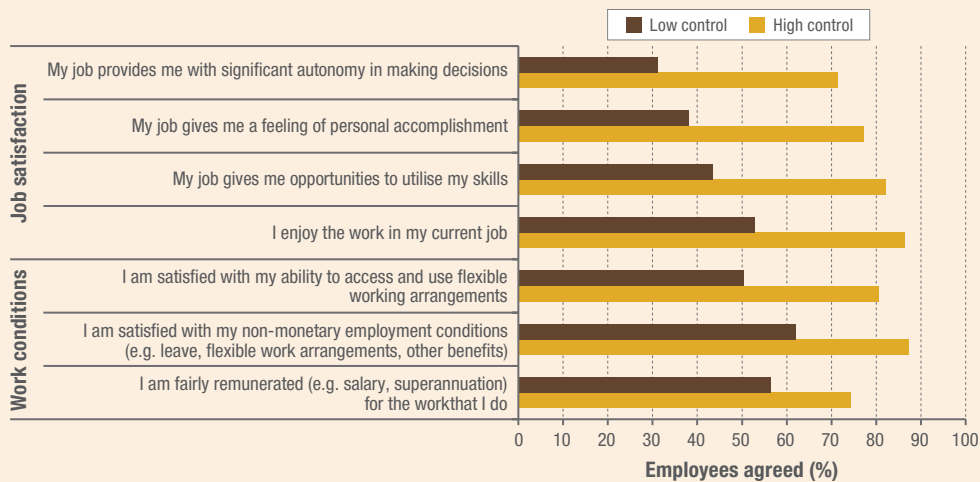
Together these results provide agencies with a framework for understanding how employee control and job demand may work together to have an impact on employee attitudes and feelings of wellbeing at work. It is important, however, to remain cognisant that the demand and control data presented here is ‘point-in-time’ data collected as part of a broader employee attitude survey. It is likely that employee perceptions of workplace demand and control will fluctuate over time and within a workplace, reflecting the natural ebb and flow of workloads and priorities. As such, the conclusions drawn should be interpreted with caution.

Figure 4.4 The relationship between workplace demands and measures of job satisfaction and work conditions, 2013



Source: Employee census

Figure 4.5 The relationship between workplace control and measures of job satisfaction and work conditions, 2013



Source: Employee census

The impact of the nature of the workplace on employee health has been operationalised in a public sector environment through the work of the Health and Safety Executive of the United Kingdom Civil Service in their management-standards approach to work stress.¹¹ This work has been identified by Comcare as a useful model for managers and human resource practitioners to adopt in the APS context.¹²

Concerns about the impact of stress in the APS workplace have existed for some time. This concern has been shared internationally¹³ and in the private sector. The Health and Safety Executive work has been identified as a useful model for APS managers. Recent collaborative work led by the Australian Public Service Commission (the Commission) has seen the development of a set of guidelines for managers on how to deal with workplace mental health issues.¹⁴

Workplace behaviour as a health and wellbeing risk

One of the more pernicious health risks in the modern workplace is bullying and harassment and workplace incivility more broadly. Over the past 10 years, employee census (and previously employee survey) results for the question: During the last 12 months have you been subject to

¹¹ CJ Mackay, R Cousins, PJ Kelly, S Lee and RH McCaig, “Management Standards” and Work Related Stress in the UK: Policy Background and Science, *Work and Stress*, (2004), vol. 18, no. 2, pp. 91–112.

¹² Comcare, *Working Well: An Organisational Approach to Preventing Psychological Injury*, Commonwealth of Australia, Canberra, (2008); Comcare, *Beyond Working Well: A Better Practice Guide*, Commonwealth of Australia, Canberra, (2009).

¹³ Medibank, *Sick at Work: The Cost of Presenteeism to your Business and the Economy*, Sydney (2011).

¹⁴ Australian Public Service Commission and Comcare, *As One, Working Together: Promoting Mental Health and Wellbeing at Work*, Commonwealth of Australia, Canberra, (2013).

harassment or bullying in your workplace?, have varied between 15% and 18%.¹⁵ In 2013, it was 16%, down from 17% in 2012. Although this rate is lower than it is in some other jurisdictions (in New South Wales almost one-third of state government employees report experiencing bullying in the workplace¹⁶), it still indicates that one in six APS employees feel they have been bullied or harassed in the workplace this year. Chapter 3 discusses workplace bullying and harassment in more detail.

Perceived bullying and harassment can take many forms. Of employee census respondents who believed they had experienced bullying or harassment, the two most common forms of behaviour reported were verbal abuse and inappropriate application of work policies. Employee census respondents most commonly reported that the behaviour came from someone more senior (other than their supervisor) (30%), their supervisor (26%) and/or a co-worker (26%).¹⁷

An emerging issue is cyber-bullying. In an APS context, cyber-bullying refers to the online harassment of APS employees by clients or members of the public. While the incidence of cyber-bullying is currently low relative to other forms of bullying and harassment (2% of employee census respondents reported experiencing this behaviour in 2013), the impacts it causes are no less severe. The impact of increased social media use on incidence of cyber-bullying is yet unknown and the Commission is working with agencies to develop guidance to support agencies and employees in dealing with this behaviour.

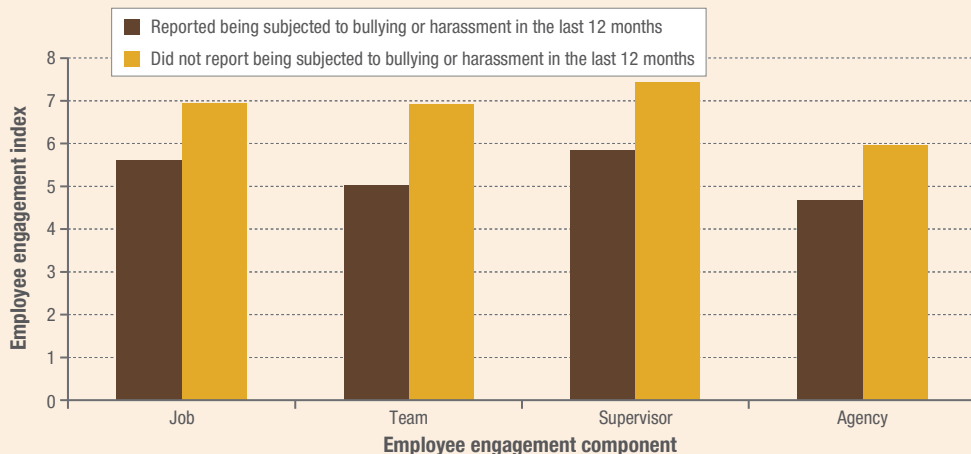
Whether it is perception or reality, being bullied has a significant impact on employees. Figure 4.6 shows employees who reported they had experienced bullying or harassment had lower levels of engagement than other employees. Additionally, employees who reported experiencing bullying or harassment in the workplace were more than three times more likely to report wanting to leave their agency as soon as possible (17%) compared with employees who reported not having been subjected to bullying or harassment (5%). Chapter 3 discusses the relationship between those who report being subject to bullying and harassment in the workplace and the formal reporting of such in more detail.

¹⁵ Employees responding to this question are provided with this definition of harassment and bullying: For the purpose of this survey, workplace harassment entails offensive, belittling or threatening behaviour directed at an individual or group of APS employees. The behaviour is unwelcome, unsolicited, usually unreciprocated and usually (but not always) repeated. While there is no standard definition of workplace bullying, it is generally used to describe repeated workplace behaviour that could reasonably be considered to be humiliating, intimidating, threatening or demeaning to an individual or group of individuals. It can be overt or covert.

¹⁶ New South Wales Public Service Commission, *How it is: State of the NSW Public Sector*, State of New South Wales, Sydney, (2012).

¹⁷ Employees were able to select more than one option.

Figure 4.6 The effect of perceived bullying on employee engagement, 2013



Source: Employee census

Employees who reported they had been bullied were also more likely to report they had gone to work suffering from health problems (64% compared with 42%) and were slightly less likely to report they were productive when at work and unwell. Employees who reported they had been bullied or harassed were also three times more likely than employees who did not indicate they had been bullied to report they had been injured or become ill due to work.

Bullying and harassment behaviours are also related to workplace incivility. The employee census shows that a substantial proportion of APS employees reported they had experienced workplace incivility from colleagues:

- 24% reported at least sometimes being spoken to in an unprofessional manner
- 23% reported at least sometimes their colleagues paid little attention to them or their ideas
- 9% reported their colleagues at least sometimes made demeaning or derogatory comments about them.

Workplace incivility was, unfortunately, not limited to co-workers. Although less frequent, employee census respondents felt their supervisors also engaged in uncivil behaviour:

- 10% of respondents reported that at least sometimes their supervisor spoke to them in unprofessional terms
- 16% reported that at least sometimes their supervisor paid little attention to their ideas
- 5% reported that sometimes their supervisor made demeaning or derogatory remarks about them.

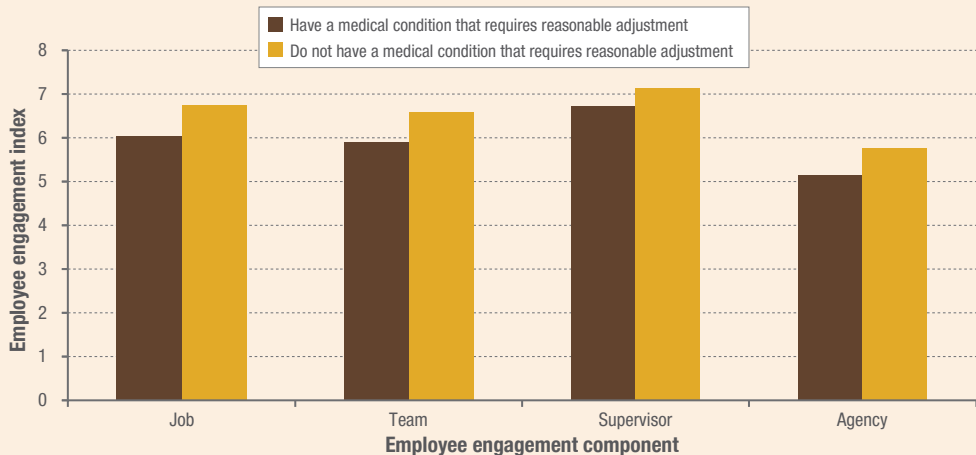
Although not as extreme as harassment or bullying behaviour, perceived workplace incivility has a similar effect on employee engagement.

In 2012–13, 88 agencies had fully developed policies in place on how to respond to reports of workplace bullying. Only three agencies did not have such a policy. Specific bullying prevention programs had also been implemented in 56 agencies, including Harassment Contact Officer networks, workplace respect programs and fact sheets on workplace bullying and harassment.

Employee engagement and employee health and wellbeing

In the APS, employee engagement varies across segments of the workforce (for example, by age or classification level) and is related to important organisational outcomes including intention to leave, hours worked and the use of sick leave.¹⁸ The *State of the Service Report 2011–12* indicated that the relationship between employee engagement and the use of sick leave was statistically significant but weak. This result led to the conclusion that the main cause of sick leave use was employee ill health.¹⁹ The relationship between employee health and engagement, however, is clear. Figure 4.7 shows that employees who had a medical condition that required reasonable adjustment or in some way affected their ability to do their job demonstrated substantially lower engagement levels than employees who did not.

Figure 4.7 The effect of having a medical condition on employee engagement, 2013



Source: Employee census

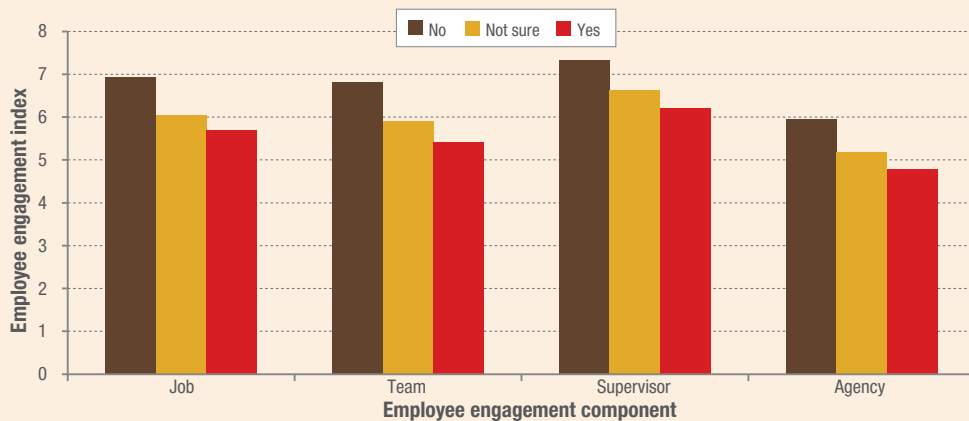
The relationship between employee engagement and experiencing a work-related injury or illness is somewhat more complex though. Figure 4.8 shows that employees who reported they were injured or experienced a work-related illness, showed significantly lower levels of all elements of employee engagement than those who had not. However, almost no relationship

¹⁸ Australian Public Service Commission, *State of the Service Report 2011–12*, Commonwealth of Australia, Canberra, (2012), pp. 75–104.

¹⁹ Australian Public Service Commission, *State of the Service Report 2011–12*, Commonwealth of Australia, Canberra, (2012), pp. 94–95.

exists between employee engagement and whether an employee submitted a claim for compensation for a work-related injury or illness. So, while the occurrence of an injury is related to employee engagement, it would appear that the processes agencies have in place to support employees receiving compensation for a work-related injury have little to no impact on employee engagement.

Figure 4.8 Have you been injured or become ill due to work? 2013



Source: Employee census

How employee health and wellbeing affects organisational productivity

Employee health and wellbeing has its most obvious effect on organisational productivity through avoidable employee absence on sick or compensation leave. Less obvious, though still important, are productivity losses sustained where individuals attend work while ill or injured (sometimes referred to as presenteeism). Finally, poor employee health and wellbeing has an indirect effect on productivity through reduced employee engagement levels.

Absenteeism

Sick leave is only one component of unscheduled absence recorded in the APS. The other four components are carer’s leave, compensation leave, miscellaneous leave and unauthorised absences. An analysis of total unscheduled absence in the APS is provided in Appendix 4.

The provision of paid leave for personal reasons, including ill health, has been a feature of the Australian workplace for many years. Under the National Employment Standards, Australian

employees are entitled to a minimum of 10 days paid sick leave per year.²⁰ Sick leave and other leave entitlements, such as carer's leave, can contribute to an organisation being considered a 'family friendly employer' and can be part of the attraction for working in an organisation or sector. Public sector employees in Australia, for example, are more likely to be granted a wider range of leave entitlements than are employees in other sectors, in particular the private sector.²¹

The amount of personal/carer's leave provided under agency enterprise agreements varies considerably across APS agencies. Approximately 15% of employees have access to a personal/carer's leave entitlement of 15 days per year, while 55% have 18 days and another 15% have at least 20 days.

The median sick leave rate across APS agencies in 2013 was 8.6 days of sick leave per employee, which is a slight increase on 2012 (8.5 days). Sick leave rates increase with agency size. This variability is consistent with previous data from the public sector. Additionally, the finding that larger organisations experience higher levels of sick leave use also occurs in the private sector.²²

The median sick leave rates for agencies in 2012–13 were:

- large agencies (>1,000 employees)—9.5 days sick leave per employee
- medium agencies (251–1,000 employees)—8.4 days sick leave per employee
- small agencies (<250 employees)—7.8 days sick leave per employee.

One challenge in considering the impact of sick leave on workplace productivity is the extent to which absence due to ill health is a cost to an organisation. Clearly sick leave represents a loss in productivity. However, a sick employee taking appropriate time off from work may minimise productivity losses that would otherwise be incurred, such as prolonging the recovery period or, if infectious, attending work and causing others in the workplace to become ill. The challenge for managers is to minimise the potential causes of illness or injury inherent in the workplace (this is discussed in more detail later in this chapter) while minimising unwarranted absences by employees not genuinely ill or injured. The available data does not permit an estimate of the extent to which sick leave usage (or attendance while ill) in the APS is unwarranted.²³

Determining the cost of sick leave is complex. As previously noted, however, access to sick leave may have less impact on productivity than working while sick. Moreover, the impact on agency cash outlays is not straightforward. This might result in financial cost if the workforce needs to be larger to absorb the productivity losses of high sick leave usage (for example, in a call centre where workload is externally driven and cannot be rescheduled by employees). In general, however, small variations in sick leave usage may lead to re-prioritisation of work rather than

²⁰ Australian Government, *Fair Work Act: Part 2–2 National Employment Standards*, Commonwealth of Australia, Canberra, (2009).

²¹ Australian Bureau of Statistics, *Employee Earnings, Benefits and Trade Union Membership*, Commonwealth of Australia, Canberra (2011).

²² Direct Health Solutions, *Absence Management & Wellbeing Survey*, (2013).

²³ This is not equivalent to the median rate of sick leave taken by APS employees. Rather, agencies report that the average number of days of sick leave is recorded per employee in their agency and this number is used to determine the average usage rate across agencies.

increased cash outlays. The reverse is also true. If an employee does not take sick leave (that is, the organisation's sick leave is reduced) there are not necessarily direct financial 'savings'. Rather, if the reduction in sick leave is due to improved health of the workforce there will be gains to the employee and a capability and capacity gain for the organisation, but not necessarily direct financial 'savings'.

To assist managers and human resource practitioners in managing unscheduled absence (a concept that is broader than sick leave) the Commission has undertaken work to update and revise its extant guidance on this matter. *Turned up and Tuned in* and *Fostering an Attendance Culture* were originally published in 2006 and revised guidance for managers on how to identify and manage unwarranted absence from the workplace has been provided to agencies.

Presenteeism

Broadly speaking, presenteeism is defined as the productivity loss that occurs when an employee attends work but, because of an illness or injury, is not fully productive. Research has shown that employees who are not well are also more prone to injuries and, if contagious, increase the risk of other employees contracting an illness.

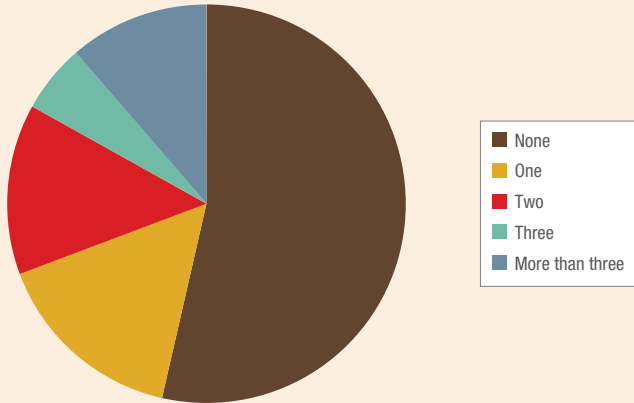
Although a relatively recent concept, presenteeism has been shown to have a greater impact on productivity than absenteeism. An ongoing body of work conducted on behalf of one of Australia's largest health insurers has shown that the productivity losses from presenteeism across the economy can be up to four times as much as losses from absenteeism.²⁴

Figure 4.9 shows that almost half of the APS workforce reported they attended work while suffering from health problems. Figure 4.10 shows that of those who were at work just under 60% reported experiencing some degree of lost productivity. Interestingly, this also means that just over 40% of the workforce who reported they attended work while ill or injured felt they did not lose productivity because of their illness or injury. This result highlights the complex nature of presenteeism and suggests that individual employees play a substantial role in determining their own health and wellbeing outcomes in the workplace.

²⁴ Econtech, *Economic Modelling of the Cost of Presenteeism in Australia*, Medibank Private, (2007).

Figure 4.9 Levels of presenteeism in the APS, 2013

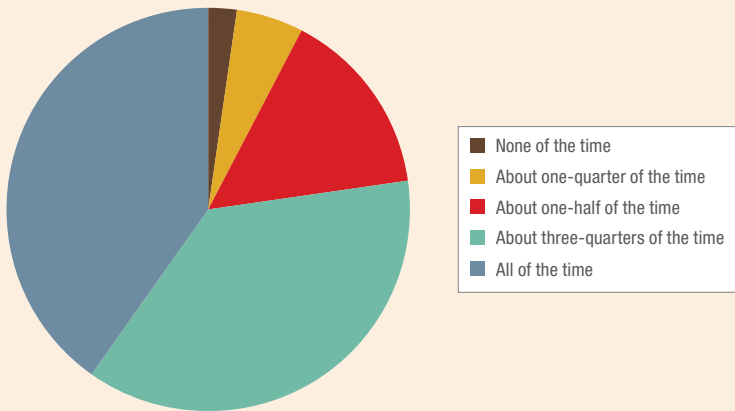
■ How many days have you gone to work unwell in the past fortnight?



Source: Employee census

Figure 4.10 Impact of presenteeism on APS employee productivity, 2013

■ When at work unwell, how often were you as productive as usual?

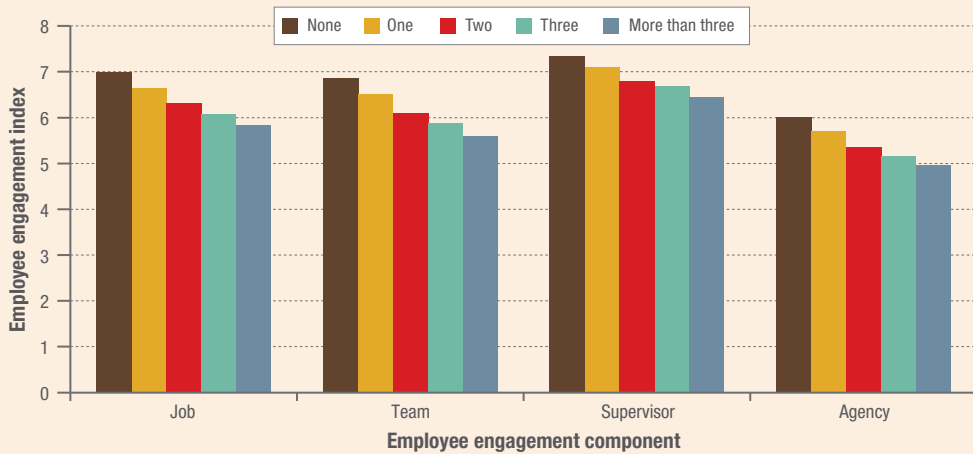


Source: Employee census

Somewhat counter-intuitively, Figure 4.11 shows that employees who reported they attended work when unwell were not the most engaged employees. On the contrary, engagement levels were lower for employees who reported they attended work most often when unwell. However, of the employees who attended work when unwell, those who indicated they were most productive—losing no productivity or less than one-quarter of their productivity—were those with the highest engagement levels (Figure 4.12).

Figure 4.11 The relationship between presenteeism and employee engagement, 2013

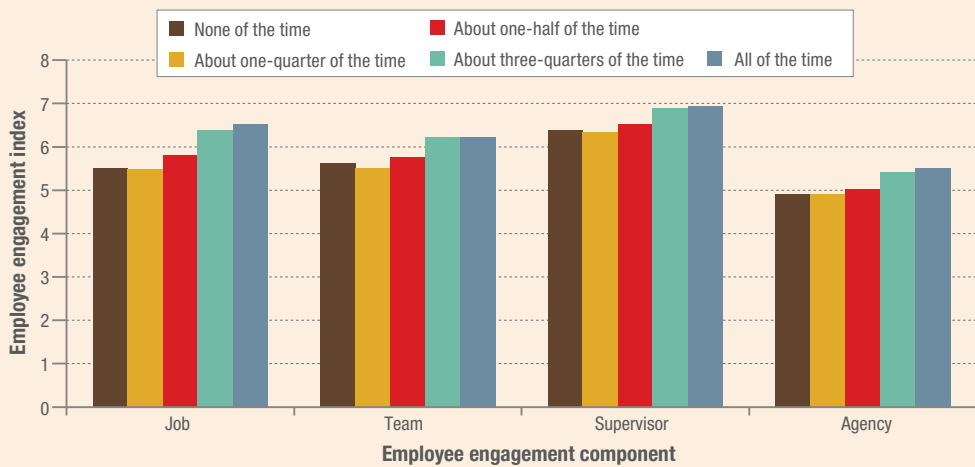
■ How many days have you gone to work unwell in the past fortnight?



Source: Employee census

Figure 4.12 The relationship between productivity when unwell and employee engagement, 2013

■ How productive were you when at work but unwell?



Source: Employee census

Presenteeism is a complicated and relatively new concept. An employee who is sick and infectious and who turns up to work can have a detrimental effect on their colleagues and their own recovery time, thus having a negative impact on organisational productivity. Conversely,

an employee who is unwell but not infectious or required to stay at home to recover (for example, because of physical injuries) and who comes to work can have a positive impact on their own health and wellbeing and contribute to the overall productivity of the workplace, albeit potentially not at 100% effectiveness in many cases.

Presenteeism in the APS context requires further investigation to more fully understand its impact on the employee and workplace. The data presented here also suggests it has a complex relationship with employee engagement that warrants further consideration.

Workplace health initiatives

While workplaces can be detrimental to employee health, they may also play a significant role in maintaining employee health and preventing ill health among employees. APS agencies provide a wide range of health and wellbeing programs for employees. In 2012–13, 92% of agencies had either fully or partially developed health and wellbeing programs in place to support their employees. The programs most commonly provided by agencies were ergonomic programs such as workstation assessments (96%), general lifestyle programs (91%) and mental health programs (69%).

Agencies were also asked to identify strategies they had used to support employees who had ongoing health issues. The most commonly used strategies were:

- flexible work arrangements (98%)
- supervisory support and assistance (89%)
- health resources and services (76%).

The Department of Health and Ageing's 'Healthy Workers Initiative' provides an example of a workplace health initiative within the APS. This program provides employers with a range of resources from both Australian and international sources that can assist in the creation of a healthier workplace.²⁵ Creating a healthier workplace involves four steps:

- gaining support from management
- engaging employees
- assessing needs
- using first-steps tools (such as an employee survey or a workplace health audit).

Healthy workplaces

While workplaces can play a role in preventing ill health among employees through programs such as those discussed here, the evidence suggests these types of programs help reduce

²⁵ Department of Health and Ageing, *Healthy Workers*, (2012), <<http://www.healthyworkers.gov.au/>>.

workplace absences but do little to improve overall health outcomes for employees.²⁶ Similarly, while often somewhat extravagant claims are made about the return on investment for workplace health and wellbeing programs, recent research conducted in Australia²⁷ and overseas²⁸ suggests the return on investment for these programs is more modest than often claimed.

A healthy workplace is about more than a bowl of fruit on the reception counter or the provision of an external program that provides education about healthy living, although these types of initiatives can contribute. Both the culture around workplace safety and leadership behaviours in the workplace, particularly supportive leadership behaviours, can contribute to creating a healthy workplace.

Safety culture

An organisation's safety culture reflects the values and beliefs held by employees in an organisation that relate to safety in the workplace. Results from the employee census show a strong relationship between employees who have been injured and their perceptions of safety culture in their organisation. APS employees who have been injured or become ill due to work are four times more likely to disagree that the people in their workgroup are committed to workplace safety, five times more likely to disagree their supervisor is committed to workplace safety, three times more likely to disagree their agency cares about employees being healthy and safe at work, and almost five times more likely to disagree their agency supports employees who become injured or ill at work.

When the relationship between perceptions of agency safety culture and whether an employee made a claim for compensation was considered, however, no aspect of safety culture had a substantial relationship with applying for compensation. This suggests that the processes agencies have in place for supporting employees and monitoring workplace injuries are unaffected by the safety culture of the workplace.

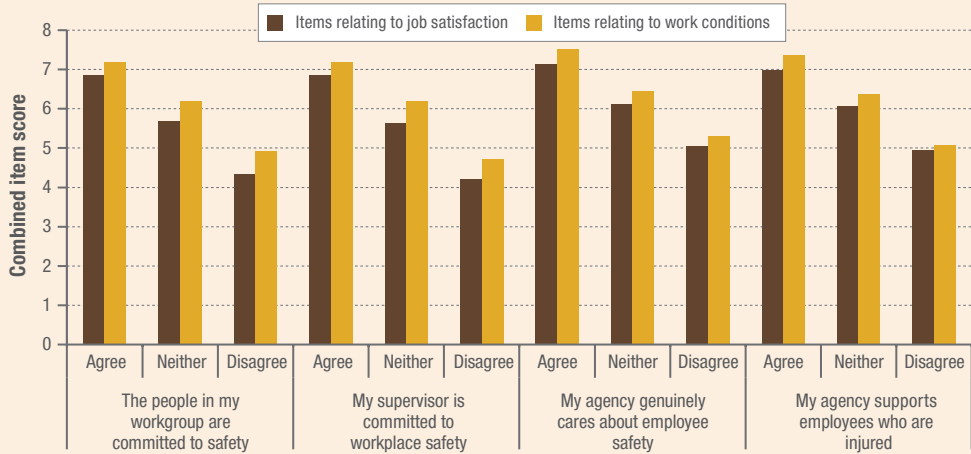
Employee census data also suggests that agency safety culture is related to a range of attitudinal measures, including those relating to job satisfaction and work conditions discussed previously. Figure 4.13 shows that employees who were more positive about these measures were also more positive about all aspects of the safety culture in their workplace.

²⁶ SH van Oostrom, MT Driessen, HCW de Vet, RL Franche, E Schonstein, P Loisel, W van Mechelen and JR Anema, *Workplace Interventions for Preventing Work Disability*, Wiley Publishers, (2009).

²⁷ S Baxter, K Sanderson, L Blizzard, A Venn and A Palmer, *What Return on Investment can we Expect? Evidence from a Quality-Based Systematic Review*, (2013).

²⁸ A Rogen, SJW Robroek, FJ van Lenthe and A Burdorf, 'Workplace Health Promotion: A Meta-Analysis of Effectiveness', *American Journal of Preventative Medicine*, (2013), vol. 44, no. 4, pp. 406–415.

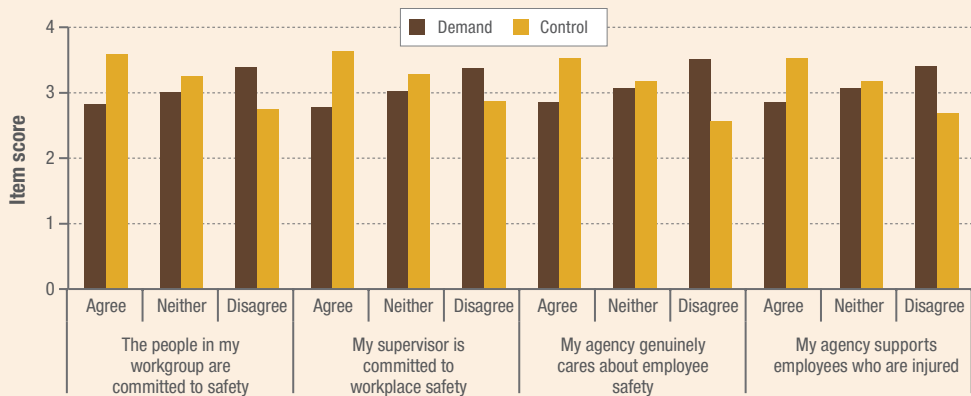
Figure 4.13 The relationship between safety culture and measures of job satisfaction and work conditions, 2013



Source: Employee census

Figure 4.14 shows a similar relationship between perceptions of safety culture and perceptions of the demands in the workplace and the sense of control employees have. Employees who were more positive about the safety culture of their workplace also reported lower levels of demand and higher levels of control than employees who were not positive about their workplace safety culture. These latter employees showed the opposite pattern of reported demand and control. This data suggests that safety culture is worth investigating further as a possible way to improve employee health and wellbeing.

Figure 4.14 The relationship between safety culture and work demands and control, 2013



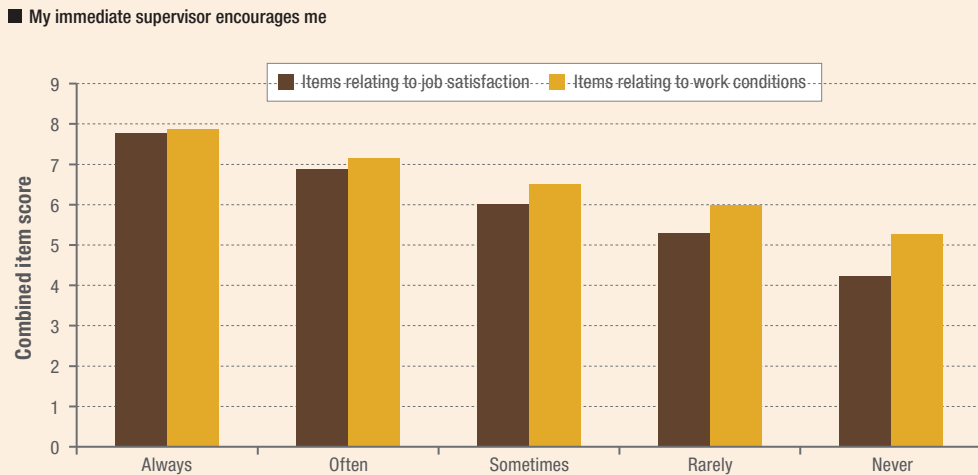
Source: Employee census

Leadership

While the wider implications of good leadership for APS organisational performance are dealt with in Chapter 2, research conducted in the Australian public sector has shown that higher levels of supportive leadership predicted higher levels of employee wellbeing.²⁹ Supportive leadership is an element of transformational leadership and is characterised by the leader providing general support for employees in a manner that indicates a degree of respect for employees and an appreciation of their needs. The need for leaders to support employees is clearly articulated in the APS Leadership and Core Skills Strategy.³⁰

Figures 4.15 and 4.16 show that APS workplaces where leaders supported their employees and treated people with respect were also more positive on measures relating to job satisfaction and work conditions.

Figure 4.15 The relationship between supportive leader behaviours and measures of job satisfaction and work conditions, 2013



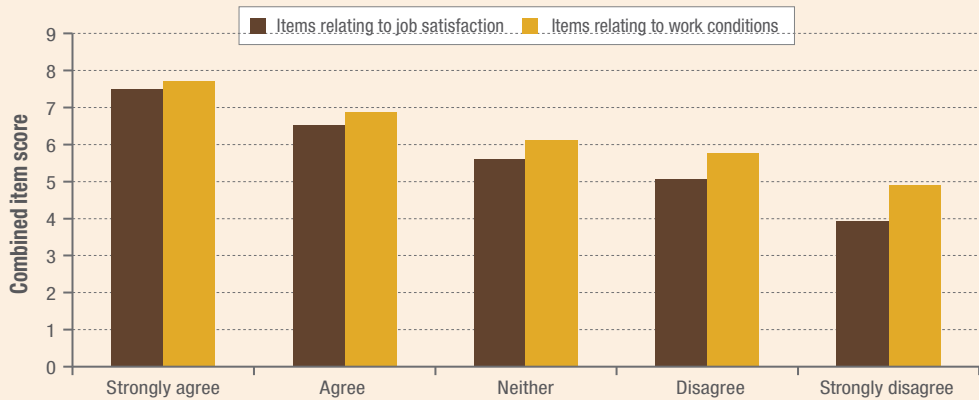
Source: Employee census

²⁹ CJ Newton and NI Maierhofer, 'Supportive Leadership and Well-being: The Role of Team Value Congruence', in *Proceedings 40th Australian Psychological Society Annual Conference*, Melbourne, (2005).

³⁰ Australian Public Service Commission, *APS Leadership and Core Skills Strategy 2012–13*, Commonwealth of Australia, Canberra, (2012).

Figure 4.16 The relationship between leader respect and workplace wellbeing, 2013

■ My immediate supervisor treats people with respect



Source: Employee census

Although the direct benefit of workplace health initiatives may be equivocal, the workplace can contribute to employee health and wellbeing in very positive ways through the culture of the workplace and behaviour of colleagues and leaders in the workplace.

Key findings

The human capital of the APS is an important resource for Australia and the maintenance of this is a key concern for the APS. The health and wellbeing of the workforce is therefore a key concern for APS managers and human resource practitioners, but the effect the workplace can have on employee health and wellbeing is complex and can be positive and negative.

Employee health and wellbeing can have a direct effect on organisational productivity through presenteeism or employee absence for reasons of ill health. While more difficult to quantify, the positive impacts of being at work and contributing to outcomes while recovering from illness or injury need to be assessed having regard to the potential additional losses in productivity from the possible spread of infection or lengthened recovery. Moreover, it is highly unlikely that the bulk of productivity losses due to illness or injury are within the control of the employer.

The APS actively manages many health and wellbeing risks inherent in its workplace through comprehensive health and safety regulations, bullying prevention programs and a range of health and wellbeing programs. However, the data would suggest that other aspects of a healthy workplace contribute significantly to employee health and wellbeing and that these warrant further attention, including the consistency of the safety culture of the workplace and the more consistent application of supportive leadership practices.

Australian Public Service Commission

Chapter 5

Diversity

The longstanding commitment of the Australian Public Service (APS) to have a workforce that reflects the diversity¹ of the Australian community is an explicit recognition that diverse workforces drive innovation, creativity, problem-solving capabilities and individual and organisational productivity. A diverse workforce positions the APS to better serve and support the government and the Australian people.

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

The APS Diversity Council

The APS Diversity Council was established in early 2012 by the Secretaries Board, to reinforce and reinvigorate the APS commitment to workforce diversity. The Diversity Council has a particular focus on improving employment outcomes for Indigenous Australians and people with disability in the APS, in response to unfavourable employment outcomes for these groups.

This year the Diversity Council undertook a review of agencies' technical processes related to the employment of Indigenous Australians and people with disability and explored ways to build agency culture to better support workforce diversity and inclusion. In doing so, the Diversity Council liaised with agencies on cultural awareness and reasonable adjustments, endorsed a new mechanism to better collect retention data for employees from diversity groups and developed a system to share expertise and create opportunities for cross-agency collaboration around diversity issues. The Diversity Council also secured the continuation of specialised whole-of-APS recruitment pathways for Indigenous Australians and supported a new recruitment pathway for people with disability.

Additionally, the Diversity Council paid particular attention to workforce diversity implications in an environment of budget constraints and slowing recruitment. They issued

¹ Diversity includes differences in gender, age, language, ethnicity, cultural background, disability, religious beliefs and family responsibilities. In the workplace, it also encompasses differences between individuals in educational level, life experience, work experience, socio-economic background and personality.

advice on the use of the APS Redeployment Policy, emphasising the importance of a strategic human capital approach in an environment of tightened fiscal policy and budget constraints. Agencies were encouraged to consider the implications of workforce restructures on corporate knowledge, core workforce skills, diversity and succession planning.

Disclosure

The low rate of employee disclosure in relation to diversity status continues to be an issue for the APS. Of the data provided by agencies to the APS Employment Database (APSED) at the end of June 2013, Indigenous status was not available for 23.3% (38,979) of all employees and disability status was not available for 30% (50,135).² This leaves a large gap in the available APS workforce diversity data.

The provision of some diversity status information by APS employees to their agency is voluntary. Consequently, as with any large voluntary data collection, APSED tends to under-represent the number of Indigenous Australians and people with disability. To improve the collection of diversity data from employees, amendments to the Australian Public Service Commissioner's Directions from 1 July 2013 require agencies to ask all employees for diversity information while providing a 'choose not to give this information' option. It is expected that these amendments will improve the quality of diversity data.

In the 2013 APS employee census (employee census), 2,630 respondents identified as Indigenous, representing 2.6% of those who responded to the question, compared with 2.3% reported in agencies' human resource (HR) systems. The majority of Indigenous census respondents (80%) reported they had disclosed this information to their agency, while 7% chose not to inform their agency, 3% reported they had never been asked for this information, 4% said no for another reason and 6% were unsure whether they had disclosed the information.

Of the 6,869 employee census respondents who identified as having some form of disability (6.8% of those who responded to this question, compared with 3.3% in agencies' HR systems), 53% reported they had disclosed this information to their agency, 15% chose not to inform their agency and 13% indicated they had never been asked for the information.

The higher numbers of APS employees identifying as either Indigenous or with disability in the employee census suggests that the information collected through agency HR systems continues to underestimate actual representation. The changes to data collection will ensure the information in agency HR systems is more complete, but for some employees disclosing this information will remain an individual and personal decision.

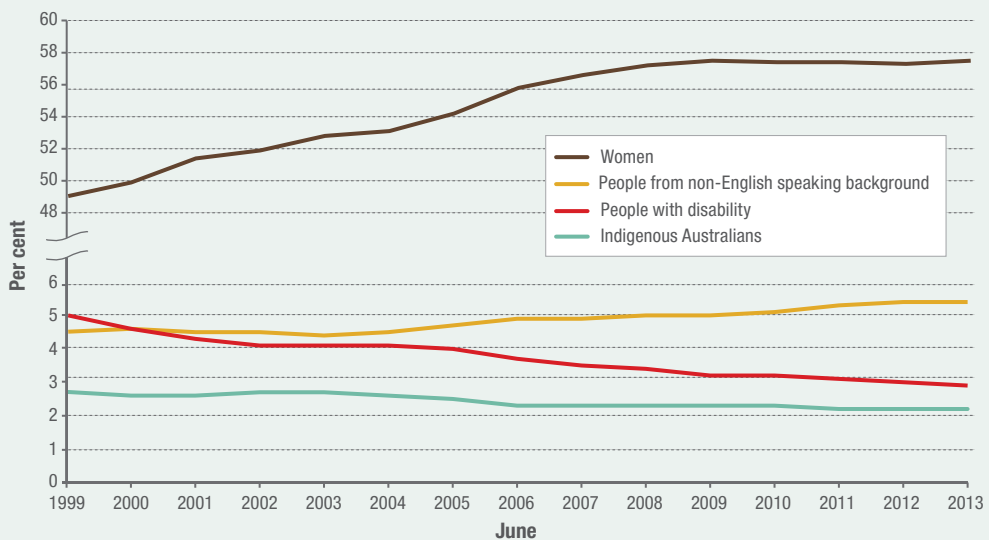
² Each year APS agencies provide workforce data, including diversity data, to APSED. Once an employee's data is provided to APSED, it is stored permanently unless the employee subsequently chooses to remove it. If the employee moves to another agency that has not provided this information to APSED, the previous data is retained in APSED.

Trends in representation

Section 18 of the *Public Service Act 1999* (Public Service Act) requires agency heads to establish workplace diversity programs, to assist in giving effect to the APS Employment Principles. In 2012–13, 75% of APS agencies had such a program in place in at least part of their agency, a slight reduction on last year's result of 77%. As of 1 July 2013, changes to the Public Service Act require agency heads to publish the details of their agency's workplace diversity program on their agency's website. At the time of completing the agency survey, 43% of APS agencies had a workplace diversity program available on their website.

Based on APSED data, Figure 5.1 shows that in 2012–13 the proportion of women employees increased slightly, the proportion of Indigenous employees and employees from a non-English speaking background stayed the same, while the proportion of employees with disability declined.

Figure 5.1 Representation of diversity groups among ongoing employees, 1999 to 2013



Source: APSED

Indigenous employment

In July 2012, a new iteration of the APS Indigenous Employment Strategy was launched, with the support and endorsement of the Diversity Council and Secretaries Board. The new strategy, which the Australian Public Service Commission (the Commission) led on behalf of the APS, supports agencies to increase Indigenous representation through a range of targeted activities. It included the Pathways to Employment programs for Indigenous graduates, cadets

and trainees, provided a whole-of-APS approach to entry-level recruitment, and complemented agencies' own Indigenous recruitment activities.

In 2012–13, the Commission worked in partnership with more than 40 agencies to provide employment pathways for 117 Indigenous Australians through the APS Indigenous Pathways Program. The program promoted the APS as an employer of choice to Indigenous job seekers and provided entry-level opportunities for Indigenous trainees (64), cadets (24) and graduates (29).

The APS Indigenous Employment Strategy also strengthened the role of the Commission's Indigenous Liaison Officers to include pre and post-recruitment support and advice for Indigenous candidates, regular interaction with agency HR areas and the creation of partnerships with Indigenous employee networks across Australia, including in regional areas.

The Commission also focused on coordinating Indigenous engagement and employment by providing a strategic view on the intersection between Indigenous policies, programs, administration and Indigenous culture. In particular, the Commission sought opportunities to partner with agencies to develop an ongoing and sustainable approach to Indigenous employment in the APS, by engaging directly with senior leaders, agency heads and Secretaries and assisting them to build their internal capabilities on Indigenous employment.

In 2009, under the auspices of the Council of Australian Governments, the Australian Government committed to increase Indigenous employment in the Commonwealth public sector—including the APS—to 2.7% by 2015, to reflect the projected national Indigenous working age population share.³ This commitment forms part of the broader 'Closing the Gap' agenda, aimed at halving the gap in employment outcomes between Indigenous and non-Indigenous Australians by 2018.

At 30 June 2013, 2.3% of the total APS workforce identified as Indigenous on their agencies' HR systems, the same as at 30 June 2012. Over the long term, representation of Indigenous employees in the APS has declined from 2.8% in 2002.

In absolute terms, the number of employees identifying as Indigenous increased by eight, from 3,838 in June 2012 to 3,846 in June 2013. This is due to an increase in ongoing Indigenous employees, with the number of non-ongoing Indigenous employees declining by 38 from 519 in June 2012 to 481 in June 2013. Table 5.1 shows the changes in Indigenous representation from 2009 to 2013 for ongoing and non-ongoing employees.

³ Council of Australian Governments, *National Partnership Agreement on Indigenous Economic Participation*, (2009), <<http://www.deewr.gov.au/Indigenous/Employment/Pages/NatPartnershipAgreementOnIEP.aspx>>.

Table 5.1 Representation of Indigenous ongoing and non-ongoing employees, 2009 to 2013

Employment type	June				
	2009	2010	2011	2012	2013
Indigenous employees (ongoing and non-ongoing) (%)	2.4	2.5	2.3	2.3	2.3
Indigenous employees (ongoing) (%)	2.3	2.3	2.2	2.2	2.2

Source: APSED

Indigenous Australians in the broader community have a much younger age profile than the Australian population, with the median age of Indigenous Australians 21 years, compared with 38 years for non-Indigenous Australians.⁴ While this age difference is less pronounced in the APS workforce, Indigenous employees in the APS are still, on average, younger than non-Indigenous employees (39 years compared with 43 years).

The APS Indigenous workforce is predominantly female, with Indigenous women comprising more than two-thirds (67.1%) of ongoing Indigenous employees. This representation is higher than the representation of women in the broader APS workforce, with women comprising 59.1% of ongoing non-Indigenous employees. This is consistent with workforce data from 2011–12, when 67.1% of Indigenous and 58.8% of non-Indigenous APS employees were women.

Jawun Indigenous partnerships

Jawun is a not-for-profit organisation managing secondments from corporate and government partners to Indigenous organisations, where APS employees share their knowledge and expertise. The Jawun Program is managed by the Commission on behalf of the APS.

For APS agencies and secondees, the secondments have resulted in:

- positive outcomes for the Indigenous communities
- increased cultural awareness and personal and professional development for the secondee
- increased cultural awareness and broader awareness of Indigenous matters within the agency.

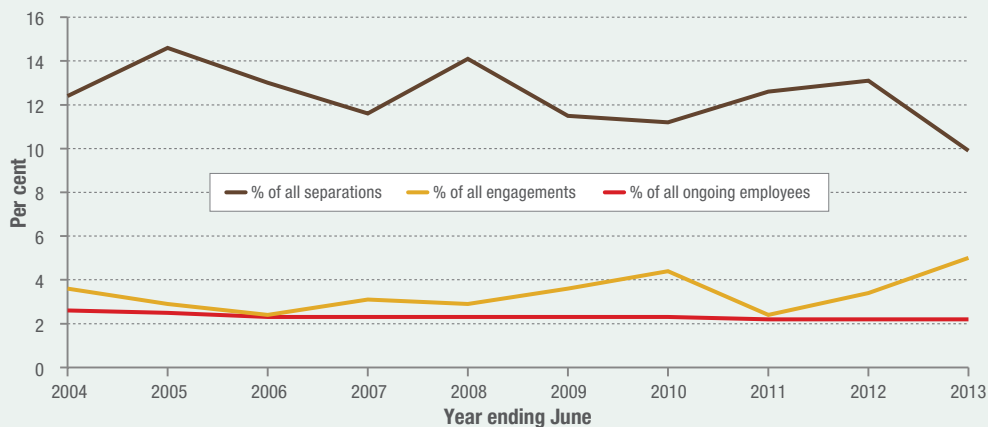
During 2012–13, 38 APS employees from 17 agencies undertook secondments in Indigenous organisations under the Jawun Program.

⁴ Australian Bureau of Statistics, *Census of Population and Housing 2011, Community Profile*, Commonwealth of Australia, Canberra, (2011), <<http://www.abs.gov.au/>>.

Engagements and job attraction

The number of ongoing Indigenous employee engagements remained relatively stable this year, with 380 Indigenous employees engaged (consistent with 382 engagements in 2011–12). However, Figure 5.2 shows that as a proportion of all engagements, Indigenous employee engagements increased from 3.4% in 2011–12 to 5.0% 2012–13.

Figure 5.2 Engagements and separations—Indigenous employees, 2004 to 2013



Source: APSED

The majority of Indigenous employee engagements (87.1%) over this year were at entry levels (trainees, graduates and APS 1, 2, 3 and 4 classifications), which may reflect the focus on entry-level recruitment through the Pathways to Employment programs introduced in the past year. Two per cent of engagements at APS 5 to 6 levels were Indigenous and 0.7% at Executive Level (EL).

In the employee census, employees are asked what factors attracted them to their current job. Sixty per cent of Indigenous employees indicated that the opportunity to provide service to diversity groups was important, and 65% indicated that service to the general public was important. There is a marked difference between Indigenous and non-Indigenous employees on these aspects of APS employment. Twenty-four per cent of non-Indigenous employees indicated that service to diversity groups was an important attraction to their current job and 52% indicated service to the general public.

These results may reflect the concentration of Indigenous employees in agencies responsible for delivering services predominantly to, or working with, Indigenous communities. Table 5.2 shows that the five agencies with the largest proportion of Indigenous employees all have significant Indigenous responsibilities.

Table 5.2 Agencies with the largest proportion of Indigenous employees, 2013⁵

Agency	Indigenous employees (%)
Aboriginal Hostels Ltd	73.1
Torres Strait Regional Authority	62.0
Australian Institute of Aboriginal and Torres Strait Islander Studies	23.2
Department of Families, Housing, Community Services and Indigenous Affairs	9.6
Department of Education, Employment and Workplace Relations	6.0

Source: APSED

The employment experience

Figure 5.3 shows that, consistent with last year’s results, Indigenous employees were slightly more engaged than non-Indigenous employees, suggesting the employment experience for Indigenous Australians is similar to that of other APS employees. The employee census also shows that the highest proportion of APS Indigenous employees were employed in service delivery roles (33% compared with 18% of non-Indigenous employees). Given the importance of service to diversity groups and service to the public as attraction features of APS employment for Indigenous employees, employment in service delivery likely has a positive impact on Indigenous employee engagement.

Figure 5.3 Employee engagement—Indigenous and non-Indigenous employees, 2012 and 2013



Source: Employee census

⁵ Of agencies with more than 100 employees.

The high representation of Indigenous employees in service delivery roles is due, in part, to the large proportion of Indigenous employees based outside of the Australian Capital Territory (70.7% compared with 59.5% of non-Indigenous employees).

Indigenous employees are also more likely to be employed at lower classification levels, with around 58.0% at APS 4 or below. Just 1.8% of APS 5 to 6 employees, 1.0% of EL and 0.7% of the Senior Executive Service (SES) identify as Indigenous. The reasons for this lower classification profile are complex and likely a mix of historic factors, agencies' reliance on entry-level recruitment, Indigenous employees' tendency for shorter APS careers (discussed in more detail in the next section), disclosure rates, location and job type.

Many agencies have recognised the importance of Indigenous cultural awareness training to improve the understanding of traditional and contemporary Indigenous cultures and the lived experience of Indigenous Australians today. The majority of agencies (62%) have indicated that they had or were developing Indigenous cultural awareness training. The training that was provided was through face-to-face activities (39% as part-day and 29% as one or more days of training) or e-learning platforms (32% of agencies).

Almost 74% of APS agencies encouraged employees to participate in cultural events as a measure to improve the retention of Indigenous employees. Cultural events included Reconciliation Week and National Aborigines and Islanders Day Observance Committee (NAIDOC) week.

Department of Immigration and Citizenship (DIAC)—building Indigenous cultural awareness

DIAC developed its Indigenous cultural awareness e-learning program to build employee understanding and awareness of contemporary and traditional Indigenous cultures. The program was developed in-house after extensive consultation with Indigenous employees and relevant external parties. It combines text, audio, interactive elements, video and story-telling. The program incorporates Aboriginal waterholes artwork to represent the learning journey and focuses on celebrating Indigenous cultures.

DIAC recognised that providing cultural awareness training through an e-learning platform would be more cost and resource-effective than face-to-face training and enable the department to make the training mandatory for all employees—including SES—regardless of location. At 30 June 2013, almost 70% of DIAC's workforce had completed the training.

In a collaborative effort to build Indigenous cultural awareness across the APS, DIAC has committed to share its e-learning program with other agencies. DIAC currently has a memorandum of understanding with two APS agencies for use of the program and negotiations with other agencies (including a range of small agencies) are underway.

Intention to leave and separations

As with the APS overall, separations of Indigenous employees slowed in 2012–13. Encouragingly, unlike previous years, the number of such separations this year did not outweigh the number of Indigenous employee engagements. Last year, the overall separation rate for Indigenous employees was nearly double that of the APS rate. During 2012–13, there were 332 separations of ongoing Indigenous employees, representing an overall separation rate of 9.9% compared with 6.3% for the APS overall. As a proportion of all ongoing APS separations, Indigenous employee separations dropped to 3.5%, down from 4.2% in 2011–12. Resignation continues to be the most common separation type for Indigenous employees, representing 64.5% of Indigenous employee separations (compared with 46.3% for the broader APS). This was followed by retrenchments, with 17.5% of Indigenous employees separating in this way compared with 27.9% for the APS overall.

To maintain diversity during periods of workforce restructure, the Diversity Council recommended that agencies establish processes to monitor retrenchments to ensure particular groups are not disproportionately represented, and provide redeployment options and tailored support. Where previously Indigenous employees were disproportionately represented in retrenchments, this year they represented 2.2% of all retrenchments, which more closely reflects Indigenous representation in the APS.

While the overall gap between Indigenous employee separations and APS separations has narrowed, Indigenous employees continue to separate earlier in their careers than do non-Indigenous employees. During 2012–13, 20.5% of Indigenous employees who separated from the APS did so less than one year after engagement, almost four times the rate of non-Indigenous employees (5.9%). It is concerning that this rate increased from 16.5% last year. In light of this, the Commission's Indigenous Liaison Officers are giving increased priority to providing support to new Indigenous employees and establishing partnerships with employee networks, including in regional areas, to ensure new recruits have the support and peer networks they need.

Despite the difference in separation rates, Indigenous employees are no more likely than non-Indigenous employees to indicate an immediate or short-term intention to leave their agency. The marked difference in intention to leave and actual separation rates for Indigenous employees suggests further research is needed.

In early 2013, the Commission, endorsed by the Diversity Council, rolled out APS-wide entry and exit surveys to collect valuable attraction and retention information from new APS employees and those leaving the service. The surveys are available to all agencies through the Commission. While the surveys collect data from all employees who choose to participate, they also help the APS to better understand the underlying factors influencing some critical employment trends for Indigenous employees and employees with disability. The information collected will help the APS to develop targeted approaches to attracting and retaining employees in a number of workforce segments, including diversity groups. To date, 49 agencies have requested information on including these surveys in their entry and exit processes and 196 completed surveys have been received. The completed entry surveys span 16 agencies and completed exit surveys have been received from 17 agencies.

Employees with disability

People with disability are underrepresented in the Australian workforce, despite 15% of the working age population reporting disability.⁶ Research on the employment experience of people with disability highlights the many barriers they face in seeking, obtaining and retaining employment. In most cases this is due to lack of opportunity, rather than lack of ability.⁷

The Australian Government National Disability Strategy aims to improve the workforce participation of people with disability across Australia. To ensure the APS approach to disability employment is consistent with the National Disability Strategy, the As One—APS Disability Employment Strategy 2012–14 (As One) was launched by the Commission in 2012. A number of As One initiatives have been successfully implemented, including a pilot recruitment pathway for people with disability, establishment of an APS Disability Employment Working Group and the launch of the My Career, My APS online career tool for people with disability.

Given that the APS workforce continues to age and disability prevalence increases with age, the development and promotion of better disability employment outcomes will continue to be a priority for the APS. The ongoing implementation of As One represents a targeted set of actions to address this priority.

The proportion of people with disability in the APS in 2012–13 was 2.9% of all ongoing employees. This was unchanged from last year. In absolute terms, the number of ongoing employees with disability fell from 4,570 in 2011–12 to 4,450 in 2012–13, continuing a trend of steady decline since the mid-1990s.

The results of the employee census indicated that 6.8% of respondents identified as having some form of disability, a similar result to the 6.9% of respondents who reported the same in 2012.

Employees with disability are, on average, older than employees without disability (the median age was 48 years of age compared with 43 years). Similarly, employees with disability have a higher median length of service compared with employees reporting no disability, with a median length of service of 14 years compared with nine years.

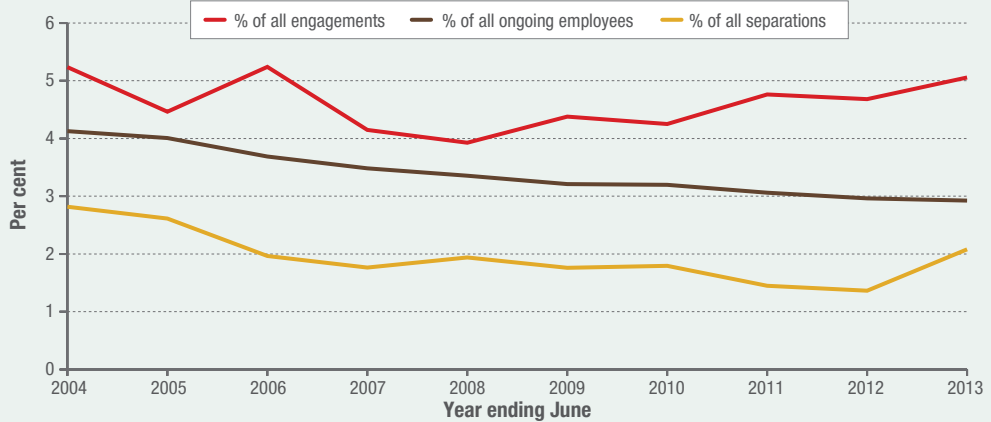
Engagements and job attraction

The decline in representation of employees with disability over the long term is due to a combination of low engagements and high separations. On average, over the past 20 years, separations of employees with disability outweighed engagements by more than double. This indicates that an approach encompassing both recruitment and retention is required to reverse this trend. Figure 5.4 shows employees with disability represented 2.1% of engagements in 2012–13, an increase from 1.4% in 2011–12.

⁶ Australian Bureau of Statistics, *Australian Social Trends: Disability and Work*, Commonwealth of Australia, Canberra, (2009), <<http://www.abs.gov.au>>.

⁷ Department of Families, Housing, Community Services and Indigenous Affairs, *Shut out: The Experience of People with Disabilities and their Families in Australia*, Commonwealth of Australia, Canberra, (2009).

Figure 5.4 Engagements and separations—employees with disability, 2004 to 2013



Source: APSED

The employee census shows the factors that attracted employees with disability to their current job were broadly comparable to the broader APS. The most commonly cited attraction factor for employees with disability was type of work (71% indicated this factor was important in attracting them to their current position compared with 77% without disability). Employees with disability placed less importance on career progression than other employees (41% compared with 49%). Despite this, employees with disability were less satisfied with opportunities for career progression in their agency, compared with employees without disability (26% compared with 36%).

RecruitAbility—Department of Defence

On 3 June 2013, the Department of Defence (Defence) joined 14 other agencies to pilot RecruitAbility, and was the first agency to advertise positions under the scheme. Defence advertised 189 vacancies in the initial three months of the pilot and 129 applicants chose to participate in the scheme. In 2014, the Defence Graduate Office will include RecruitAbility to assist in the selection of the Department's graduates.

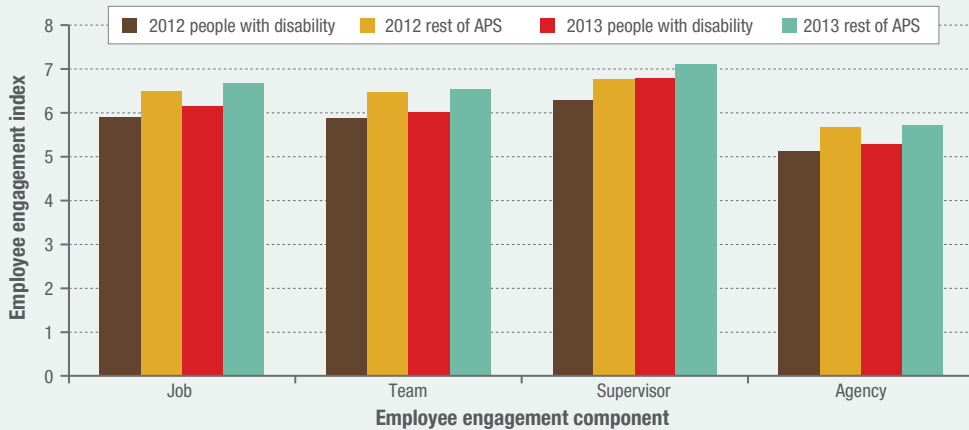
RecruitAbility—Comcare

Comcare, a medium sized APS agency, committed early to piloting the RecruitAbility scheme, aiming to increase its attraction and employment of people with a disability. Comcare has advertised all job vacancies under the scheme since the start of the pilot in June 2013, with roles varying from APS 3 to EL 2 classifications. Comcare's 2014 graduate positions were also advertised under RecruitAbility and attracted nine applicants with a disability; a significant increase from the previous year.

The employment experience

The employment experience of people with disability in the APS varies to that of employees without disability. Figure 5.5 shows that engagement levels for employees with disability continue to be lower than employees without disability, although, all four components of engagement improved from 2012 to 2013 for employees with disability.

Figure 5.5 Employee engagement—employees with disability, 2012 and 2013



Source: Employee census

Employees with disability were nearly twice as likely to report they felt they had been bullied or harassed in the past 12 months than employees without disability (29% compared with 15% in 2013). These findings are consistent with last year's results (31% compared with 16%). Previous work undertaken by the Commission has demonstrated there is a relationship between the perceived experience of bullying or harassment and employee engagement scores, which may provide some insight into the comparatively low engagement levels of people with disability.

Employees with disability who felt they had been bullied or harassed in the past 12 months were slightly more likely to indicate they had reported the behaviour (47% compared with 43%). Similar to the wider APS, most employees who identified as having a disability indicated they did not think any action would be taken in response to their complaint (55% compared with 52%). However, the majority of employees who did not report the bullying or harassment took some other informal action, such as seeking support from a colleague. This suggests there is a role for peer support systems within agency strategies in managing perceived incidences of bullying and harassment. Perceptions of bullying and harassment in the APS are discussed in more detail in Chapter 4.

In expressing other perceptions of the workplace, employees with disability were:

- slightly less likely to agree they had a good immediate supervisor (73% compared with 79%)
- less satisfied with their opportunities for career progression in their agency (26% compared with 36%)
- less satisfied with their opportunity to use their skills (62% compared with 72%)
- less satisfied with their current work-life balance (61% compared with 71%).

Reasonable adjustment enables many people with disability to participate in employment on an equal basis with their colleagues and compete on a level playing field for positions and promotions. Employee census data shows that almost two-thirds (65%) of employees with disability reported requiring some form of reasonable adjustment in the workplace, with the most common type of adjustment being office furniture (50%) and arrangements relating to work hours (41%).

In 2012, the Diversity Council conducted research into agencies' reasonable adjustment policies and practices. The research found that while most reasonable adjustments are, in reality, inexpensive and easy to implement, there is a persistent misconception that they are costly and burdensome. Research from the United States shows that about half of all adjustments cost little or nothing and around 90% of accommodations cost less than US\$500.⁸ While there is no directly comparable APS data on costs of reasonable adjustment, feedback provided to the Diversity Council by agencies is consistent with the United States' finding.

The Diversity Council endorsed these best practice principles related to reasonable adjustments:

- any equipment or adaptive technology provided to an employee as a reasonable adjustment should remain with the employee if they move between agencies
- within agencies a centralised funding model for reasonable adjustments should be considered
- a senior decision maker on reasonable adjustments should be appointed to ensure consistency and fairness
- use of the JobAccess Employment Assistance Fund should be promoted and encouraged by agencies.

Intention to leave and separations

In 2012–13, 5.1% of separations of ongoing APS employees were employees with disability. The overall separation rate for employees with disability was 10.8%, compared with 6.3% for the broader APS. Almost 40% of separations of employees with disability were by retrenchment (6.6% of all retrenchments), followed by age retirement (26.6%). This is consistent with last year's results.

⁸ ML Lengnick-Hall, PM Gaunt and M Kulkarni, 'Overlooked and Underutilized: People with Disabilities are an Untapped Human Resource', *Human Resource Management*, (2008), vol. 47, no. 2, pp. 255–273.

There were minor variations in intention to leave between employees with disability and those without disability. Results from the employee census demonstrate that employees with disability were more likely to report they intended to leave their agency in the next 12 months or as soon as possible (23% compared with 19%). However, employees with disability were less likely to cite a desire for a career change (21% compared with 32%) as a reason to leave their agency and were more than twice as likely to report bullying, harassment or discrimination (24% compared with 11%) as a factor influencing their intention to leave.

Employees from a non-English speaking background

The proportion of ongoing APS employees who identified as being from a non-English speaking background⁹ remained stable this year at 5.4%. Consistent with findings for other diversity groups, results from the employee census indicate that the representation of people from a non-English speaking background is likely to be higher at around 15%.

The largest group of employees from a non-English speaking background were born in southern and central Asia (20.6%), followed by south-east Asia (20.0%) and north-east Asia (16.5%). More information on employees from Asia is in Chapter 8. The most common region of birth for employees from a non-English speaking background outside of Asia was southern and eastern Europe at 12.7%.

Engagements and job attraction

People from a non-English speaking background constituted 4.6% of all engagements to the APS in 2012–13. This represents a sharp decline in absolute numbers from 572 engagements in 2011–12, to 350 engagements in 2012–13.

The employee census demonstrates the factors that attracted employees from a non-English speaking background to their current position were similar to factors attracting other employees, with the most important being type of work (74% of employees from a non-English speaking background compared with 77% of other APS employees). However, employees from a non-English speaking background were more likely than other employees to rate the opportunity to provide service to diversity groups as an important factor (38% compared with 23%). This is consistent with results for other diversity groups.

The employment experience

Results from the employee census indicate that the employment experience of people from a non-English speaking background is similar to other employees. Employees from a non-English speaking background show no significant differences in employee engagement compared with other APS employees. Additionally, they are as equally satisfied with workplace health and wellbeing and their work-life balance as other APS employees.

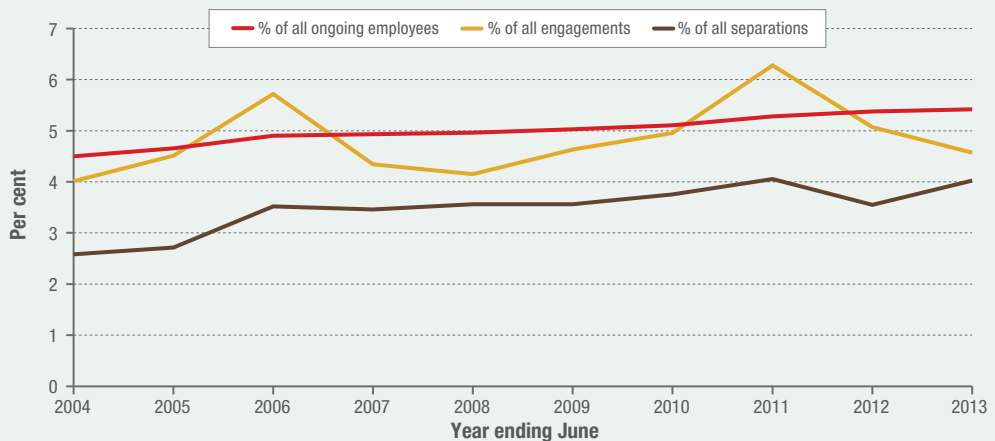
⁹ People from non-English speaking background are defined as those who were born overseas and arrived in Australia after five years of age and whose first language was not English.

Employees from a non-English speaking background are much more likely to have graduate qualifications than other employees—at June 2013, 82.1% had a degree-level qualification, compared with the APS average of 59.5%. Employees from a non-English speaking background have a relatively high classification profile. Almost 40% are at the APS 5 to 6 classifications which could partly be a result of the high proportion of degree-level qualifications of this group.

Intention to leave and separations

In 2012–13, people from a non-English speaking background constituted 4.0% of all separations from the APS (Figure 5.6). In the past, engagements have consistently exceeded separations for this group.

Figure 5.6 Engagements and separations—employees from a non-English speaking background, 2004 to 2013



Source: APSED

Employees reported similar career intentions in the employee census regardless of their country of origin, with 16% of employees from a non-English speaking background and 19% of other APS employees intending to leave their current agency as soon as possible or within the next 12 months. This is a shift from last year's results which saw 18% and 22% respectively citing they wanted to leave their agency as soon as possible or within the next 12 months. The most frequently reported reasons given by employees from a non-English speaking background intending to leave their agency were:

- lack of future career opportunities in the agency (54%)
- senior leadership of poor quality (30%)
- desire to try a different type of work or seek a career change (29%)
- lack of recognition for doing a good job (23%).

Women

The APS is one of Australia's largest employers, employing more than 160,000 people around the country. Overall, most of the APS workforce is female (57.9%). However, this representation declines as the move to senior positions increases, with women comprising 39.5% of SES at June 2013. Despite this, the representation of women in APS leadership positions is in stark and positive contrast to the 16.4% of women on Australian Securities Exchange (ASX) 200 boards (as at September 2013).¹⁰ This representation of women in senior roles across the APS and ASX 200 boards is, however, the highest it has ever been and demonstrates notable progress in the proportion of women in senior leadership positions.

At June 2013, 57.5% of the ongoing APS workforce were women (up from 57.3% in 2012). This reflects the women in the labour force generally (58.7%¹¹) and is a higher representation of women than in the overall Australian population (50.6%¹²).

Large agencies with the highest representation of women were the Department of Human Services (71.7%) and Department of Health and Ageing (DoHA) (70.0%). Large agencies with the lowest representation of women were the Bureau of Meteorology (BOM) (27.4%) and Defence (40.6%).

Large agencies with the highest proportion of female SES were the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) (57.7%), Department of Education, Employment and Workplace Relations (DEEWR) (57.2%) and DoHA (54.4%). Large agencies with the lowest proportion were BOM (21.0%), Department of the Treasury (24.5%) and Department of Foreign Affairs and Trade (25.7%).

Medium agencies with the highest representation of women at the SES level were the Australian Institute of Health and Welfare (75.0%), Australian War Memorial (75.0%) and Comcare (66.7%). Medium agencies with the lowest representation of female SES were Defence Housing Australia (0.0%), the Clean Energy Regulator (25.0%) and Australian Financial Security Authority (25.0%). Trends for employment by sex are included in Appendix 1.

Women in APS leadership

In 2013, for the first time, agencies were asked to report on the representation of women in their leadership group. Rather than reporting by classification level, such as SES 2 or SES 3, agencies reported by level of hierarchy:

- agency head
- direct report to agency head (AH -1)
- direct report to those who direct report to the agency head (AH -2).

¹⁰ Australian Institute of Company Directors, *Appointments to S&P/ASX 200 Boards*, (2011), <<http://www.companydirectors.com.au/Director-Resource-Centre/Governance-and-Director-Issues/Board-Diversity/Statistics>>.

¹¹ Australian Bureau of Statistics, *Labour Force, Australia*, Commonwealth of Australia, Canberra, (2013), <<http://www.abs.gov.au>>.

¹² Australian Bureau of Statistics, *2011 Census QuickStats*, Commonwealth of Australia, Canberra, (2011), <<http://www.censusdata.abs.gov.au>>.

This reporting format was put in place to reflect the reporting recommendations made by the Male Champions of Change to ASX 200 companies. The Male Champions of Change is a group of Australian Chief Executive Officers and chairpersons brought together by the Human Rights Commissioner to elevate the issue of women’s representation in leadership to the national agenda. The group was formed in April 2010 and its members include the Chief of Army, Secretary of the Department of the Prime Minister and Cabinet, Secretary of the Department of the Treasury, and Australian Public Service Commissioner.

This data is included by agency in Appendix 7 and shows female agency heads were more likely than their male counterparts to have direct reports that were also women. That is, of the 26 female agency heads, 49% of their direct reports were women. The proportion of women reporting directly to male agency heads was 38%.

Of the 101 agencies with an independent agency head, 26 (25.7%) were women. Considering agency size, medium agencies were more likely to have a female agency head (30%) than small (28%) or large agencies (14%). Table 5.3 shows that the representation of women in agency leadership groups generally represents their overall representation in the SES. The AH -2 group (direct reports to those who direct report to the agency head) is well placed in small and medium agencies, with women making up more than 50% of these cohorts.

Table 5.3 Women in leadership roles by agency size, 2013

Agency size	Agency head (% female)	AH -1 (% female)	AH -2 (% female)
Small	28	43	57
Medium	30	43	51
Large	14	31	42

Source: Agency survey

Table 5.4 shows that agencies with smaller operational and policy functions are more likely to have a female agency head than other agency functional groups. Again, the representation of women in the leadership groups for each functional cluster generally represents the SES. Specialist agencies had the lowest representation of women across the three leadership categories, while larger operational agencies (with the exception of agency head) had the highest. It is encouraging to note that almost 60% of the AH -2 in larger operational agencies are female.

Table 5.4 Women in leadership roles by agency function, 2013

Agency function	Agency head (% female)	AH-1 (% female)	AH-2 (% female)
Regulatory	18	37	44
Policy	31	34	42
Specialist	11	29	41
Smaller operational	33	35	49
Larger operational	27	47	59

Source: Agency survey

Engagements and job attraction

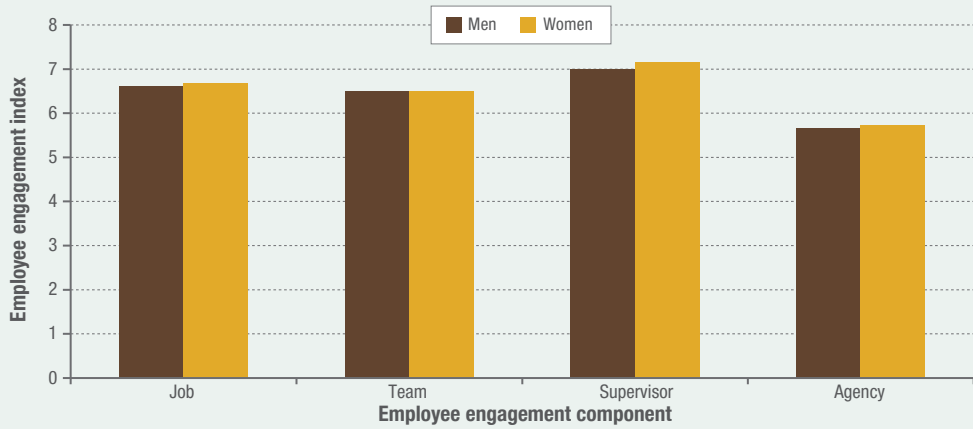
For 2012–13, women constituted 57% of all engagements in the APS (up from 54.6% in 2012). Comparable to last year, the factors most important in attracting women to their current position were the type of work, followed by job security and/or stability and employment conditions. Apart from employment conditions (which were more important for female employees than males), men indicated similar attraction factors as women. However, women were more likely than their male counterparts to indicate service to diversity groups (29% compared with 19%) and career development (61% compared with 53%) as important factors in attracting them to their current positions.

In the employee census, men and women showed minor differences in their perceptions of what was attractive about their current job. Overall, women were more likely to indicate they have a clear understanding of how their group’s role contributes to their agency’s strategic directions (81% compared with 76%). They were also more likely to agree they were fairly remunerated (72% compared with 63%) and that their job involves a task that has an obvious beginning and end (68% compared with 61%).

The employment experience

The employee census showed that men and women had similar levels of employee engagement, although women had slightly higher levels of engagement on three of the four engagement components (job, supervisor and agency). From last year, employee engagement levels of women showed a slight increase on all components. Employee engagement levels are shown in Figure 5.7.

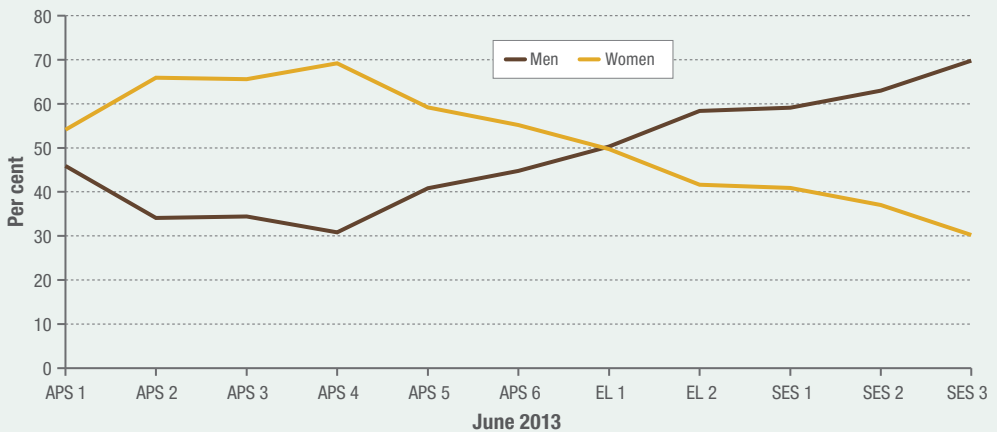
Figure 5.7 Employee engagement—men and women, 2013



Source: Employee census

In 2012–13, there was little change in the proportion of women across classification levels. The greatest change from last year occurred at the trainee and graduate classifications, which increased from 47.0% to 61.2% and from 49.0% to 54.1% respectively. While the proportion of women within EL and SES levels has grown continually, in recent years it has levelled to a slow increase. Figure 5.8 shows the proportion of men and women at selected classifications at June 2013.

Figure 5.8 APS classification profile by sex, 2013



Source: APSED

Women outnumber men at all classification levels up to and including APS 6 and men outnumber women from EL up to and including SES. While there has been steady progress in the representation of women at senior leadership levels over the past 20 years, women continue to be under represented in senior roles compared with men. At June 2013, the proportion of women in the SES was 39.5%, up slightly from 39.2% in 2012.

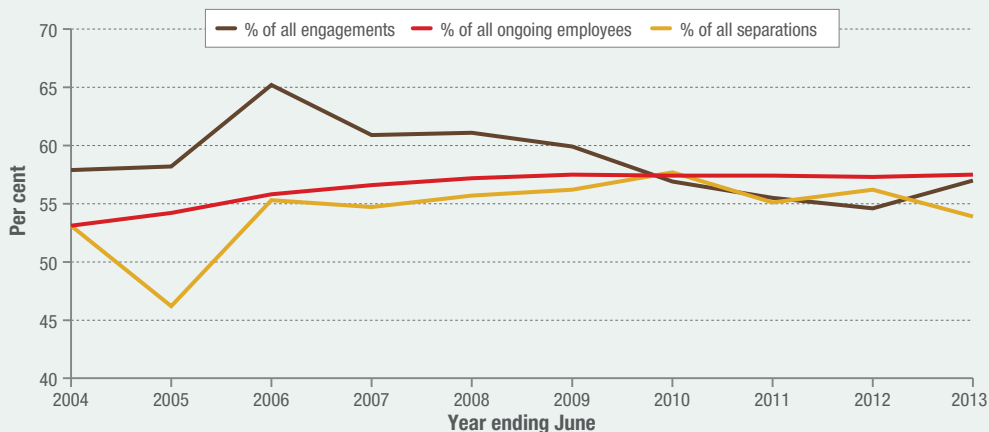
The representation of women within the SES increased at SES 1 and SES 3 levels. There was a greater increase at SES 3 level (30.2% up from 28.8% last year). In 2012–13, there was a minor decline in women at SES 2 (37.0% down from 37.5% last year).

At June 2013, the large agencies with the highest representation of women at higher classifications were DoHA (63.6% of EL and 54.4% of SES), FaHCSIA (62.2% of EL and 57.7% of SES), Attorney-General’s Department (62% of EL and 50% of SES) and DEEWR (56.4% of EL and 57.2% of SES).

Intention to leave and separations

Of all separations from the APS, women accounted for 53.9% in 2012–13, a decrease from 56.2% in 2011–12. In 2010 and again in 2012 women as a proportion of separations exceeded the proportion of females engaged in the APS (Figure 5.9).

Figure 5.9 Engagements and separations—women, 2004 to 2013



Source: APSED

Differences in intentions to leave for men and women were minor. Findings from the employee census show that slightly more men than women intended to leave their agency immediately or within the next year (21% compared with 18%). When indicating intention to leave, women were more likely to report they intended to stay in the public sector and less likely to report an intended move to the private sector.

For employees who intend to leave, the most common reason for men and women was lack of career opportunities in their agencies (52% of women and 49% of men). Women were less likely than men to report remuneration as a reason for leaving (9% compared with 16%). Additional reasons women gave for wanting to leave their agency included:

- desire to try different type of work or seeking a career change (32%)
- senior leadership is of poor quality (29%)
- interests do not match the responsibilities of the job (23%)
- lack of recognition for doing a good job (21%).

Satisfaction with work-life balance differs little between women and men (69% compared with 71%) and access to flexible working arrangements (70% compared with 72%). Satisfaction with and use of flexible work is discussed in detail in Chapter 9.

Key findings

The APS Diversity Council was established in 2012 by the Secretaries Board to reinforce and reinvigorate the APS commitment to workforce diversity. This year, the Diversity Council undertook a review of agencies' technical processes related to the employment of Indigenous Australians and people with disability and explored ways to build agency culture to better support workplace diversity and inclusion. The low rate of employee disclosure in relation to diversity status continues to be an issue for the APS. To improve the collection of diversity data from employees, amendments to the Australian Public Service Commissioner's Directions from 1 July 2013 require agencies to ask all employees for diversity information while providing a 'choose not to give this information' option. These amendments are expected to improve the quality of diversity data across the APS.

In 2013, the proportion of women in the APS workforce increased slightly, the proportion of Indigenous employees and employees from a non-English speaking background stayed the same, while the proportion of employees with disability declined. A new iteration of the APS Indigenous Employment Strategy was launched in 2012, including Pathways to Employment programs, which provide a whole-of-APS approach to entry-level recruitment and are designed to complement agencies' own Indigenous recruitment activities.

The As One—APS Disability Employment Strategy was launched in 2012. A number of initiatives from this strategy were implemented in the past year, including a pilot recruitment pathway for people with disability, establishment of an APS Disability Working Group and the launch of the My Career, My APS online career tool for people with disability. Given that the APS workforce continues to age and disability prevalence increases with age, the development and promotion of better disability employment outcomes will continue to be a priority for the APS.

The majority of the APS workforce is female although this representation decreases as classification level increases. As at June 2013, women comprised 39.5% of the SES. This is in stark and positive contrast to the 16.4% of women on ASX 200 boards (as at September 2013).

The representation of women in senior roles across the APS and the ASX 200 boards is the highest it has ever been and demonstrates notable progress in the proportion of women in senior leadership positions. There is, however, variability across agencies and further work is required to ensure the issue of women’s representation in leadership remains an ongoing focus for the APS.

Australian Public Service Commission

Workforce planning and strategy

Over the past 10 years the Australian Public Service Commission (the Commission), the Management Advisory Committee¹ and the Australian National Audit Office² have published a number of reports on the state of workforce planning in the Australian Public Service (APS). The Commission, through successive State of the Service reports, has also identified differing levels of workforce planning maturity and uptake across the APS. Most recently, the capability reviews undertaken by the Commission have reported that while workforce planning is operating very well in some agencies, in others business and workforce resourcing decisions are not supported by formal or effective workforce planning processes.

Over the last two years, the Commission, in partnership with 70 agencies, completed a project that delivered the key components of an APS-wide workforce planning framework in terms of tools, processes and training. This work sought to re-position workforce planning as a business-focused planning process that agencies could use to re-shape their workforce and manage workforce-related risks. The framework's focus was on ensuring agencies have the workforce they need to deliver government outcomes in an affordable way.

Progress in implementing the framework has been slow due to the low level of workforce planning capability in the APS. Providing a consistent framework and training in workforce planning has been central in addressing this deficit. More than 140 APS employees, representing 43 agencies, participated in two-day workforce planning courses conducted by the Commission between February 2012 and May 2013. Additionally, the Commission is responding to demand for the course to be tailored to meet the needs of specific agencies. For example, 40 APS employees in the Department of Defence recently participated in tailored training. As the underlying capability in workforce planning grows it is expected that agencies will be better able to align their workforce to deliver their business agenda.

This chapter describes the current state of workforce planning in the APS and examines progress in developing capability across the APS. It discusses workforce planning challenges, including the changing shape of the APS and skills shortages. It concludes by outlining a number of strategies designed to mitigate APS workforce risks.

¹ Management Advisory Committee, *Organisational Renewal*, Commonwealth of Australia, Canberra, (2003).

² Australian National Audit Office, *Workforce Planning*, Performance Audit Report no.55, 2004–05, Commonwealth of Australia, Canberra, (2005).

Insights from the capability reviews into workforce planning

To date, 17 capability reviews of APS agencies have been completed, the findings of which are discussed in detail in Chapter 10. Relevant to workforce planning, the capability reviews have identified in agencies a broad business agenda, which in some cases is transformational. The reviews also found the level of workforce planning required to support that agenda is not always well developed. One area the reviews noted for improvement was consistency in the way agencies deliver effective workforce management, including workforce planning. This finding takes on additional importance in a fiscally constrained environment.

While several agencies have workforce planning approaches in place, there is greater need for it to take on a more strategic and enterprise-wide focus that factors in the range of skills required by agencies to deliver into the future. In addition to technical skills, this includes leadership and management, communication, change management and corporate stewardship skills. Leadership and management skills need to include the capacity to work effectively with others and exercise strategic foresight in relation to agency operating environments. Agencies undergoing transformational change have a particular need to match the skill mix with the service offer. This often means moving away from transactional and processing activities and applying more analytical and judgement-type work.

The Department of Human Services (DHS) is an example where the review team found there was a transformational business agenda in place that had substantial implications for the way work was handled.³

The shift in skills and approach required of the workforce to achieve the DHS vision is arguably without precedent in the APS. It will involve the practical translation of workforce planning into recruitment, development activities, training, job design and work level standards. It will involve new models of work and new ways of thinking about work. Moreover, this transformation must be achieved at the same time as the usual, yet complex, business of the department is carried forward. The department has done significant planning for transforming its workforce from one that manually processes transactions on a large scale to one that is focused on developing relationships with clients and within the community and using those relationships to make connections and achieve outcomes for people.

This agenda is, in the view of the DHS review team, well supported by its focus on workforce planning: 'Moving forward, the department can build on the good start it has made to meet the workforce needs of the future'.⁴ In response to the review, DHS has designed a workforce roadmap that defines key points of difference in job roles for its future operating model. In addition, talent management and succession planning programs have been expanded to key workforce segments.

³ Australian Public Service Commission, *Capability Review: Department of Human Services*, Commonwealth of Australia, Canberra, (2012), p. 11.

⁴ Australian Public Service Commission, *Capability Review: Department of Human Services*, Commonwealth of Australia, Canberra, (2012), p. 11.

However, in other agencies reviewers found that workforce planning was informal, or that responsibility for shaping the future workforce needed to be shared among the senior leadership, or that the priority and profile of workforce planning needed to be raised in business-planning processes.

The Australian Taxation Office (ATO) has reported the following progress on workforce planning:

The ATO completed a comprehensive, agency wide job profiling exercise, where required capabilities for each role were articulated. The ATO is now mapping individual capabilities against these profiles through a process of self-assessment and manager approval. Results will be validated against other mechanisms already in place, such as a manager survey, quality assurance mechanisms and reviewing service standards performance. As part of this validation, consideration is needed for a ‘manager’s manager’ sign-off process, to mitigate the risk of potential biases in individual joint assessments with their immediate supervisor. This will allow the executive to assess the ATO’s overall capability strength and to inform decisions about where capabilities need to be augmented to deliver the vision and strategy. Once this exercise is complete, the challenge for the ATO will be to fully exploit and proactively use this valuable information and keep it up to date and relevant to address longer-term capability issues.

In summary, the capability review findings suggest that the current challenge across the APS is to implement agency-wide workforce planning approaches that focus on future delivery and have a direct line of sight to the agency’s strategic vision, as well as other agency plans and strategies.

As discussed in more detail in Chapter 10, the APS has two ways to assess agency capability. The first is through the capability reviews, discussed here, in relation to workforce planning. The second and complementary method is to ask all agencies to assess their key organisational capabilities against a standard capability maturity framework. The next section of this chapter uses those results and examines agency assessments of their workforce planning capability.

Agency assessment of workforce planning capability

The 2013 State of the Service agency survey (agency survey) asked agencies how the demands on their agency head and executive team had changed over the previous three years. Thirty-nine per cent of agencies reported that demands in relation to workforce planning had greatly increased, with a further 49% reporting a slight increase.⁵ When asked how these demands may change over the next 12 months, 29% of agencies reported they anticipated substantial increases, with another 59% reporting they expect a slight increase in demand. Workforce planning should be seen as a dynamic component of business planning—a tool agencies can use to adjust and adapt to a changing business environment. These results suggest that the

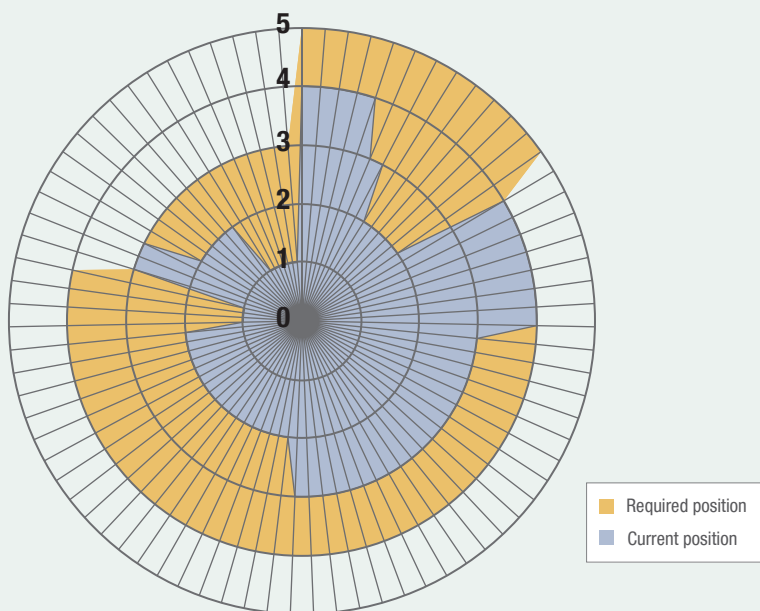
⁵ To reduce the administrative burden on small agencies, those with less than 100 employees were not asked questions relating to agency capability. As a result, reported responses were from 79 agencies.

majority of APS agencies see the need to closely manage workforce structure and composition as a growing issue.

In 2013, the maturity of the APS workforce planning capability was assessed through a five-level maturity model.⁶ This model is described in more detail in Chapter 10. In short, agencies were asked to assess their current workforce planning capability and the level they needed to be at to achieve their business goals within the next three years.

Figure 6.1 shows reported agency differences between current and required workforce planning capability for 2012–13. Each radial line represents one APS agency's current and required workforce planning capability level.

Figure 6.1 Current and required workforce planning capability by agency, 2012–13



Source: Agency survey

In 2011, 18 agencies (covering 7% of the workforce) assessed they were at a maturity level that would enable them to achieve agency goals in the next three years. In 2013, 11 agencies (covering 11% of the APS workforce) made the same assessment. Most agencies this year (58, covering 80% of the APS workforce) reported they needed to be one or two levels above their current position, an improvement from 2011 where 70 agencies (covering 91% of the workforce) made the same assessment. The remaining 10 agencies this year reported they

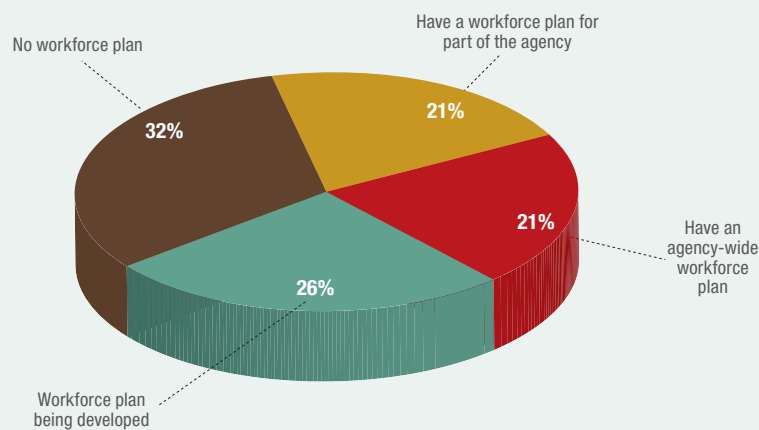
⁶ A maturity model is a set of structured levels describing how well an agency's practices and processes can reliably and sustainably produce required outcomes. The five maturity levels for the agency capabilities are defined in Appendix 6.

needed to be three to four levels above their current position. This finding provides insight into the body of work required by agencies and the APS collectively to improve workforce planning capability. In most cases where agencies identified the need for improvement, they were indicating a shift from general acceptance of workforce planning as an important part of business planning to an approach where the agency has a strategic view of the workforce as a core part of human resource planning and the activity is a central input to business planning. This significant shift in focus and capability will not be easily achieved.

After a dramatic increase in the proportion of agencies with a documented workforce plan—from 27% in 2010–11 to 40% in 2011–12—the past 12 months has shown a marginal improvement. Forty-two per cent of agencies reported having a documented workforce plan in 2012–13.

Figure 6.2 shows the development status of agency workforce plans.

Figure 6.2 Status of APS agencies' workforce plans, 2012–13



Source: Agency survey

Interestingly, of the agencies with a workforce plan, 33% reported it was their first documented workforce plan. A number of agencies that reported they had documented workforce plans in 2011–12, reported they are developing one in 2012–13. This could indicate that as agencies reposition to meet changing business needs, their underlying workforce plan needs to be reviewed. It could also indicate the lack of maturity in current agency workforce plans with forecasting and scenario-building aspects of these plans the least developed across the APS. Consequently, when business changes occur, the plans are not adapted but instead re-written to accommodate new circumstances. A workforce plan is a dynamic document that is intimately linked to an agency's business agenda. Consequently, it requires constant attention to ensure the business risks posed by the workforce are appropriately anticipated and managed.

The different levels of workforce planning sophistication can also be understood through the length of the forecast period covered by a typical workforce plan. Generally, there are two levels of planning:

- an operational workforce plan—usually covers the next 12 to 18 months and should align with the timeframe of an agency’s business-planning cycle
- a strategic workforce plan—usually covers a three to five-year forecast period, with many agencies focusing on a four-year period aligned to Portfolio Budget Statements (strategic workforce plans may also include scenario planning).

In 2012–13, of the agencies that reported they had a workforce plan, 38% reported their plan covered one to two years, 35% reported three years and 28% reported four or more years.

Workforce planning at both strategic and operational levels requires assessing current and future business requirements and identifying the workforce needed to deliver business outcomes (demand) against how workforce capability and capacity needs are to be sustained (supply), internally and externally. The assessment should also include identifying workforce gaps and risks and the strategies to mitigate those risks.

Managing the consequent changes to the workforce arising from changes in business direction requires close integration between workforce planning and business-planning processes. This year, 56% of agencies reported that workforce planning was integrated into their business-planning cycles. Eighty per cent of agencies reported that workforce risks are routinely included in their risk management planning.

The APS agencies that reported they had documented workforce plans in 2012–13 were asked to indicate the type of assessments they made in formulating their plans. Table 6.1 shows that of the agencies with a documented workforce plan, the weakest area of development was in assessing future workforce affordability and scenario planning. These assessments are among the most technically difficult components of workforce planning and again reinforce the current level of capability in the APS. They are also among the more important components of workforce planning information, as they are essential to informing management decisions about what actions are needed to ensure the agency has the right workforce balance to meet agency business outcomes.

Table 6.1 APS agency assessments of workforce demand and supply, 2012–13

Assessments made within workforce plans	% of workforce plans
Internal and external business drivers that could impact on future workforce required	88
Current workforce required in terms of capacity and capability	88
Current business deliverables the agency is required to deliver	84
Strategies or initiatives to address key workforce gaps	83
Current workforce supply in terms of capacity and capability	77
Future workforce required in terms of capacity and capability	71
Critical job roles	71
Current workforce gaps in terms of capacity and capability	71
Future workforce supply in terms of capacity and capability	62
Future workforce gaps in terms of capacity and capability	55
Current and future availability of external supply	55
Other workforce risks	50
Future workforce affordability	48
Alternative future business scenarios that will vary in their likely impact on future workforce required	35

Source: Agency survey

Workforce risks

A number of workforce risks identified by agencies are contingent on employee intentions to stay at their agency or seek other opportunities in the APS, the private sector or elsewhere. In the 2013 APS employee census (employee census), employees were asked about their intention to stay at their current agency. Nineteen per cent indicated they intended to leave their agency as soon as possible or in the next 12 months. These employees were also asked to indicate where they intend to be working in the next 12 months. Fifty-four per cent indicated they intend to work for another APS or Commonwealth agency, 13% indicated in the private sector and 10% indicated they would be either retired or not in the labour force.

Fifty per cent of these employees indicated a lack of career opportunities in their current agency was a reason they intended to leave. Interestingly, ‘limited career advancement or mobility opportunities for employees’ and ‘retaining appropriately skilled employees’ were assessed as key workforce risks by 52% and 34% of agencies respectively.⁷

Although agencies have identified workforce risks, and these risks seem to be consistent with employee intentions, a substantial number of agencies reported challenges in addressing these

⁷ See Chapter 2 for a complete list of workforce risks identified by agencies.

risks through workforce planning. Table 6.2 shows that the two greatest challenges reported by agencies in implementing or progressing workforce planning were resources (time or cost in undertaking the task) and changes to funding and staffing.

Consistent with last year, 26% of agencies identified difficulties in mapping current capabilities to predict future capability requirements as a key challenge. Additionally, there was an eight percentage point increase from 2011–12 to 2012–13 in the proportion of agencies experiencing difficulties related to uncertainty about the future. These results provide further evidence of the lack of maturity in current agency workforce plans in that the forecasting and scenario building aspects of these plans are the least developed across the APS.

Table 6.2 Challenges facing APS agencies in implementing and/or progressing workforce planning, 2012–13

Workforce challenge	% of agencies
Resources, time or cost involved in undertaking the task	61
Changes in funding or staffing	36
Difficulties mapping current capabilities in order to predict future capability requirements	26
Uncertainty about the future	25
Limitations of the existing human resources management system	21
A lack of workforce planning experience	19
Large agency size or complexity	13
Inadequate workforce planning models, tools or processes	12
Changes in government direction	12
Difficulties achieving a consensus on the challenges faced by the agency or the capabilities needed	12
Fluctuating workload	11
Inability to access the required workforce data	6
Other	4
Insufficient access to environmental scanning information	3

Source: Agency survey

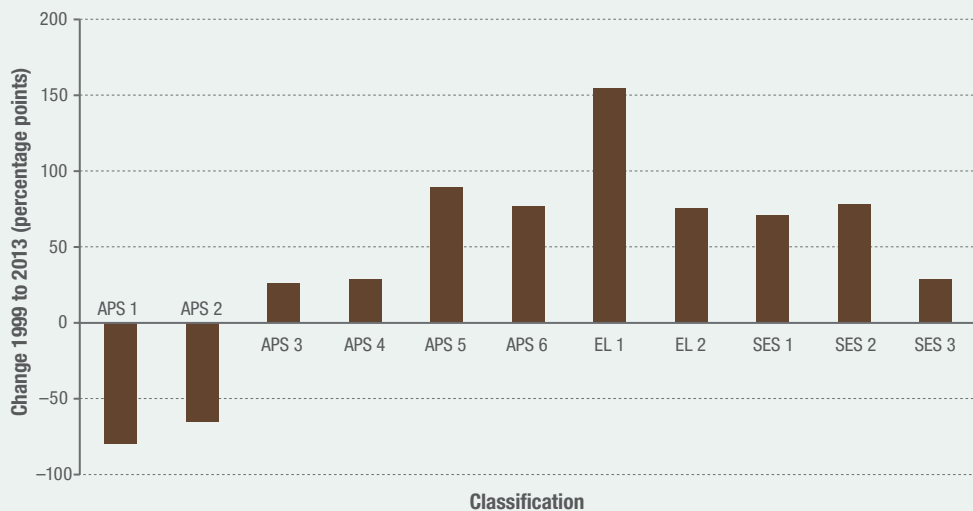
Workforce classification

The APS classification framework provides agencies with an orderly way to organise and group work. It is supported through legislative provisions and policy guidance and underpinned by the key principle of ‘work value’. The framework system is based on a set of principles that provide a common foundation for classification management across the APS.

The classification structure of the APS has been simplified considerably over the past few decades with the power to create, abolish and re-classify positions devolved to agency heads. Agency heads are largely responsible for determining, within prevailing legal and policy frameworks, how work is defined, organised and rewarded to support agency and service-wide objectives.

Over the past 20 years, the shape of the APS has changed with the largest proportion of employees shifting from the APS 3 to APS 6 classification level. There has also been a large percentage growth in employees employed at the Executive Level (EL) 1 classification over the same period and a decline in the lower classification levels across the APS. While this shift may reflect changes in the complexity and organisation of work in the APS—in particular in the way services are delivered—inconsistent classification practices and decisions without analysis or reference to work value requirements may be contributing factors. Figure 6.3 shows the percentage change of ongoing employees by classification between 1999 and 2013.

Figure 6.3 Change in number of ongoing employees by classification, 1999 to 2013



Source: APSED

In 2013, agencies were asked which mechanisms were used when determining the classification of positions. More than two-thirds of agencies use agency work-level standards to classify new and existing roles throughout the agency. In creating new jobs, approximately 45% reported they compare new roles with similar internal jobs, 24% used corporate or business plans or budgets and 13% reported they considered recommendations from an external job evaluation consultant. In reviewing existing roles, 47% of agencies reported they compare the existing role with similar internal jobs, 25% used corporate or business plans or budgets and 45% reported they used the existing classification of the vacant role.

The APS Classification Review was completed by the Commission in 2013.⁸ In a similar way to what has been achieved with the Senior Executive Service (SES) framework, the review's recommendations focus on strengthening non-SES classification management and promoting more consistent and robust practices across the APS. The review's key deliverables have recently been released, including APS-wide work-level standards, a draft role evaluation tool for the APS 1–6 and EL 1–2 classifications and a comprehensive classification guide.⁹

APS occupational skill shortages

The 2005 Australian National Audit Office report, *Workforce Planning*, identified more than half of the responding agencies (45 of the 86) in the audit reported shortages in skilled occupations¹⁰:

Most common amongst those mentioned were accounting professionals, legal officers, economists, project managers and information technology (IT) professionals.

A number of these occupations continue to be reported as workforce risks in 2013.

To build a common set of data on the occupational groups in the APS and to support workforce planning across the APS, the Commission worked in partnership with 58 agencies over the latter half of 2011 to develop the APS Job Family (occupational group) model.¹¹

The two key aims were to provide agencies with a data model that:

- accommodates a large proportion of, if not all, job roles performed in the APS
- provides links between the APS occupational groups and the Australian labour market.

In 2013, agencies were asked to indicate whether they used the APS Job Family Model in the conduct of formal analysis of occupational groups—23% of agencies (covering 55% of the APS workforce) reported they had adopted the APS Job Family Model, 9% used another job family model and 68% (covering 22% of the APS workforce) had not conducted any formal analysis of occupational groups.

Agencies were asked to indicate the extent of skill shortages they had experienced in 2012–13 using the APS Job Family Model. Table 6.3 shows that the occupational groups identified as experiencing the greatest skill shortage were engineering and technical, information and communications technology (ICT), and accounting and finance. However, the large proportion of agencies that have not conducted an analysis of occupations would suggest that critical skill shortages are not well understood at an agency level and projecting APS-wide shortages from workforce plans is likely to underestimate or misrepresent the situation.

⁸ Australian Public Service Commission, *APS Classification Review*, Commonwealth of Australia, Canberra, (2013), <<http://www.apsc.gov.au>>.

⁹ For more information: <<http://www.apsc.gov.au>>.

¹⁰ Australian National Audit Office, *Workforce Planning*, Performance Audit Report no.55, 2004–05, Commonwealth of Australia, Canberra, (2005), p. 36.

¹¹ For more information: <<http://www.apsc.gov.au>>.

Table 6.3 Extent of skill shortages experienced by agencies, 2012–13

Job Family	Limited	Moderate	Severe
	Agencies (%)		
Accounting and finance	36	19	1
Administration	10	4	
Communications and marketing	30	8	3
Compliance and regulation	23	11	
Engineering and technical	31	26	3
ICT	34	30	5
Information and knowledge management	31	11	3
Intelligence	27	17	3
Legal and parliamentary	24	10	1
Monitoring and audit	17	8	2
Organisational leadership	21	13	
People (human resources)	42	14	
Science and health	37	19	
Service delivery	21		
Strategic policy, research, project and program	42	13	
Trades and labour	13	13	

Source: Agency survey

Table 6.4 shows a summary of the skill and knowledge gaps reported by those agencies that indicated they had a documented workforce plan in 2012–13. As can be seen, there is some overlap in the assessment of skill shortages.

Table 6.4 Documented workforce gaps from agency workforce plans, 2012–13

Accountants and auditors
Change management and leadership
Economists
Engineers
ICT professionals
Intelligence analysts
Legal
Policy developers
Project and program management
Statistics, data modelling and analysis
Specialist investigators and examiners

Source: Agency survey

Understanding recurring skill shortages

For the past 10 years, the Commission has asked agencies to report on key capabilities and skills areas where they have had difficulties recruiting and/or retaining or where they are experiencing skills shortages. Over this period agencies reported they have experienced difficulties across the occupational groups of ICT, accounting and finance, high-level policy/research and human resources.

Over the past three years, the predominant occupational groups where skill shortages have been reported were ICT, accounting and finance and people occupations. To gain a better understanding of the nature of the shortages in these three occupations, agencies were asked to identify in more detail the nature of the shortages they experienced in 2012–13 with reference to specific job roles. While the people occupation was not rated as an area with high skill shortages this year, it was included in the collection of further information due to the assessments in previous years.

Table 6.5 shows that the accounting and finance job roles identified as experiencing the greatest skill shortages (moderate and severe) were in budgeting, financial accounting or reporting, finance analyst functions and management accounting.

Table 6.5 Extent of skill shortages experienced by agencies in accounting and finance, 2012–13

Job Family	Limited	Moderate	Severe
Agencies (%)			
Accounts processing	44	12	
Budgeting	29	41	2
Financial accounting or reporting	33	36	2
Finance analyst	32	39	
General finance	49	15	
Management accounting	40	31	2
Performance/output reporting	39	24	
Tax accounting	32	15	2
Non-executive manager	32	2	2
Executive manager	29	5	2

Source: Agency survey

In the main, accounting and finance skills shortages reported by agencies reflect the broader labour market, where accountants¹² (accountant general, management accountant and taxation accountant) were included on the 2013 Skilled Occupation List published by the Department of Immigration and Citizenship. This list is informed by research undertaken by the Australian Workforce and Productivity Agency.

Table 6.6 shows the people job roles identified as experiencing the greatest skill shortages (moderate and severe) were in occupational health and safety, workforce planning and payroll.

12 Australian Workforce and Productivity Agency, *ANZSCO: 2211 Accountants*, Commonwealth of Australia, Canberra, (2013).

Table 6.6 Extent of skill shortages experienced by agencies in people (human resources), 2012–13

Job Family	Limited	Moderate	Severe
	Agencies (%)		
Human resources generalist	18	18	3
Learning and development	37	16	
Occupational health and safety	32	37	5
Payroll	30	25	5
Performance management	35	22	3
Recruitment	24	8	5
Talent management	28	13	5
Worker's compensation	26	26	
Workforce planning	38	31	10
Workplace relations	42	18	
Non-executive manager	22	5	
Executive manager	18	5	3

Source: Agency survey

Similar to the skill shortages identified by agencies, Occupational Health and Safety advisors¹³ were included on the Skilled Occupation List. Importantly, workforce planning is a key skill shortage for agencies alongside the more transactional job roles such as payroll. The issues for the people occupation are diverse, running from high-end workforce management skills through to transactional roles central to important agency processes.

Table 6.7 shows that the ICT job roles identified as experiencing the greatest skill shortage (moderate and severe) were in program-project management, business process analysis/design, development and programming, and security.

¹³ Australian Workforce and Productivity Agency, *ANZSCO: 2513 Occupational and Environmental Health Professionals*, Commonwealth of Australia, Canberra, (2013).

Table 6.7 Extent of skill shortages experienced by agencies in ICT, 2012–13

ICT job roles	Limited	Moderate	Severe
Strategic leadership	37	17	
Procurement and vendor relations	34	9	4
Quality assurance	33	4	
Program-project management	37	33	4
Business process analysis/design	33	28	7
Systems analysis/design	35	26	2
Development and programming	43	26	7
Web and multimedia content development	34	11	4
Testing	41	11	2
Systems integration and deployment	41	20	4
Service management	37	20	
Systems administration	43	9	7
Security	33	20	9
Networks and telecommunications	30	15	4
Databases	39	17	2
Infrastructure and facilities	40	11	
Information/knowledge management	46	13	
Helpdesk/support	32	11	
Training and development	22	9	2

Source: Agency survey

Key ICT skills shortages reported by agencies are reflected in the broader labour market, where ICT business and systems analysts¹⁴ and software and applications programmers¹⁵ were included on the Skilled Occupation List.

Tables 6.5 to 6.7 show the importance of understanding the top-line occupational shortages experienced by agencies and the character of the shortages in the component job roles. Targeted strategies to address critical skills shortages should focus on job roles rather than generic occupational descriptions. However, as noted earlier, 68% of agencies report they had

¹⁴ Australian Workforce and Productivity Agency, *ANZSCO: 2611 ICT Business and Systems Analysts*, Commonwealth of Australia, Canberra, (2013).

¹⁵ Australian Workforce and Productivity Agency, *ANZSCO: 2613 Software and Applications Programmers*, Commonwealth of Australia, Canberra, (2013).

not conducted formal analysis of occupational groups. This type of information is a critical input to workforce planning processes if agencies are to successfully shape their workforce to meet changing business requirements.

The attitudes and opinions of critical skills groups

The APS Job Family Model can also provide a structure for understanding the attitudes, opinions and intentions of employees in critical skills groups. Over the past two years, the employee census has asked APS employees to identify their current occupations according to the APS Job Family Model. This approach has some limitations because the work employees undertake may cross a number of occupational groups. As such, it may be difficult for some employees to identify a primary, or single, occupational group that corresponds with their role. This is particularly relevant for generalist positions. However, the approach offers the opportunity to explore differences in the behaviour of occupational groups that may provide insights that support workforce planning and strategy development.

In 2013, about 6% of non-SES employees who responded to the employee census indicated they were a part of the accounting and finance occupation, 9% identified into ICT and 5% into people occupations. Of these employees, about one in five indicated they intended to leave their agency within the next 12 months. Figure 6.4 shows there were no differences in the intention to leave for all three occupations and they did not differ substantially from other APS employees.

Figure 6.4 Intention to leave in critical occupational groups, 2013

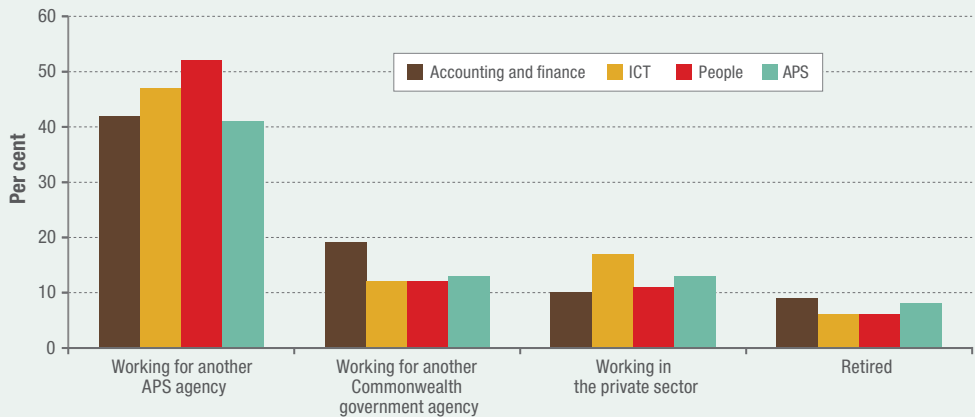


Source: Employee census

When employees who reported they were planning to leave their agency in the next 12 months were asked what they intended to be doing, some differences between occupations emerged. Figure 6.5 shows four categories of likely destination for all three occupations and compares these to the APS overall.

Most employees in the accounting and finance, ICT and people occupations who reported they intended to leave their current agency in the next 12 months also indicated they intend to continue to work in the APS. Indeed, employees in all three occupations were more likely to report they intended to continue working in the APS than APS employees overall. There are also distinct differences between the occupations that may reflect wider market conditions. Accounting and finance employees were more likely to indicate they intend working for another Commonwealth government agency and ICT employees were more likely to indicate they intend to be employed in the private sector in 12 months' time.

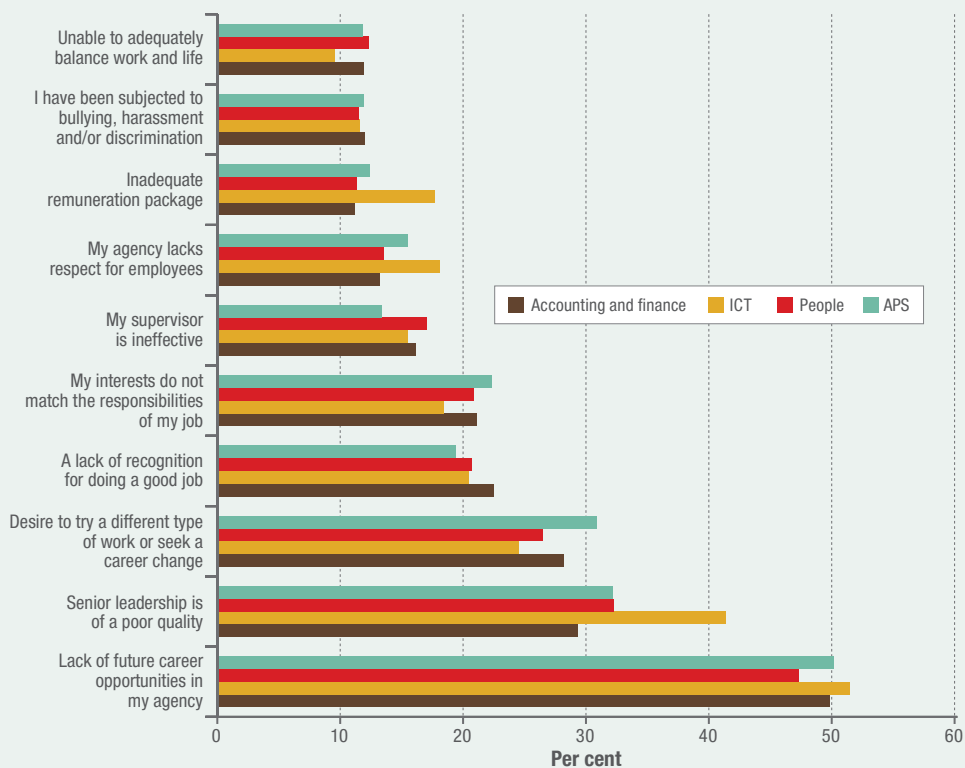
Figure 6.5 Career intentions for accounting and finance, people and ICT employees, 2013



Source: Employee census

In relation to what is influencing employees' intention to leave within the next 12 months, Figure 6.6 shows the three top drivers are lack of career opportunities, perceived quality of senior leadership and a desire to try a different type of work or seek a career change. Broadly, the accounting and finance and people occupations are more alike than ICT. Employees in the ICT job family are more likely to cite the perceived quality of their senior leaders, lack of respect for employees and inadequate remuneration as reasons to consider leaving their agency.

Figure 6.6 Reasons for accounting and finance, people and ICT employees to leave their agency, 2013



Source: Employee census

The development of effective workforce strategies to address workforce shortages requires an understanding of the composition of the workforce (either by classification or occupation) and the attitudes and opinions of those who make up the occupational groups. It would seem that a proportion of employees from the accounting and finance, ICT and people occupational groups intend to move from their current agency to pursue career opportunities within the wider APS. From an APS perspective the risk posed does not seem to be great since the skills and capabilities of these employees will be retained in the broader service. For agencies, the perspective is different. Workforce planning and management strategies that are informed by understanding the drivers of behaviours within a workforce group are more likely to be successful in addressing agency risks. The Commission intends to examine the attitudes and opinions of APS employees working in these three occupational groups more closely in the coming 12 months.

Strategies to mitigate workforce gaps and risks

The purpose of strategic workforce planning is to enable an agency to identify and prioritise investment in the types of strategies it needs to address capacity and capability issues. This section discusses the types of strategies agencies are using.

Strategies to address workforce gaps identified in workforce plans

Agencies that reported they had a documented workforce plan in 2012–13 were asked to list up to three strategies/initiatives they are pursuing to address key workforce gaps.

These strategies were identified from the information provided:

- targeting talent management for EL and SES employees and identifying the current strength of the leadership cadre to establish a baseline
- improving recruitment and retention strategies
- integrating workforce planning into business planning
- improving graduate programs and participating in whole-of-government ICT recruitment and development programs
- building workforce capability by promoting innovation, adaptability, agility and responsiveness as key workforce capabilities
- improving training strategies, including internal skills development programs, and basing employee development discussions on the 70–20–10 learning and development model.¹⁶

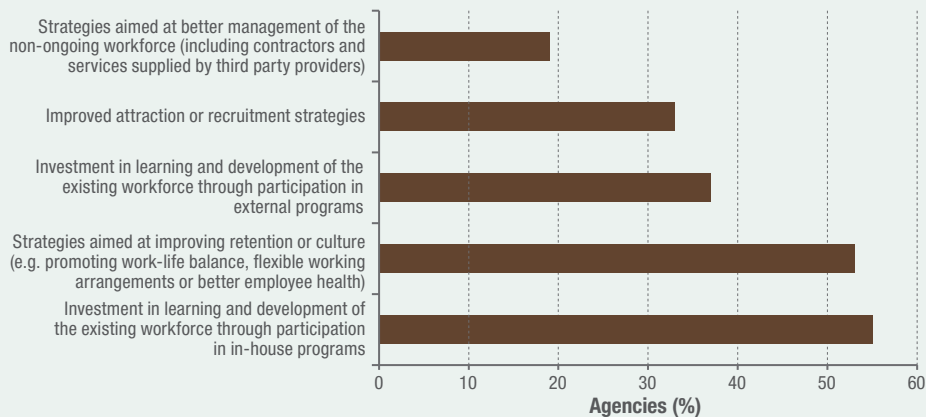
Strategies to overcome skill shortages

This year, agencies were asked to identify the three most effective strategies they had adopted to address skill shortages. Figure 6.7 shows the top five strategies used to do so in 2012–13. The two most frequently cited were strategies for investing in the learning and development of the existing workforce through in-house programs (55%) and improving retention or culture (53%).

Only 11% of agencies considered strategies aimed at reducing the demands for skills through redesigning business processes or job redesign, although such a strategy may be an effective response if shortages are enduring. Overall, the results presented here suggest agencies used a limited range of strategies to address skill shortages in 2012–13. This result is consistent with previous years and highlights the work still needed to establish a mature workforce planning capability across the APS.

¹⁶ The 70-20-10 principle of program design identifies that development is most effective when it combines structured on-the-job learning (around 70%), network or relationship-based learning (around 20%) and formal learning (around 10%).

Figure 6.7 Strategies used by agencies to address skill shortages, 2012–13



Source: Agency survey

In relation to the occupations of accounting and finance, people and ICT, agencies were asked to identify the specific strategies they were using to address skills shortages within each occupation. The top six strategies being used for these occupational groups were more targeted:

- talent and succession management programs
- leveraging professional networks
- establishing a baseline of skills and capabilities
- specialist recruitment rounds
- on-the-job training
- partnering with professional accounting body to build skills and knowledge.

Agencies were also asked to indicate if the retention strategies they used in relation to these occupations had improved retention: 42% reported that their strategies had improved retention and 46% reported that their strategies had partially improved retention.

Key findings

Most agencies continue to report that they intend to improve their workforce planning capability (including strengthening links to business planning) in the next two to three years. The need to do so is supported by the findings from the independent capability reviews of major agencies undertaken over the past 18 months. Importantly, these reviews found that the current challenge for many agencies is to implement agency-wide workforce planning approaches that focus on future delivery and have a direct line of sight to the agency's strategic vision, as well as other agency plans and strategies.

The greatest workforce risks over the next five years reported by agencies were the inability to address capability gaps due to a changing operating environment, limited career advancement or mobility opportunities for employees, and underdeveloped management or leadership capability among middle managers. Agencies reported that the two greatest challenges to identifying workforce risks were resources (time or cost in undertaking the task) and changes to funding and staffing. Similar to last year, agencies also identified difficulties in mapping current capabilities to predict future capability requirements.

The shape of the APS has changed since the early 1980s, with a shift in the classification profile towards higher classification levels. Given the shift in classifications structures over time, to determine the extent to which existing APS classification arrangements and work-level standards continue to meet the needs of APS agencies and employees, the APS Classification Review was completed by the Commission in 2013.

Agencies reported experiencing skill shortages in engineering and technical, ICT, and accounting and finance job families. This year, skill shortages in ICT, accounting and finance and people occupations were examined in more detail. Of the employees who identified they worked in these occupations, more than 40% indicated they intended to leave their agency within 12 months. This highlights a potential risk to occupational groups already under pressure within individual agencies. In relation to what was influencing the decision to leave, the highest proportion of employees reported a lack of future career opportunities in their agency as a reason.

The most effective strategies identified by agencies in addressing skills shortages were to invest in the learning and development of the existing workforce through participation in in-house and external programs and to improve retention or culture.

Australian Public Service Commission

A national perspective of the APS

The location, size and composition of the Australian Public Service (APS) have been central to commentary and discussions on the future of the service. These characteristics of the APS workforce cannot be examined independently. They can only be understood in terms of the nature and scale of the activities the Australian Government undertakes and its preferred delivery model in pursuing them. The national spread of the public service may also reflect the government's demographic and economic imperatives, either nationally or in terms of the operation of the service. For example, it might reflect regional development objectives, a requirement to reduce the operating costs of the public service, a desire to improve the connection between business and government, or capitalise on a broader labour market pool.

This chapter describes the geographic distribution of the APS. The focus is on the size and distribution of the APS workforce in the states and territories. It examines the similarities of, and differences between, the workforces located across Australia. The chapter concludes with an examination of the attitudes and opinions of APS employees based on their geographical location.

Defining geographic boundaries

In July 2011, the Australian Bureau of Statistics (ABS) issued the new Australian Statistical Geography Standard (ASGS).¹ The ASGS is used to disseminate a broad range of ABS social, demographic and economic statistics and has been used in this chapter in conjunction with postcode data as the basis for reporting. Traditionally, the Australian Public Service Commission (the Commission) has reported the location of APS employees at the level of state and territory which is the largest spatial unit of the ASGS structure. Using the Greater Capital Cities Statistical Area (GCCSA) boundaries from the ASGS structure, this chapter (for the first time) examines the APS workforce at a lower level of granularity. The GCCSA is designed to represent a socio-economic definition of the capital cities in each state and territory.

¹ Australian Bureau of Statistics, *Australian Statistical Geography Standard*, Commonwealth of Australia, Canberra, (2011), <<http://www.abs.gov.au>>.

The capital city boundary includes people who regularly socialise, shop or work within the city, but may live in the small towns and rural areas surrounding the city.²

Using postcode data

A key limitation with using postcode data is that Australia Post does not maintain a definitive set of postcode boundaries as a matter of course and can introduce, retire or change postcodes at its discretion to support operational requirements and provide enhanced service to customers.³ Postcodes cover most, but not all, of Australia.

The Australian Public Service Employment Database (APSED) specifications require APS agencies to provide the Commission with the postcode of the employee's workplace. Agencies are advised that for home-based employees the postcode of the employee's base office—not the employee's home address—is to be reported. An analysis of the workplace postcode location data currently held in APSED revealed the large majority of information being reported by agencies to the Commission accurately reflects the workplace postcode of APS employees. However, a small portion of the data reports a mix of post box, delivery centre or employee's residential postcodes. The Commission is working with agencies to address these anomalies, some of which are driven by the configuration of agency human resource (HR) systems. Given that the data reported here is at the level of broad regions (state, territory, capital cities and regional areas), APSED data is considered of sufficient quality that it can provide a good indication of where APS employees are located.

The geographic distribution of the APS

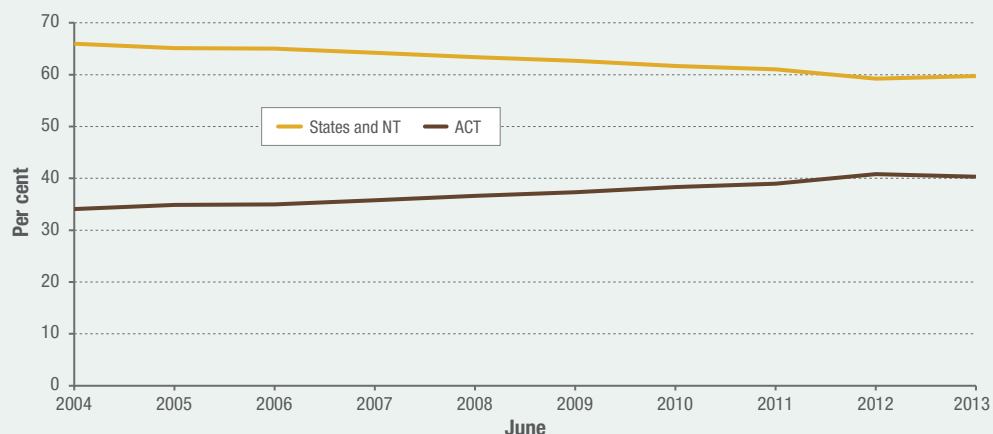
APS employees work in diverse geographical locations. There are national and regional offices across the country and a small number of employees are based overseas. This permits the delivery of services where they are needed most, the implementation of policies where they are most relevant and the sustainability of services to the public.

Figure 7.1 shows the changing distribution of the APS workforce between the Australian Capital Territory (ACT) and other Australian states and territories. Over the past decade there has been a trend increase in the share of the workforce employed in the ACT. This has levelled out in the past two years at about 40%.

² Australian Bureau of Statistics, *Australian Statistical Geography Standards: Volume 1—Main Structure and Greater Capital City Statistical Areas*, July 2011, Commonwealth of Australia, Canberra, (2011), <<http://www.abs.gov.au/>>.

³ Australia Post, *Assignment of Postcodes*, (2013), <<http://auspost.com.au/about-us/assignment-of-postcodes.html>>.

Figure 7.1 Distribution of the APS workforce, 2003 to 2013



Source: APSED

At June 2013, there were 167,257 APS employees, with 60.9% (101,904) located outside the ACT. Of the states and territories, New South Wales (NSW) had the highest number of employees (31,347; 18.7%), followed by Victoria (Vic) (26,737; 16.0%) and Queensland (QLD) (18,038; 10.8%). South Australia (SA) had 9,830 (5.9%) employees followed by Western Australia (WA) (7,628; 4.6%), Tasmania (Tas) (4,238; 2.5%) and Northern Territory (NT) (2,628; 1.6%). A total of 1,458 (0.9%) APS employees were working overseas. Table 7.1 shows the location of the APS workforce according to the GCCSA boundaries. As can be seen, outside of Canberra, the highest proportion of employees were located in Melbourne (23,074; 13.8%) followed closely by Sydney (21,692; 13.0%).

Table 7.1 Location of the APS workforce based on ABS GCCSA boundaries, 2013⁴

City/region	APS employees	Percentage of total APS
Canberra	65,069	38.9
Sydney	21,692	13.0
Regional NSW	9,939	5.9
Melbourne	23,074	13.8
Regional Vic	3,663	2.2
Brisbane	12,213	7.3
Regional QLD	5,825	3.5

⁴ Data included in this table is based on ABS GCCSA definitions of area and may differ from other published data on states and territories due to some postcodes that overlap state and territory borders.

City/region	APS employees	Percentage of total APS
Adelaide	9,420	5.6
Regional SA	410	0.2
Perth	6,500	3.9
Regional WA	1,128	0.7
Hobart	3,649	2.2
Regional Tas	589	0.4
Darwin	2,133	1.3
Regional NT	495	0.3
Overseas	1,458	0.9

Source: APSED

Remoteness of APS workplaces

One other way to define the location of APS employees is through the remoteness of their location to major cities. ASGS remoteness areas divide each state and territory into several regions on the basis of their relative access to services.⁵ Table 7.2 shows the distribution of the APS workforce according to ABS remoteness areas boundaries.

Table 7.2 Location of the APS workforce based on ABS remoteness areas boundaries, 2013

Region	Cities	Inner regional	Outer regional	Remote	Very remote	Overseas
Total APS (at 30 June)	144,131	14,004	6,317	586	760	1,458

Source: APSED

Figure 7.2 shows the location of the APS workforce across Australia. Fifty-eight agencies (55.8%, covering 86.2% of the total APS workforce) employ all personnel in major cities. Fifteen agencies (14.4%) had employees in very remote areas of Australia, including the Department of Immigration and Citizenship; Department of Human Services (DHS); and the Torres Strait Regional Authority. Another 14 agencies (13.4%) had APS employees in remote locations, including Aboriginal Hostels Limited; Australian Customs and Border Protection Service; and DHS.

⁵ Australian Bureau of Statistics, *Australian Statistical Geography Standard*, Commonwealth of Australia, Canberra, (2011), <<http://www.abs.gov.au/>>.

Figure 7.2 Location of the APS workforce, 2012–13⁶



Source: APSED

Department of Human Services—a department that reaches all Australians

DHS touches the lives of most Australians and in 2012–13 delivered nearly \$150 billion in payments on behalf of government. To achieve this significant level of activity, staff help Australians all day, every day, through online and self-service capabilities, smart centres and through front line service centres.

As at 30 June 2013 services were being delivered through 598 service centres as well as regular visiting services in 1,264 locations, many of which are in regional and remote areas where permanent offices are not accessible by customers.

One way DHS delivers these services is through Australian Government Mobile Service Centres that have staff travelling the country to regional and rural areas. The teams are equipped with tailored services to meet the specific needs of each community and are regularly used to help communities affected by natural disasters. DHS also uses remote servicing teams to travel to the remotest parts of our country to visit small communities where it is not possible to access service centres.

With such a significant capability for supporting all Australians, it is no surprise that more than 85% of staff are located outside of the ACT. This compares to 61% for the APS as a whole.

⁶ Figure compiled using geocoding of APSED postcode data as latitude and longitude. Postcodes by their nature may cover very large areas of country, especially in remote areas. As a result, the locations of public servants represented in this map are approximations only.

The demographic distribution of the APS

This section examines the demographic profile of the APS by geographical location. As discussed earlier, the ASGS boundaries and postcode data have been used to compile these profiles. The section first examines the demographics of the APS workforce by state and territory. It then drills into GCCSA boundaries and examines capital city and regional area distributions.

Classification⁷

Table 7.3 shows the classification profile for APS employees by state and territory. As can be seen, the Senior Executive Service (SES) makes up less than 1% of APS workforces outside of the ACT. Excluding the ACT, SA had the highest proportion of Executive Level (EL) employees, followed by Vic. APS 1–6 employees comprised more than 85% of APS workforces across Tas, NT and WA.

Table 7.3 APS classification profile by state and territory, 2013

State/territory	APS 1–6 (% of employees)	EL (% of employees)	SES (% of employees)
ACT	54.7	40.6	3.3
NSW	84.6	14.4	0.5
Vic	80.1	18.6	0.7
QLD	84.4	14.6	0.4
SA	79.4	19.5	0.4
WA	85.5	13.5	0.4
Tas	88.9	10.7	0.2
NT	85.6	12.3	0.6

Source: APSED

Examining this data by capital cities and regional areas (GCCSA boundaries) demonstrates, with the exception of Canberra, APS 1–6 employees comprise more than three-quarters of the workforces across the capital cities. Similarly, APS 1–6 employees comprised more than 90% of all regional workforces. Table 7.4 shows that while the proportion of the workforce at EL and SES is much smaller outside of Canberra, this is particularly true for regional workforces, where less than 10% of APS employees were employed at a higher classification than APS 6.

⁷ Data in this section may not add to 100% due to the exclusion from tables and graphs of overseas APS employees and trainees and graduates.

Table 7.4 APS classification profile by capital city and regional area, 2013

City/region	APS 1–6 (%)	EL (%)	SES (%)
Canberra	54.5	40.7	3.3
Sydney	81.6	17.2	0.7
Regional NSW	91.2	8.1	0.1
Melbourne	77.8	20.7	0.8
Regional Vic	94.5	5.1	<0.1
Brisbane	80.6	18.0	0.5
Regional QLD	92.1	7.3	0.1
Adelaide	78.6	20.2	0.4
Regional SA	97.6	2.4	0
Perth	84.2	14.9	0.4
Regional WA	93.1	5.8	<0.1
Hobart	88.2	11.3	0.3
Regional Tas	93.2	6.6	0
Darwin	83.7	13.9	0.6
Regional NT	93.7	5.4	0.2

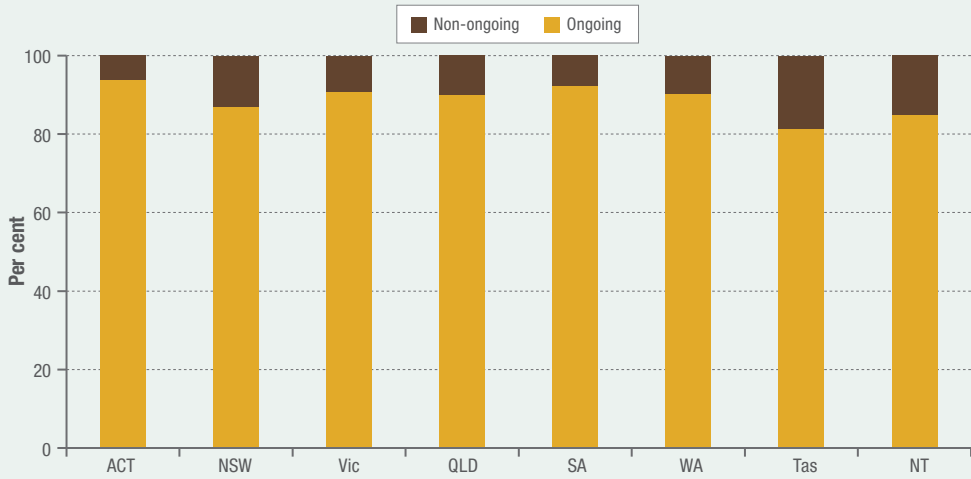
Source: APSED

Employment category

APS employees are engaged under Section 22 (2) of the *Public Service Act 1999* as ongoing or non-ongoing employees. Nationally, the proportion of the APS workforce employed as ongoing at June 2013 was 91.0%.

Figure 7.3 shows that at state and territory level, Tas had the lowest proportion of ongoing employees, along with NSW and the NT, while the ACT had the highest proportion.

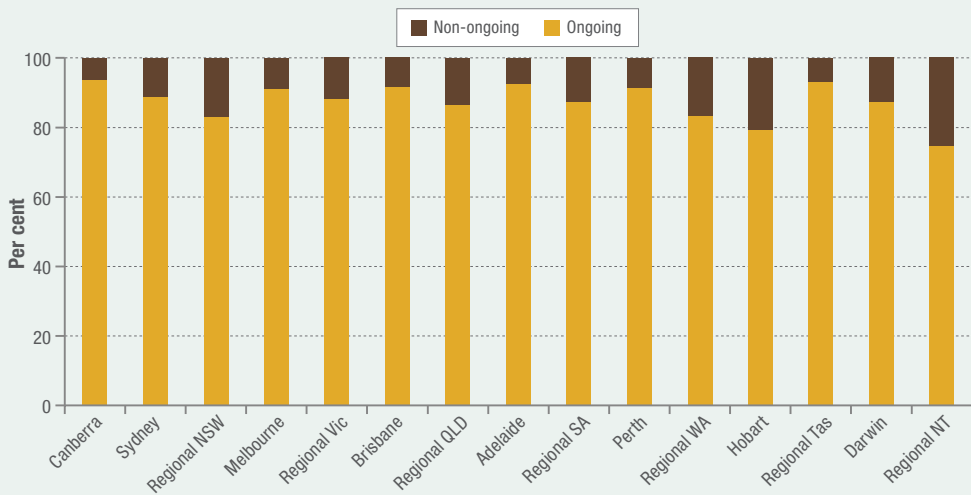
Figure 7.3 Employment category by state and territory, 2013



Source: APSED

Figure 7.4 shows that when looking across capital cities and regional areas, regional areas have the highest proportion of non-ongoing employees. The exception to this was Hobart, the only capital city with more non-ongoing employees (proportionally) than its wider regional area.

Figure 7.4 Employment category by capital city and regional area, 2013



Source: APSED

Length of service

An analysis of the length of service of employees in the APS workforce across capital cities and regional areas shows that employees' length of service varies greatly. For example:

- regional NT had the highest proportion of employees with the shortest length of service—almost half (47.8%) had less than five years of service and 28.9% had less than two years of service
- a relatively large proportion of Darwin's APS employees had less than five years of service (35.4%)
- regional Vic and regional Tas had the highest proportions of employees with the longest periods of service (32.0% and 32.4% of employees with more than 15 years of service respectively)
- a relatively large proportion of APS employees in Melbourne had 20 or more years of service (24.8%), followed by Adelaide (23.7%).

Age

Table 7.5 shows age groups for APS employees by state and territory. As can be seen, Tas and the NT have the highest proportion of employees under 25 years of age, while just over 50% of WA employees were 45 years and over. More than half of the APS employees in the ACT and the NT were between 25 and 44 years of age.

Table 7.5 Age groups by state and territory, 2013

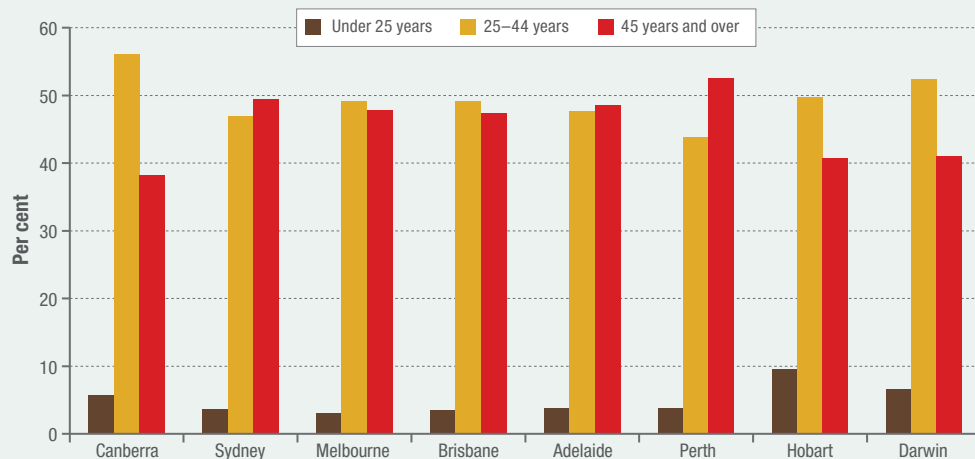
State/territory	Under 25 years (% of employees)	25 to 44 years (% of employees)	45 years and over (% of employees)
ACT	5.7	56.1	38.3
NSW	4.4	46.8	48.9
Vic	3.4	49.0	47.6
QLD	3.6	48.5	47.9
SA	3.7	47.4	48.9
WA	4.2	45.1	50.7
Tas	8.3	49.6	42.1
NT	6.8	53.0	40.2

Source: APSED

Figure 7.5 shows the highest proportion of Canberra's APS population was between 25 and 44 years of age. This was also the case for Hobart and Darwin. Interestingly, more than half of Canberra and Darwin APS employees were in this age group. While Sydney, Melbourne,

Brisbane and Adelaide had relatively even proportions of APS employees between 25 and 44 years of age and those 45 years and over, most of Perth’s employees were 45 years and over.

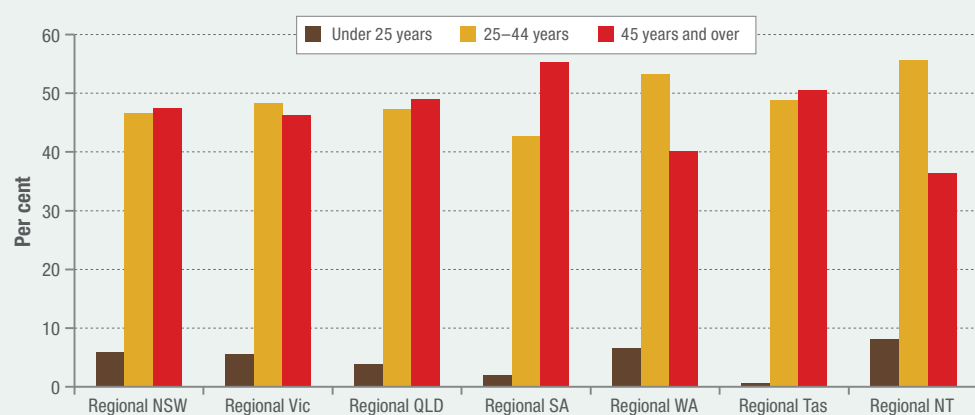
Figure 7.5 Age groups by capital city, 2013



Source: APSED

As can be seen from Figure 7.6, there is some variability in age across regional areas. Regional NT had the highest proportion of employees under 25 years of age, while regional SA had the highest proportion of employees 45 years and over. Unlike its capital city, most of regional WA’s APS population was in the 25 to 44 year age group.

Figure 7.6 Age groups by regional area, 2013



Source: APSED

The Australian Bureau of Statistics: Future organisational sustainability program

The ABS has a long history of having a presence in all states and territories due to a strong commitment to working closely with state and territory governments. In late 2010, the ABS established the ABS Future Organisational Sustainability program as part of a longer-term strategy in building overall ABS long-term sustainability. The program aimed to better position the ABS to respond to the challenges of a constantly changing and evolving external environment and ensure the ABS remains successful and sustainable into the future. The program focused on reviewing the way the ABS is structurally organised.

One important driver for the ABS was changing labour dynamics, which posed an increasing challenge in recruiting and retaining employees in Canberra, particularly those from other states and territories.

The presence of the ABS in each state and territory provides an opportunity to better leverage all labour markets across Australia and, in doing so, enhance the capability of the ABS, maximise employee recruitment and retention and provide enhanced career pathways in each of its capital city offices.

The ABS Future Organisational Sustainability program resulted in a decision to more evenly distribute the ABS work program across Australia, with each regional office holding key corporate and statistical program functions. This move also shored up the viability of each ABS office.

Over a two-year period, approximately 300 positions (ongoing and non-ongoing) were successfully moved out of Canberra into the regions as part of the restructure. Canberra employees were offered the option of moving to a regional office, with demand outstripping supply in some cases. Many employees took the opportunity for lifestyle changes, taking their capability and expertise to new locations.

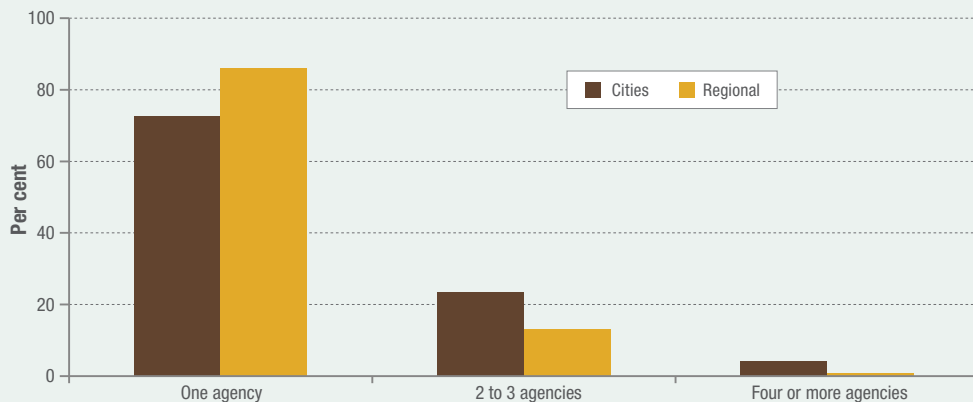
The success of the program was due to a number of factors. These factors included sound governance, including the development of a set of guiding principles in the allocation of work across the ABS, and HR principles and business rules, in consultation with employees. Additional factors contributing to the success of the program included the strong level of mutual support between transitioning areas in moving work programs and, more importantly, assisting employees through the change.

Mobility

Each year, a substantial number of APS employees relocate interstate and overseas. During 2012–13, 12,367 ongoing employees relocated, through promotion or transfer. There were net moves away from the ACT (1,981) and the NT (51), with net moves to NSW (672), Vic (451), QLD (329), SA (233), WA (202) and Tas (100).

Figure 7.7 shows that APS employees in cities have more interagency experience than those employed in regional locations. APS employees in regional areas were more likely than those employed in capital cities to have worked for a single agency only.

Figure 7.7 Interagency mobility by state and territory, 2012–13



Source: APSED

More than 30% of Canberra-based employees (31.2%) had worked for two or three agencies. Similarly, 19.5% of Darwin employees, 19.5% of regional NT employees and 18.1% of Brisbane-based APS employees had worked for two or three agencies. Furthermore, 7.3% of Canberra employees had worked for four or more agencies, along with 2.4% of Darwin employees and 1.8% of Brisbane employees.

Employee attitudes and opinions

This section examines APS employee attitudes and opinions across three broad categories: job attraction and recruitment; employment experience; and intentions to leave or longer-term career intentions.

Attraction and recruitment

Data from the 2013 APS employee census (employee census) indicates that while 52% of employees reported they not applied for another job in the 12 months before the census, 10% had applied for a position outside of the APS, 30% for another position within their current agency, and 17% to another APS agency.⁸ Overall, 43% of employees who had applied for a job outside of the APS applied for a position in the private sector.

When examined by state and territory the following key points can be determined⁹:

- employees from WA (15%) and the NT (13%) were more likely than employees from other states and the ACT to indicate they had applied for a job outside of the APS

⁸ Data does not add to 100% as the question asked respondents to 'please select all that apply'.

⁹ Data from the census cannot be disaggregated below the level of state or territory.

- similar proportions of employees from all states and territories had applied for another position within their current agency, although employees from WA were slightly less likely to indicate this (26%) than those from the ACT (33%) and QLD (32%)
- employees from the ACT (23%) were more likely than other employees to indicate they had applied for a position with another APS agency.

In terms of what was attracting employees to their current position, the top five factors identified through the employee census were:

- type of work (for example, interesting, challenging, different) (77%)
- job security and stability (67%)
- employment conditions (for example, work-life balance, flexible work) (63%)
- job-skills match (for example, using current skills) (61%)
- the nature of the agency's work (58%).

When examined by state and territory it can be seen that employees from the ACT and, to a lesser extent the NT, differ from their counterparts across most attraction factors.

For example:

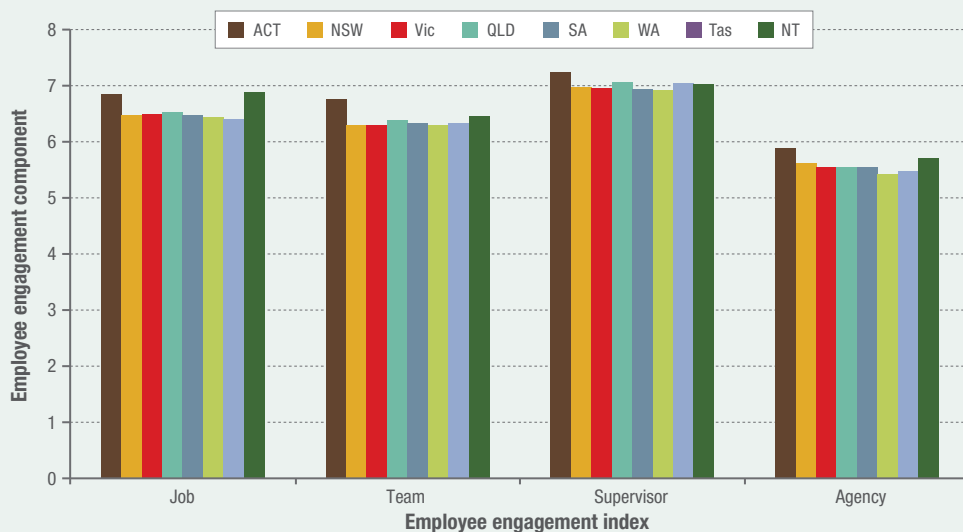
- employees from the NT (82%) and ACT (81%) were the most likely to indicate that type of work was an important factor in attracting them to their current position, while employees from NSW (72%) and Tas (71%) were the least likely
- employees from QLD were the most likely to indicate job security and stability was an important attraction factor (73%), while employees from the ACT were the least likely (62%)
- employees from QLD (68%) and NSW (68%) were the most likely to indicate employment conditions were an important factor attracting them to their current position, while ACT employees were the least likely (58%)
- employees from the ACT (64%) and the NT (62%) were the most likely to indicate that a job-skills match was an important attraction factor, while Tas (56%) and NSW (58%) employees were the least likely
- while relatively similar across the majority of states and territories, employees from the NT were more likely to indicate that the nature of their agency's work was an important factor in attracting them to their current position (69%), while employees from Tas were less likely (53%).

The employment experience

Figure 7.8 shows that employee engagement across states and territories is relatively similar. ACT APS employees demonstrated the highest levels of employee engagement across the four components (job, team, supervisor and agency), while WA employees demonstrated the lowest (with the exception of team, where NSW and Vic recorded the lowest scores). Employees from the NT also demonstrated high engagement levels, particularly related to job and agency.

This result is consistent with previous results showing the type of work and the nature of the work undertaken by the agency are important attraction factors for NT employees.

Figure 7.8 Employee engagement by state and territory, 2013



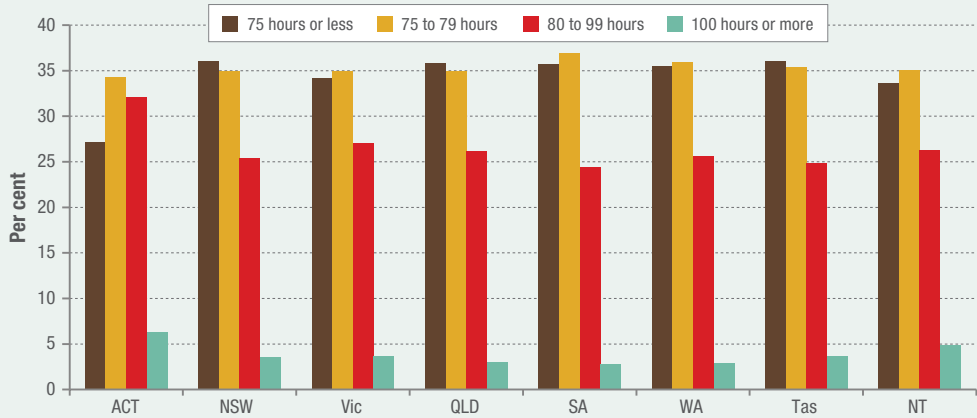
Source: Employee census

Examining employee attitude and opinions of their employment experience across states and territories demonstrates the following key points:

- similar proportions of employees from all states and territories agreed they had a good immediate supervisor (between 77% and 79%)
- 35% of employees overall indicated they were satisfied with the opportunities for career progression in their agency; ACT and NT employees were the most likely to be satisfied (both 40%) and employees from SA the least likely (29%)
- employees from the ACT (75%) and the NT (74%) were the most likely to agree they were given opportunities to use their skills, while employees from Tas (66%) and NSW (67%) were the least likely.

Figure 7.9 shows ACT employees were more likely to report they had worked more than 80 hours in the fortnight before the employee census. The highest proportion of employees in NSW, QLD and Tas worked less than 75 hours in the fortnight before the employee census, while the highest proportion of employees in the other states and the NT worked between 75 and 80 hours.

Figure 7.9 Hours worked by state and territory, 2013



Source: Employee census

Overall, APS employees were generally satisfied with their ability to balance their work and personal lives (70%). Employees from SA were the most likely to be satisfied (73%), while employees from WA (68%) were the least.

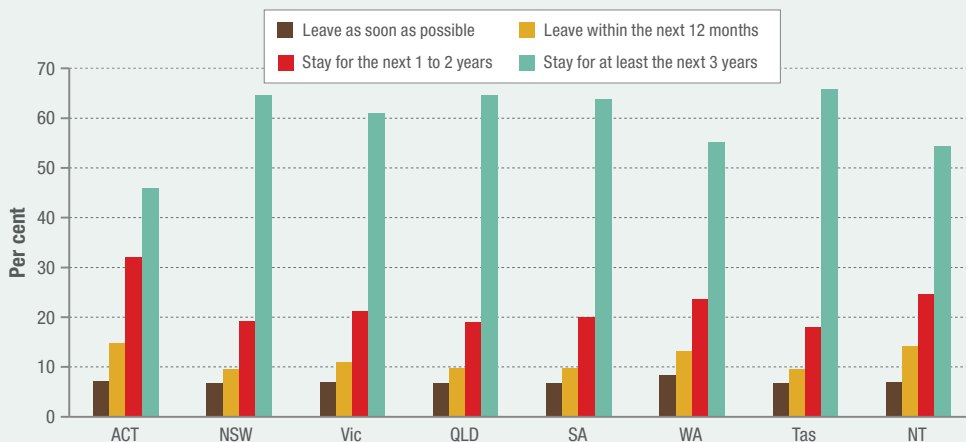
There were marginal differences in APS employees' experiences of bullying in the workplace by state and territory:

- employees from the NT (18%) were the most likely to report they felt they had been subjected to harassment and bullying in the 12 months before the employee census, while employees from SA (15%) were the least likely
- employees from the NT (53%) were the most likely to indicate they had reported the perceived behaviour and employees from Vic the least likely (41%)
- employees from the NT (24%) were the most likely to report they had witnessed someone else being bullied in the 12 months before the employee census, while Vic (19%) employees were the least likely
- of the employees who reported they had witnessed bullying, those in the NT (45%), NSW, WA and QLD (all 36%) were more likely to report the behaviour, while employees in Vic (33%) and SA (34%) were the least likely.

Intention to leave and separations

Employees responding to the employee census were asked to indicate their current thoughts about working for their agency. Figure 7.10 shows that the highest proportion of employees across all states and territories indicated they intended to stay with their current agency for three or more years. Employees from the ACT and WA were more likely than employees in other states and the NT to indicate they intended to leave their agency in the shorter term.

Figure 7.10 Employee career intentions by state and territory, 2013



Source: Employee census

Of the employees who indicated they intended to leave their agency as soon as possible, the highest proportion indicated they intended to work for another APS agency (41%). Another 13% indicated they intended to work for another Commonwealth agency and 13% indicated they intended to work in the private sector. When examined by state and territory, ACT employees (49%) were the most likely to indicate they intended to work for another APS agency, while employees from WA were the least likely (27%). Employees from the ACT (16%) were also the most likely to report they intended to be working for another Commonwealth agency, while WA employees (19%) were the most likely to report they intended to work in the private sector.

Employees who indicated they intended to leave their agency were asked what influenced their decision. The following differences were observed across states and territories:

- the highest proportion of employees across all states and territories indicated a lack of future career prospects as a factor influencing their decision to leave their agency
- poor quality of senior leadership was the second most common factor reported as influencing employees' decisions to leave their agencies for all states and territories with the exception of the ACT
- more than 10% of employees from all states and territories reported a perceived experience of bullying and harassment had influenced their decision to leave their agency, with employees from WA (10%) the least likely to indicate this factor and employees from Tas (14%) the most likely.

Key findings

This chapter has used the ASGS structure and postcode data to describe the geographic distribution of APS employees. APS employees work in diverse geographical locations across Australia, with national and regional offices located to facilitate the delivery of services where they are needed most. This geographical distribution has varied over time, with the gap between the proportion of the APS employed outside of the ACT and those employed in the ACT, narrowing over time. In 2013, 60.9% of APS employees were employed outside of the ACT.

Fifty-eight agencies (55.8%, covering 86.2% of the total APS workforce) employ all personnel in major cities. Fourteen agencies (13.4%) had employees located in remote locations and 15 agencies (14.4%) in very remote areas of Australia. SES make up less than 1% of APS workforces outside of the ACT. The proportion of the workforce at SES and EL levels is much smaller outside of the ACT. This is especially true for regional workforces, where less than 10% of APS employees were employed at a higher classification than APS 6.

Employee engagement was relatively similar across states and territories with ACT employees being the most engaged and WA employees the least (with the exception of team engagement, where NSW and Vic recorded the lowest levels of engagement). Employees from the NT also demonstrated high engagement levels, particularly related to job and agency engagement. Employee attitude and opinion data demonstrates that ACT employees and, perhaps to a lesser extent, NT employees differ from their state-based counterparts across most factors.



Chapter 8

The APS in the Asian century

In the last 20 years, Asia¹ has undergone a rapid transformation that has seen one-third of the world's population re-engage in the global economy and lifted the living standards of billions of people in the region in which Australia is located.² Asia's development has been extraordinary. The region is set to be the world's largest economic zone, biggest consumer zone and home to the majority of the world's middle class. More than 2.5 billion people in the Asia-Pacific are expected to join the ranks of the middle class by 2030³, driving new demand for health and education, expanding markets for consumer goods and services, and seeking new opportunities for skilled work. By 2025, four of the world's biggest economies—China, India, Japan and Indonesia—will be in the Asian region.⁴

Since 2004, Australia has had more trade with Asia than the rest of the world combined⁵ and has strong bilateral and multilateral engagements throughout the region. As the nation's engagement with Asia grows, the Australian Public Service (APS) will need to be well positioned with its culture, structures, systems, processes, knowledge and skills to support the government's objectives in the region. An Asia-capable APS providing insightful advice to government and delivering effective services to citizens is an important part of that agenda.

This chapter examines the APS preparations for the Asian century and provides a baseline from which to monitor progress. It examines how Australia's diverse society has provided a home-grown source of Asia capability for the APS over time, along with the impact of the Asian century on APS agencies and the approaches adopted by agencies to lift their Asia capability. It also outlines the Asia capability of current employees, who bring a diverse mix of Asia-relevant language skills, qualifications and in-country experiences to the APS.

¹ For this chapter, 'Asia' is defined using the definition cited in *Australia in the Asian Century White Paper*—the group of nations that stretch from India through Southeast Asia to Northeast Asia, including Indonesia, other Association of Southeast Asian Nations members, China and Japan.

² Australian Government, *Australia in the Asian Century White Paper*, Commonwealth of Australia, Canberra, (2012), p. 30.

³ H Kharas and G Gertz (2010), in *Australia in the Asian Century White Paper*, Commonwealth of Australia, Canberra, (2012), p. 63.

⁴ Australian Government, *Australia in the Asian Century White Paper*, Commonwealth of Australia, Canberra, (2012), p. 52.

⁵ Asialink, *Developing an Asia Capable Workforce: A National Strategy*, University of Melbourne, (2012), p. 7.

An Asia-capable APS

An Asia-capable APS will be critical to Australia's success in the Asian century. As last year's *Australia in the Asian Century White Paper* (White Paper) noted, as the lines between domestic and international policy become less distinct, Asia capability will be needed across the APS, beyond traditional external-facing institutions such as the Department of Foreign Affairs and Trade (DFAT). The APS will need to understand the drivers of change in the Asia region. This will mean understanding how Australia's domestic policy objectives intersect and are shaped by global and regional factors⁶, collaborating on issues of mutual policy interest, and learning from and contributing to innovation in the region.

The importance of building individual and organisational Asia capability has been demonstrated in research conducted by Asialink⁷ with the Australian Industry Group and Business Council of Australia. This work found a strong link between internal organisational Asia capability and subsequent business performance in Asia.⁸ In comparison with international competitors, the same research found that Australian organisations are strong at developing trusted relationships in Asia but are challenged to adapt to different cultural norms. The research also found that Australian organisations lack deep Asia experience at senior manager and senior executive levels.

Like the business sector, the APS will need a high level of internal capability to successfully contribute to Australia's success in Asia. APS agencies engaged in routine business activities in Asia in 2011–12 were asked how well they were prepared for their engagement with Asia. While 42% of agencies felt they were well prepared, 56% were only moderately prepared.

Using results drawn from the 2012–13 State of the Service agency survey (agency survey), Figure 8.1 shows the level of investment agencies estimate will be required for them to be prepared to engage with Asia over the next five years. While 22% of agencies reported no change and/or additional investment was required to engage (up from 6% in 2011–12), 16% anticipated 'considerable change or investment' would be needed (this finding is similar to 2011–12).

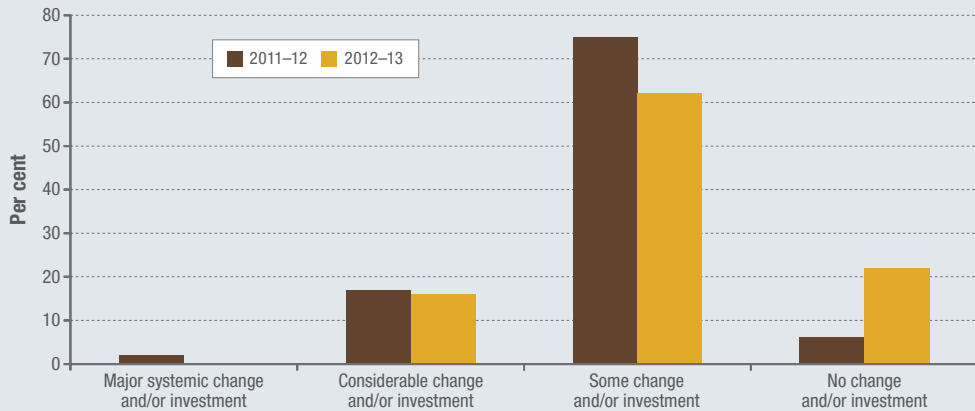
Consistent with the increase in the proportion of agencies that reported no further investment would be required to engage with Asia in the next five years, the proportion of agencies reporting moderate change and/or investment would be required fell between 2011–12 (75%) and 2012–13 (62%). These trends are likely linked to the focus on Asian engagement that occurred following the release of the White Paper and potentially demonstrate an increase in the preparedness of agencies to engage with Asia over the next few years. It may also be that some agencies have re-assessed the extent of the required change and concluded that the required capability was already available.

⁶ Australian Government, *Australia in the Asian Century White Paper*, Commonwealth of Australia, Canberra, (2012), p. 162.

⁷ A non-academic research centre supported by the Myer Foundation and the University of Melbourne.

⁸ Australian Industry Group, *Business Council of Australia and Asialink Survey*, February 2012.

Figure 8.1 Anticipated level of change and/or investment required to prepare for the Asian century, 2011–12 and 2012–13



Source: Agency survey

What is Asia capability?

As domestic and international issues become increasingly connected, more APS employees, including those working in domestically orientated agencies, may be required to work more closely with counterparts in Asia and, consequently, will need to develop a more sophisticated understanding of Asia and Asian cultures. For example, Australian business has learned that engaging successfully in Asia relies more heavily on people-to-people relationships than is the case in Australia and that a broad understanding of Asian perspectives is vital.⁹

While there is no clear, agreed and practical definition of Asia capability, there is broad consensus that Asia capability means being able to develop an understanding of Asian cultures and environments and being able to act on or apply that understanding to achieve business outcomes.

This view was reinforced by submissions to the Australian Government Asian Century Taskforce, which suggested Asia capability requires a broad range of skills including an understanding of the social, political, cultural and economic aspects of Asian nations.¹⁰ Submissions also cautioned against overemphasis on language skills at the expense of broader capabilities such as cultural understanding. This broad view of Asia capability was reinforced by the Secretary of the Department of the Prime Minister and Cabinet¹¹:

⁹ Asia Pacific Screen Awards, *Submission: Australia in the Asian Century Taskforce; The Boston Consulting Group, Imagining Australia in the Asian Century: How Australian Businesses are Capturing the Asian Opportunity*, Sydney, (2012), <<http://www.bostonconsulting.com.au/documents/file115487.pdf>>.

¹⁰ Australian Government, *Australia in the Asian Century Submissions Summary: Improving Australians' Asia-relevant Capabilities*, Commonwealth of Australia, (2012).

¹¹ I Watt, *Australia and Asia in the Asian Century: Opportunities and Challenges*, (2012), <http://www.dpmpc.gov.au/media/speech_2012-07-10.cfm>.

Language skills are important; the more speakers of Asian languages we have the better ... But in this context I am speaking of literacy as understanding. Understanding the cultures, the histories, the politics of Asian nations, understanding the way Asian companies do business understanding the social mores of those countries and much more. This understanding, and respect of other cultures, will allow Australians to operate more effectively both at home and in Asia.

The APS has a broad view of Asia capability and considers that it needs to be developed at multiple levels—individual capability, agency capability and cross-APS capability.

Diversity and the organic growth of APS Asia capability

For the APS, drawing on the diversity of Australia's population is essential to delivering the requirements of government and meeting the needs of citizens. A diverse workforce brings a range of perspectives to bear in challenging conventional thinking, encouraging different approaches to problem solving and fostering innovation.

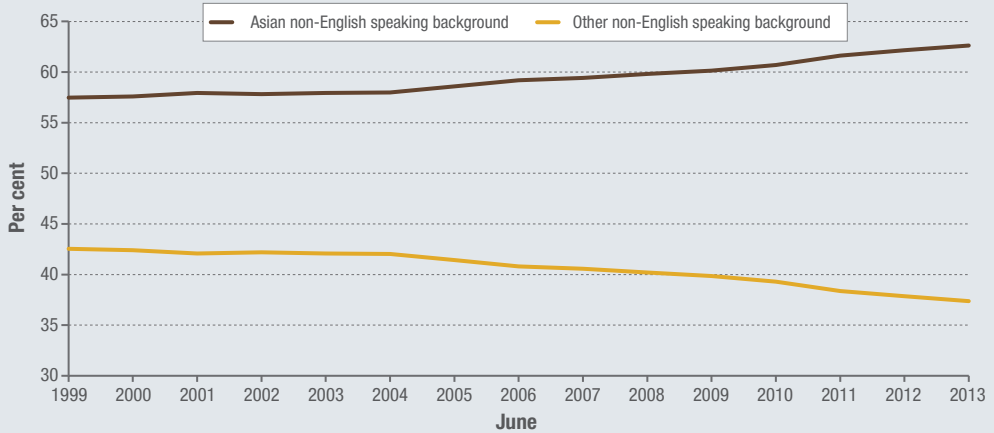
As Australia's diversity has shifted over time, so too has the diversity and cultural capability of the APS. Figure 8.2 shows that the representation of ongoing Asian-born APS employees has steadily increased over the last 15 years. In 2000, Asian-born Australians made up 6% of Australia's population.¹² In the same year, Asian-born APS employees¹³ made up 5.3% of all ongoing APS employees whose country of birth was known¹⁴ and 6.9% of ongoing engagements in the year ending June 2000. In 2011, 9% of the total Australian population were born in Asia. In 2011, Asian-born APS employees represented 7.5% of all ongoing employees whose country of birth was known and 10.5% of ongoing engagements.

¹² Australian Bureau of Statistics, *Australian Social Trends*, Commonwealth of Australia, Canberra, (2001).

¹³ Australian Government, *Australia in the Asian Century White Paper*, Commonwealth of Australia, Canberra, (2012), p. 290. Asia refers to Bangladesh, Bhutan, Brunei, Cambodia, China, Hong Kong, India, Indonesia, Japan, Laos, Macao, Malaysia, Maldives, Mongolia, Myanmar, Nepal, North Korea, Pakistan, the Philippines, Singapore, South Korea, Sri Lanka, Thailand, Timor-Leste and Vietnam.

¹⁴ The country of birth was known for 79.4% of all ongoing employees.

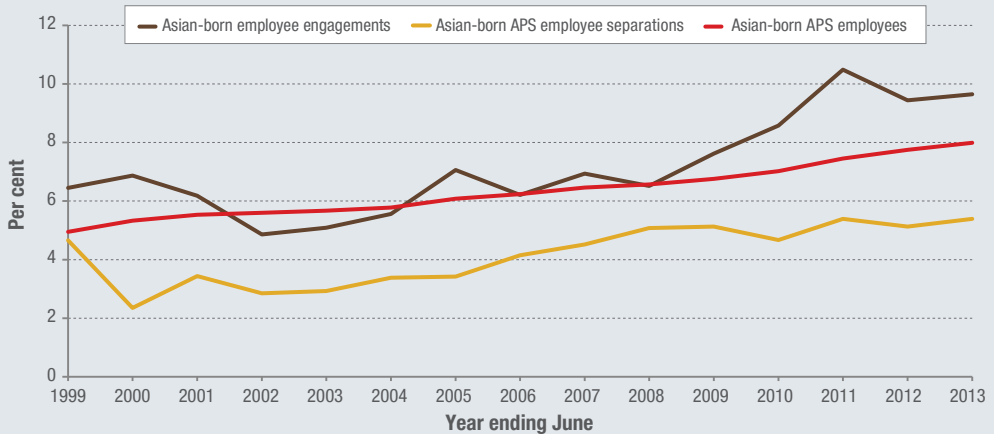
Figure 8.2 Ongoing non-English speaking background employees born in Asia, 1999 to 2013



Source: APSED

Figure 8.3 shows that the proportion of Asian-born APS employees has increased over the past 15 years.

Figure 8.3 Engagements and separations—ongoing Asian-born employees, 1999 to 2013¹⁵



Source: APSED

Australia’s changing multicultural society has benefited the APS. In seeking to build a vibrant workforce representing the wider diversity of the nation, the APS has organically developed a

¹⁵ The proportions used in this figure refer to all APS employees whose country of birth is known. In 2013, this was 79.4% of all ongoing employees.

workforce with Asia capability and insights. While employment data indicates the APS has been progressively attracting Asian-born employees, the future challenge for the APS will be to continue to attract and retain these employees in a market where their Asia capability is increasingly valued by all employers.

Asia capability of APS agencies

The ability of the APS to deliver outcomes for government, citizens and Australian businesses in the Asian century requires more than individual employees with Asia capability and expertise. Agencies need to be able to apply the expertise of their employees to achieve business outcomes.¹⁶ And they need to combine employee skills with their processes, culture, systems and structures.

APS current operations in and with Asia

APS agencies, including those primarily focused on domestic matters, have a range of direct and indirect engagement with Asia. From negotiating agreements with Asian governments to providing capacity building, and from supporting Australian citizens abroad to advising Australians on doing business in Asia, APS agencies have many and varied interests in relation to Asia.

Before the release of the White Paper, the 2011–12 agency survey asked whether agencies routinely engage with Asia as part of their business operations, for example negotiate agreements, develop policies, formulate strategies and/or enter into partnerships. Fifty-one per cent indicated they routinely engaged with Asia. Another 8% indicated that while they did not routinely engage with Asia they closely monitored emerging issues in the region.

This year, agencies were asked about the nature of their dealings with Asia. Sixty-six per cent of agencies reported they were directly engaged in Asia either by having permanent employees located in Asia (12%), through regular and routine contact with Asian governments (36%), or through regular and routine contact with Asian businesses (16%).¹⁷ Another 16% of agencies indicated they have regular or routine contact with Australian businesses dealing with Asia.

Responding to the policy agenda: an increasing Asia focus

There are early signs that APS agencies are adopting an increased focus on Asia. When asked whether the release of the White Paper had changed the Asia focus of their agency, 6% reported a major increase, 35% a slight increase and 19% indicated no change because their agency already had a strong Asia focus. A number of agencies (34%) indicated no change in their Asia focus because their agency was little affected by Asia. The majority of agencies in the latter category were smaller operational and specialist agencies.

¹⁶ Australian Public Service Commission, *Capability Review Program*, Commonwealth of Australia, Canberra, (2011), <<http://www.apsc.gov.au/aps-reform/background-and-perspectives/operating-efficiently/capability-reviews>>.

¹⁷ Agencies with less than 100 employees were not required to answer this section of the agency survey. As such, the agency survey data represented here includes only agencies with more than 100 employees (n = 79).

When asked whether consideration of Asia was a routine part of an agency's strategy, 13% reported they routinely do so and 56% consider Asia as part of their strategy for specific activities.

Agencies were also asked whether the rise of Asia was a major factor influencing their stakeholders, clients and customers. Table 8.1 shows the distribution of responses to two items: 'the extent to which the publication of the White Paper influenced the business of the agency'; and the 'extent to which the rise of Asia impacted agencies' stakeholders, clients or customers'. There is a statistically significant relationship between these two items. For example, agencies that reported they already had a strong focus on Asia were more likely to also report a strong focus on Asia among their stakeholders, clients or customers. Similarly, agencies that reported little impact of the White Paper on their business were also more likely to report little impact of the rise of Asia on the focus of their stakeholders, clients or customers. However, 80% of agencies that reported a major increase in their focus on Asia as a result of the White Paper only reported a slight increase in the focus of their stakeholders, clients or customers. Agencies in this category were primarily central policy agencies with significant responsibility for implementing the White Paper or putting in place policies to position the nation for success in Asia.

A key challenge for all agencies will be to anticipate the shifting level of Asia-oriented interest among their stakeholders so they have the level of Asia capability required to provide well-informed service and advice.

It should be noted that data collected through the agency survey assesses the number of agencies incorporating Asian considerations into their strategy process. The data do not assess the quality or appropriateness of Asia-focused strategies, nor assess whether these strategies are being used as an effective basis for setting agency systems and processes.

Table 8.1 Relationship between agency Asia focus and stakeholder Asia focus, 2012–13

Agency impact	Stakeholder impact			
	No change, already strong focus on Asia (% of agencies)	Slight increase in focus (% of agencies)	Major increase in focus (% of agencies)	No change, little affected (% of agencies)
No change, already strong focus on Asia	68	21	11	0
Slight increase	7	78	11	4
Major increase	0	80	20	0
No change, little affected	8	12	0	81

Source: Agency survey

Agency Asia workforce capability

To make effective use of the APS workforce's growing Asia capability, APS agencies require organisational capabilities to transform individual skills into agency outcomes. The Asialink Taskforce for an Asia Capable Workforce has identified critical capabilities for organisations engaged in Asia: strong leadership and vision; talent development and retention; productive local partnerships; aligned internal culture; knowledge of the local environment; and supportive systems and processes.

Drawing on the Asialink organisational capabilities the agency survey provides baseline insights into the Asia capability of APS agencies. The following section uses a four-level capability maturity model to assess agencies current and required Asia capability.¹⁸ Agencies were asked to assess their maturity against these Asia-related organisational capabilities:

- leadership knowledge
- leadership behaviours
- qualified personnel
- supportive agency culture
- knowledge of local government environment
- supportive systems and processes
- information sharing networks
- local partnerships.

Agencies were asked to indicate where they were currently located on one of four maturity levels—basic, standard practice, best practice and next practice—on each of the eight Asia-related capabilities. Agencies were also asked to indicate the level of maturity they required to meet organisational outcomes in the next three years for each capability.

Figure 8.4 shows that agencies assessed their current level of maturity across the eight capabilities as predominately Level 1 (basic practice) or Level 2 (standard practice).

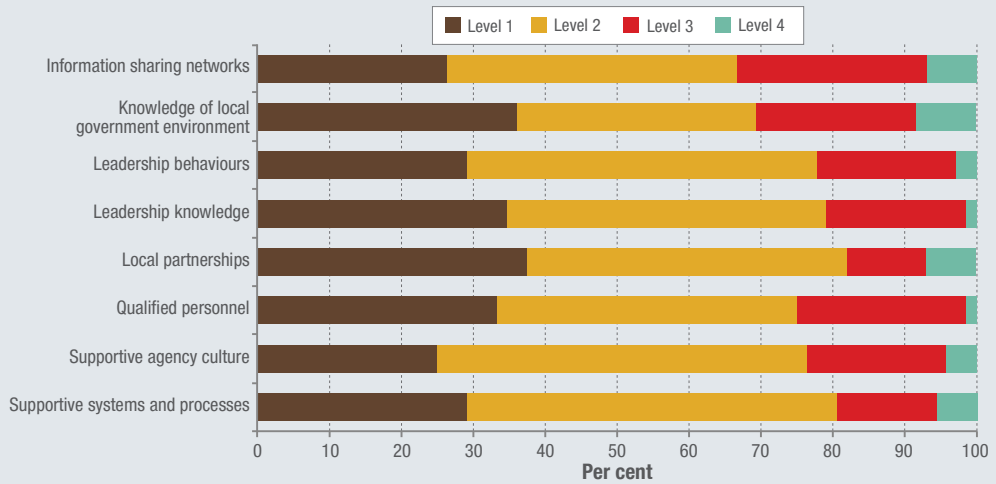
At a basic level of practice (Level 1), agencies indicated that knowledge of the local government environment, local partnerships and senior management knowledge were the three least developed areas. The agencies that assessed their current level of maturity as Level 2 (standard practice) indicated that systems and processes enabling them to focus on Asia were in place but the level of development and application was rudimentary. They also reported that while agency culture supported a more involved approach with Asia, the link to overall agency strategy was not consistent. Finally, agencies at Level 2 reported that while senior management were engaged in Asian operations this was not a major focus.

A smaller proportion of agencies (those at Level 3 and 4) were confident they had the knowledge and systems to support engagement with Asia. These agencies generally had a clear international focus such as DFAT, the Australian Agency for International Development and the Australian Trade Commission.

¹⁸ This maturity model has been adapted from one developed by Asialink and is at Appendix 5.

Overall, agency assessments of their current maturity relating to the seven Asia capabilities demonstrate that agencies have a firm foundation on which to build the capabilities they will require to take them into the future. While there may be some deficiencies in knowledge, these can be addressed over time through exposure, experience and training.

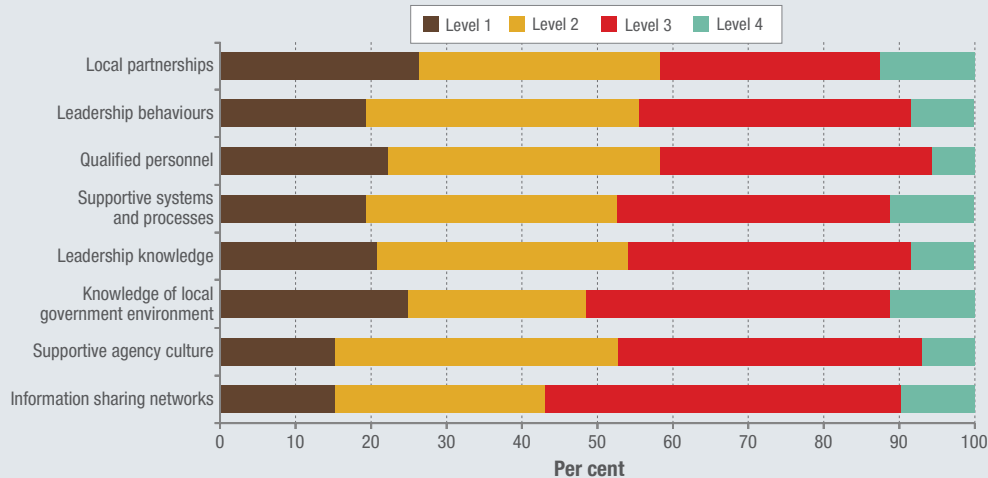
Figure 8.4 Agencies' assessed current Asia capability maturity, 2012–13



Source: Agency survey

Agencies were also asked to assess the level of maturity they required in these Asia-capabilities over the next three years to meet organisational outcomes. Figure 8.5 shows the majority of agencies consider they need to be at Level 3 (best practice) with a common focus on improving information sharing networks with other agencies, continuing to build a focus on Asia as part of the agency culture, working with local partners or intermediaries to navigate the government environment in Asia and ensuring that senior leaders have well-developed Asia relevant skills.

Figure 8.5 Agencies' assessed required Asia capability maturity, 2012–13



Source: Agency survey

While there is some natural variability in capability across the APS, there is also considerable opportunity to collaborate, share resources, and work collectively to overcome deficiencies and build on existing strengths.

The rest of this chapter examines the Asia-related capabilities in greater detail.

Senior management knowledge and experience

Asialink has identified engaged leadership with a clear strategy for Asian operations and a vision of how they fit within a broader organisation as a key capability for success in Asia.¹⁹

Table 8.2 shows that a significant proportion of agencies (54%) indicated their current level of leadership knowledge was at the maturity level needed over the next three years and 63% indicated their senior management was engaged in the agency’s Asia operations. Although this indicates a strong level of capability, as Asia’s importance and influence impacts an increasingly wide array of APS agencies, it is possible more agencies will identify a requirement to mature their capability to a higher level.

¹⁹ Asialink, *Developing an Asia Capable Workforce: A National Strategy*, University of Melbourne, (2012).

Table 8.2 Required changes in Asia-focused leadership capability, 2012–13

Maturity level	Leadership knowledge (% of agencies)	Leadership behaviour (% of agencies)
Agencies at a leadership maturity level that would enable them to achieve Asia-related agency goals within the next three years	54	63
Agencies that need to be one level above their current leadership maturity position to achieve Asia-related agency goals within the next three years	42	33
Agencies that need to be two or more levels above their current maturity position to achieve Asia-related agency goals within the next three years	3	3

Source: Agency survey

Of the agencies that indicated a requirement to improve their senior leadership knowledge, 53% were seeking to progress from standard practice (senior management have Asia-related skills and knowledge, but these are not actively developed) to best practice, where senior management have the opportunity to enhance their skills. Likewise, 58% of agencies requiring a higher level of senior leadership behaviour were aiming to progress from standard practice (senior managers are engaged in Asian operations but not as a major focus) to best practice where senior management is committed to Asian operations with a long-term outlook and strategy.

Employee and stakeholder engagement with Asia

Agencies were asked to assess the extent to which their employees are involved in the agency's relationship with Asia and are aware of the value of the relationship. They were also asked to indicate the extent to which the agency's stakeholders are engaged in the region.

The majority of agencies assessed they were at maturity Level 2 on the extent to which employees see engagement with Asia as an important part of the agency's operations and also the extent to which employees had networks across the APS and with stakeholders engaged in the region.

Fifty-one per cent of agencies indicated that a portion of their workforce are involved in Asian operations and understand its value to the agency; however, the link to overall business strategy was not consistent. A similar proportion of agencies (51%) indicated their employees have personal networks with other agencies and stakeholders engaged in Asia but these relationships are not a systematic part of agency operations.

These results seem to indicate that the personal and knowledge networks regarding Asia reside in pockets of expertise across the APS. One approach to capability building may be to identify areas of overlapping knowledge across the APS, to maximise available knowledge, experience and networks.

In assessing capabilities required for the future, Table 8.3 shows that most agencies see room for improvement in these internal workforce capabilities. These capabilities are important in that these networks are the foundation that the Australian Industry Group and Asialink noted as an important component of business success in Asia²⁰:

The majority of Australian enterprises interested in engaging with Asian countries rate ‘having a greater depth of understanding of local culture and staff’ and having a global mindset as very important to business success.

Forty-two per cent of agencies also indicated that while they had management and employees with Asia skills, they did not draw on or develop these skills systematically. Another 24% indicated they had managers and employees who were culturally competent and that these employees were given the opportunity to enhance these skills. Most agencies have a degree of confidence that the skills that will assist them to engage with Asia are in the workforce but, for most, not yet harnessed to make a substantial contribution. Table 8.3 shows that agencies are also confident that the skills available to them are at a sufficient level of development to meet their needs over the coming three years.

Table 8.3 Required changes in Asia-focused engagement capability, 2012–13

Maturity level	Supportive agency culture (Extent of employee engagement) (% of agencies)	Information sharing networks (Internal and external stakeholder engagement) (% of agencies)	Qualified personnel (% of agencies)
Agencies that are at a maturity level that would enable them to achieve agency Asia-related goals within the next three years	56	56	65
Agencies that need to be one level above their current maturity position to achieve Asia-related agency goals within the next three years	36	35	28
Agencies that need to be two or more levels above their current maturity position to achieve Asia-related agency goals within the next three years	3	4	4

Source: Agency survey

While individual agencies face the challenge of maturing their information sharing networks to improve capability, this is also a cross-APS challenge requiring inter-agency collaboration. With multiple agencies engaged in or with Asia, an integrated, whole-of-APS approach to sharing Asia-relevant knowledge, insights and expertise will be a critical capability.

²⁰ Asialink and Australian Industry Group, *Engaging Asia: Getting it Right for Australian Business*, University of Melbourne, (2011).

Delivery: systems, processes, networks

Supportive systems and processes are a key enabler of Asia capability. In the APS, systems and processes form part of an agency's delivery capability, that is, the systems and processes enabling it to deliver outcomes.

Agencies were asked whether their internal systems and processes were sufficiently mature to support Asian century outcomes. Table 8.4 shows that 36% of agencies indicated the need to improve the maturity of their internal systems and processes, with the majority of agencies seeking to progress from standard practice (management communicate issues and learning from Asian engagement but in an ad hoc manner) to best practice (where skills and experience from Asian engagements are embedded into future practices). Similarly, the majority of agencies seemed confident that their local partnership and networks were sufficient to meet immediate needs, with 35% of agencies indicating they need to improve their capability in this area. At present, agencies also assessed that their capability in understanding the government environment is adequate. However, 36% of agencies needed to improve their capability in this area.

Table 8.4 Required changes in Asia-focused delivery systems capability, 2012–13

Maturity level	Supportive systems and processes (% of agencies)	Local partnerships (% of agencies)	Knowledge of local government (% of agencies)
Agencies that are at a maturity level that would enable them to achieve Asia-related agency goals within the next three years	61	64	63
Agencies that need to be one level above their current maturity position to achieve Asia-related agency goals within the next three years	26	28	35
Agencies that need to be two or more levels above their current maturity position to achieve Asia-related agency goals within the next three years	10	7	1

Source: Agency survey

Growing APS Asia capability

As agencies aim to improve their Asia capability and embed it into their organisations, they make choices about where to prioritise efforts for the most impact. Agencies were asked if they had a strategy for building their agency-level Asia capability by developing employee skills, adapting systems, process and governance and/or developing inter-agency systems or processes. Seventeen per cent of agencies reported they had strategies in place or under development across all areas. Table 8.5 shows that the highest proportion of agencies indicated they did not have a strategy for building Asia capability across any of these three areas.

Table 8.5 Strategies used by agencies to improve Asia capability, 2012–13

	Fully (% of agencies)	Partially (% of agencies)	Under development (% of agencies)	No (% of agencies)
Developing employee skills	7	17	17	59
Adapting agency systems, processes and governance	5	13	16	65
Developing inter-agency systems and processes	4	24	13	59

Source: Agency survey

Where agencies reported they had strategies to build agency capability, the majority were focused on building employee skills or developing inter-agency systems and/or processes.

Building Asia-capable agencies is a medium to long-term challenge for the APS. The release of the White Paper and the increasing importance of Asia to APS stakeholders, clients and customers are factors prompting agencies to increasingly engage with or consider the relevance of Asia to their work. However, more work is needed—particularly by agencies with a strong domestic focus—to identify opportunities, manage risks or learn from best practice.

Asia capability of the current APS workforce

Asia’s increasing economic and strategic importance requires a strategic approach to building Asia capability and a clear understanding of the breadth and depth of current capability.

Research by the Asialink Taskforce for an Asia Capable Workforce identified a broad set of individual capabilities critical to business success in and with Asia:

- sophisticated knowledge of Asian markets and/or environments
- extensive experience (more than two years) operating in Asia
- long-term trusted Asian relationships
- ability to adapt behaviour to Asian cultural contexts
- capacity to deal with government
- useful level of language proficiency.

Similar to the broad view of Asia capability adopted by the APS, Asialink’s work indicates the requirement for a broad cultural capability, including having an understanding of Asian business, cultural, political, ethical and regulatory environments, and sensitivity to the impact of culture on business interactions.

Across the APS workforce, individual employees have a diverse range of Asia capabilities, ranging from language skills to Asian studies degrees or experience living and working in Asia.

These skills and experiences broadly point to the presence of, or a strong foundation for developing, the critical capabilities identified by Asialink. The next section examines the breadth and sources of Asia capability in the APS workforce, in particular looking at language proficiency, experience operating in Asia and academic knowledge of Asian environments.

Language skills

Language skills are an important component of engagement with Asia, making it easier to build relationships and conduct business. Submissions to the Asian Century Taskforce ‘widely noted that language barriers can produce a disconnect between cultures and hinder interaction across a wide range of areas, including sport, academia, business and people-to-people links’.²¹ The 2013 APS employee census (employee census) found the APS has a diverse range of Asian language skills, with 11% of employees reporting sufficient Asian language skills to perform work-related tasks.

The White Paper identified five initial priority countries requiring a country strategy due to their strategic, economic and political influence in the region. These were China, India, Indonesia, Japan and South Korea. Table 8.6 shows APS employees with sufficient language competency to perform work-related tasks in a language spoken in one of these priority countries. Of the top five most spoken Asian languages in the APS, four (Mandarin, Hindi, Cantonese and Indonesian) are spoken in priority countries.

Table 8.6 APS employees who speak languages of the five priority countries, 2013

	Chinese	Indian	Indonesian	Japanese	Korean
	Employees (%)				
All employees	3	3	1	1	<1
English speaking background	1	1	1	1	<1
Non-English speaking background ²³	14	17	2	1	<1

Source: Employee census

The language capability provided by employees from a non-English speaking background is significant. The majority of employees reporting Chinese and Indian language skills come from a non-English speaking background; 80% and 85% respectively. Conversely, 72% of employees speaking Indonesian languages and 81% who speak Japanese are from an English-speaking background and have acquired their Asian language skills outside of the family environment.

²¹ Australian Government, *Submissions Summary: Improving Australians' Asia-relevant capabilities*, Commonwealth of Australia, Canberra, (2012).

²² In the employee census, respondents were asked to indicate ‘yes’ to this question only if they were born overseas and their first language was not English.

In seeking to reflect the diversity of the Australian community, the APS is likely to continue to be able to source Chinese and Indian language skills from Australians of a non-English speaking background. In 2011–12, more people migrated permanently to Australia from China than from any other country and the 2011 Australian Bureau of Statistics Census found there had been more than 50% increase in the number of Mandarin speakers in Australia over the previous five years. Punjabi, an Indian language, is the fastest growing language in Australia.

While more work is required to quantify the APS's future Asian language requirements, Asian language skills will only be a critical requirement in discrete roles, for instance in some service delivery or international roles. As noted by the University of Melbourne²³:

Notwithstanding the importance of language skills, they do not guarantee wider cultural competency in any particular culture, let alone across Asia. It is important to ensure that literacy goes beyond language and embraces cultural, historical and socio-political literacy.

For many APS employees, broader Asian literacy, for example knowledge of Asian environments and the ability to adapt behaviour, will be more job-critical than language skills.

Asian knowledge: Asia-related academic credentials

Credentials in Asia-related studies provide a solid platform for building Asia capability. They also provide a diverse range of skills, including insights into Asian markets and environments, in-country living or studying experience and language skills. Five per cent of those responding to the employee census indicated they had tertiary qualifications in an Asia-related field in 2013. Encouraging Asia-related studies or recruiting individuals with Asia-relevant qualifications are possible avenues for growing Asian knowledge and insights across the APS.

Experience operating in Asia

Experience operating in Asia is a critical capability for business success in Asia.²⁴ Although experience living or working in Asia does not automatically translate to a greater level of cultural competency (it is possible to live or work in a country without engaging in local society or culture), in many cases in-country experiences build some degree of competence across a range of skills, such as the ability to adapt behaviour to Asian cultural contexts, build relationships and/or acquire insights into Asian environments.

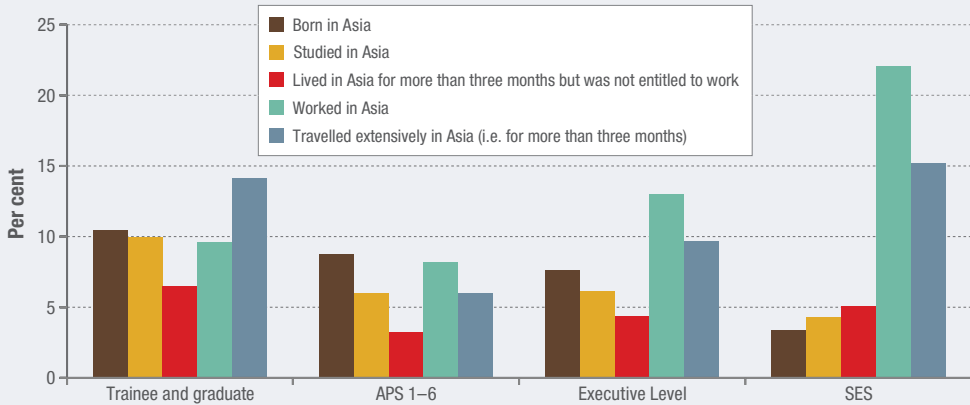
The employee census asked respondents whether they had experience working, studying, living²⁵ or travelling extensively (more than three months) in Asia. Figure 8.6 shows APS employees with Asian experience by classification.

²³ University of Melbourne, 2012, Submission to the Australia in the Asian Century Task Force.

²⁴ Asialink, *Developing an Asia Capable Workforce: A National Strategy*, University of Melbourne, (2012).

²⁵ Includes employees who were born in Asia and employees who lived in but were not entitled to work in Asia.

Figure 8.6 Employees with experience in Asia by classification, 2013



Source: Employee census

The distribution of employees with experience in Asia across classifications is a positive indicator of APS ability to achieve Asia-related business outcomes now and into the future. The pipeline of potential APS leaders with Asia experience is strong, with 30% of graduates and trainees having experience in Asia. This includes 10% graduates and trainees who have studied in Asia, 6% who have lived in Asia and 10% with experience working in Asia.

With research showing a strong correlation between business success in Asia and Asia experience at senior management and senior leadership levels²⁶, the APS is also well placed for success in Asia in the short to medium term. In 2013, 34% of the Senior Executive Service (SES) reported experience operating in Asia.

While the depth of Asia capability and experience will need to continue to expand, the current depth of workforce capability provides a good foundation. The breadth of Asia capability in the ranks of the SES is encouraging and provides a strong foundation for achieving the White Paper's target—by 2025, one-third of Secretaries and Deputy Secretaries will have deep experience in or knowledge of Asia.

Future APS Asia capability

In the APS, employees have disparate levels of engagement in and with Asia depending on their agency and role. This will have a key influence on the depth and nature of the Asia capability they require. For APS employees in Asia-related international engagement roles—which by their nature involve managing strategic and operational interactions—sophisticated capabilities spanning language skills, relationship building skills and the ability to adapt behaviour to the cultural context will be important.

²⁶ Australian Industry Group, *Business Council of Australia and Asialink Survey*, February 2012.

For the majority of APS employees, who primarily work in domestic-focused roles, a foundation level of Asia capability will be sufficient for them to identify and take action where there is an intersection between domestic and international issues. This means all APS employees will need to understand the relevance of Asia and Australia’s place in the region and be able to work with different cultural perspectives. This latter capability is important not only for engaging in and with Asia, but for serving Australia’s multicultural community and working effectively in the diverse APS workforce.

The White Paper tasked the Secretary of the Department of the Prime Minister and Cabinet and the Australian Public Service Commissioner with developing a strategy to ensure the APS has the capability it requires to position the nation for success in the Asian century. Work on the strategy is progressing.

Developing APS skills

The agency survey asked agencies whether they have a strategy for building their Asia-related awareness and skills across five segments: all employees, senior executive (Band 2 and above), other leaders and decision makers, individuals in international roles and/or individuals employed overseas. Twenty-two per cent of agencies indicated they neither had, nor were they developing, a strategy for building the Asia capability of their employees. Table 8.7 shows that not all agencies are pursuing these options for developing their capability.

Of the 53 agencies that indicated they have or are developing a strategy to build the Asia capability of their employees, 26% are focusing on all workforce segments. Table 8.7 shows the distribution of agency capability development priorities by workforce segment. Most agencies are not yet to a stage of targeting workforce development opportunities, which is consistent with the levels of maturity of the capabilities identified by agencies earlier.

Table 8.7 Asia capability development priorities by workforce segment, 2012–13

	All employees (%)	Senior executives (Band 2 and above) (%)	Other leaders and decision makers (%)	Individuals employed in specific international roles (%)	Individuals employed overseas (%)
Yes—fully	4	11	8	21	14
Yes—partially	12	25	27	21	17
Being developed	12	14	11	16	6
No	72	51	53	42	63

Source: Agency survey

Note: Columns may not add to 100% due to rounding.

Research has shown that Asia-oriented leadership is a critical success factor in Asia.²⁷ By investing in the development of Asia capability among a range of leaders at all levels it is anticipated that these leaders will foster Asia capability within their teams by encouraging their employees to consider Asian factors in their work.

Agencies also reported on the strategies they have found most effective in building employee Asia capability. Responses indicate that agencies are making use of on-the-job learning and drawing on Asia-capable employees to build capability. The capability development approaches most frequently cited by agencies include on-the-job training (working with visiting delegations, exposure to international works in agencies, participation in international fora, secondments and/or exchanges), training programs (including induction training, cultural awareness training and general Asian century awareness training) and employee networks (including online blogs).

Key findings

An Asia-capable APS providing insightful advice to government and delivering effective services to citizens is an important part of ensuring that Australia is adaptable and successful in what some have termed the Asian century. This chapter has examined APS preparations for the Asian century and provided a baseline from which to monitor progress.

Data from the agency survey suggests a link between the Asia focus of APS agencies and the Asia focus of their stakeholders. A key challenge for all agencies will be to anticipate the shifting level of Asia-oriented interest among their stakeholders so they have the level of Asia capability required to provide well-informed service and advice.

Agency assessments of current maturity levels relating to a range of Asia capabilities demonstrate that agencies have a firm foundation on which to build the capabilities they will require in the future. While there are some deficiencies in knowledge, these can be addressed over time through exposure, experience and training.

APS employees have a diverse range of Asia capabilities, ranging from language skills to Asian studies degrees or experience living and working in Asia. The pipeline of potential APS leaders with Asia experience is strong, with 30% of graduates and trainees having experience in Asia. While the depth of Asia capability and experience will need to continue to expand, the current depth of workforce capability provides a good foundation. The breadth of Asia capability in the ranks of the SES is also encouraging.

²⁷ Australian Industry Group, *Business Council of Australia and Asialink Survey*, February (2012); Asialink, *Developing an Asia Capable Workforce: A National Strategy*, University of Melbourne, (2012).

Australian Public Service Commission

Flexible work

The changing character of the Australian workplace is reflected in the way the ‘average’ Australian has changed over the last 100 years. In 1911, the average Australian was a 24-year-old male farmer. Fifty years later, the average Australian was a 29-year-old male working in an office environment. In 2011, the average Australian was a 37-year-old female employed part-time as a sales assistant.¹ This changing character of work is inescapably linked to changes in Australian society with persistent pressure for work to be more malleable to accommodate the demands of a modern life, in particular, the need to be more flexible with access, location and practice.

Long-run social and labour force trends have reshaped the Australian workplace. These trends include an ageing working population, the increase in labour-force participation among women (particularly those with caring responsibilities), a shift from traditional blue collar to white collar occupations, increased participation in higher education, increased prevalence of dual-career couples, and changing employer and employee attitudes towards work and family.

Recent years have seen the proliferation of management, business and academic papers and reports relating to the benefits and, in a few cases, the pitfalls of flexible workforces and flexible work practices.² It is generally accepted that to manage contemporary workforces in increasingly agile and dynamic workplaces, flexibility is key—flexibility in thought, in process, in management and in employment. Understanding the implications of flexibility is an ongoing challenge for the Australian Public Service (APS), just as it is for all Australian employers.

From an employer perspective, a number of widely acknowledged organisational benefits are associated with providing employees flexible work arrangements, including increased productivity, lower absenteeism rates, higher levels of employee engagement, reduced costs through the retention of experienced employees, improved employee morale, legal compliance

¹ Australian Bureau of Statistics, *Australian Social Trends*, (2013).

² For example, National Centre for Social and Economic Modelling, *Changing Face of the Australian Labour Force*, (2005); EL Kelly and P Moen, 'Rethinking the Clockwork of Work: Why schedule control may pay off at work and at home', *Advances in Developing Human Resources*, (2007), vol. 9, no. 4, pp. 487–506; R Drago, M Woden and D Black, 'Who Wants and Gets Flexibility? Changing work hours preferences and life events', *Industrial and Labour Relations Review*, (2009), vol. 62, no. 3, pp. 394–414; Australian Institute of Management, *Managing in a Flexible Work Environment*, (2012); along with publications and resources made available by the Work and Family Policy roundtable: <<http://www.workandfamilypolicyroundtable.org/>>.

with industrial, equal employment opportunity and anti-discrimination legislation, and increased workplace innovation and creativity.³ For the employee, increased access to flexible working arrangements offers the ability to better balance work and personal commitments. It affords the opportunity to pursue further education, to volunteer and participate in other community commitments and it can reduce the time lost through commuting. The relationship between flexible working arrangements and positive employee and employer outcomes is complex, however, and it depends on the nature of the flexibility, tempo of the workplace, characteristics of the employee and extent to which the prevailing workplace culture values flexible working arrangements.⁴

This chapter examines the contribution increased employee flexibility may have on workforce productivity in the APS context. For many years the APS has led by example in providing for workforce flexibility. The conditions of employment that APS employees enjoy to help them manage the work-life relationship include access to various leave types, flexible work hours and options for part-time employment. This chapter also examines employee satisfaction with access to and use of flexible working arrangements within the APS and its impact on employee engagement. It highlights teleworking as a specific example of flexible work practices. Teleworking is examined for its impact on workplace productivity through outcomes such as employee engagement and performance.

Defining flexible work

Barbara Pocock defines the concept of work-life balance as:

People having a measure of control over when, where and how they work. It is achieved when an individual's right to a fulfilled life inside and outside paid work is accepted and respected as the norm to the mutual benefit of the individual, business and society.⁵

Workplace flexibility can be defined as the ability to have some control over when, where and how work is accomplished. This broad definition accommodates the various ways in which working arrangements can be made flexible. Flexible work is more than access to leave and flexible working hours. Although these are major structural components, workplace flexibility also includes flexible:

- working hours (reduced hours, compressed working weeks, split shifts, autonomy in start and finish times)

³ LA McNall, AD Masuda and JM Nicklin, 'Flexible Work Arrangements, Job Satisfaction, and Turnover Intentions: The mediating role of work-to-family enrichment', *The Journal of Psychology*, (2010), vol. 144, no. 1, pp. 61–81; J Hayman, 'Flexible Work–Schedules and Employee Well-being', *New Zealand Journal of Employee Relations*, (2013), vol. 35, no. 2, pp. 76–87; Diversity Council of Australia, *Working for the Future: A national survey of employees*, Sydney, Diversity Council of Australia Limited, (2010).

⁴ C Troup, 'Is Using Regular Flexible Leave Associated with Employee Wellbeing?', *Australian Journal of Labour Economics*, (2011), vol. 14, no. 2, pp. 123–138; J Hayman, 'Flexible Work–Schedules and Employee Well-being', *New Zealand Journal of Employee Relations*, (2013), vol. 35, no. 2, pp. 76–87; EL Kelly and P Moen, 'Rethinking the Clockwork of Work: Why schedule control may pay off at work and at home', *Advances in Developing Human Resources*, (2007), vol. 9, no. 4, pp. 487–506; Centre for Work + Life, *Morning, Noon and Night: The infiltration of work email into personal and family life*, (2013).

⁵ B Pocock, 'Work-Life 'Balance' in Australia: Limited progress, dim prospects', *Asia Pacific Journal of Human Resources*, (2005), vol. 43, no. 2, pp. 198–209, p. 201.

- working places (working from home, working from another location, use of social media to work on the move)
- working practices (purchased leave, phased retirement, job-sharing, annualised hours).

The need for employees to have mechanisms to balance competing demands has also been expressed in legislative changes to the *Fair Work Act 2009*. Included, among other changes, were formal rights for certain eligible employees to request flexible working arrangements. The National Employment Standards, articulated as part of the *Fair Work Act 2009*, include provision for flexible working arrangements for employees:

- who are the parents or have the care of a child school age or younger
- who are carers within the meaning of the *Carer Recognition Act 2010*
- with disability
- who are 55 years of age or older
- who are experiencing violence from a family member
- who provide care or support for an immediate family member, or member of their household, who is experiencing violence from the member's family.

If these employees request flexible working arrangements, an employer may only refuse them on reasonable business grounds. The Office of the Fair Work Ombudsman advises that flexible working arrangements may include changes in hours of work, changes to patterns of work and changes in location of work.⁶

Flexible work in the APS

APS enterprise agreements and policies include a wide range of initiatives to facilitate improved diversity in the APS and to help employees maintain a healthy work-life balance. Initiatives include, but are not limited to:

- teleworking
- training support and study leave
- flexible working hours and employee initiated part-time work
- ceremonial and cultural leave
- purchased additional annual leave
- leave without pay.

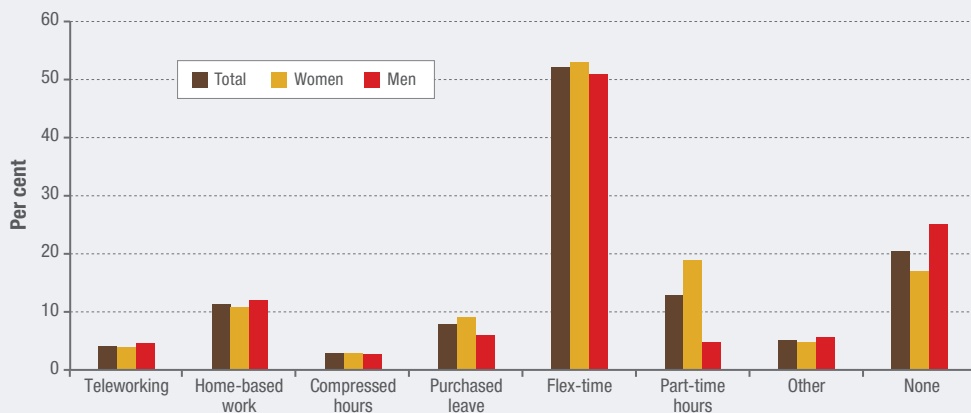
Over the past five years, APS agencies have reported that flexible working arrangements are used in a number of ways as a component of workforce strategies. For example, flexible work is included by agencies as part of recruitment and retention initiatives, in supporting employees

⁶ Advice and information available at: <<http://www.fairwork.gov.au/>>.

with disability, to promote a positive workplace culture, as part of wider absence management strategies, and to facilitate healthy and safe working environments. The most commonly recorded use of flexible work arrangements in 2013 was to provide additional support to employees with ongoing health issues.

Figure 9.1 shows flex-time and part-time employment were the flexible work arrangements most commonly employed by APS employees in 2013. Men were more likely than women to report they had not used any type of flexible work arrangement in 2013, however the proportion of employees not taking advantage of some type of flexibility in their work arrangements was low, regardless of sex. Women were more likely than men to report they had used part-time hours and/or purchased leave, while men were more likely to report having a home-based work arrangement.

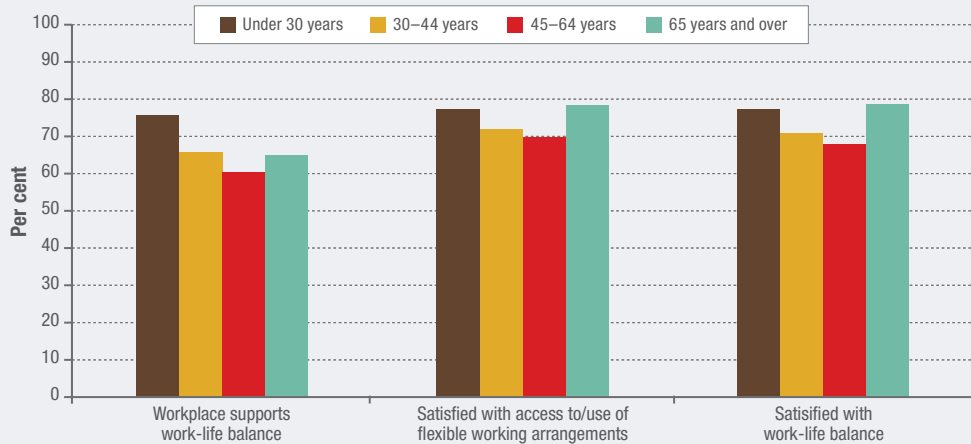
Figure 9.1 Proportion of employees using flexible work arrangements by sex, 2013



Source: Employee census

The majority (70%) of APS employees indicated they were satisfied with their work-life balance in their current jobs. Sixty-four per cent were satisfied their agency supports them in achieving work-life balance and 72% were satisfied with their access to and use of flexible working arrangements. There were no substantial differences in the responses of men and women. Figures 9.2 and 9.3 show some differences in employee attitudes when examined by age and classification.

Figure 9.2 Employee perceptions of work-life balance and flexible work arrangements by age group, 2013



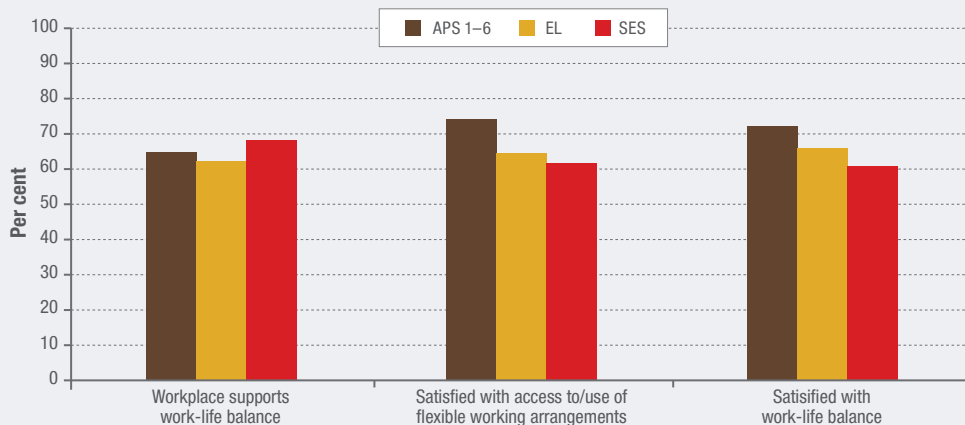
Source: Employee census

Figure 9.2 shows while satisfaction with work-life balance and access to flexible working arrangements was generally high, the oldest and youngest segments of the workforce are the most satisfied. This U-shaped relationship, between the perceptions of work and age, is a common finding in wider organisational age-based studies. This finding was discussed in some detail in the *State of the Service Report 2011-12*. While the impact of age on work perceptions is not fully understood, it highlights a need to understand the structural impacts of differing workforce segments on employee attitudes.⁷

Figure 9.3 shows that Senior Executive Service (SES) officers were most likely to agree their workplaces support employees in achieving work-life balance. They were, however, the least likely to agree they were satisfied with their work-life balance in their current jobs.

⁷ Australian Public Service Commission, *State of the Service Report 2011-12*, Commonwealth of Australia, Canberra, (2012).

Figure 9.3 Employee perceptions of work-life balance and flexible work arrangements by APS classification, 2013



Source: Employee census

A recent study looking at the impact of mobile technologies on employee access to email outside of normal working hours found that working from home, when it was in addition to ‘normal’ hours at the office, was associated with worse work-life interference.⁸ Work-life interference is the intrusiveness of work into home, family and social life, accompanied by feelings of time pressure. The study reported that interacting with work, predominately through email, outside of normal working hours is common practice, especially for those in managerial and/or professional positions.

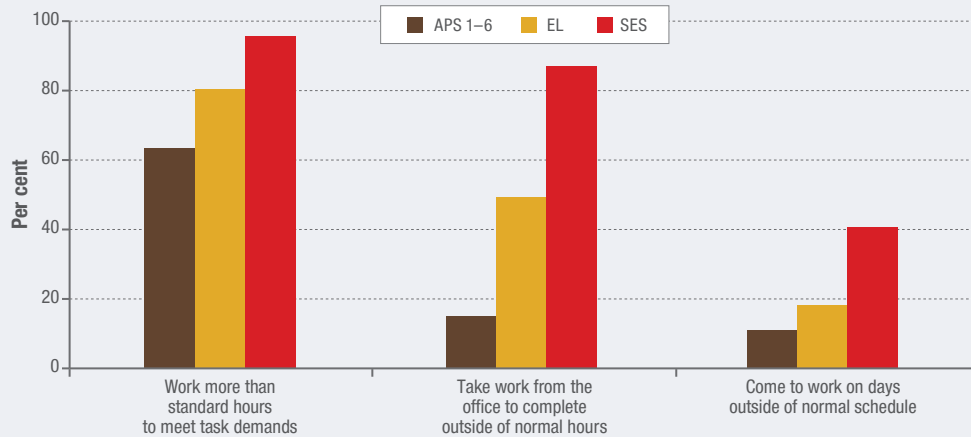
The report concluded that accessing email outside of normal working hours has complex and contradictory outcomes. While it provides valued flexibility and autonomy in deciding when and where to work and respond to communications, it also contributed to a sense of overload and lack of ‘downtime’ that is experienced as stressful. This finding may go some way to explaining the observed relationship between APS classification and satisfaction with work-life balance and access to and use of flexible work arrangements. While the majority of Executive Level (EL) and SES employees agree their agency has a supportive culture in achieving work-life balance, they are less likely to report accessing flexible work arrangements than APS 1–6 employees. EL and SES employees are also more likely to report working more than their standard number of hours to complete a task and/or taking work from the office to do outside of normal working hours.

Figure 9.4 shows that SES employees are more likely to work longer than their normal hours to meet work demands, to work from another location outside of these hours and to come to work on days outside of their normal schedule. It is worth noting, however, that physically coming to work outside of normal hours, such as on weekends or while on leave, is the least likely option chosen by employees to meet increased work demands. It is reasonable to assume

⁸ Centre for Work + Life, *Morning, Noon and Night: The infiltration of work email into personal and family life*, (2013).

this result reflects, in part, the increased mobile options provided to employees to manage their work schedules and meet job requirements.

Figure 9.4 Proportion of employees working outside their normal hours by classification, 2013

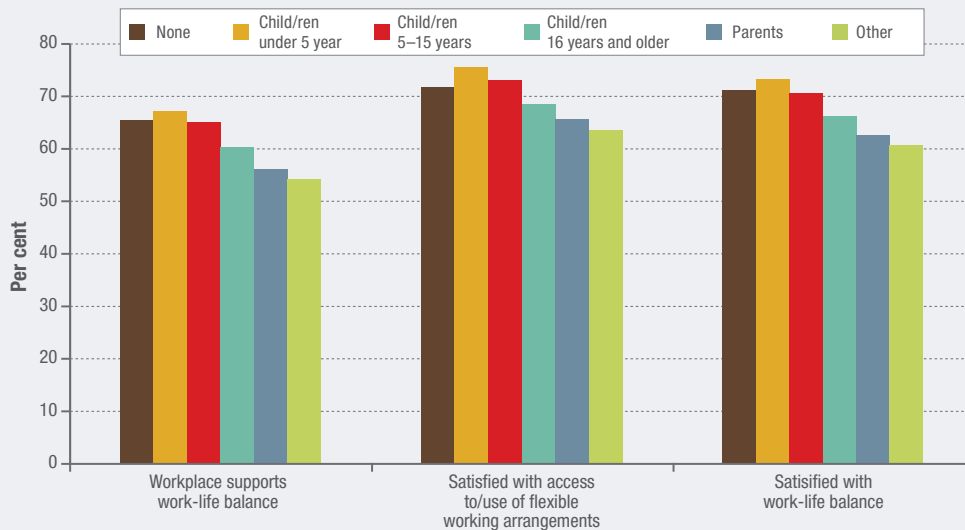


Source: Employee census

Recent research by the Diversity Council of Australia suggests workplace flexibility is more important to parents than non-parents.⁹ When employee census results were examined for employees who were carers as opposed to those who were not, the results were more complicated than a simple delineation by the carer – non-carer dichotomy. APS employees who had older children, who were caring for a parent or who had other caring responsibilities reported substantially lower satisfaction with their work-life balance and access to and use of flexible work arrangements than those employees who were not carers or who were caring for younger children. Additionally, APS employees with young children reported higher levels of satisfaction with their work-life balance and access to and use of flexible working arrangements than those employees with no caring responsibilities. These results are shown in Figure 9.5.

⁹ Diversity Council of Australia, *Working for the Future: A national survey of employees*, Sydney, Diversity Council of Australia Limited, (2010).

Figure 9.5 Employee perceptions of work-life balance and flexible work arrangements by caring responsibility, 2013



Source: Employee census

This result is perhaps counter to what could be expected from the relevant literature and further demonstrates the complexity of the relationship between work and family and personal life; whereby differences in employee perceptions of and interactions with their workplaces cannot be explained by a single aspect of either. Taken together, the results presented in this section highlight the intricacy inherent in the work-life relationship and, as such, it may prove more productive to examine the intersection through a life stage lens. That is, an increased understanding of the linkages between career stage and life experiences, and work and family conditions at a point in time may provide additional insights into how to structure flexible working arrangements to benefit the whole APS workforce. In Chapter 5 of the *State of the Service Report 2011-12* (Ageing and work ability) a similar conclusion was reached, stating that workplace behaviour may be better explained once individual decision making on the interaction between work and personal demands is taken into account. Similar considerations seem to be appropriate in understanding flexible work.

Part-time employment in the APS¹⁰

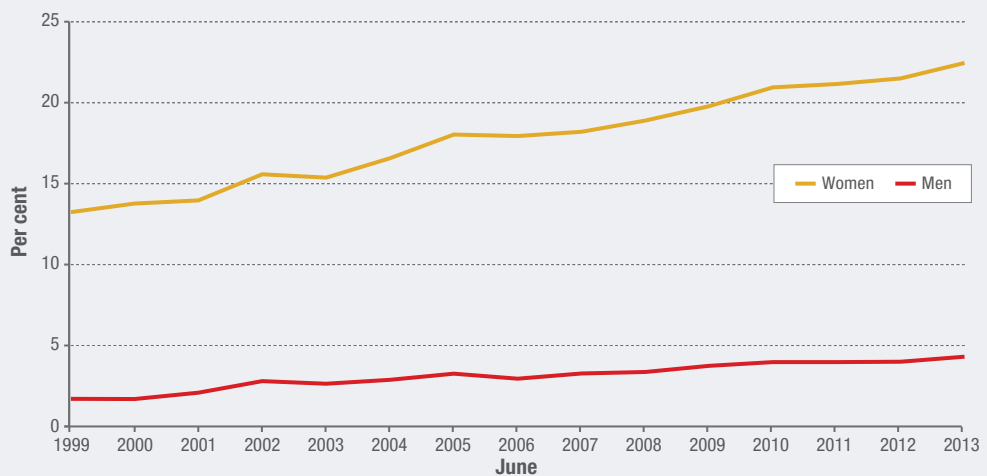
In 1999, 7.4% of the APS workforce was employed part time. Over the next decade-and-a-half, the proportion of employees working part time steadily increased to 14.7%. Although the proportion of APS employees working part time is significantly lower than the national workforce (30.2%), the APS part-time workforce increased more sharply than the national workforce overall. The proportion of Australian employees working part time was 30.2% in 2013, increasing from 26.2% in 1999.

¹⁰ Unless otherwise stated, data presented in this section of the chapter is drawn from the APS Employment Database (APSED) and is correct as at 30 June 2013.

Figure 9.6 shows women make up the majority of the part-time APS workforce, with 22.5% employed in this capacity. Men, however, are increasingly being employed part time, and the proportion of male APS employees working part time grew from 1.7% in 1999 to 4.3% in 2013.

Although representing a substantially larger proportion of the national workforce than in the APS, the majority of national part-time employees are also female (69.8%) and the proportion of men working part time increased from 1999 (12.6%) to 2013 (16.8%).¹¹

Figure 9.6 Proportion of ongoing employees working part time by sex, 1999 to 2013



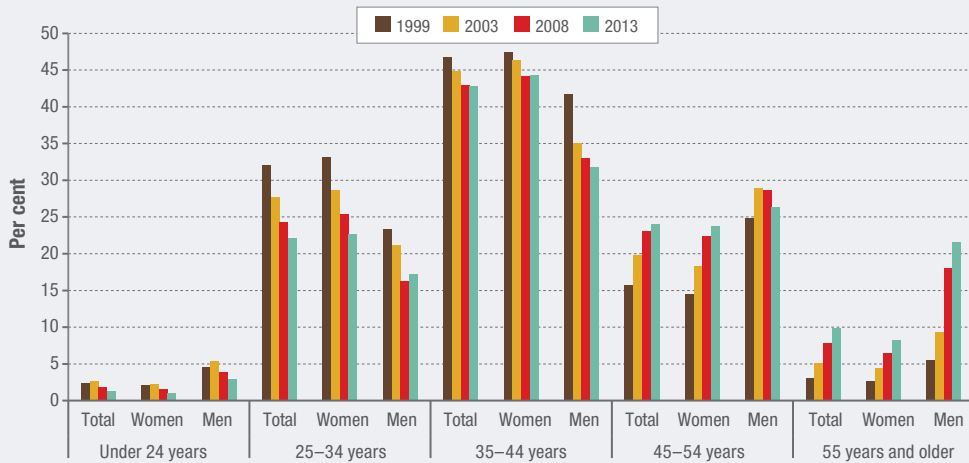
Source: APSED

Figure 9.7 shows that while the proportion of employees working part time increased from 1999 to 2013, there are differences in the age profile of the part-time workforce over that time. The proportion of part-time employees in the younger age groups decreased, while the proportion of the part-time workforce aged 45 years of age and over increased. The increase in the proportion of part-time employees in older age groups was larger for men than women. This pattern—an increase in the age profile of part-time APS employees, particularly for male employees—is consistent with the broader workforce.¹²

¹¹ Australian Bureau of Statistics, *Labour Force, Australia*, (2013), <<http://www.abs.gov.au/ausstats/abs@.nsf/mf/6202.0>>.

¹² Australian Bureau of Statistics, *Labour Force, Australia*, (2013), <<http://www.abs.gov.au/ausstats/abs@.nsf/mf/6202.0>>.

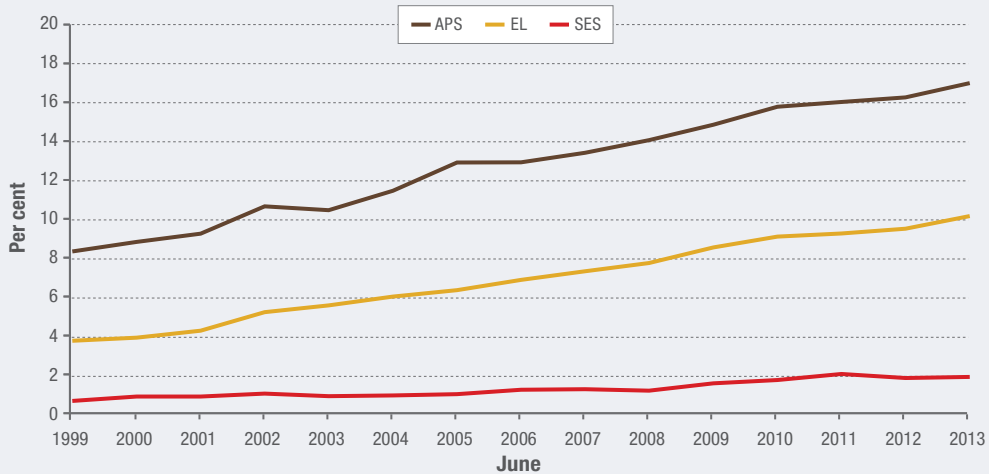
Figure 9.7 Proportion of ongoing employees working part time by sex and age, 1999 to 2013



Source: APSED

Figure 9.8 shows the proportion of employees working part time by classification group. The highest proportion of part-time employees is APS 1-6 employees, with only 2.0% of the APS senior leadership group working part time. This result has been consistent over time, with the classification groups showing similar patterns of growth in part-time employees between 1999 and 2013.

Figure 9.8 Proportion of ongoing employees working part time by classification, 1999 to 2013



Source: APSED

When examined as a proportion of their total ongoing workforce, the agencies with the highest percentage of part-time employees were the Workplace Gender Equality Agency (30.0%), the National Capital Authority (28.8%) and the National Museum of Australia (28.6%).¹³

The Department of Human Services is the largest employer of part-time employees in the APS, with 9,922 or 32.3% of the total APS part-time workforce at June 2013. This group accounts for 27.7% of the department's workforce, 50% higher than the APS average (18.4%). Other agencies with large numbers of part-time employees were the Australian Taxation Office (5,579 or 18.2% of all part-time employees), Australian Electoral Commission (1,756 or 5.7% of all part-time employees) and Department of Agriculture, Fisheries and Forestry (1,214 or 4.0% of all part-time employees). Together these four agencies account for 60.1% of all part-time employees, although they employ 40.9% of the total APS workforce.

Non-ongoing APS employees are more likely than ongoing employees to be employed part time with half of all non-ongoing employees working part time in 2013—55.1% at June 2013 compared with 14.7% of ongoing employees. The non-ongoing workforce has become increasingly part time over the past decade with 22.5% of this segment of the workforce working part time in 2003. As discussed earlier (Figure 9.2) employee census results indicated part-time employment was the second most common flexible work arrangement used by APS employees in 2013 to manage the intersection between work and personal life.

In summary, the APS employs flexible working arrangements in a number of contexts to achieve both employee and organisational outcomes. Flex-time and part-time employment, along with the use of home-based work were the most frequently used flexible work arrangements by APS employees in 2013. While generally positive, employee satisfaction with work-life balance and access to flexible working arrangements within the APS demonstrate the complexity of the work-life relationship; differences in employee perceptions of and interactions with their workplaces cannot be explained by a single aspect of either.

Teleworking

Technology is an enabler of flexible work practices. The widespread availability of broadband and wireless technologies facilitates the integration of flexible work practices into the daily working lives of many employees. Telework is an arrangement whereby an employee has a formal agreement with their employer to work in a location other than the office, usually a home office. Telework uses information and communications technology to stay connected to other employees and work systems.

Telework provides a useful, tangible example of how developments in technology and the increased presence of mobile devices are having an impact on workforce attitudes, opinions, behaviours and practices. This section examines how the APS is engaged with telework and discusses the impact of this across a range of workforce outcomes including employee engagement and performance.

¹³ Only agencies with more than 20 employees were included in this analysis.

A recent report examining the benefits of teleworking highlights a number of advantages for both employees and employers.¹⁴ Benefits for the employee include cost savings by not having to travel to work, flexibility in work hours and therefore increased ability to manage work-life balance, increased job satisfaction, and a greater ability to participate in the workforce where traditionally this may not have been possible. The benefits to the employer include improved recruitment and retention outcomes, reduced absenteeism, increased business resilience, reduced costs associated with office space and increased productivity.

The latest telework statistics available from the Australian Bureau of Statistics indicate that around one-quarter of Australian workers (24%) worked at least part of their time from home.¹⁵ This result is consistent with data collected as part of the Household, Income and Labour Dynamics in Australia (HILDA) which indicated that 23% of respondents in 2010 reported working from home at least some of their time.¹⁶ The majority of people (71%) who reported working from home worked less than 10 hours a week, while only 5% reported working the majority of their time from home. Those who reported working less than 10 hours a week at home were also more likely to work longer hours each week, suggesting much of the work undertaken at home by these employees was in addition to their standard or normal 'at-work' employment. These results suggest the majority of Australians who telework do so on an informal basis, with less than 1% of respondents having a formal teleworking arrangement in place with their employer.

APS telework trial

An APS telework trial was initiated in 2013 to inform telework policy development.

A steering committee is overseeing the trial, led by a representative of the Department of the Prime Minister and Cabinet.

There are seven APS agencies participating in the trial, representing a range of types of agencies, differentiated by their size, purpose, locations and typical job families. Included is the Australian Public Service Commission.

Trial key performance indicators are:

- employee engagement
- productivity
- ease, efficiency and effectiveness of telework
- costs and savings associated with telework relative to office-based work.

The trial began with participants from each participating agency using the National Broadband Network or equivalent to telework from their homes. The evaluation of the trial will use qualitative and quantitative information gathered from participating employees, their managers and subordinates. The trial will be evaluated using the key performance indicators listed above.

¹⁴ Deloitte Access Economics, *Next Generation Telework: A literature review*, Commonwealth of Australia, Canberra, (2010).

¹⁵ Australian Bureau of Statistics, *Locations at Work*, (2008).

¹⁶ University of Melbourne, *Families, Incomes and Jobs, vol. 8: A Statistical Report on Waves 1 to 10 of the Household, Income and Labour Dynamics in Australia Survey*, (2013).

In 2013, the majority of agencies (78%) had fully developed telework strategies in place, with only a small proportion (8%) reporting they had no policy in place. Furthermore, of the agencies¹⁷ that collect information on teleworking, 79% reported they had received applications from employees to telework, with a large proportion of these applications approved. Of agencies that collected the information and had received an application for telework, 35% reported they had approved all applications and another 37% had approved more than half of applications. The most common reason for not supporting an application for telework was that the nature of the work was not suitable for telework. These results are consistent with findings from 2012.

IP Australia provides an example of how telework can be managed and conducted in the APS. Four main categories of telework are available to employees, and policy and administrative processes are in place to manage this workforce segment. The four categories of telework are:

- **Outposted work.** This is where employees log in to IP Australia's computer network and work permanently from home in a location more than 1.5 hours by car from the office. This allows IP Australia to retain high-performing employees who want to remain working for the agency, but who do not wish, or are unable, to remain in Canberra or Melbourne.
- **Home-based work.** This is where employees log in to IP Australia's computer network and work from home in a location that is within commuting distance to the office (generally taken to be 1.5 hours or less by car). Employees in this category come into the office on a regular and agreed basis—at least one day per fortnight—and use an IP Australia-supplied docking station solution laptop at their home office and on IP Australia premises. These employees may be called into the office more frequently if required.
- **Ad hoc work.** This is where employees log in to IP Australia's computer network and work from home for short periods of time on a one-off or irregular basis, with no intention that the requirement for teleworking will continue.
- **Day extender work.** This is where employees work in IP Australia's usual business premises during their normal working hours and then log in after hours to the agency's computer network to perform additional work from a home office. This is a common option for higher-level employees expected to work additional hours as reasonably necessary. It can also be used by other employees who regularly undertake additional work from home outside of normal business hours.

Telework is available to all IP Australia employees on a case-by-case basis. It has increased within the agency from approximately 7% in 2007 to 12% in 2013. An agreement for all forms of teleworking must satisfy the following prerequisites:

- be suitable for the work performed
- be operationally viable including that additional costs to IP Australia must be recoverable through higher productivity, or through the attraction and retention of skills, experience and knowledge which would otherwise have to be obtained through higher cost solutions

¹⁷ 90% of agencies (covering 96% of the APS workforce) collected information on applications received for regular teleworking arrangements.

- be technically viable both from an information management systems and communication technology perspective
- not adversely affect teamwork, normal operations and communications of the workplace
- be mutually agreed on by the employee and manager
- meet the required performance, security and work health and safety standards
- be approved by the relevant delegate
- be reviewable at any time at the request of IP Australia or the employee.

IP Australia case study

IP Australia uses teleworking to help attract and retain high-performing employees.

The agency supports and encourages innovation, investment and international competitiveness through the administration of Australia's intellectual property (IP) rights system. This system includes patents, trade marks, designs and plant breeder's rights. A core aspect of IP Australia's work is examining and granting these rights on a fee-for-service basis.

IP Australia's patent examiners in particular are highly educated in specialist technology disciplines and recruited from around Australia and internationally. During the first two years of their employment, patent examiners undertake an intensive program to provide them with the legal and technical knowledge they need to examine patent documents and determine whether a patent can be granted. This program involves initial formal and on-the-job training provided by highly experienced senior patent examiners, followed by comprehensive on-the-job training. A similar process is also used for the agency's trade mark examiners.

It takes about three years for IP Australia to see a return on this training investment. Some years ago, return on investment was being eroded by significantly higher than desired turnover rates among patent examiners, especially at the three to five-year tenure point. When IP Australia investigated the reasons for this turnover, one cause was found to be patent examiners were returning to where they had previously lived or been educated—often for family and lifestyle reasons. Given the challenges the agency faced to attract employees with the range of qualifications needed, it was important to identify ways to retain those highly sought after skills.

One strategy developed was the introduction of teleworking options for employees. Since the introduction of teleworking, patent examiner separation rates have decreased significantly, assisting to contain recruitment, training, accommodation, utilities and other costs. A number of patent examiners have indicated that the ability to telework has been a significant reason for them remaining in the agency. IP Australia also now has teleworking processes which would increase business continuity options for the agency in the event of disasters or crises.

Outposted and home-based work patent examiners are generally more productive than office-based workers. This generates additional revenue to offset the costs of teleworking and not undertaking office-based activities, while ultimately leading to reduced client costs.

Outposted and home-based work approaches were initially applied to patent, and then trade mark examiners whose productivity is measured by the number of various activities performed in a given time. In recognition that these employees are not involved in certain office-based activities, they are expected to produce more per set period than their office-based counterparts. The additional output

required is based on set formulae. Performance expectations are agreed as part of annual performance agreement processes.

If a teleworker does not maintain the required performance, their right to telework can be removed and they have to return to working in an office-based environment while their underperformance is resolved.

The measurement of productivity for other employees is more difficult. The additional productivity requirements vary depending on the job. To assist, IP Australia has developed two teleworking assessment tools. One certifies that an employee has a sufficiently good performance history and identifies the additional performance requirements needed for a teleworking arrangement to be approved. The second tool assists to determine how much of a role is suited to teleworking, noting that a job can be modified to allow a teleworking arrangement to be approved if it suits both IP Australia and the employee.

It is also possible for teleworking arrangements to be agreed for attracting and retaining skills, experience and knowledge which would otherwise be obtained through higher-cost solutions such as employing a contractor.

Generally, teleworker performance is managed through performance management procedures, as it is with the rest of the agency. For effective work performance, it is essential that the teleworker and their supervisor have regular conversations about job requirements and performance expectations, and about performance feedback and development opportunities. Managers have a responsibility to be aware of a teleworker's perception of isolation and establish a communication practice which achieves:

- regular contact between a manager and teleworker
- participation by the teleworker in team meetings
- sufficient contact with the teleworker to be able to manage all aspects of their performance
- inclusion of the teleworker in team and corporate training opportunities.

Additionally managers are required to encourage team members and other relevant parties to communicate and engage with the teleworker directly. Teleworkers are also responsible for maintaining usual email and telephone contact with managers, clients and office-based team members in their work area and with other designated teams. Outposted teleworkers are expected to be available for and participate in team meetings through teleconferencing and/or videoconferencing where available.

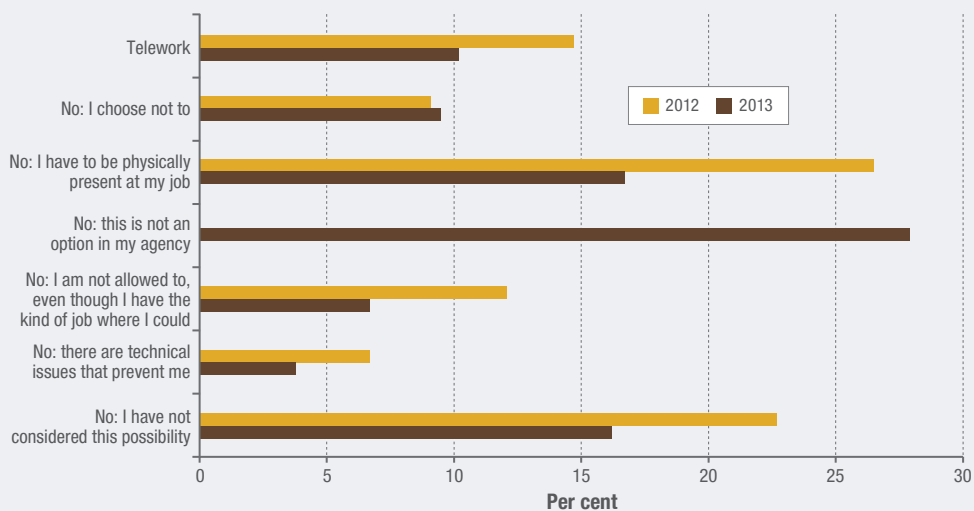
Teleworking has also been a significant contributor to employees achieving greater job satisfaction, achieving an improved work-home life balance, and accessing affordable accommodation. Environmental and employee benefits have been achieved from reduced employee commuting.

The small number of patent examiners who were teleworking a few years ago has grown to include a significant part of IP Australia's examination workforce. Teleworking is now being used increasingly to attract and retain trade mark examiners and other types of employees across the agency.

A total of 10% of APS employees indicated, through the employee census, that they teleworked to some degree in 2013 down from 15% in 2012. This trend, although worth monitoring, is broadly consistent with the latest HILDA survey results which found the proportion of employees working from home fell from 25% in 2002 to less than 23% in 2010.¹⁸ While these figures suggest the APS has a smaller proportion of employees teleworking than Australian employees overall, it is worth noting that the HILDA survey asked employees if they had undertaken any ‘home-based’ work, rather than asking about teleworking per se. Additionally, HILDA survey respondents included employees from micro businesses and self-employed people who used home-based work as a primary location from which to run their businesses. The above notwithstanding, it would seem the proportion of Australian employees who engage in home-based employment or telework may be falling.

Of the APS employees who did not telework in 2013, the highest proportion indicated this was because telework was not an option in their agency (Figure 9.9). While this response option was not available in the 2012 employee census, a higher proportion of employees in 2012 reported they did not telework because they needed to be physically at their workplace and/or they were not allowed to do so, even though they had the kind of job that might enable them to. These results, although not directly comparable to those of 2013, indicate that for a relatively large segment of the workforce, agency and/or workplace characteristics are perceived as the main inhibitors to telework, rather than employee-centred or technological reasons.

Figure 9.9 Proportion of employees teleworking, 2012 and 2013

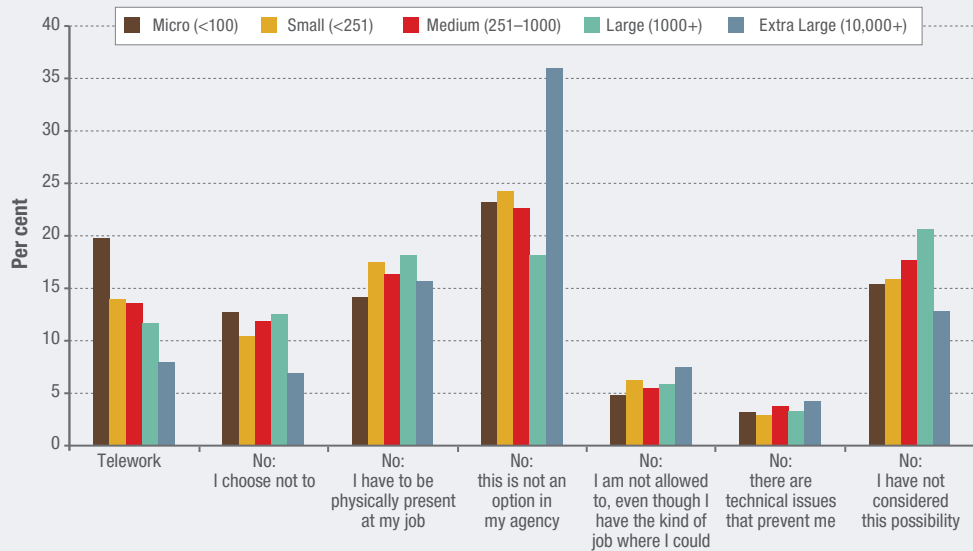


Sources: Employee census; APS employee census 2012

¹⁸ University of Melbourne, *Families, Incomes and Jobs, vol. 8: A Statistical Report on Waves 1 to 10 of the Household, Income and Labour Dynamics in Australia Survey*, (2013).

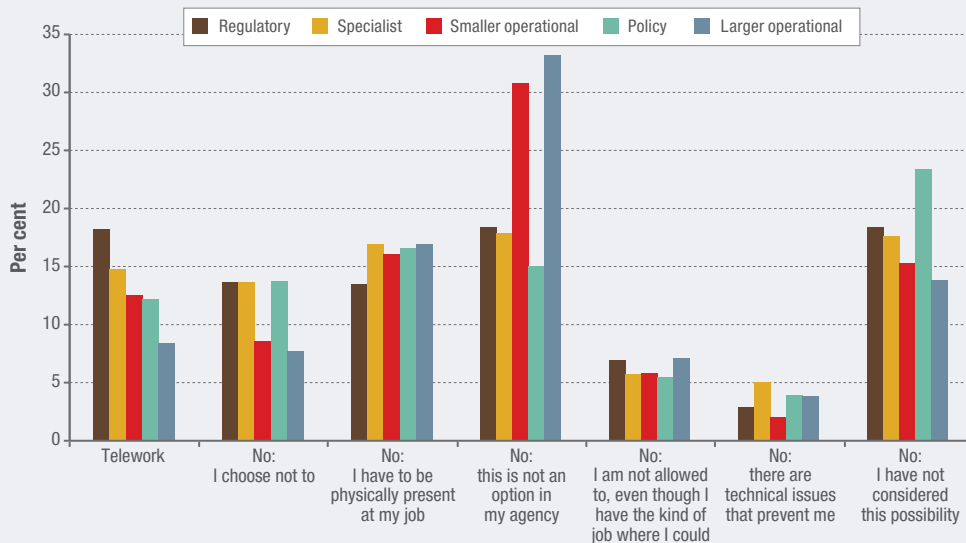
APS employees from small agencies were more likely than those from larger agencies to report they teleworked to some degree. Figure 9.10 shows that the proportion of employees engaged in telework generally decreased as the size of the agency increased. In addition, Figure 9.11 shows, when examined by agency function, that APS employees from larger operational agencies were less likely than those from other agencies to report that they teleworked to some degree. Employees from extra large agencies were also more likely than employees from other agencies to indicate that the reason they did not telework was a function of their agency and/or workplace (including a lack of supporting technology) rather than individual choice. This result has implications for the structure of telework opportunities across the APS with this type of flexible work arrangement, from an employee perspective, not as available in larger agencies.

Figure 9.10 Proportion of employees teleworking by agency size, 2013



Source: Employee census

Figure 9.11 Proportion of employees teleworking by agency function, 2013



Source: Employee census

Demographic profile

Men were more likely than women to report they teleworked to some degree in 2013, as were employees with carer responsibilities compared to those without. The proportion of employees teleworking increased with classification, with 6% of APS 1–6, 20% of EL and 23% of SES employees teleworking to some degree. Consistent with this result, employees who teleworked were more likely to have supervisory responsibility than not and were more likely to have more than five years of service in the APS. This demographic profile of APS teleworkers in 2013 is consistent with the group who reported teleworking in 2012.

Teleworking and productivity

While it is generally accepted that telework can deliver a number of productivity and financial benefits for employers and employees alike, directly measuring these benefits is complex. The Department of Communications *Telework* webpage, however, provides some insights.¹⁹ A number of benefits are highlighted including:

- reducing the time, cost and stress of employees’ daily commute to the office
- positioning the organisation as an attractive employer for skilled employees, regardless of their location
- ability to recruit from a wider pool of potential employees

¹⁹ Information available at: <<http://www.telework.gov.au/>>.

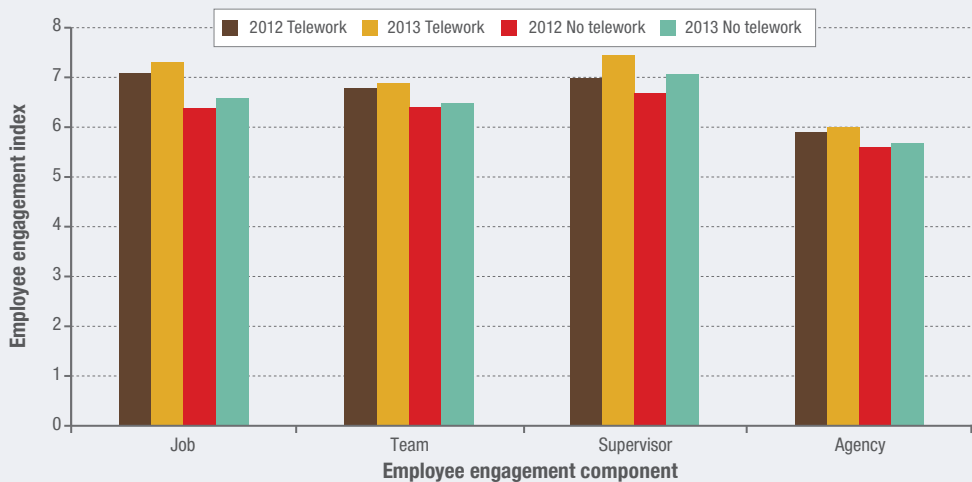
- reducing turnover and retaining valued employees
- saving on office/work space and related expenses
- building collaboration between employees in many different locations
- boosting employee engagement by improving employee work-life balance
- showing corporate responsibility.

The employee census uses measures of employee performance and availability that, together, provide a proxy measure of employee productivity. These include, although are not limited to, employee engagement, hours worked, performance and satisfaction with work-life balance. These aspects of APS productivity will be examined here for employees who indicated they teleworked to some degree in 2013.

Employee engagement

Figure 9.12 shows employees who indicated they teleworked in 2012 and 2013 had higher levels of employee engagement than those who did not. This finding for APS employees is consistent with the literature whereby employee engagement is positively impacted by flexibility in work arrangements and individual choice in deciding how to achieve work outcomes.²⁰

Figure 9.12 Employee engagement for employees teleworking, 2012 and 2013



Sources: Employee census; APS employee census 2012

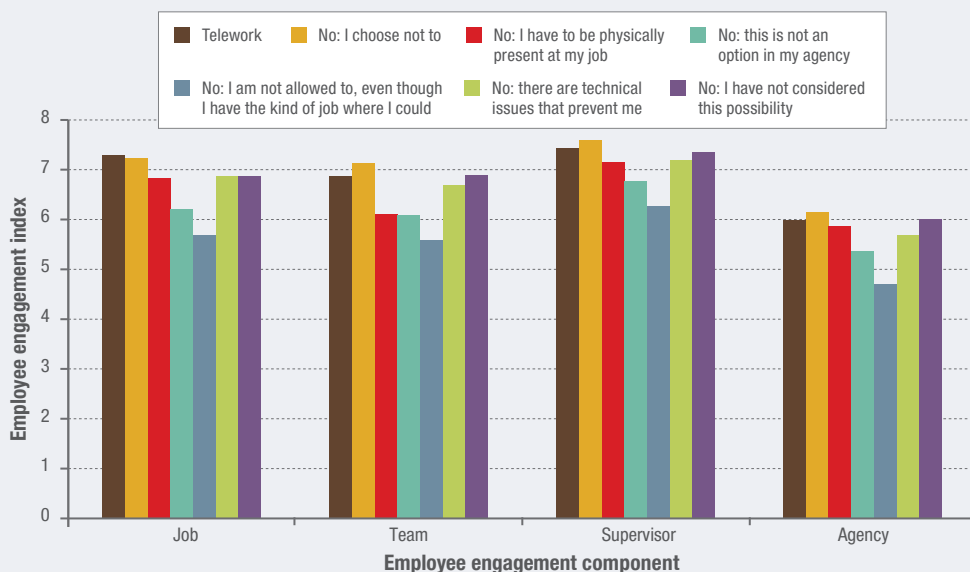
²⁰ LA McNall, AD Masuda and JM Nicklin, 'Flexible Work Arrangements, Job Satisfaction, and Turnover Intentions: The mediating role of work-to-family enrichment', *The Journal of Psychology*, (2010), vol. 144, no. 1, pp. 61–81; J Hayman, 'Flexible Work—Schedules and Employee Well-being', *New Zealand Journal of Employee Relations*, (2013), vol. 35, no. 2, pp. 76–87; Diversity Council of Australia, *Working for the Future: A national survey of employees.*, Sydney, Diversity Council of Australia Limited, (2010).

When engagement levels are considered across all telework situations, a slightly different pattern emerges. Figure 9.13 shows that employees who:

- teleworked and those who chose not to telework showed consistently high levels of employee engagement
- did not telework because it was not an option in their agency or they were not allowed to (that is, some aspect of the workplace prevented them from engaging in telework), showed the lowest levels of engagement
- do not telework because there are technical limitations or because they had not considered the possibility, have comparable levels or higher levels of engagement than employees who perceive some aspect of their workplace is preventing them from teleworking
- believe teleworking is not an option because they need to be physically present in a particular work location show lower levels of engagement than those who are teleworking and, other than team engagement, broadly comparable engagement levels with those who indicate that they have not considered the option and those where there may be technical issues preventing them from teleworking.

These results show a degree of complexity in how the experience of teleworking and perceptions of the opportunity to engage in teleworking have an impact on employee experiences of work. It appears that offering a genuine opportunity for employees to participate in telework could have a positive impact on employee engagement, even if employees do not engage in teleworking. Conversely, discouraging teleworking either implicitly or explicitly may have a negative impact on employee engagement.

Figure 9.13 Employee engagement across all telework situations, 2013

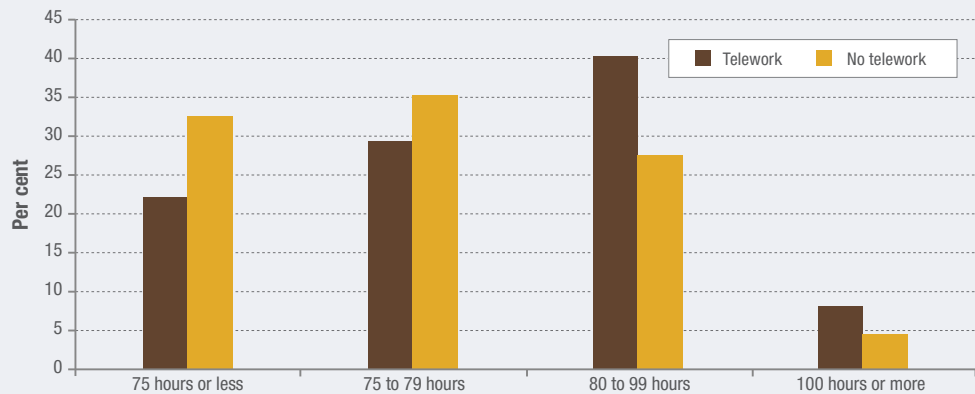


Source: Employee census

Hours worked

Figure 9.14 shows teleworkers reported working longer hours than employees who did not telework. They were also slightly less likely to have taken sick leave in the fortnight before the employee census. Additionally, employees who teleworked were more likely to report they had worked more than their standard number of hours in the past fortnight due to task demands.

Figure 9.14 Hours worked for employees teleworking, 2013



Source: Employee census

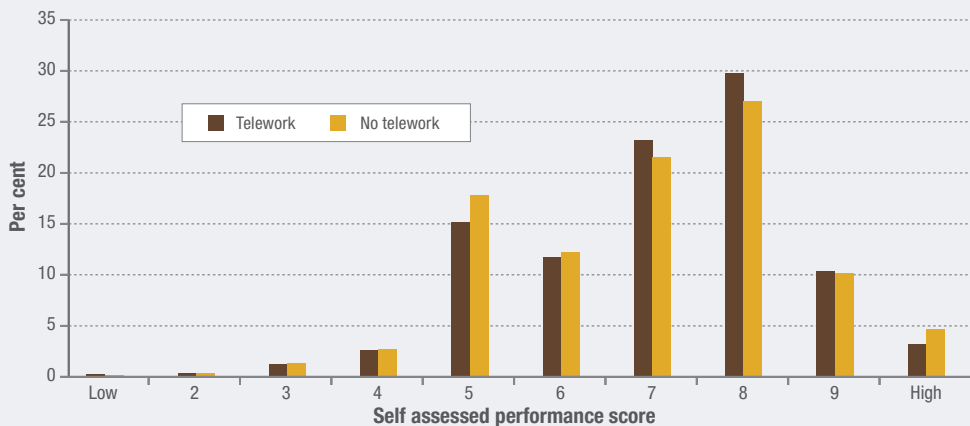
Performance

The challenge for agencies in providing the opportunity for employees to telework is to manage this within a framework of accountability. As can be seen from the IP Australia example, teleworking requires attention to both job design and performance management. Performance management systems should provide clear links for the employee between their work objectives and the priorities of the organisation. They should be based on clear expectations of the standard of work required and result in feedback to the employee providing specific information on how they can improve or sustain their performance. When employees are absent from the workplace due to flexible work arrangements, such as teleworking, performance management becomes even more critical in maintaining two-way communication and ensuring work outcomes are achieved. The Commission has developed a series of tools that can assist agencies to achieve these objectives. These tools include a diagnostic instrument (designed to identify areas of strength and weakness in agency performance management processes), APS-wide work level standards and a suite of learning and development options, including core skills training.

Employees who teleworked in 2013 were slightly more likely than employees who did not telework to report they had received formal and regular informal feedback from their supervisors. Although less than half of all employees agreed their most recent performance feedback would help improve their performance, employees who teleworked were more likely than non-teleworkers to agree they gained some benefit from the performance management process.

Figure 9.15 shows how teleworkers, when rating their own performance, were more likely to report their work performance higher (with the exception of the highest end of the scale) compared to non-teleworkers.

Figure 9.15 Self assessed performance rating for teleworkers and non-teleworkers, 2013



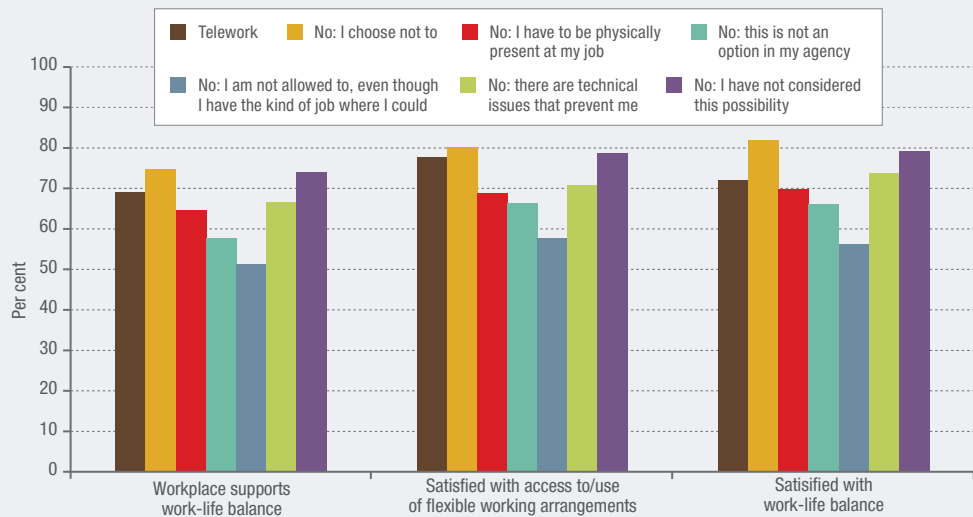
Source: Employee census

Work-life balance

Employees who teleworked reported similar levels of satisfaction to other employees in relation to their work-life balance, the support they received from their agency and their access to flexible work arrangements. Closer examination shows the ability to choose whether to telework or not again seems to have an impact on these perceptions.

Figure 9.16 shows employees who choose not to telework had the highest satisfaction levels while those who were not allowed to telework had the lowest. Employees who did not telework because they had not considered the possibility or were unable to due to technology issues were more positive than those who reported the reason they did not telework was a function of their agency and/or workplace.

Figure 9.16 Employee perceptions of work-life balance and flexible work arrangements across all teleworking situations, 2013



Source: Employee census

In summary, employee choice appears to be a clear and consistent feature in ensuring telework makes a positive contribution to individual and organisational performance. Having a perceived element of control in deciding how and when to work appears to have a substantial impact on employee perceptions and their engagement with their job, team, supervisor and agency. Employees who either had the opportunity to telework, who chose not to telework or who had not considered teleworking had the highest levels of employee engagement and showed the highest levels of satisfaction with their work-life balance and flexible working arrangements.

Employees who did not telework due to reasons beyond their control or the control of their workplace (in this instance, technological issues and the nature of the work itself) form a second 'group' of employees with mid-range engagement and satisfaction levels.

Employees who had no choice in whether they teleworked had the lowest engagement and satisfaction levels, with those employees who felt their job could be done through telework but who were not allowed to being the least positive of all employees.

Information technology

One concern occasionally expressed in relation to providing opportunities to telework is the potential difference in the information technology (IT) available in a home or mobile environment compared to the work environment. This year employees who were teleworking were asked how different their telework IT environment was from their workplace IT environment. The majority reported that the IT systems they were using were either not

noticeably different from those at their workplace or, where a difference did exist, it did not impact their ability to do their work. Only 4% of employees indicated that their telework arrangement had a negative impact on their productivity. Another 7% indicated that while their IT systems were noticeably different from their workplaces, these differences resulted in increased productivity, that is, their differing IT environments had a positive impact on work outcomes.

Productivity and performance

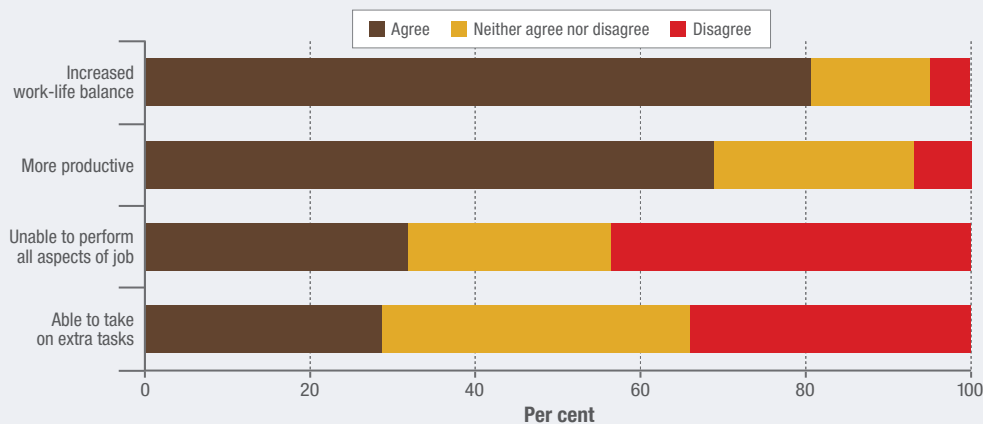
Employees who teleworked at least some of the time in 2013 were asked about their perceptions of their experience across a range of workplace and performance factors, including their own assessment of productivity and work-life balance impacts.

Figure 9.17 shows results are generally positive with the majority of employees agreeing they were more productive because of the arrangement and the flexibility enabled them to better balance their work and home commitments. While less than half of all employees who teleworked in 2013 felt they were able to perform all aspects of their job while teleworking, a relatively high proportion were unsure. Similarly, almost 40% of employees who were teleworking indicated they were unsure whether they were able to take on extra work.

These results warrant further investigation to determine if they are an outcome of teleworking or a manifestation of the type of work employees are undertaking through teleworking arrangements; for example, working on a specific task or project or occasionally teleworking to accommodate a particular life event or heavy workload.

The majority of employees who teleworked indicated they would like to continue the arrangement and would recommend telework as a flexible working option to others.

Figure 9.17 Employee perceptions of teleworking, 2013



Source: Employee census

Key findings

The APS has for many years led by example in providing for workforce flexibility. To remain a leader in this field and take advantage of the benefits afforded by flexible work practices for employees and agencies, the APS must continue to respond to emerging trends and technologies within a framework of accountability.

The APS employs flexible working arrangements in a number of contexts to achieve employee and organisational outcomes, including as recruitment and retention initiatives, in support of employees with disability, to promote a positive workplace culture, as part of wider absence management strategies and to facilitate healthy and safe working environments. Data shows that teleworking is less widely used in the APS than in the broader community, though principally because the needs of business are seen as incompatible with teleworking. Similarly, there is less recourse to part-time work in the APS, especially by men, than elsewhere.

The majority of APS employees are satisfied with their work-life balance, the support they receive in achieving this and their access to and use of flexible work arrangements. However, the oldest and youngest segments of the workforce are the most satisfied. APS employees who had older children, who were caring for a parent or who had other caring responsibilities reported substantially lower satisfaction with their work-life balance and access to and use of flexible work arrangements than those employees who were not carers or who were caring for younger children. These results demonstrate the interdependencies in the work-life relationship, whereby differences in employee perceptions of, and interactions with, their workplaces cannot be explained by a single aspect of either.

Flex-time and part-time employment, along with the use of home-based work, were the most frequently used flexible work arrangements by APS employees in 2013. Women make up the majority of the part-time APS workforce, although men are increasingly being employed on a part-time basis.

Taken together, these results demonstrate how the APS supports flexible work arrangements and how these arrangements have been integrated into the day-to-day working experience of most employees. Using telework as a specific example, it is clear that having choice and some autonomy in decisions around how work is achieved is associated with more positive workplace perceptions. APS work environments that offer and support genuine opportunities for flexibility in the workplace will benefit from the range of positive workplace outcomes which stem from providing flexible work arrangements, such as increased productivity, lower absenteeism rates, higher levels of employee engagement and increased innovation and creativity.

Australian Public Service Commission

Organisational capability

Organisational capability covers a broad range of concepts relating to an agency's capacity to achieve its business outcomes. It is the combination of people, processes, systems, structures and culture that contribute to high performance. In recent reform initiatives the Australian Public Service (APS) has embraced the concept of continuous improvement to provide a focus for constantly deepening organisational capability across the service. In this way organisational capability contributes not only to an agency's ability to meet current requirements but also to plan for and build capability in response to emerging needs. Agility and flexibility are increasingly critical to achieving these objectives.

Following the findings in *Ahead of the Game: Blueprint for the Reform of Australian Government Administration* (the APS Reform Blueprint), the Australian Public Service Commission (the Commission) has implemented two methods to assess organisational capability.

The principal method is the capability review program which covers 23 departments and large agencies. A capability review is a forward-looking, whole-of-agency review that assesses an agency's ability to meet future objectives and challenges. They focus on leadership, strategic and delivery capabilities.¹ These reviews are conducted by a team of three senior eminent reviewers with extensive experience in public administration. They are often past secretaries or have held high-level positions in state public services or private enterprise. Reviews have been an important vehicle for promoting organisational renewal and capability development. The program and its outcomes are discussed in more detail in the first section of this chapter.

The second and complementary method was to ask all agencies to assess their key organisational capabilities against a capability maturity model. This seeks to place organisational capabilities into a standard and comparable structure that allows an agency's senior leadership to assess the maturity of a particular capability area to establish priorities for improvement. In 2013, agencies were asked to assess their agency against eight organisational capabilities, reflecting the areas broadly identified in the capability review program as systemic issues.

¹ A full outline of the capability review model and the review process, including rating criteria, is at Appendix 5 of the *State of the Service Report 2011–12*.

These two methods provide different perspectives on APS and agency capability. Direct comparisons between the two are difficult because the methods themselves are different and they assess different aspects of organisational capability. Preliminary analysis conducted by the Commission, however, has found that where the capabilities are clearly defined or bounded—for example, with project management and performance management—the correlation between an agency’s assessment of their current capability and the final capability review report ratings for an agency, is strong. Consequently, both methods are complementary and, when combined, reliably assess agency capability.

This chapter provides an overview of the strengths and improvement opportunities that have emerged from the capability reviews conducted to date and updates the program of work. The capability maturity model is then used to examine eight of the 10 key themes identified by the capability review process to determine the maturity of these capabilities across the APS. This chapter also examines the extent to which a culture of innovation and the technologies of social media are enablers of organisational capability. Finally, this chapter assesses how the efficiency agenda has been addressed in the APS.

Capability reviews — status and findings

The APS Reform Blueprint recommended that the Commission implement a program of periodic external reviews of agencies’ institutional capabilities. In 2011, the Commission began this program of reviews for each department and three major agencies (Australian Taxation Office, Australian Customs and Border Protection Service and Australian Bureau of Statistics).

Capability reviews assess an agency’s ability to meet future objectives and challenges across the dimensions of leadership, strategy and delivery. A tightening fiscal environment has given further impetus to the need for capability development. As APS agencies are called upon to do more with less, capability improvement provides an opportunity to realise productivity and efficiency gains.

The strategic objectives of the capability review program are:

- agency capability assessment—conduct independent reviews of key agencies to assess their ability to meet the government’s objectives
- agency capability improvement—work with individual agencies to ensure review findings are translated into explicit capability improvements over time
- APS-wide capability building—develop a view of capability across the APS and contribute to the development of whole-of-APS solutions to systemic issues by sharing better practice.

The intent of the program is to build capability within individual agencies and across the APS. It supports efficient and effective policy development and service delivery through more productive use of resources within and across agencies.

Progress in assessing agency capability

In the last 12 months, significant progress has been made in delivering the schedule of 23 reviews. Seventeen agency reviews have now been completed and two are in progress—Australian Bureau of Statistics and Department of Veterans' Affairs. Four reviews remain to be completed in 2014: the Department of Communications; Attorney-General's Department; Department of Defence; and Department of Health.

Capability reviews are conducted in collaboration with agencies and provide an independent evidence base for further targeted change. Before a review begins, agencies undertake a self-assessment process that familiarises them with the capability model and review framework.

Following the completion of a review, the agency prepares an action plan detailing how they will address the findings to achieve positive capability outcomes. This plan is agreed between the agency head and the Australian Public Service Commissioner (the Commissioner). Agencies then report quarterly to the Commissioner on progress against their plan. To date, 12 agencies have completed action plans and another five action plans are under development.

The final phase for an agency involves a health check, conducted no earlier than 12 months after the completion of the initial review. The first health check started in July 2013.

Review reports are published annually, concurrently with the State of the Service report. Four reports were released in November 2012, with another nine to be released in 2013. With the concurrence of the Prime Minister of the day, the Australian Customs and Border Protection Service (ACBPS) report was released as an exception outside the regular publication cycle in July 2013, to support the agency's broader reform agenda.

Senior reviewers have highlighted the value being delivered by the program and the review process is also providing valuable development opportunities for employees within agencies and for APS executives within the senior review teams.

Department of Immigration and Citizenship (DIAC): The value of the review to the department

The capability review occurred at an opportune time for DIAC—some major transformation programs had been finalised and the review provided independent guidance on focus areas for the department to continue its improvement efforts in key areas. The whole-of-department assessment against future challenges provided a unique perspective on key capabilities to develop or embed throughout the department that was quite different to other APS reviews previously undertaken.

A particular initiative that DIAC is proud of relates to business planning. The capability review found that the business planning processes were viewed as a compliance exercise rather than a meaningful opportunity to plan work for the next 12 months. The department developed a new process for the 2013–14 planning year that gave business areas greater control to tailor plans to suit their business lines. Feedback has been very positive, and the new process and format has resulted in greater engagement by employees and the development of more meaningful plans. These plans enable employees at all levels to understand how their work fits with departmental priorities and how it is aligned to the strategic intent.

Figure 10.1 summarises the results for the reviews undertaken to date. As can be seen, there are marked variations in scores for different agencies across the various capabilities.

Table 10.1 Agency capability assessments

	Strong	Well placed	Development area	Serious concern
Leadership				
Set direction	-	10	6	1
Motivate people	2	11	4	-
Develop people	-	5	10	2
Strategy				
Outcome-focused strategy	-	3	13	1
Evidence-based choices	3	9	5	-
Collaborate and build common purpose	-	9	8	-
Delivery				
Innovative delivery	2	9	6	-
Plan, resource and prioritise	2	5	8	2
Shared commitment and sound delivery models	1	9	7	-
Manage performance	1	5	10	1

Source: Capability review program

Looking across all the reviews conducted to date, agencies have viewed their capability a little more positively than the assessment given in the findings of the final reviews. Agency self-assessments and final reviews have been most closely aligned on delivery and most disparate on strategy capability. Agencies generally rated themselves much higher on their assessment of outcome-focused strategy than the reviews ultimately did.

Emerging capability review themes—strengths and areas for improvement

Cumulatively, the capability reviews will provide an APS-wide view of capability by identifying systemic development opportunities and areas of strength. A number of themes have begun to emerge from the reviews conducted.

Strengths across the APS

- High levels of employee commitment to the public service—the APS has a motivated workforce, dedicated to service delivery and improving the wellbeing of Australians.
- Ability to articulate the government’s policy agenda—agencies have a strong commitment to evidence-based advice and decision making and are highly responsive and agile in meeting the needs of government.
- Strong commitment to consultation—agencies consult extensively with stakeholders.
- Innovative delivery—many examples of innovative delivery exist across the APS, which can be used to further develop agency and whole-of-service capability.

Areas for improvement

- Leadership to set and translate vision/narrative into organisational culture, in an environment of increasing change—a clear, well-communicated vision and narrative helps unify employee work efforts and position the agency externally.
- Forward-looking, strategic risk management to inform executive boards—the importance of systems that support executive teams to assess risks and consider future scenarios when making strategic choices and undertaking business planning activities.
- Frameworks for prioritisation and resource allocation—more effective alignment of systems and processes can support existing agency operations and further improve efficiency and productivity.
- Strategic business planning that delivers outcomes (clear line of sight and effective engagement with stakeholders)—the importance of alignment between strategy and business unit plans to drive day-to-day operations.
- Managing information and using knowledge to maximise efficiencies and leverage expertise—opportunities exist to share approaches across agencies more effectively to inform analysis and decision making.
- Measurement of effectiveness in delivering organisational outcomes—reviews to date and the pilot Australian National Audit Office audit of key performance indicators² demonstrate that some agencies could better understand and measure how effective their operations are in achieving strategic outcomes.
- Considering the efficiency and effectiveness of governance frameworks—adjusting approaches to decision making and delegation of authority to develop and empower employees and improve operational efficiency.
- Consistency in the establishment and use of effective workforce management frameworks (recruitment, workforce planning, employee performance management and learning and development)—agencies can benefit from a greater focus on their current and long-term workforce needs, with consideration to evolving business requirements, shifting demographics and succession planning.

² Australian National Audit Office, *Pilot Project to Audit Key Performance Indicators*, Report no. 28, 2012–13, Commonwealth of Australia, Canberra, (2013).

Capability review program: external perspectives

The capability reviews offer, for the first time, the chance to reflect on a more comprehensive view of the state of the service from an external perspective. The review process includes feedback from central agencies, key stakeholders, ministers and others. More than 20,000 individual comments were recorded from reviews completed. The high-level observations below are those of senior review teams after considering these comments and testing them within agencies and with external stakeholders. In some cases, senior reviewers were able to draw on departmental stakeholder surveys where they existed.

The delivery capabilities of agencies were generally perceived as effective both domestically and overseas.

Most external observations related to the process and effectiveness of stakeholder engagement. Observations were generally positive in relation to agencies' technical expertise and industry knowledge. However, there was an overriding theme that agencies should take a more agency-wide approach to stakeholder engagement. Sub-themes for this included:

- being more open to external expertise, input and perspectives
- shifting from a mindset of stakeholder management to stakeholder engagement
- engaging earlier at a strategic level and regarding changes to agency priorities and operational practices
- increasing transparency of consultation outcomes
- the benefit of agencies speaking with 'one voice' on key issues
- developing practices to more seamlessly transfer the management of relationships between employees, particularly as a result of employee movements
- extending stakeholder bases where appropriate to cover the full breadth of policy and regulatory issues.

Another theme that emerged from stakeholders related to the degree to which agencies were seen as proactive and forward looking. Examples of observations articulated by senior review teams where improvements were needed included:

- enhancing capacity to identify future risk and respond with new policy ideas
- preparing to adapt to respond to future issues when required, rather than just managing for today
- strengthening policy leadership to develop new ideas and frameworks
- increasing collaboration within the APS to develop ideas relating to Australian Government policies, for example, those with an international dimension
- embracing more emerging technologies and encouraging fresh thinking, including through support for greater mobility of people and ideas between the private and public sectors.

Agency responses to the review process and outcome

All agencies that have completed reviews welcomed the review process and the insights generated through it. Most acknowledged the fiscal and other challenges, as well as the opportunities they expect in years ahead and the benefit of a forward-looking assessment of capability in this context. Many commented on an approach which was as much about recognising strengths as identifying areas for improvement.

Specific benefits of reviews noted by agencies included:

- senior reviewers able to share their extensive experience, expertise and observation through the process
- fresh and helpful insights from within agencies and external stakeholders
- an engagement process that some saw as valuable in itself (for example, it was not just about the final report)
- opportunity to put organisational reforms already in place under an independent, external lens and integrate these perspectives with continuous reform efforts.

All agency responses included the commitment to take action on review findings.

APS-wide response to review findings

The model used for capability reviews creates a common framework and language within and across agencies. As such, it facilitates whole-of-government collaboration. This is supported by an APS Capability Network, established to bring together representatives from agencies that have been reviewed, agencies being reviewed and agencies scheduled for review.

The Network enables representatives to share their review experiences and lessons learned to support ongoing refinement of the program, assist agencies starting or shortly due to start a review, share examples of best practice and create opportunities for cross-agency collaboration. Working groups have been established to progress consideration of specific capability issues. Agencies exchange information on measures being implemented to improve capability. Examples include streamlined business planning processes, establishment of enterprise portfolio management functions and workforce transformation.

Next steps for the capability review program

The success of the capability review program in identifying capability gaps and assisting agencies to address those gaps has led to a number of additional agencies expressing an interest in voluntary capability reviews. One voluntary review has been agreed and discussions are ongoing with other agencies.

Through 2014, the four final mandated reviews will be completed. During this period, health checks of reviewed agencies will be undertaken, agreed voluntary reviews will occur and the Commission will continue to facilitate and coordinate the APS Capability Network to support ongoing knowledge sharing across agencies. In addition, case studies will be developed in collaboration with representatives from reviewed agencies, describing how practical measures have been implemented to improve capability, providing other agencies with a clear and concise resource to support their initiatives to lift capability.

Capability maturity model findings

The second method for assessing and understanding organisational capability in the APS uses a capability maturity model. This seeks to place organisational capabilities into a standard and comparable structure that allows an agency's senior leadership to assess the maturity of a particular capability area to establish priorities for improvement. Critically, this approach applies to all agencies and over time can be used to assess areas of concern arising from the capability review program more systemically. A limitation of the model, however, is that results are based on agency self-assessments.

At the APS level, the capability maturity approach offers:

- a view of collective areas of capability strength and weakness across the service
- an understanding of where to target collective effort to improve organisational capability
- a common language for assessing and benchmarking organisational capabilities across the service
- a flexible framework that allows new capabilities to be standardised and assessed.

In 2013, agencies were asked to assess their agency against eight organisational capabilities. These capabilities reflect the broad systemic issues identified in the capability review program (as outlined earlier). Where possible, the capabilities were matched to those assessed using a similar capability model approach in 2011. It was possible to match six issues identified by the review program with agency assessments made in 2011—stakeholder engagement, strategic planning, risk management, change management, workforce planning and staff performance management. The remaining two issues—decision making delegation and internal resource allocation—were new capabilities identified through capability reviews.

A five-level maturity continuum was developed for each capability based on these levels³:

- Level 1 (Awareness)—recognition by the agency that this capability is important but that the agency does not have processes for putting this into practice.
- Level 2 (General acceptance)—general acceptance across the agency that this capability needs to be developed with pockets of good practice.
- Level 3 (Defined)—standard methodologies and processes are in place to build the capability.
- Level 4 (Managed)—the capability is linked with other strategies to drive business outcomes and the organisation frequently consults with stakeholders, academia and key experts in developing policy, delivering service and reviewing outcomes.
- Level 5 (Leader/Excellence)—the capability is embedded in the agency's culture, it is outward facing, anticipating policy demands and responding with agility. There is a continual process of evaluation and review and readjustments are made that have measurable benefits.

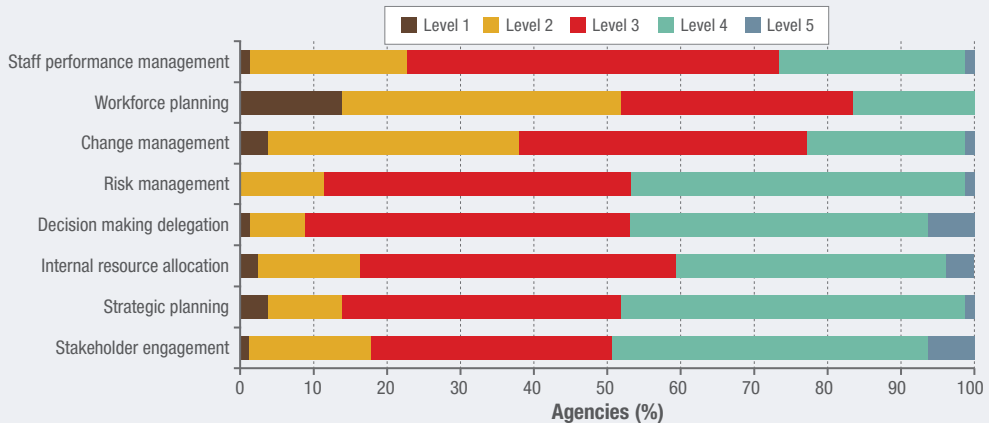
³ The eight capabilities assessed in 2013 are included at Appendix 6.

The maturity model allows two views of organisational capability. The first offers a global assessment of current and required maturity in 2013 against the eight capabilities. This provides a systemic perspective of agency capability that allows collective strengths and weaknesses to be identified. It also provides a focus for developing collective approaches to improving performance. The second view examines shifts in capability between 2011 and 2013. While the drivers of these shifts would require more detailed investigation, they offer a perspective on areas where agencies have shown persistent concerns about capability levels.

Figure 10.1 shows that the majority of agencies assessed their current maturity at Level 3 or below across all capabilities. Level 3 refers to a situation where the agency typically understands the business importance of the capability and has policies and processes in place to support the way the capability contributes to achieving agency outcomes. This is also likely reflected in an emphasis on workforce development and the establishment of standard processes. These processes are typically described more rigorously and are more widely adopted across the agency than at lower levels of maturity.

For workforce planning, the majority of agencies assessed their current capability at Level 2 (38%), while another 14% assessed it at Level 1. Level 1 refers to a situation where the agency does not provide a stable environment to support the delivery of workforce planning, expertise is concentrated in a few individuals and success is likely to be due to individual efforts rather than proven processes.

Figure 10.1 Agencies' assessed current maturity, 2012–13

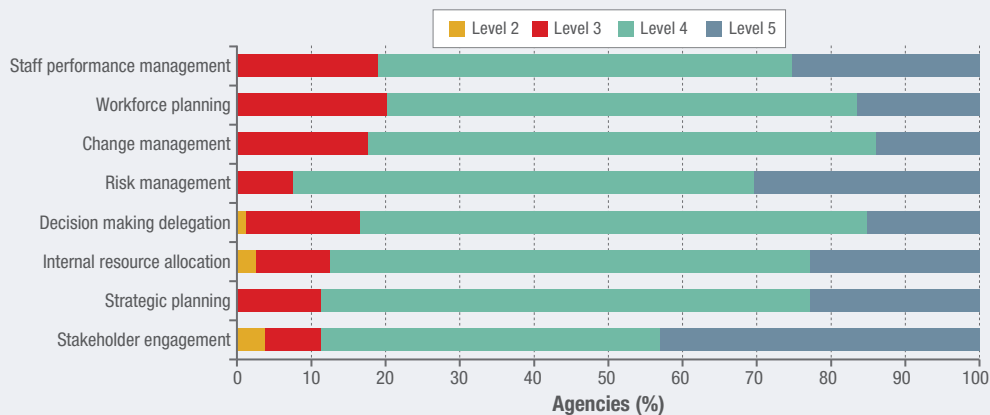


Source: Agency survey

Agencies were also asked to assess the level of maturity they required over the next three years to meet organisational outcomes. Figure 10.2 shows agencies identified that considerable improvements were necessary, with the majority indicating they needed to move from a current capability level of 2 or 3 (Figure 10.1) to required levels of capability of 4 or 5 (Figure 10.2). This represents a considerable organisational shift from having some systemic approaches

to managing the capability to having well-defined processes embedded in the agency’s operational practice. The largest improvements identified by agencies were for the three capabilities assessed as least developed—staff performance management, workforce planning and change management.

Figure 10.2 Agencies’ assessed required maturity, 2012–13



Source: Agency survey

Table 10.2 provides a perspective on the extent to which the capability assessments made in 2011 have matured over the past two years.⁴

It shows that the proportion of agencies indicating their capability maturity was at an appropriate level to meet their needs increased from 2011 to 2013 on staff performance management, strategic planning and stakeholder engagement. The increase was slight for staff performance management and considerable for strategic planning and stakeholder engagement.

The proportion of agencies reporting they needed to mature two or more levels above their assessment of current capability decreased from 2011 to 2013 for staff performance management, change management, risk management, strategic planning and stakeholder engagement.

Results for workforce planning are discussed in more detail in Chapter 6. The Commission has invested substantial effort into working with agencies to improve workforce planning. There has been a considerable increase in the proportion of agencies with a documented workforce plan—from 27% in 2011 to 42% in 2013—however considerable process and skill gaps are still to be addressed before agency workforce planning capability is consistently delivering value to

⁴ The capabilities of internal resource allocation and decision making delegation were not assessed in 2011; consequently, no comparative information is available.

agency business decision making. The capability comparison between 2011 and 2013 and the persistent finding of weakness in workforce planning through the capability review process suggest that efforts to improve this capability should be sustained.

Table 10.2 Organisational capability assessments, 2011 and 2013

Capability	At required level (% of agencies)		Need to mature one level (% of agencies)		Need to mature two or more levels (% of agencies)	
	2011	2013	2011	2013	2011	2013
Staff performance management	25	27	40	44	34	28
Workforce planning	19	14	34	39	47	47
Change management	26	23	36	44	38	32
Risk management	32	28	48	54	18	16
Decision making delegation	n/a	51	n/a	44	n/a	5
Internal resource allocation	n/a	29	n/a	52	n/a	16
Strategic planning	23	40	52	39	25	20
Stakeholder engagement	23	32	43	40	33	25

Source: Agency survey

At the APS level, these shifts in capability maturity, when combined, suggest that in the capability areas of staff performance management, strategic planning and stakeholder engagement there has been a general evolution to a higher level of maturity since 2011. However, with change management and risk management capabilities, a considerable proportion of agencies still indicate they need to improve the processes that support delivery of these capabilities.

The maturity model approach to understanding and assessing organisational capability describes an evolutionary path in the development of APS capabilities, which contributes to enhancing the strategic business performance of agencies. The approach allows the systemic issues identified in the more detailed capability review program to be assessed across the broader APS agency population and, in large part, reinforces the view that capability strengths and weaknesses are shared across the service. Both the review program and maturity model methods provide a view on the maturity of the practices and processes that support the development of agency capability and focus, at both agency and APS levels, on prioritising plans that continuously improve performance.

Department of Defence: Enterprise risk management

In 2012–13, Defence strengthened its enterprise risk management framework. Defence has a large number of diverse risks at all levels and uses a range of systems and tools to manage these. All were based on the international standard and most were reasonable and some best practice. However, Defence did not have a system in place that allowed senior leaders to identify and manage risks from a whole-of-enterprise perspective.

To address this, Defence did not impose a single risk management process or amalgamate all risks within Defence into a few mega-risks. The diversity of work and cultures across the organisation means that different approaches to risk management are appropriate. Instead, Defence focused characterising the material risks to the enterprise as a whole, and on standardising the way in which information on these risks is brought together for senior-level consideration and action. In other words, Defence did not build a risk register, but rather a basis for making decisions around major risks.

Senior leaders are now able to engage in regular, detailed discussion about each of Defence's 12 most significant risks and the controls relied on to reduce vulnerability to these risks. Meetings of the Defence Committee will focus on one risk each time. This is called a 'deep-dive' and it builds a robust understanding of the nature of the enterprise risk and what actions are needed to increase the organisation's resilience to the risk. Where control improvements are required, a Senior Executive Service Band 1 is held accountable and must report quarterly against specific benchmarks.

Distinguishing features of Defence's enterprise risk management framework are:

- early and regular engagement with Defence's most senior leadership
- focus on a small set of the most critical risks only
- use of plain English information and a single method and language to enable more productive discussions
- assess controls as well as risks, since it is largely control that Defence depends on to prevent or minimise unwanted events
- as it is not shelf ware the risk assessment directly links risk into enterprise planning and resourcing, and control improvements and measures identified through the enterprise risk management process directly inform planning and target-setting decisions, which are then monitored in Defence's annual plan
- individual accountability for officers (Risk Stewards and Control Owners) explicitly identified as responsible for routinely assessing and managing risks and controls.

Enterprise risk management supports Defence management in numerous ways: it enables the senior leadership team to prioritise resource allocation; it promotes accountability by clearly identifying those responsible for managing risks and controls; and it fosters a culture of cross-functional communication across group and service boundaries. The approach adopted by Defence did not require developing fundamentally new knowledge or complex risk management systems or tools.

Enablers of organisational capability

The twin pressures of enhancing service levels with fewer resources and the need to respond to increasingly complex problems requires new and innovative approaches to improve APS capability and productivity. Fostering a culture of innovation and the application of new

technologies are central to improving the organisational capability of the APS. The following sections examine efforts to build the problem-solving capability of the APS through applying design principles, employee perceptions of workplace innovation in the APS and the way agencies are using social media technologies to improve the immediacy and responsiveness of communication and engagement with internal and external stakeholders.

Design and innovation in the APS

The APS Innovation Action Plan⁵, endorsed by the Secretaries Board, provided the platform and agenda to build an innovative culture in the APS by supporting creativity, responsiveness and delivery excellence. Two projects—the Australian Centre for Excellence in Public Sector Design (DesignGov) and the Australian Public Sector Innovation Indicators Project (APSII)—offer different perspectives on the tools and techniques that might be applied to improve the creative problem-solving capacity and capability of the APS and the workplace and cultural barriers that must be overcome to build that culture.

DesignGov

DesignGov had its genesis over an extended period—starting in 2008 and culminating in the 2010 Management Advisory Committee (MAC) report *Empowering Change: Fostering Innovation in the Australian Public Service (MAC 9)*.⁶ This report recommended the development of a collaborative experimentation space, similar to the Danish MindLab, to develop and trial solutions to cross-agency problems, including policy and service delivery.

In 2011, the MAC 9 recommendation was progressed through the APS Innovation Action Plan. The plan ‘provide[d] the platform and agenda to build an innovative culture in the APS by supporting creativity, responsiveness and delivery excellence.’⁷ Part of the plan incorporated an Innovation Compact by the APS Secretaries Board in which the members committed to implementing and adhering to the ‘ongoing journey’ that is the harnessing of innovative potential in the APS. The establishment of a centre for public sector design was foreshadowed in the Innovation Action Plan.

The charter for DesignGov included the establishment of the DesignGov Board comprising seven members including three departmental secretaries, a non-governmental chair, a member from the general government sector and the Chief Executive Officer who reports to the Secretaries Board. The vision for DesignGov identified in the charter was to⁸:

... assist the Australian Public Service (APS) to meet the challenges of delivering innovative, practical solutions to today’s complex problems and to explore new methods in solution formulation, development and delivery.

⁵ Department of Industry, Innovation, Science, Research and Tertiary Education, *APS Innovation Action Plan*, Commonwealth of Australia, Canberra, (2011), <<http://www.innovation.gov.au>>.

⁶ Management Advisory Committee, *Empowering Change: Fostering Innovation in the Australian Public Service*, Commonwealth of Australia, Canberra, (2010).

⁷ Department of Industry, Innovation, Science, Research and Tertiary Education, *APS Innovation Action Plan*, Commonwealth of Australia, Canberra, (2011), p. 4, <<http://www.innovation.gov.au>>.

⁸ Charter for DesignGov can be found at: <<http://innovation.govspace.gov.au>>.

This would be achieved through APS capability building, professional development in design thinking through events and secondments/talent program assignments (numbering six to date) and the conduct of demonstration projects. The major project for DesignGov is to demonstrate how design principles and techniques might be applied to improving interactions between business and government.⁹

The first stage of the project involved understanding and researching the problem and reframing it in a way that gives insight into what can be done about it. The second stage of the project focuses on testing concepts that can reveal further insights into business and government interactions and give shape to practical options for dramatically improving these interactions—that is, to reshape experiences.

Through its business and government interactions project, DesignGov is also testing alternative approaches to understanding and improving ‘wicked problems’. In particular, DesignGov is working with the Kafka Brigade¹⁰ on better understanding the issues in business and government interactions and on ways to improve outcomes for all parties.

The Kafka Brigade is an independent, not-for-profit action research team dedicated to reducing red tape for citizens and businesses. The Kafka method was initially developed in the Netherlands as a practical approach to shift services to become more citizen-centred and has been used to address a wide spectrum of public sector problems in the United Kingdom, Wales and Europe. It started with action research to learn about bureaucratic dysfunction¹¹ in detail from the user perspective, and to help tackle it at the same time. It has been developed into a participatory research approach that focuses on collaborative inquiry with practitioners and with affected citizens. DesignGov has partnered with the Australian Centre for Social Innovation, the Kafka Brigade and the South Australian Department of Manufacturing, Innovation, Trade, Resources and Energy as part of the project on business and government interactions to pilot the Kafka method.

There is also considerable interest among APS agencies in the application of behavioural economics. This interest follows from the success of the United Kingdom Behavioural Insights Team, referred to as the ‘Nudge Unit’, which applies insights from behavioural economics and psychology to public policy and services. DesignGov facilitated opportunities for APS agencies to meet with members of the Nudge Unit to better understand how these techniques might be applied. The Australian Taxation Office has been an early pioneer in investigating and applying design in its administration and more recently also included the techniques of behavioural economics.

DesignGov members have been working with colleagues from across the APS as well as with academics and private sector practitioners (including its international advisory group) to explore the complementarity and particular strengths of these and other problem-solving approaches. While no technique or discipline can successfully address all problems that have

⁹ More information can be found at: <<http://design.gov.au/>>.

¹⁰ More information can be found at: <<http://www.kafkabrigade.org.uk/>>.

¹¹ Bureaucratic dysfunction is defined as a mismatch between people’s capacity to benefit from services or comply with rules, and the institutional capacity to deliver services and enforce regulation.

an impact on the public sector, the correct mix for different problems at different stages of development or complexity still requires further investigation and experimentation.

The Australian Taxation Office: Behavioural economics

The Australian Taxation Office (ATO) began its behavioural economics journey in 2010 as a way to improve its interactions with internal and external clients. In general, behavioural economics describes the factors influencing the choices people make.

The ATO uses behavioural economics principles as an important tool to positively assist clients make better informed choices and decisions. The broader application and governance of behavioural economics is being guided by the behavioural economics steering committee and reference group. These groups focus on building internal awareness and capability and ensure a consistent approach in the application of these principles across the ATO.

In practice, the application of behavioural economics principles has resulted in significant improvements in compliance at a relatively low cost. Improvements include:

- In an early intervention trial for debt cases, clients who received the customised letter paid their debt in full or entered into a payment arrangement more often than those who received the standard letter. Importantly, client behaviour was influenced over the longer term as these clients were more likely to complete their payment arrangements and meet their obligations into the future. Another trial with high debt-level clients saw a 140% improvement in responses from clients receiving the customised correspondence compared to those receiving a standard letter. Large increases in revenue collection also resulted.
- A new lodgement program for the ATO's partner tax agents leveraged behavioural economics principles to influence behaviour change and promote increased participation. The focus was on communicating expected performance benchmarks and shifting to electronic lodgement. The ATO emailed 23,000 agents a number of times over the six-month rollout to detail their personalised performance and compare their performance to similar-sized practices. As a result, 32% more agents achieved the new benchmark. Electronic engagement also improved, with a reduction of 10% in the number of agents lodging paper returns in the 2012–13 lodgement year compared to the previous year. The program also resulted in a more than 16% decrease in the number of paper returns lodged compared to 2011–12 year levels.

Other parts of the ATO are using behavioural economics to enhance communications and decisions for other taxpayer groups. They are also being used with ATO employees to improve engagement and attendance. A cross-agency forum has been established to share ideas and promote further development and ongoing learning through joint research initiatives, including projects with a number of academic institutions internationally and domestically and fellow government agencies.

APSII

APSII is a collaborative effort between the Commission, Australian Bureau of Statistics, Australian Innovation Research Centre and Department of Industry, Innovation, Science, Research and Tertiary Education.¹²

A pilot survey involving 344 Senior Executive Service Band (SES) 1 employees explored their views of different types of innovation. Preliminary results suggest, as a broad measure of innovation, that results from APS agencies compare favourably with similar surveys conducted with the European public sector, European firms and Australian firms.¹³

The findings reported here offer early insights into innovation in the APS and the Commission will continue to refine the measures of innovation and report on outcomes.

Employee perceptions of innovation

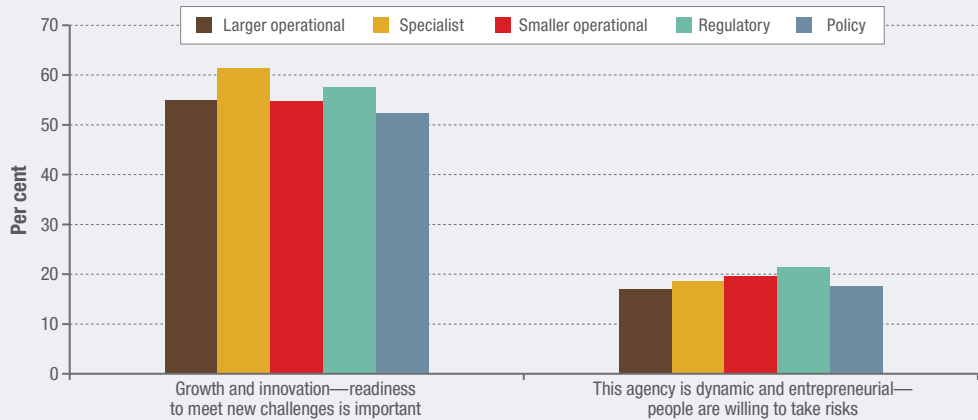
In the 2013 APS employee census (employee census), employees were asked to consider two aspects of an innovative culture: first the extent to which the agency emphasises growth and innovation and second, the extent to which the agency places a high priority on entrepreneurial behaviour—a willingness to take risks.

Overall, 55% of employees responded positively that their agency emphasises growth and innovation, in terms of its readiness to meet new challenges. Figure 10.3 shows that while all agency clusters were broadly comparable, employees from specialist and regulatory agencies responded more positively. However, only 18% of employees agreed that their agency places a high priority on entrepreneurial behaviour and risk taking. It is interesting that employees are broadly positive about their agency's readiness to meet new challenges but are substantially less positive about behaviour related to risk taking, given that an entrepreneurial outlook is often a key behaviour associated with innovation, in particular an organisational culture of innovation. This appears to reinforce the preliminary findings of the APSII pilot survey reported on earlier.

¹² An outline of the APSII project for other measures of public sector innovation can be found at: 'European Public Sector Innovation Scoreboard 2013', <http://ec.europa.eu/enterprise/policies/innovation/files/epsis-2013_en.pdf>.

¹³ Arundel A, Huber D, 'From too little to too much innovation? Issues in measuring innovation in the public sector', *Structural Change and Economic Dynamics*, (2013), <<http://dx.doi.org/10.1016/j.strueco.2013.06.009>>.

Figure 10.3 Employee perceptions of innovation culture, 2013



Source: Employee census

In 2013, 49% of employees reported that their work group had implemented at least one innovation in the previous 12 months. This is the same result as the previous year. Employees were also asked to provide their views on the aspects of their workplaces that promote innovation and those that limit innovation.

Fifty-four per cent of employee census respondents offered views on the aspects of their workplace that promote innovation. There was a striking degree of similarity across all classifications (APS 1–6, Executive Level and SES) on the factors that contributed to workplace innovation.

The main theme focused on a management culture that was supportive, cooperative and collaborative in encouraging and considering innovative ideas. It was clear from these comments that leaders are central to creating an environment where there is a strong appetite for innovation.

A second theme was that the environment of ‘striving to do more with less’ was seen at all classification levels as a driver for innovation in agencies. This view was summarised in comments such as ‘there are insufficient staff numbers to continue doing business the way we used to ...’. Reduced resources is seen as a driver for innovation but it may also position innovation not as an enabler of capability but as a means to reduce costs in terms of employees and resources.

While there was a high degree of consensus in the views of employees on aspects of the workplace that promote innovation; employee perceptions as to what limits innovation were more divergent.

Sixty per cent of employee census respondents offered views on aspects of the workplace that limit innovation. The theme of management and leadership was again prominent but the characterisation was in terms of leaders as a barrier to innovation through resistance to change,

poor communication and lack of access to leaders. A related theme was the extent to which employees felt they were able to offer or contribute to innovation in the workplace. There was a sense that leaders did not encourage employee involvement or that ideas offered by employees were discounted.

Time, resource and procedures were another consistent theme. Workplaces were seen to be operationally focused leaving little time to develop, test and implement an innovative idea. Similarly, workplaces were not seen to have the additional capacity and resources to plan for and implement innovative ideas. Finally, bureaucracy or red tape within the workplace was seen to stifle opportunities and/or reduce the will of employees to innovate.

The aspects of APS workplaces seen by employees to promote or limit innovation complement one another. It is clear from employees that leaders who support and encourage innovation have a positive impact on the willingness of employees to be involved in innovation, whereas leaders who do not engage in these behaviours discourage employees from being involved and contributing. Similarly, a reduction in resources is seen as both an enabler and barrier to innovation.

Social media

With increased access to mobile technology and the advent of online networking tools, social media has become an effective and efficient method of communication and it is changing the way that APS agencies function. Social media provides the APS with opportunities to harness communication capabilities not available through more traditional channels, such as immediacy, and increased transparency and responsiveness.

In 2013, 75% of agencies reported using some form of social media to support business outcomes. The most commonly reported tools were Twitter, Facebook and the use of blogs to share information and engage with the community. Additional tools and networking channels included YouTube, LinkedIn and webcasts. A number of agencies also reported using social media campaigns to elicit support for, and raise awareness of, specific programs. DIAC is one agency with a comprehensive and effective social media approach and reported that Twitter can sometimes be more effective than traditional media for responsiveness and reach, specifically citing its immediacy and accessibility during crisis situations.

Social media: agency examples

YouTube channel—Australian Taxation Office

The ATO has an official YouTube channel. The channel has just over 1,950 subscribers and features videos on tax and superannuation topics such as using e-tax and how to complete a business activity statement.

'Nail your business reporting—lodge online', is an online video the ATO produced to assist small businesses, in particular builders, to lodge their activity statements online. It is one of three videos and features celebrity handyman Scott Cam. This video has had more than 19,800 views. Combined, all three videos in the series have generated almost 52,000 views. These videos have been successful in communicating with the target audience of builders, largely due to the integration across channels. The videos were promoted on social media through Facebook, tweets and banner ads. They were also seeded on relevant websites.

The Line campaign—Department of Families, Housing, Community Services and Indigenous Affairs

The Department of Families, Housing, Community Services and Indigenous Affairs manages The Line, an innovative government campaign using social and digital media as the key channels for engagement with young people about what constitutes healthy respectful relationships and behaviours. The campaign website hosts digital tools that encourage young people to discuss relationship behaviours and issues. Tools include online polls, interactive videos and online forums.

The Line Facebook page is the key element to the campaign and allows for peer-to-peer discussion of the grey areas of relationships and behaviours that 'cross the line'. The Facebook page has nearly 77,000 fans. Proactive discussions are frequent and moderation is managed by an external consultant, particularly during key times when the target audiences are engaging with the campaign, and on evenings and weekends. Strong moderation policies are vital, so everyone is clear what is and is not acceptable and to ensure discussions are balanced. It is important to keep people engaged so the campaign does not appear to be censoring debate.

More recently, the campaign has used Twitter to allow young people to self-identify poor behaviours in relationships that are crossing the line. Over a four-year period, The Line campaign, and its social and digital media approach, has positively shifted gender and relationship attitudes—a great achievement given that attitudes are traditionally difficult to move. This indicates that strong engagement with young people, particularly through social media, works.

As a result of The Line campaign, 83% of people who recognised the campaign claimed they had a better understanding of unacceptable behaviour and 79% said they had changed their behaviour.

Social media: agency examples (continued)

@2011Census—Australian Bureau of Statistics

The 2011 Census Twitter account was launched by the Australian Bureau of Statistics (ABS) in the lead-up to the 2011 Census. The ABS uses Twitter as a creative way of keeping the census current, entertaining and informative. @2011Census makes Census data fun—tweeting about everything from Moroccan Chicken to the sleeping patterns of truck drivers.

By combining statistics and pop culture, the ABS makes the Census appealing and relevant to Australians—aiming to make people more aware of the role statistics play in their lives and to improve future Census responses. By using Twitter, along with other forms of social media, the agency engages groups, particularly youth, who potentially have not participated in a Census or are not aware of their responsibility to do so.

The account has more than 17,000 followers. During the peak of the Census, the account trended nationally 10 times. Other positive results included: 22 Census tweets were re-tweeted more than 100 times; and on Census day, 10,774 new fans joined the Twitter conversation. The account was also recently named in news.com's top 15 Twitter accounts in Australia (coming in at number 12).

@artsculturegov—Department of Regional Australia, Local Government, Arts and Sport

The Office for the Arts uses social media channels to proactively engage with the Australian arts and culture sector. Established in March 2010, the Office for the Arts Twitter account @artsculturegov is now one of the top 10 Australian Government Twitter feeds with 15,228 followers.

The launch of the national cultural policy, Creative Australia, was the first online policy launch and a highlight of @artsculturegov's Twitter engagement in 2013. The launch was tweeted live and received hundreds of re-tweets by key sector stakeholders and advocates.

The majority of agencies reported they had developed guidance materials for employees on the use of social media, with 49% of agencies having formal training on social media use in place.

The majority of APS employees did not use social media at work, with the most commonly reported reasons for non-use being that they did not think it was appropriate to do so and they were not interested in using social media. Of those employees who did use social media at work, the majority reported they used it less than a few times a week and the largest proportion indicated it was for work reasons.

Increasing efficiency

Increasing financial pressure faced by government is constraining resource levels in the APS and accentuating the need to drive greater efficiencies across the service. The efficiency dividend is 'an annual funding reduction for Commonwealth government agencies [that] has

been in place for 25 years¹⁴. During 2012–13, the efficiency dividend of 1.5% was combined with a one-off additional efficiency dividend of 2.5%. The efficiency mechanisms discussed here are shared service arrangements and other strategies agencies have introduced in response to the efficiency dividend.

Similar to 2011–12, agencies reported that they are managing reduced resourcing by reviewing employee costs, and business practices and processes, and by reducing domestic and international travel, the use of consultants and contractors, and printing and publication costs. A number of agencies also reported prioritising and/or ceasing work to achieve outcomes within a reduced resource environment.

Agencies have also been working together and coordinating the purchase of common goods and services, with 67% reporting they had participated, to some extent, in a shared service arrangement in 2012–13. As can be seen from Table 10.3, the most common shared service agencies used in 2012–13 was information and communications technology (ICT). Other shared services reported by agencies included procurement and risk management services, call centre functions and knowledge and records management and/or library facilities.

Table 10.3 Shared services, 2012–13

Shared service	% of agencies
ICT	35
Payroll	29
Security	27
Property	25
Finance	23
Human resources	22
Parliamentary	16
Other	16
Communications	14
Employee assistance program	13
Administration	13
Legal	8

Source: Agency survey

¹⁴ Parliament of Australia, *The Commonwealth Efficiency Dividend: An Overview*, Commonwealth of Australia, Canberra, (2012), p. 1, <http://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/BN/2012-2013/EfficiencyDividend>.

Managing shared service arrangements requires careful planning, implementation and ongoing effective communication. Agencies reported these lessons learned from shared service arrangements in 2012–13:

- written agreements need to be clear
- relationships and communication need to be good
- arrangements need to be cost effective
- employees must have knowledge of and actively manage the arrangements to the benefit of the agency
- dispute resolution mechanisms need to be built into arrangements so concerns can be resolved.

In 2012–13, agencies were also asked to identify the workforce strategies they had implemented in response to the efficiency dividend. The majority of agencies reported using executive approval for recruitment actions (63%) and actively reviewing vacant positions (61%). Agencies also reported using job design processes (50%) and general reviews of classification levels (27%). Other examples provided by agencies included recruitment freezes, reduced employee numbers through voluntary redundancies, reduced reliance on contractors and realignment, and/or restructure of work groups.

Key findings

Following the APS Reform Blueprint, the Commission has implemented two methods to assess organisational capability; the capability review program and the capability maturity model. These two methods provide different perspectives on the APS and agency capability and can be seen as complementary and reliable assessments of agency capability.

In the last 12 months significant progress was made in delivering the schedule of 23 reviews of departments and major agencies through the capability review program. Seventeen agency reviews have been completed and two are in progress. Four reviews remain to be completed in 2014. Reviews have shown some consistent areas of strength across the APS, including high levels of commitment to public service, the ability to articulate the government’s policy agenda, a strong commitment to consultation, and innovative delivery. Similarly, the capability review program has identified areas for improvement, including adaptable strategic leadership, foresight and strategic risk management, business planning and the delegation of decision making.

The capability maturity model seeks to place agency capabilities into a standard and comparable structure that allows an agency’s senior leadership to assess the maturity of a particular capability area, to establish priorities for improvement. Results from this model for 2011 and 2013 suggest that in the capability areas of staff performance management, strategic planning and stakeholder engagement there has been a general evolution to a higher level of maturity. However, for change management and risk management capabilities, a considerable

proportion of agencies indicate they need to invest in improving the processes that support the delivery of these capabilities.

Increasing financial pressure faced by government is constraining resource levels in the APS and accentuating the need to drive greater efficiencies across the service. Similar to 2011–12, agencies reported they are managing reduced resourcing by reviewing employee costs, and business practices and processes, and by reducing domestic and international travel, the use of consultants and contractors and printing and publication costs. A number of agencies also reported prioritising and/or ceasing work to achieve outcomes within a reduced resource environment. Agencies have also been working together and coordinating the purchase of common goods and services.



Appendix 1

Workforce trends

This appendix explores time series demographic and structural patterns for Australian Public Service (APS) employees—those employed under the *Public Service Act 1999* (the Public Service Act)—at June 2013, and over the past 10 to 20 years. The main source of data for the appendix is the APS Employment Database (APSED), which the Australian Public Service Commission (the Commission) maintains.¹ The appendix focuses on overall trends in employment, including size, employment status, sex, classification, workforce mobility, age and employee movements. The trends relating to equal employment opportunity groups, location and part-time employment are discussed in detail in Chapter 5, Chapter 7 and Chapter 9 respectively. Data in this appendix refers to the APS at 30 June 2013. Machinery-of-government changes after that date will be reflected in the State of the Service report for 2013–14.

From this year's analysis of employment trends, the typical APS employee is a 43 year-old female, with graduate qualifications, working at the APS 6 level. The typical new starter in the APS this year is a 33 year-old female, with graduate qualifications, engaged at the APS 3 level.

APS employment trends

At June 2013, there were 167,257 APS employees, a decrease of 907 or 0.5% from 168,164 employees at June 2012. In 2011–12, APS numbers increased by 1.2%. Excluding changes in the number of agencies covered by the Public Service Act, the agencies with the largest growth in 2012–13 were the Department of Immigration and Citizenship (DIAC), which grew by 618 or 7.2%, Australian Taxation Office (ATO), which grew by 474 or 1.9%, and Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA), which grew by 458 or 14.0%.

¹ The Commission makes every effort to ensure the integrity of APSED data, but it is not responsible for inaccuracies in the data agencies provide. The Commission undertakes extensive audits of the data and, as a result, some errors in historical data have been corrected. For this reason, caution should be exercised when comparing data presented in this report with that from earlier years. Most significantly, previously published data on employee numbers may have been revised, and therefore may not be directly comparable. Due to different data sources and definitions, there may be variations between the data published here and that published by individual agencies. For further information on the size and composition of the APS, including definitions, see the *Australian Public Service Statistical Bulletin 2012–13*.

Two agencies had large proportional increases in total employees: the Australian Sports Anti-Doping Authority, which grew by 274 or 415.2% (almost exclusively due to non-ongoing employees moving into coverage of the Public Service Act), and Office of Parliamentary Counsel, which grew by 70 or 137.3% (mostly due to employees in the Office of Legislative Drafting and Publication moving from the Attorney-General's Department).

The largest decrease in total APS employee numbers was in the Department of Defence (Defence) (1,255 or 5.4%). This was related to a number of workforce and functional efficiency reforms.

Coverage changes

During 2012–13, there were a number of coverage changes as agencies were established or abolished.

Agencies established

Three agencies were established during the year:

- Australian Renewable Energy Agency, with movement of employees from Australian Solar Institute Limited
- Telecommunications Universal Service Management Agency, established as a new Statutory Authority
- Climate Change Authority, with movement of employees from the Department of Climate Change and Energy Efficiency.

Agencies abolished

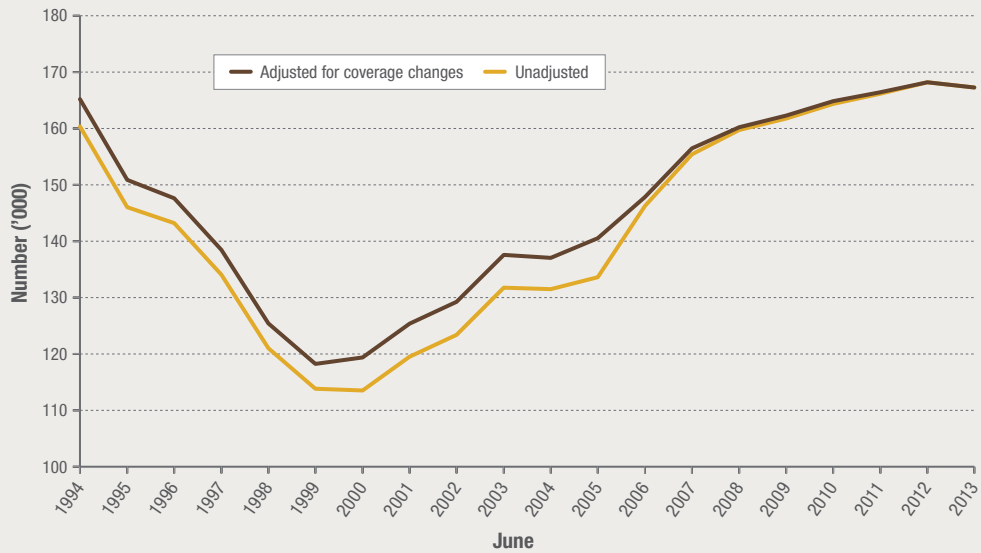
Three agencies were abolished during the year:

- Wheat Exports Australia
- National Native Title Tribunal, with employees transferred to the Federal Court of Australia
- Department of Climate Change and Energy Efficiency, with employees transferred to the Climate Change Authority, the Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education (DIICCSRTE) and the Department of Resources, Energy and Tourism.

APS employees

Figure A1.1 shows the change in total APS employee numbers for the past 20 years. The adjusted line takes account of coverage changes in the APS during each year, by adjusting total APS employee numbers by the number of employees performing those functions as the function moved into or out of coverage of the Public Service Act. Taking into consideration the coverage changes for 2012–13, there was a decrease in APS employees of 0.5%.

Figure A1.1 APS employees, 1994 to 2013



Source: APSED

Ongoing and non-ongoing employees

The decrease in employment this year was due mostly to a decrease in ongoing employment, partially offset by an increase in non-ongoing employment, in both the number and proportion of total employment.

Ongoing employment

At June 2013, there were 152,230 ongoing employees in the APS, a decrease of 1,988 or 1.3% on the previous year. This was the first decrease experienced in ongoing APS employees since 1999. The largest increases in ongoing employment were in DIICCS RTE (464 or 10.9%), as a result of machinery-of-government changes, FaHCSIA (316 or 10.3%), due to the establishment of the National Disability Insurance Scheme, and DIAC (552 or 7.1%). Smaller agencies with large proportional increases in ongoing employment were the National Health Performance Authority (21 or 161.5%), Independent Hospital Pricing Authority (25 or 131.6%) and Office of Parliamentary Counsel (61 or 119.6%).

The largest decreases in ongoing employment were in the Department of Sustainability, Environment, Water, Population and Communities (SEWPaC) (172 or 6.9%), Department of Human Services (DHS) (1,542 or 4.4%), Defence (927 or 4.1%) and ATO (316 or 1.4%).

Non-ongoing employment

The number of non-ongoing employees increased this year to 15,027 at June 2013—an increase of 1,081 or 7.8%. This is similar to the increase in non-ongoing employment of 9.0% in the previous year. At June 2013, non-ongoing employees accounted for 9.0% of total employment.

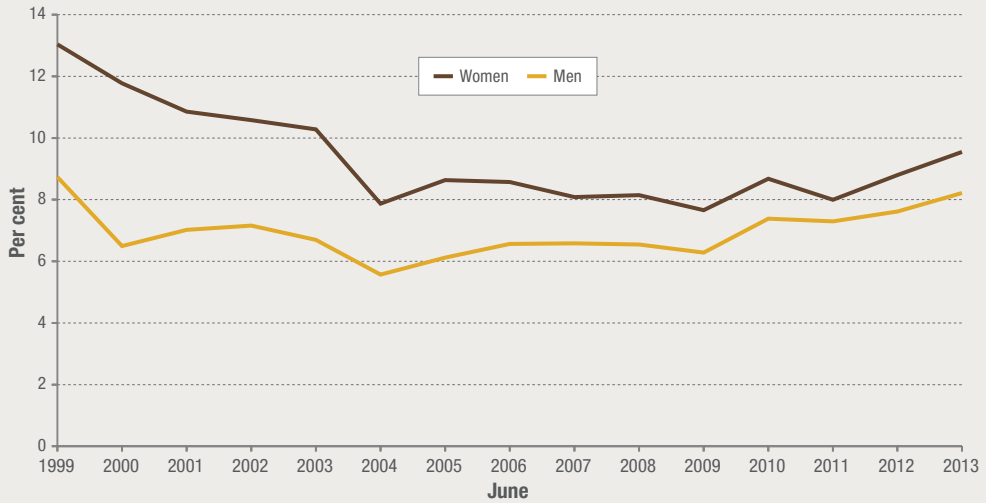
Non-ongoing employees can be engaged in three categories: specified term, specified task, and irregular or intermittent duties. At June 2013, 44.9% were engaged for a specified term, 3.6% for a specified task and 51.4% for irregular or intermittent duties. There is considerable variation in agencies' use of these categories.

More than one-third of agencies engaged all non-ongoing employees as specified term, including Defence Housing Australia, Australian Financial Security Authority and ComSuper. In contrast, the agencies that engaged most non-ongoing employees for irregular or intermittent duties included the Australian Sports Anti-Doping Authority (ASADA) (97.5% of non-ongoing workforce) and Australian Electoral Commission (AEC) (95.9% of non-ongoing workforce).

Each year sees large shifts in the use of non-ongoing employment in individual agencies, suggesting agencies are using non-ongoing employment to respond to peaks in workforce demand and the need for specialised skills for specific periods. Smaller agencies are more likely to rely on the use of non-ongoing employees. At June 2013, 18 agencies had at least one-quarter of employees engaged on a non-ongoing basis—one of these was a large agency (AEC), 11 were small agencies and the rest medium-sized agencies.

Figure A1.2 shows how non-ongoing employment has changed in the APS as a proportion of total employment over the past 15 years. Between 1999 and 2004, there was a steady decline in non-ongoing employment. Since then, the proportion has stabilised at around 8.0%, increasing to 9.0% at June 2013. The proportion of women in non-ongoing employment was consistently higher than for men over this period, although the gap between women and men narrowed in the five years to June 2011. At June 2013, women made up 61.5% of non-ongoing employees, compared with 57.5% of ongoing employees.

Figure A1.2 Non-ongoing employees as a proportion of total employees, 1999 to 2013



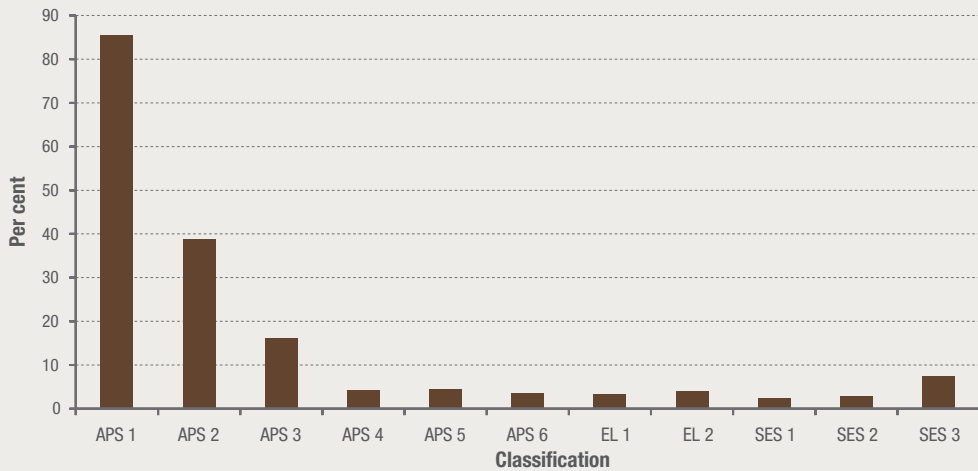
Source: APSED

This year, the largest increases in non-ongoing employment were in the ATO (790 or a 32.2% increase), DHS (479 or 32.2%), AEC (384 or 30.3%), and FaHCSIA (142 or 72.8%). ASADA also had a large increase in non-ongoing employment (from 5 to 272) due to employees moving into coverage of the Public Service Act. The largest decreases in non-ongoing employment were in Defence (328 or 65.7%), Australian Bureau of Statistics (252 or 52.5%), SEWPaC (160 or 32.7%) and Department of Education, Employment and Workplace Relations (71 or 48.3%).

Agencies with the largest number of non-ongoing employees at June 2013 were the ATO (3,245 or 13.0%), DHS (1,965 or 5.5%) and AEC (1,653 or 66.3%).

Figure A1.3 shows the classification profile of non-ongoing employees is concentrated at lower levels. At June 2013, 62.1% of APS 1–2 employees were non-ongoing, compared with only 3.5% of Executive Level (EL) employees and 2.7% of Senior Executive Service (SES) employees. In contrast, 7.4% of SES Band 3 employees were non-ongoing.

Figure A1.3 Non-ongoing employees as a proportion of total employees by classification, June 2013



Source: APSED

In addition to a concentration of non-ongoing employees at lower classifications, this group of employees is also younger. At June 2013, 20.6% of non-ongoing employees were less than 25 years of age, compared with only 3.1% of ongoing employees.

Workforce availability

Workforce availability refers to the number of employees available with the necessary skills. At any point, ongoing employees may be absent from the workforce for varying periods, either paid or unpaid, and for various reasons. When an ongoing employee has been absent from the workplace for 90 or more continuous days, they are considered inoperative.

The types of leave that are included for identifying inoperative status of an employee are:

- a mandatory grant of leave without pay as prescribed by the Australian Public Service Commissioner’s Directions 2013, Clause 7.4²
- discretionary leave without pay
- compensation leave
- maternity leave.

At June 2013, 6,459 ongoing employees (850 men and 5,609 women), or 4.2% of the workforce had a status of inoperative. Of women with a status of inoperative, 4,034 (71.9%) were on maternity related leave.

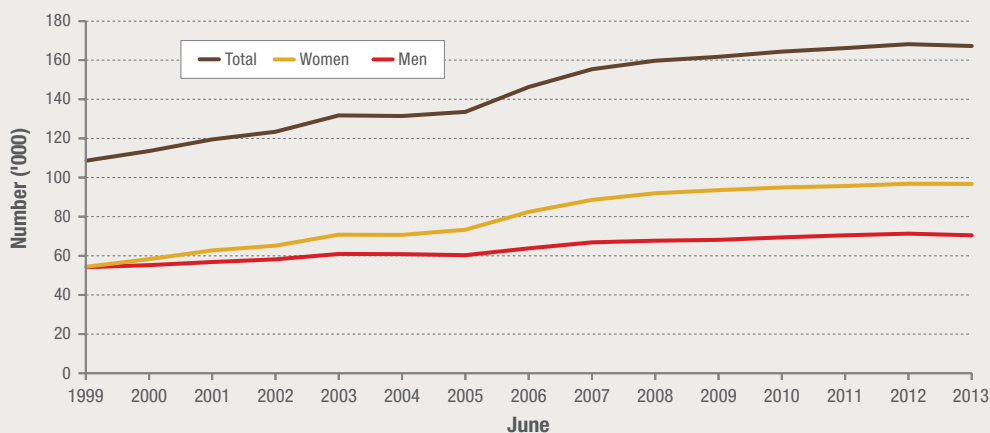
² Clause 7.4 covers matters relating to leave without pay and provides that an agency head must grant leave without pay to an ongoing APS employee who applies for the leave to undertake or continue employment for the purposes of Section 13 of the *Governor-General Act 1974* or for the purposes of sections 13 or 20 of the *Members of Parliament (Staff) Act 1984*.

Of agencies with at least 1,000 ongoing employees, those with the largest proportion of inoperative employees at June 2013 were the Department of Foreign Affairs and Trade (174 or 5.3%), Department of the Treasury (67 or 5.3%), and Australian Agency for International Development (AusAID) (76 or 4.7%). Agencies with at least 1,000 ongoing employees with the largest proportion of women on maternity leave at June 2013 were the Australian Securities and Investments Commission (74 or 7.3% of ongoing women), AusAID (64 or 6.2%) and DHS (1,471 or 6.1%).

Male and female employment

The number of women in the APS decreased by 0.1% (96,880 to 96,769), while the number of men decreased by 1.1% (71,284 to 70,488). Women accounted for the majority of APS employees—57.5% of ongoing employment and 57.9% of total employment at June 2013. Trends for total employment by sex are shown in Figure A1.4.

Figure A1.4 Total employees by sex, 1999 to 2013



Source: APSED

The representation of men and women varies considerably among agencies. Of agencies with at least 1,000 ongoing employees, DHS had the highest proportion of ongoing women (71.7%), followed by Department of Health and Ageing (70.1%). Large agencies with the highest proportion of men were the Bureau of Meteorology (72.6%) and Defence (59.4%).

Classification structures

To allow comparisons over time, this analysis used substantive or base classification, excluding employees on temporary assignment at a classification different to their base classification. Temporary assignment is discussed in detail later in this section.

Table A1.1 compares ongoing employee numbers by classification at June 1999, 2012 and 2013. As can be seen, with the exception of APS 4 and SES 2, the number of employees in all classifications decreased. The number of ongoing employees employed at the graduate APS classification also decreased, by 185 or 12.8%. The classification with the greatest percentage decrease was the trainee classification, with a decrease of 44 or 13.3%. Agencies that accounted for the greatest employment of trainees included DHS (151 or 52.8%), Australian Customs and Border Protection Service (ACBPS) (35 or 12.2%), Department of Education, Employment and Workplace Relations (30 or 10.5%) and Defence (24 or 8.4%). The agencies that accounted for most employment at the graduate APS classification were the ATO (230 or 18.2%), Defence (130 or 10.3%), Department of Foreign Affairs and Trade (88 or 7.0%), Department of Health and Ageing (79 or 6.3%) and AusAID (72 or 5.7%). Some agencies engage trainees and graduates at the APS 1–2 and APS 3–4 levels respectively rather than in trainee or graduate classifications, so variations over time may not necessarily reflect agency use of trainees or graduates more broadly.

In recent years, the strongest growth in ongoing employment was in the EL classifications. This year, however, the number of EL 1 employees decreased by 0.6% and the number of EL 2 by 0.9%. This compares to the decrease of 1.3% for all ongoing employees. The number of ongoing SES also decreased, by 33 or 1.2%. The APS 6 classification is the largest in the APS, with 21.6% of all ongoing employees.

Table A1.1 Ongoing employees by base classification, 1999, 2012 and 2013

Classification	1999		2012		2013		% change 2012 to 2013	% change 1999 to 2013
	N	%	N	%	N	%		
APS 1	3,837	3.8	863	0.6	776	0.5	-10.1	-79.8
APS 2	9,387	9.2	3,545	2.3	3,282	2.2	-7.4	-65.0
APS 3	13,838	13.6	18,285	11.9	17,383	11.4	-4.9	25.6
APS 4	23,780	23.3	30,602	19.8	30,623	20.1	0.1	28.8
APS 5	11,255	11.0	21,510	14.0	21,325	14.0	-0.9	89.5
APS 6	18,607	18.2	32,867	21.3	32,837	21.6	-0.1	76.5
EL 1	11,245	11.0	28,800	18.7	28,634	18.8	-0.6	154.6
EL 2	7,476	7.3	13,201	8.6	13,087	8.6	-0.9	75.1
SES 1	1,191	1.2	2,056	1.3	2,029	1.3	-1.3	70.4
SES 2	328	0.3	581	0.4	581	0.4	0.0	77.1

Classification	1999		2012		2013		% change 2012 to 2013	% change 1999 to 2013
	N	%	N	%	N	%		
SES 3	98	0.1	132	0.1	126	0.1	-4.5	28.6
Trainee	203	0.2	330	0.2	286	0.2	-13.3	40.9
Graduate	688	0.7	1,446	0.9	1,261	0.8	-12.8	83.3
Total	102,010	100.0	154,218	100.0	152,230	100.0	-1.3	49.2

Source: APSED

Over the past 15 years, the classification profile of the APS has seen a consistent and strong shift, with a decline in the proportion of employees at APS 1–2 levels (down 10.3 percentage points), and increases at EL levels (up by 9.1 percentage points) and APS 5–6 levels (up by 6.3 percentage points). As a proportion of all ongoing employees, the SES increased from 1.6% at June 1999 to 1.8% at June 2013.

One measure of a shifting classification profile is change over time in the ratio of EL 2 employees to those at lower classifications—trainees and graduates, APS 1–6 and EL 1. Over the past 15 years, the ratio fell from 12.4 employees at lower classifications for each EL 2 to 10.4. As expected, the ratio among agencies varies considerably based on the type of work. At June 2013, in agencies with at least 1,000 ongoing employees, the ratio varied from a median of 2.7 in agencies with a primary function of regulatory to 16.4 in agencies with a primary function of specialist. Policy agencies had a median of 6.2 while larger operational had a median of 15.9.³

This trend towards a higher classification profile at least partly reflects the changing nature of APS employment, with a more skilled workforce undertaking increasingly complex and difficult roles, as well as outsourcing a number of less complex functions over time.

Temporary assignment

At June 2013, 14,732 (9.7%) of all ongoing employees were on temporary assignment, usually at a higher classification. Of this group, APS 6 (27.0%) represented the highest proportion, followed by EL 1 (23.0%) and APS 5 (22.6%). Data on temporary assignment was not collected 15 years ago; however, analysis of data over the past 10 years shows that at any point around 10% of employees were on temporary assignment.

As most employees on temporary assignment are performing duties at a higher classification, including temporary assignment in any analysis of classification would skew the profile slightly away from lower classifications and towards higher classifications. For example, using base classification, 4,058 employees were at APS 1–2 levels (2.7% of all ongoing employees), but this

³ Agencies are grouped into five categories: larger operational, smaller operational, policy, specialist and regulatory. See Appendix 2 for a breakdown of functional cluster by agency and Appendix 3 for more information on clustering of agencies by primary function for benchmarking purposes.

declined to 3,617 (2.4% of all ongoing employees) when temporary assignment was included. Similarly, the size of the SES increased from 2,736 (1.8% of all ongoing employees) to 3,144 (2.1%) when temporary assignment was included.

Women are more likely than men to be on temporary assignment—61.5% of ongoing employees on temporary assignment at June 2013 were women, compared with the overall representation of 57.5%.

Educational qualifications

APSED data, while incomplete, shows that 59.5% of ongoing employees have graduate qualifications, up from 58.8% last year.⁴ The proportion is higher for men than for women (63.9% compared with 55.9%). As of 1 July 2013, a new clause in the Australian Public Service Commissioner's Directions 2013 requires agency heads to ensure measures are put in place to collect certain personal information from each employee and provide this information to the Commissioner. This requirement includes educational qualifications and diversity information of employees.

Over time, the proportion of APS employees with graduate qualifications has steadily increased. During 2012–13, 71.6% of those engaged had graduate qualifications. This was a decrease on the previous year (73.5%), but considerably higher than the proportion 15 years ago (64.7% in 1998–99).

Workforce mobility

Workforce mobility ensures that people can readily move across the APS and, in doing so, help build a richer base of skills, ideas and experience at all levels. Workforce mobility also enables employees to be easily deployed to meet shifting priorities across the APS.

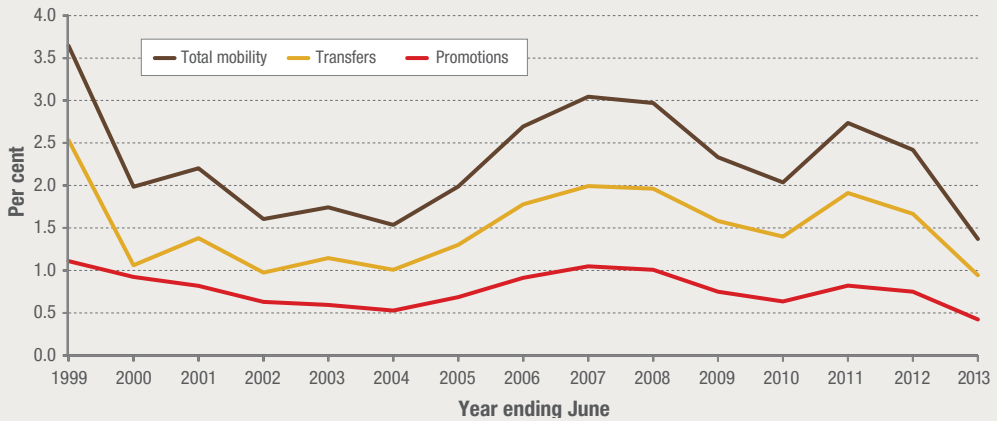
Mobility within the APS

Figure A1.5 shows how mobility between agencies has varied over the past 15 years, with periods of decline, stability and growth.⁵ During 2012–13, the overall mobility rate (1.4%) continued to fall after a sharp rise in the year 2010–11—the promotion rate was 0.4% and transfer rate 0.9%. The promotion rate dropped slightly from the previous year, while the transfer rate dropped even further. In 2013 the total mobility rate—including promotions and transfers—dropped to its lowest level in the 15 years shown in Figure A1.5.

⁴ The method used to calculate the proportion of employees with graduate qualifications includes those with qualifications at bachelor degree and above. It excludes from the denominator those for whom no data was provided by agencies, and those who chose not to provide details for their highest qualification. At June 2013, 45.3% of ongoing employees had no educational qualification data on APSED.

⁵ Mobility rates are calculated as the number of promotions or ongoing transfers between agencies during the financial year, divided by the average number of employees at the beginning and end of the financial year. Movements due to machinery-of-government changes are not included in the calculation.

Figure A1.5 Ongoing employees—promotion and transfer rates between agencies, 1999 to 2013



Source: APSED

Mobility has consistently been higher for women than for men. During 2012–13, the mobility rate was 1.4% for women and 1.3% for men (down from 2.5% and 2.3% respectively during 2011–12).

In general, mobility between agencies is higher at higher classifications, particularly so for women in the SES with a mobility rate of 5.4%. The mobility rate for SES was 3.9%, down from 5.6% the previous year. Mobility for ELs was 2.1% (down from 3.8% in 2011–12) and 1.0% for APS 1–6 (down from 1.8% in 2011–12).

Experience across agencies⁶

A number of reports have noted the importance of ensuring depth of experience and exposure to diverse work experiences, including exposure to policy development and service delivery roles for all classifications, particularly the SES.⁷

One way to measure breadth of experience is by looking at the number of agencies APS employees have worked in. Table A1.2 shows this by classification group at June 2013 and compares it with data for June 1999. The table shows a decline in the number of agencies worked in for all classification groups in the past 15 years. However, when compared with the overall trend of the past 15 years—not shown in the table—the total percentages for 2013 for the number of agencies worked in is consistent with the 15-year average.

As expected, the number of agencies worked in increases at higher classification levels, similar to mobility between agencies. Of the current SES employees, 37.8% worked in only one agency

⁶ Only promotions and transfers between agencies are included in this analysis. Moves due to machinery-of-government changes are excluded.

⁷ For example: Advisory Group on Reform of Australian Government Administration, *Ahead of the Game: Blueprint for the Reform of Australian Government Administration*, Commonwealth of Australia, Canberra, (2010).

compared with 59.5% of EL and 80.4% of APS 1–6. Of the current SES employees, 21.6% worked in four or more agencies, compared with 7.8% of EL and 1.8% of APS 1–6.

Table A1.2 Ongoing employees—number of agencies worked in, 1999 and 2013

Classification	One agency		2–3 agencies		4 or more agencies	
	1999	2013	1999	2013	1999	2013
	%	%	%	%	%	%
APS 1–6	71.6	80.4	25.1	17.8	3.3	1.8
EL	52.9	59.5	34.7	32.6	12.4	7.8
SES	34.3	37.8	41.0	40.6	24.7	21.6
Total	67.8	74.1	26.9	22.1	5.3	3.8

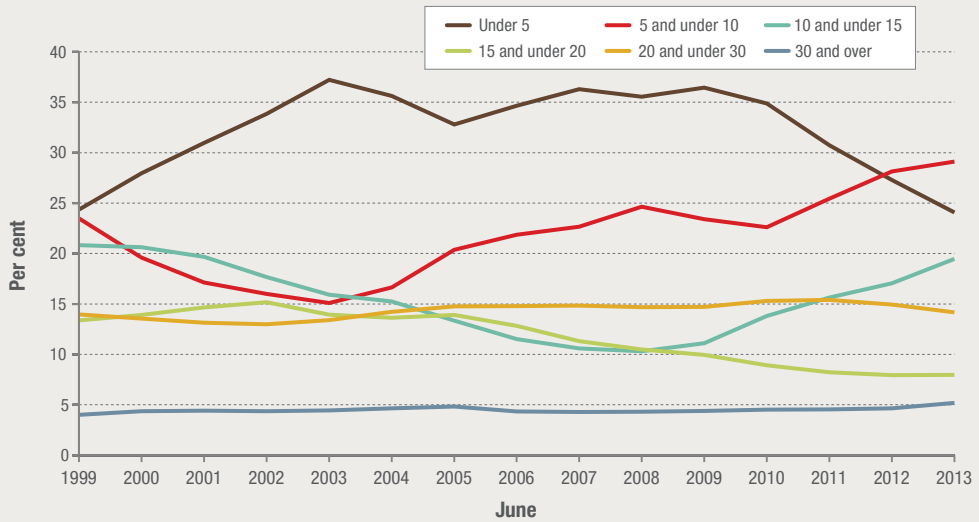
Source: APSED

Length of service

The median length of service for ongoing employees in the APS at June 2013 was 9.0 years, up from 8.8 years at June 2012.

Figure A1.6 shows that the proportion of ongoing employees with less than five years of service dropped, reflecting the lower number of engagements of new employees over the past few years. At June 2013, 24.1% of employees were in this group, compared with around 35% for much of the past decade. The proportion with 30 or more years of service was 5.2% at June 2013, an increase from 4.7% from last year.

Figure A1.6 Ongoing employees—length of service, 1999 to 2013



Source: APSED

Length at level

The median length at level for all ongoing employees was 5.0 years at June 2013, up from 4.5 years at June 2012. Fifteen years ago the median was 3.4 years for all ongoing employees.⁸

For the SES, the median length at level was 5.0 years at June 2013, up from 4.7 years in 1999. For ELs, it was 5.2 years, up from 4.9 years in 1999.

Re-engagement and prior service in the APS

Of the 7,655 ongoing engagements during 2012–13, 1,066 (12.8%) previously worked in the APS as ongoing employees. At the APS 1–6 level, 12.7% of engagements had prior service as did 33.7% of engaged EL 1–2 and 31.7% of engaged SES. Of ongoing engagements with prior service, 22.4% (239) were re-engaged by the agency in which they previously worked. The median length of service prior to re-engagement was 5.5 years.

A total of 3,093 ongoing engagements (40.4%) had previously worked as non-ongoing employees in the APS. Of these, 2,452 (79.3%) were engaged by the same agency in which they had been employed previously. This demonstrates that non-ongoing employment continues to be a major entry point into the APS. The median length of service as a non-ongoing employee

⁸ Median length at level includes prior ongoing and non-ongoing service at the same level undertaken before the current period of employment. Periods of temporary assignment are excluded.

prior to engagement as an ongoing employee during 2012–13 was 1.2 years. A total of 3,557 (46.5% of all ongoing engagements) had some experience in the APS—ongoing, non-ongoing or both.

Of the 15,027 non-ongoing employees at June 2013, 2,468 or 16.4% previously worked in the APS as ongoing employees. The proportion with this prior experience increased with level from APS 3 to EL 1, where 42.7% of non-ongoing employees previously worked as ongoing employees. For non-ongoing SES, the proportion was 40.3%. Previous ongoing experience was also relatively high among older non-ongoing employees—41.9% of those in the 55 to 59 year age group and 36.4% of those in the 60 years of age and older group.

APS workforce age profile

At June 2013, the mean age of ongoing employees in the APS was 42.7 years (43.8 for men and 41.8 for women). In 1999, the mean age was 40.2 years.

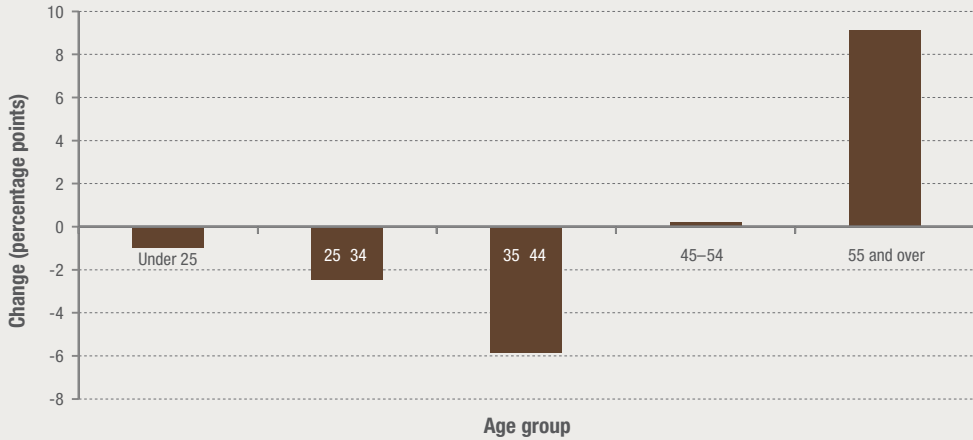
The largest group is between 50 and 54 years of age (15.1% in 2013, an increase from 14.8% in 2012); however, there was an increase in representation again this year in the 60 years and over age group, which increased from 5.6% of all ongoing employees at June 2012 to 5.9% at June 2013.

Representation of young people (less than 25 years of age) fell again this year. At June 2013, 3.1% of all ongoing employees were in this age group, down from 3.6% last year. This has been a consistent and steady trend—at June 1999, young people accounted for 4.1% of all ongoing employees. The number of employees less than 20 years of age fell, from 228 at June 2012 to 188 at June 2013, and the number in the 20 to 24 year age group dropped as well.

The 60 and over age group had the largest growth (4.3%) in ongoing employment this year. The next highest growth rates were with the 55 to 59 year age group, increasing by 2.7%, and the 50 to 54 year age group, increasing by 0.5%. The proportion of employees 55 years of age and over has grown strongly over time, increasing from 6.3% of all ongoing employees at June 1999 to 15.4% at June 2013. This strong growth reflects the impact of government policies to encourage older employees to remain in the APS or return after taking early retirement. It also reflects the removal of compulsory age-65 retirement in 1999, which has facilitated increased recruitment of older employees and reduced separation rates.

Figure A1.7 shows the shifting age profile of the APS, with an increased representation of older employees coinciding with a decrease in younger employees. This figure shows that the 55 and over age group increased by 9.1 percentage points from 1999 and the 35 to 44 year age group decreased by 5.8 percentage points.

Figure A1.7 Ongoing employees—change in proportion by age group, 1999 to 2013

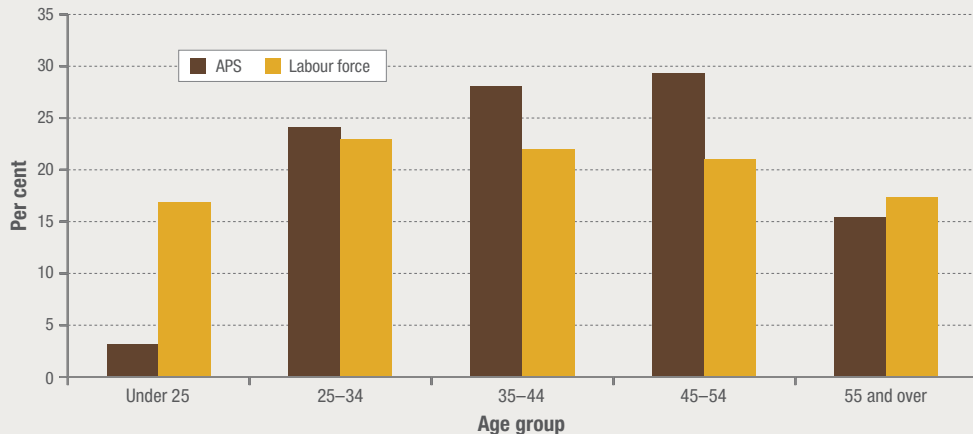


Source: APSED

Agency age profiles vary substantially. Of the agencies with at least 1,000 ongoing employees at June 2013, the Department of Veterans' Affairs and Bureau of Meteorology had the oldest age profiles, with 59.0% and 53.1% aged 45 years and over, respectively. In contrast, AusAID (25.7%) and Attorney-General's Department (27.2%) had the lowest proportion of employees 45 years of age and over.

The APS has a more middle-aged age profile than does the Australian labour force (Figure A1.8).

Figure A1.8 Age profile of ongoing APS employees and Australian labour force, June 2013



Source: APSED, Australian Bureau of Statistics

Location

The location of the APS workforce is discussed in detail in Chapter 7. In summary, around 40% of APS employees (40.3% of ongoing and 39.1% of all) are located in the Australian Capital Territory (ACT). This proportion has risen steadily for many years although there was a slight decrease in 2013 from the previous year. In 1999, for example, 37.1% of ongoing employees were based in the ACT.

Generally, the proportion of employees located in the ACT increases at higher classifications. For example, at June 2013, 61.5% of all ongoing EL employees and 75.8% of all ongoing SES were in the ACT, compared with 21.3% of APS 1–2 and 17.2% of APS 3–4. Table A1.3 shows the classification profile, by location, for ongoing employees at June 2013.

Table A1.3 Ongoing employees—proportion by classification and location, June 2013

	ACT	NSW	Vic	Qld	SA	WA	Tas	NT	Overseas	All
	%	%	%	%	%	%	%	%	%	%
APS 1–2	21.3	25.4	18.0	15.1	8.5	5.3	3.0	3.5	0.0	100
APS 3–4	17.2	26.7	21.1	15.5	7.0	6.9	3.8	1.9	0.0	100
APS 5–6	43.4	16.3	15.4	10.0	6.3	4.3	2.0	1.6	0.7	100
EL	61.5	10.3	11.4	6.2	4.5	2.4	1.0	0.7	2.0	100
SES	75.8	6.0	6.5	2.6	1.4	1.0	0.4	0.5	5.8	100
Trainee and graduate	62.7	9.0	10.0	7.2	4.6	2.8	0.5	2.5	0.6	100
All	40.3	17.9	16.0	10.7	6.0	4.5	2.3	1.5	0.9	100

Source: APSED

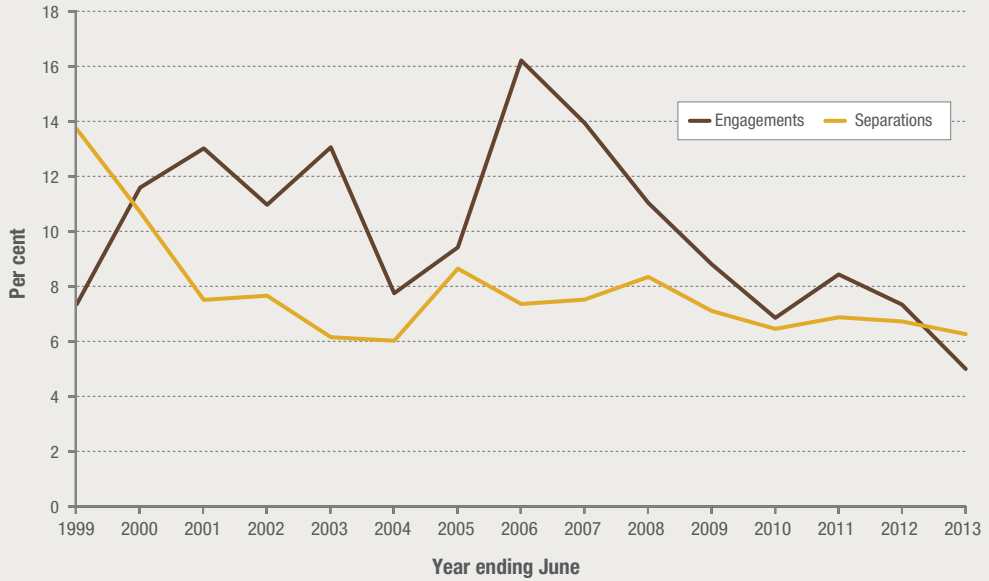
Although the APS is centred in the ACT, there is considerable variation among agencies in the level of employment inside and outside of the ACT. At June 2013, 26 out of 104 agencies had all of their ongoing employees in the ACT, 16 had none and 26 had less than one-third.

The large agencies with less than one-third in the ACT are ACBPS (32.1%), Department of Veterans' Affairs (31.5%), DHS (15.0%), ATO (14.3%), Bureau of Meteorology (5.1%), and Australian Securities and Investments Commission (0.8%).

Engagements and separations

During 2012–13, there were 7,655 engagements and 9,593 separations of ongoing employees. The number of engagements included 12 ongoing employees who moved into coverage of the Public Service Act. Engagements decreased by 32.2% from the previous year and separations decreased by 7.2%. Figure A1.9 shows ongoing engagements and separations as a proportion of all ongoing employees for the past 15 years. It indicates that the separation rate was relatively steady for the past 12 years.

Figure A1.9 Ongoing engagement and separation rates, 1999 to 2013



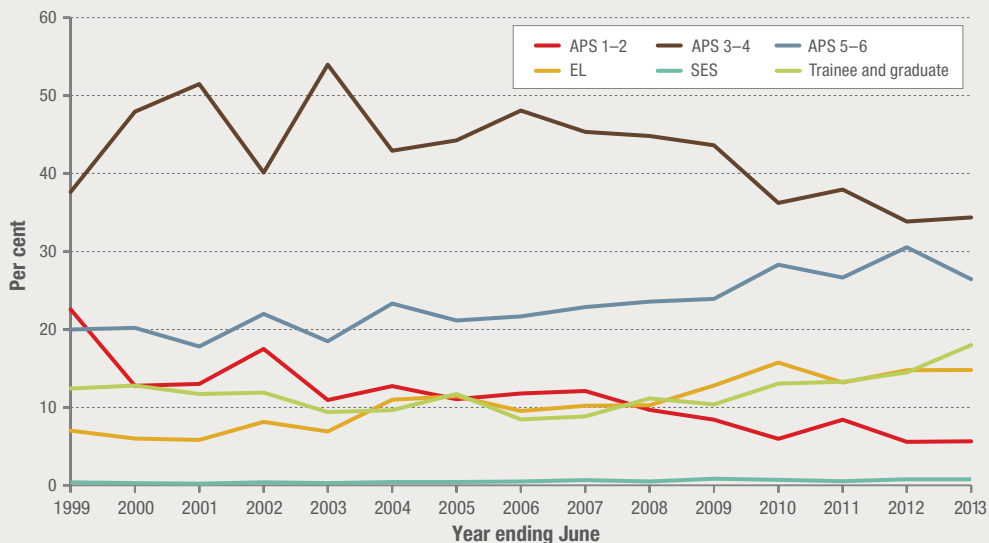
Source: APSED

Engagements

During 2012–13, the number of ongoing engagements decreased by 32.2%, after decreasing by 12.1% in 2011–12. This year saw decreases in the number of engagements across all classifications. Compared to 2011–12, engagements of SES fell 31.8%, EL fell 32.1%, APS 5–6 fell 41.3% and graduates fell 15.7%.

Figure A1.10 shows the strongest growth, as a proportion of all ongoing employees, was at trainee and graduate (3.5%) and APS 3–4 classifications (0.5%). The greatest decrease was at APS 5–6 classification.

Figure A1.10 Proportion of engagements of ongoing employees by classification, 1998–99 to 2012–13

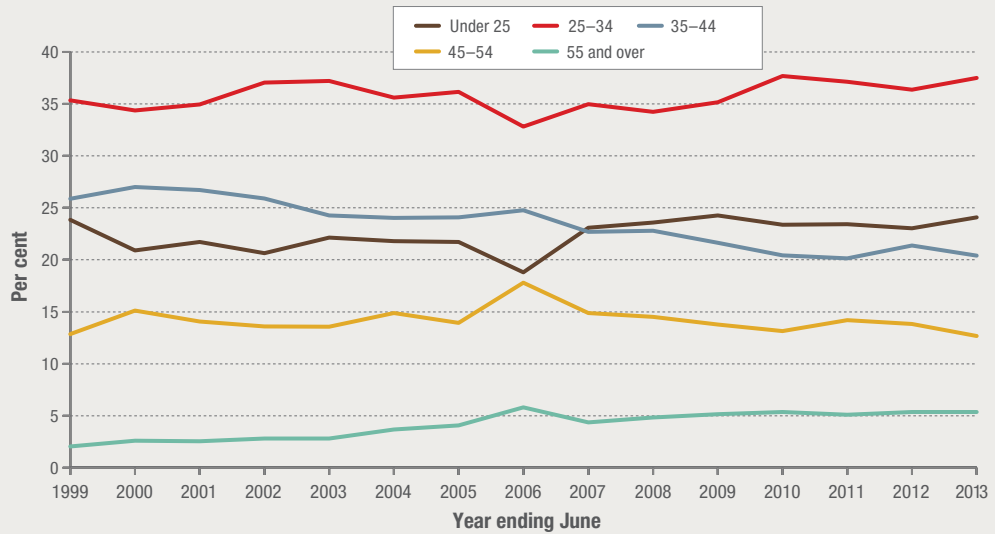


Source: APSED

Women accounted for 57.0% of all ongoing engagements during 2012–13, compared with 57.5% of all ongoing employees at June 2013.

Figure A1.11 shows that the representation of ongoing engagements fell in the 35 to 44 and 45 to 54 age groups. The 55 years and over age group decreased by 195 employees but remained the same in proportional terms after their proportion increased in 2011–12 by 0.3 percentage points. Over the past 15 years, this age group increased from 2.1% of all ongoing engagements to 5.4% in 2012–13. The mean age of engagements in 2012–13 was 33.5 years of age (34.2 years for men and 33.0 years for women).

Figure A1.11 Engagements of ongoing employees by age group, 1998–99 to 2012–13



Source: APSED

Defence (886 or 11.6%), DHS (646 or 8.4%) and ATO (760 or 9.9%) accounted for 29.9% of all engagements during 2012–13. These agencies also accounted for 50.9% of all ongoing employees.

Mobility between the APS and broader labour market can be gauged by measuring the proportion of external engagements (from outside the APS) as a proportion of total engagements and promotions. During 2012–13, 48.5% of APS employment outcomes published in the *APS Employment Gazette* were filled through engagements. This is an increase from the previous year (42.1%). Of gazetted SES employment outcomes, 19.0% were filled by engagement—the same as the previous year. APSED data shows promotions within an agency accounted for 92.2% of all APS promotions, consistent with 2011–12.

Separations

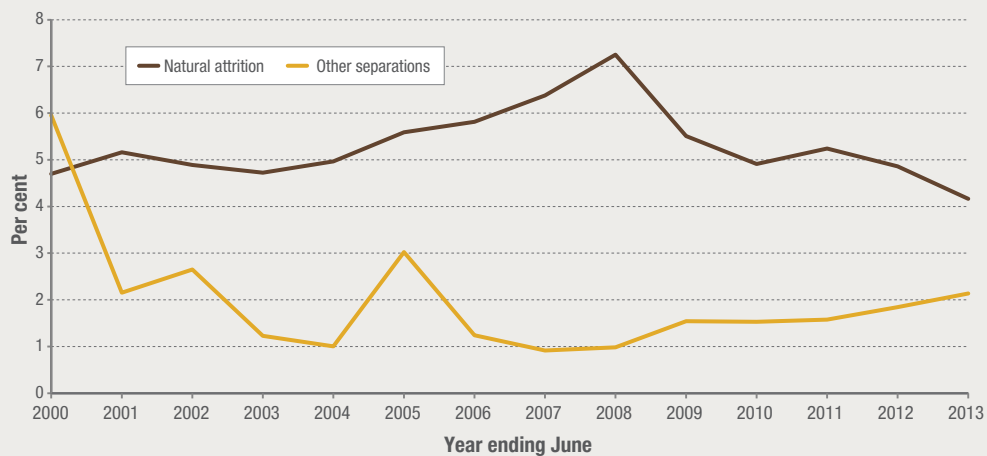
There were 9,593 separations of ongoing employees during 2012–13, a decrease of 7.2% on the 10,341 separations the previous year. The overall separation rate from the APS was 6.3%, down from 6.7% during 2011–12.

Women accounted for 53.9% of all ongoing separations from the APS during 2012–13, down from 56.2% the previous year, and lower than their overall representation in the APS (57.5% of ongoing employees at June 2013).

In 2012–13, resignations accounted for 46.3% of all separations during the year, but fell in proportional terms from the previous year. Retrenchments accounted for 27.9% of all separations and increased in proportional terms from 2011–12, while age retirements accounted for 19.8% of all separations, an increase in proportional terms from last year. The number of terminations fell by 2.7%, from 186 to 181.

Natural attrition includes resignations and age retirements and excludes all other separation types, including retrenchments, invalidity retirement, deaths and termination of appointment. Figure A1.12 shows the natural attrition rate for the APS in 2012–13 was 4.1%, down from 4.9% in 2011–12 and 5.2% in 2010–11.

Figure A1.12 Rate of attrition, 1999–2000 to 2012–13



Source: APSED

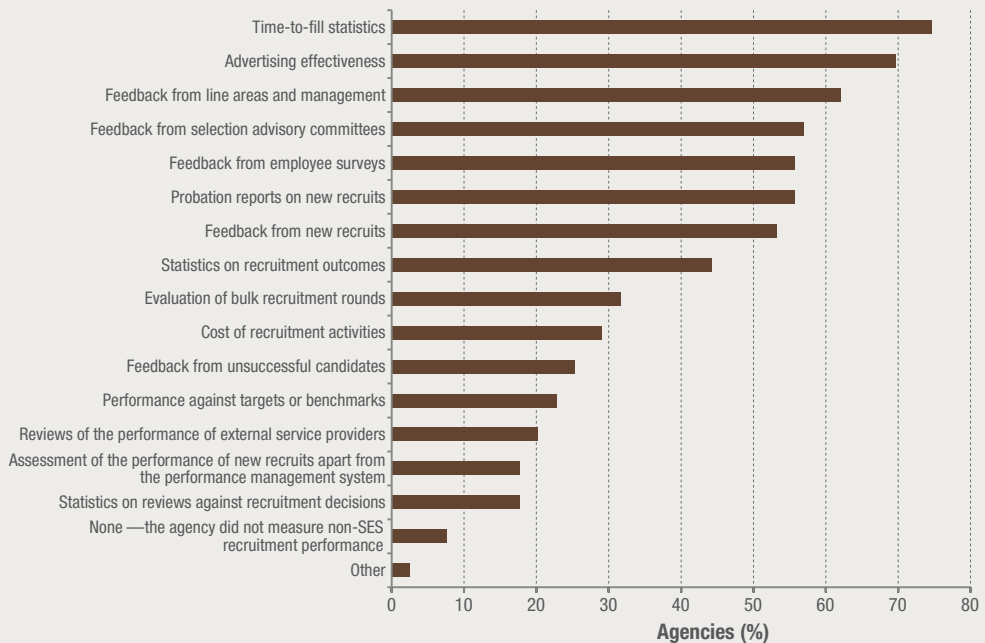
The agencies with the largest number of ongoing separations from the APS during the year were DHS (2,033 or 21.2%), Defence (1,709 or 17.8%) and the ATO (1,064 or 11.1%). These three agencies accounted for 50.1% of all ongoing separations. Combined they employ 50.9% of ongoing APS employees.

From an agency perspective, the separation rate includes the total loss of employees from the agency, including transfers and promotions to other APS agencies, otherwise known as the agency exit rate. Of agencies with 1,000 or more ongoing employees at June 2013, those with the highest exit rates were the Department of Finance and Deregulation (15.1%), Attorney-General’s Department (14.6%), SEWPaC (13.0%) and Department of Resources, Energy and Tourism (10.8%).

Recruitment performance measures

In 2012–13, APS agencies measured performance for non-SES recruitment in various ways. Figure A1.13 shows the most common methods were time-to-fill statistics (75%), advertising effectiveness (70%), feedback from line areas and management on the recruitment process (62%), and feedback from selection advisory committees (57%). Eight per cent of agencies reported they did not measure non-SES recruitment performance.

Figure A1.13 Methods used to measure non-SES recruitment performance, 2012–13

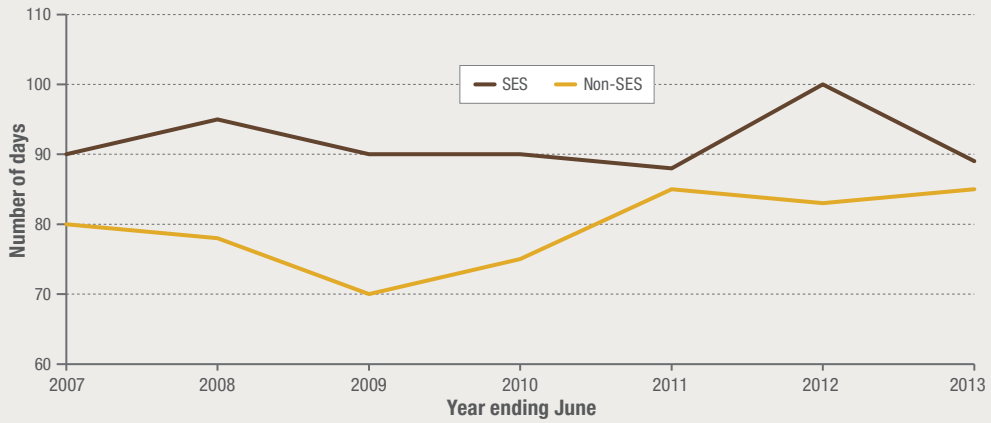


Source: Agency survey

Time-to-fill

Seventy-five per cent of agencies nominated time-to-fill statistics as a measure used to gauge recruitment performance. Figure A1.14 shows the median number of working days from advertising to gazettal for SES and non-SES employees. Time-to-fill information has been extracted from the APSjobs database and includes the time taken from advertising a vacancy to the formal gazettal of the outcome.

Figure A1.14 Median working days from advertising to gazettal, 2007 to 2013

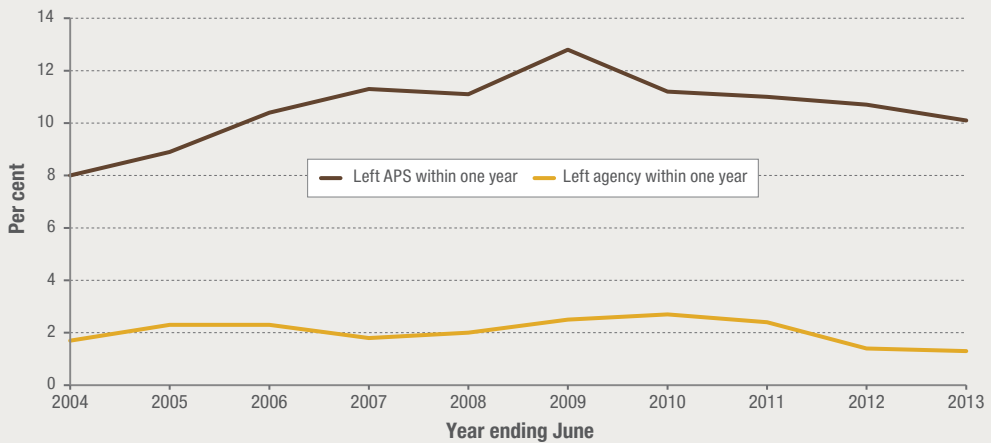


Source: APSjobs

Effectiveness of recruitment

One measure of APS recruitment effectiveness is the number of employees who leave their agency within 12 months of engagement. Of the employees engaged in 2012–13, 1,089 employees (9.6%) left their agency within 12 months of engagement—an improvement on 11.1% in the previous year. Figure A1.15 shows the trends in separations within the first year of employment over time.

Figure A1.15 Separation rates for employees with less than 1 year of service, 2004 to 2013



Source: APSED



Appendix 2

APS agencies (or semi-autonomous parts of agencies)

Agency	Total APS employees as at 9/4/13	Function ¹
Large agencies with >1,000 APS employees		
Attorney-General's Department	1,489	Policy
Australian Agency for International Development	1,652	Policy
Australian Bureau of Statistics	3,344	Specialist
Australian Customs and Border Protection Service	5,716	Larger operational
Australian Electoral Commission	2,166	Smaller operational
Australian Securities and Investments Commission	2,017	Regulatory
Australian Taxation Office	23,977	Larger operational
Bureau of Meteorology	1,749	Larger operational
Department of Agriculture, Fisheries and Forestry	5,185	Larger operational
Department of Defence	22,330	Larger operational
Department of Education, Employment and Workplace Relations	4,122	Policy
Department of Families, Housing, Community Services and Indigenous Affairs	3,324	Policy
Department of Finance and Deregulation	1,946	Policy
Department of Foreign Affairs and Trade	3,398	Policy
Department of Health and Ageing	5,251	Policy
Department of Human Services	33,658	Larger operational
Department of Immigration and Citizenship	8,811	Larger operational
Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education	4,188	Policy
Department of Infrastructure and Transport	1,043	Policy
Department of Sustainability, Environment, Water, Population and Communities	2,871	Policy
Department of the Treasury	1,056	Policy

¹ Agencies are grouped into five categories: larger operational, smaller operational, policy, specialist and regulatory. See Appendix 3 for more information on clustering of agencies by primary function for benchmarking purposes.

Agency	Total APS employees as at 9/4/13	Function ¹
Department of Veterans' Affairs	2,055	Larger operational
IP Australia	1,169	Larger operational
Medium agencies with 251–1,000 APS employees		
Aboriginal Hostels Limited	541	Smaller operational
Australian Communications and Media Authority	625	Regulatory
Australian Competition and Consumer Commission	870	Regulatory
Australian Crime Commission	591	Smaller operational
Australian Financial Security Authority	481	Smaller operational
Australian Institute of Health and Welfare	366	Specialist
Australian National Audit Office	375	Specialist
Australian Public Service Commission	329	Policy
Australian Sports Anti-Doping Authority	348	Regulatory
Australian Trade Commission	517	Smaller operational
Australian Transaction Reports and Analysis Centre	298	Regulatory
Australian War Memorial	340	Specialist
Clean Energy Regulator	371	Regulatory
Comcare	738	Smaller operational
ComSuper	486	Smaller operational
Defence Housing Australia	639	Smaller operational
Department of Broadband, Communications and the Digital Economy	679	Policy
Department of the Prime Minister and Cabinet	807	Policy
Department of Regional Australia, Local Government, Arts and Sport	601	Smaller operational
Department of Resources, Energy and Tourism	685	Policy
Fair Work Commission	296	Smaller operational
Family Court of Australia	627	Smaller operational
Federal Court of Australia	471	Smaller operational
Geoscience Australia	743	Specialist
Great Barrier Reef Marine Park Authority	286	Specialist
Migration Review Tribunal and Refugee Review Tribunal	357	Smaller operational
Murray-Darling Basin Authority	318	Policy

Agency	Total APS employees as at 9/4/13	Function ¹
National Archives of Australia	504	Specialist
National Library of Australia	522	Specialist
National Museum of Australia	282	Specialist
Office of the Commonwealth Director of Public Prosecutions	496	Smaller operational
Office of the Fair Work Ombudsman	808	Regulatory
Small agencies with <250 APS employees		
Administrative Appeals Tribunal	159	Smaller operational
Australian Centre for International Agricultural Research	58	Specialist
Australian Charities and Not-for-profits Commission ²	98	Regulatory
Australian Commission for Law Enforcement Integrity	26	Specialist
Australian Commission on Safety and Quality in Health Care	53	Specialist
Australian Fisheries Management Authority	203	Regulatory
Australian Human Rights Commission	145	Specialist
Australian Institute of Aboriginal and Torres Strait Islander Studies	121	Specialist
Australian Institute of Criminology	47	Specialist
Australian Institute of Family Studies	99	Specialist
Australian National Maritime Museum	122	Specialist
Australian National Preventive Health Agency	48	Specialist
Australian Office of Financial Management	43	Specialist
Australian Organ and Tissue Authority	27	Specialist
Australian Pesticides and Veterinary Medicines Authority	179	Regulatory
Australian Radiation Protection and Nuclear Safety Agency	156	Regulatory
Australian Research Council	122	Specialist
Australian Skills Quality Authority	179	Regulatory
Australian Transport Safety Bureau	121	Smaller operational
Cancer Australia	71	Specialist
Climate Change Authority	27	Specialist
Commonwealth Grants Commission	36	Specialist
CrimTrac Agency	234	Specialist
Federal Circuit Court of Australia	185	Smaller operational
Food Standards Australia New Zealand	143	Regulatory
Future Fund Management Agency	95	Specialist
Independent Hospital Pricing Authority	50	Specialist

² Australian Charities and Not-for-profits Commission workforce metrics data has been reported as part of the Australian Taxation Office in some instances but reported separately in others.

Agency	Total APS employees as at 9/4/13	Function ¹
Museum of Australian Democracy at Old Parliament House	98	Specialist
National Blood Authority	56	Specialist
National Capital Authority	69	Specialist
National Film and Sound Archive of Australia	244	Specialist
National Health and Medical Research Council	247	Specialist
National Health Performance Authority	53	Specialist
National Offshore Petroleum Safety and Environmental Management Authority	110	Regulatory
National Water Commission	44	Specialist
Office of National Assessments	140	Specialist
Office of Parliamentary Counsel	123	Specialist
Office of the Fair Work Building Industry Inspectorate	142	Regulatory
Office of the Australian Information Commissioner	85	Regulatory
Office of the Commonwealth Ombudsman	151	Specialist
Productivity Commission	205	Specialist
Royal Australian Mint	216	Smaller operational
Safe Work Australia	105	Policy
Screen Australia	23	Specialist
Social Security Appeals Tribunal	87	Smaller operational
Tertiary Education Quality and Standards Agency	94	Regulatory
Torres Strait Regional Authority	141	Specialist
Workplace Gender Equality Agency	39	Specialist
Small agencies outside the scope of agency survey		
Australian Law Reform Commission	16	Specialist
Corporations and Markets Advisory Committee	3	Specialist
National Competition Council	8	Specialist
National Health Funding Body	15	Regulatory
National Mental Health Commission	12	Specialist
Office of the Inspector-General of Intelligence and Security	14	Specialist
Office of the Inspector-General of Taxation	9	Specialist
Private Health Insurance Ombudsman	14	Specialist
Professional Services Review	28	Specialist
Telecommunications Universal Service Management Agency	18	Specialist

Source: APSED



Appendix 3

Survey methodologies

This appendix details the survey methodologies used for the State of the Service agency survey (agency survey) and 2013 Australian Public Service (APS) employee census. It also includes an outline of the analysis approach taken in relation to the qualitative and quantitative data collected.

Agency survey methodology

The scope of the agency survey was the 103 APS agencies, or semi-autonomous parts of agencies, employing at least 20 staff under the *Public Service Act 1999*.

Agencies were provided with access to the online survey between 11 June and 19 July 2013. As part of the process, agency heads were required to sign off their agency's response. All 103 agencies completed the survey, although 24 agencies with fewer than 100 employees completed a shortened version. The Australian Public Service Commission (the Commission) used this survey as a key source of information for this report.

Data cleaning

Agency survey data was rigorously examined for errors and inconsistencies by ORIMA Research and the Commission before being analysed. Where errors were subsequently discovered, corrections were made and all relevant analyses reproduced to ensure the accuracy of the results in this report.

APS employee census methodology

Similar to 2012, the 2013 APS employee census (employee census) was administered to all available APS employees. This census approach provides a comprehensive view of the APS and ensures no eligible respondents are omitted from the survey sample, removing sampling bias and reducing sample error.

Employee census design

Employee census content was designed to measure key issues such as employee engagement, leadership, health and wellbeing, job satisfaction and general impressions of the APS. The employee surveys conducted in previous years, along with the 2012 APS employee census were used as the basis for this year's employee census. Some questions are included every year while others are included on a two or three-year cycle. Some were included for the first time to address topical issues. To ensure the Commission maintains longitudinal data, changes to questions used in previous years are kept to a minimum.

Also included in the employee census were a number of internationally benchmarked items that allowed the APS to be compared to similar organisations; for example, the United Kingdom Civil Service Health and Safety Executive (HSE) First Pass Tool, which examines employee health and wellbeing.¹

The draft employee census was pilot tested with APS 1–6 and/or Executive Level employees from the following agencies:

- Department of Education, Employment and Workplace Relations
- Department of Human Services
- Australian Charities and Not-for-profit Commission
- Social Security Appeals Tribunal
- Australian Taxation Office
- Australian Institute of Family Studies
- Fair Work Commission
- Productivity Commission
- Australian Public Service Commission.

Feedback was provided to the Commission for consideration before the employee census was deployed.

Employee census delivery

The employee census was delivered using the following methods:

- Online, through a unique link provided to each employee via email by ORC International.
- Telephone surveys were carried out for a number of employees working in remote locations.
- Paper-based surveys were used for employees who did not have access to an individual email account or did not have (or had only limited) access to the internet. Employees received a letter from their agency inviting them to participate along with a paper copy of the survey to complete and return to ORC International.

¹ Health and Safety Executive, *Work Related Stress—Research and Statistics*, <<http://www.hse.gov.uk/stress/research.htm>>; R Kerr, M McHugh and M McCrory, 'HSE management standards and stress-related work outcomes', *Occupational Medicine*, (2009), vol. 59, no. 8, pp. 574–579.

Sampling and coverage

The employee census covered all employees (ongoing and non-ongoing) from all APS agencies, regardless of size or location. The employee census population consisted of all APS employees recorded in the Australian Public Service Employment Database (APSED) on 9 April 2013. The email addresses held in APSED were confirmed by agencies or, in some cases agencies provided the email addresses for their employees.

The employee census invitations were sent to employees from 15 May 2013. The number of invitations increased as new unrecorded employees were added and incorrect email addresses were corrected. The initial deadline for survey completion was 7 June 2013, although this was extended to 14 June 2013.

The final employee census sample was reduced to 158,358 from an initial number of 161,359. The adjustment was to exclude employees with invalid email addresses, casual and intermittent employees not in the workplace and those out of office for the entire survey period. Overall, 102,219 employees responded to the employee census, a response rate of 66%. This is higher than 2012, when 87,214 employees responded to the 2012 APS employee census, a response rate of 55%.

Sources of bias

The employee census methodology removed sampling bias and minimised sample error by ensuring that all APS employees were invited to take part. However, some employees who had recently entered the APS were not recorded in APSED at the time the invitations were sent out. Omitting these employees or others who had changed agency recently, may have introduced some sampling error. This risk was managed by giving agencies the opportunity to review or provide their own email lists and by encouraging all employees to watch out for their invitation and to contact ORC International if they did not receive one. Over the course of the survey, 1,245 additional employees were added to the population, reducing the possibility of sampling error as much as possible.

Non-sampling bias was controlled in part by independently reviewing and testing all items before the employee census was administered. Online administration of the survey records the respondent's answers directly, minimising data entry errors and addressing another source of potential bias.

A potentially large source of non-sampling bias was that not all invitees took part. Overall, 54,500 or 34% of invitees did not complete the census. In addition, 1,717 were unable to complete the survey because they were on leave during the survey period. If key groups systematically opted out of the census, this could be a source of non-sampling bias. To test this, the survey sample was compared against the overall APS population on gender, classification, location and employment category (ongoing or non-ongoing). Analyses showed there were only minor differences between the employee census respondents and the APS as a whole.²

² Results may be requested by emailing: <stateoftheservice@apsc.gov.au>.

Privacy, anonymity and confidentiality

Maintaining confidentiality throughout the employee census process was of primary concern to the Commission. To ensure confidentiality, each APS employee was provided with a unique link to the survey via email. Only a small number of staff at ORC International had access to both individual email addresses and their responses. All responses provided to the Commission by ORC International were de-identified. Due to these precautions, Commission staff could not identify individual respondents to the survey or identify those who had not taken part.

Including agencies with less than 100 employees creates an additional privacy risk. Breaking down small workforces into even smaller groups risks participants' anonymity by inadvertently 'singling out' easily distinguished employees to their colleagues, for example, the female SES employees in a small agency. Even where there are several such employees, it is possible to attribute responses to specific individuals by guessing, either correctly or incorrectly. Besides breaking anonymity, identifying personal information such as carer responsibilities is a breach of privacy. Furthermore, knowledge of attitudes towards certain issues, such as leaders or colleagues, could be used against the employee.

This risk was managed by not reporting to agencies or in this report, any segmentation which would have resulted in groups of less than 10 responses. In addition, agencies were not supplied with any raw comments provided by respondents due to similar risks to anonymity. On request agencies were supplied with the text analyses of comments on selected items where there was sufficient volume of comment to ensure anonymity.

Data cleaning

Employee census data was rigorously examined for errors and inconsistencies by ORC International and the Commission before being analysed. Where errors were subsequently discovered, corrections were made and all relevant analyses reproduced to ensure the accuracy of the results in this report.

Precision of estimates

Even with a 66% response rate, the figures discussed in this report are estimates of true population values. The precision of these estimates are influenced by the amount of data available. A common measure of precision is the margin of error, expressed as a confidence interval around the estimate. This interval gives a range in which the true value of the population is likely to fall. When 95% confidence is referred to, it is accepted that there is a 5% chance the responding sample will result in an estimate for the true population value that falls outside the 95% confidence interval constructed.

For example, a 95% margin of error for the true percentage of the population who agree that employees in their agency appropriately assess risk is between 58.5% and 59.1% (a sample estimate of 58.8% with margin of ± 0.3 percentage points). Table A3.1 shows the 95% margins of error of several survey items. In each case, the true population value is less than half a per cent above or below the estimate.

Table A3.1 Margins of error for employee census results, 2012–13

Question	95% margin of error (percentage points)	Estimated result (%)
Agree that employees in their agency appropriately assess risk	±0.3	58.8
Agree that leadership is of a high quality	±0.3	46.3
Agree their job requires them to utilise a variety of different skills	±0.3	76.5
Agree their supervisor is committed to workplace safety	±0.2	82.7
Agree their agency motivates them to help achieve its objectives	±0.3	46.7

Source: Employee census

The large sample size of the employee census allows very narrow margins of error and precise estimates. When the data is segmented into groups, the width of the margins will increase as the sample sizes decrease. For smaller groups, such as Indigenous employees (2,630 respondents), the precision may drop substantially (Table A3.2). However, the Commission is 95% confident that the true proportion of Indigenous employees who have confidence in their agencies' risk assessment practices was between 62.2% and 65.9%, or approximately 64.0%.

Table A3.2 Margins of error for employee census item 'In general, employees in my agency appropriately assess risk', 2012–13

Demographic group	95% margin of error (percentage points)	Estimated result (%)
Women	±0.5	58.6
Men	±0.4	59.0
People with disability	±1.2	52.5
People without disability	±0.3	59.3
Indigenous employees	±1.9	64.0
Non-Indigenous employees	±0.3	58.7

Source: Employee census

Analysis strategy

This State of the Service report draws on both quantitative and qualitative data.

Quantitative data

Interpretation of items and scales

Most items in the employee census asked the respondent to rate the level of importance, satisfaction with or effectiveness of workplace issues on a five-point, ordinal scale. The scales were generally balanced, allowing respondents to express one of two extremes of view (for example, satisfaction and dissatisfaction) and with a midpoint that allowed respondents to enter a 'neutral' response. For this report, the five points have generally been collapsed into three: agree/satisfied, neutral, and disagree/dissatisfied. Figures reported are the proportion of respondents who responded with either strongly agree/very satisfied or agree/satisfied, except where noted.

When interpreting item responses, it is important to realise there is an ordinal relationship between points in a scale. The strength of opinion to shift a respondent from 'neutral' to 'satisfied' may be much smaller than the strength required to shift a respondent from 'satisfied' to 'very satisfied'.

Where scale scores are reported, such as the APS Employee Engagement Model scores, the five-point item responses were combined and re-scaled to produce a continuous scale score ranging from one to 10. Scores from scales with demonstrated validity and reliability are generally more robust than item-based analyses as they triangulate information from a number of items examining a single issue. They also allow the use of more sophisticated statistical analyses. The employee census is likely to make greater use of scales in future years.

Data analysis

As the agency survey has a 100% response rate, the data is not subject to sampling error. Statistical significance testing is unnecessary. Results are reported as either raw numbers or percentages.

While the employee census was offered to all APS employees, a response rate of 66% means that inferential statistics are still required to analyse the data. The analysis of this data has historically used traditional social science techniques, such as χ^2 tests. Conventional guidelines have been used for determining statistical significance ($p < 0.05$).

Statistical significance speaks to the probability that two groups have been randomly selected from the same population. If the probability is sufficiently low it is concluded that the groups are drawn from different populations. These groups are described as significantly different. However, statistical significance does not reflect the magnitude of the difference between groups, also called the effect size.

As sample sizes increase, the effect size required to achieve statistical significance decreases. Put another way, even the smallest of differences will be statistically significant if the sample size is large enough. With a sample of 102,219 respondents, effects which are far too small to have any appreciable meaning for the APS will almost certainly be statistically significant.

To avoid providing misleading information by over-emphasising statistically significant differences, only those results which are greater than small in magnitude have been reported. The magnitude was calculated using commonly-used measures appropriate to the specific analyses being performed (Table A3.3).

Table A3.3: Measures of effect size

Analysis	Effect size statistics ⁴	Minimum effect size to be reported
z-test of difference in proportions	Cohen's h	≤0.2
ANOVA/t-test	Cohen's f	≤0.1
	Cohen's d	≤0.2

Agency clustering

Functional clusters were introduced in the State of the Service Report 2011–12 to allow comparisons to be made between agencies with similar primary functions. Agencies were originally categorised based on the information they provided in the 2010–11 State of the Service agency survey. Due to the difficulty of assigning agencies with varied roles to a single cluster, categories were subjected to review by the Commission and agency stakeholders before being finalised for 2012–13. Functional clusters will be reviewed over time to ensure they identify the most appropriate benchmarking measures available for agencies. See Appendix 2 for information on individual agencies.

The final functional clusters, based on those used in the United Kingdom Civil Service People Survey, are:

- **Policy:** organisations involved in the development of public policy
- **Smaller operational:** organisations with less than 1,000 employees involved in the implementation of public policy
- **Larger operational:** organisations with 1,000 employees or more involved in the implementation of public policy
- **Regulatory:** organisations involved in regulation and inspection
- **Specialist:** organisations providing specialist support to government, businesses and the public.

⁴ J Cohen, *Statistical Power Analysis for the Behavioral Sciences*, Psychology Press, New York, (2009).

Qualitative data

The employee census provided specified response options for most questions. Complementing these, several items were completely open-ended, asking the individual to provide a short, written response to a question or statement. Open-ended responses were used to complement information gained through quantitative methods. Not all respondents provided a response to an open-ended question and comments do not necessarily represent the views of all respondents. However, comments represent a rich data source.

Data analysis

Open-ended comment analysis was based on the grounded theory approach in which key concepts from the collected data were coded either manually or with text mining software such as Leximancer. Comments were reported using themes and concepts rather than individual responses.



Appendix 4

Unscheduled absence

Managing unscheduled absence is a critical issue for the Australian Public Service (APS). The Australian Public Service Commission (the Commission) has been working with agencies to refresh the guidance provided to managers on managing workplace absence and promoting an attendance culture.

In August 2012, the Commission facilitated a forum that focused on identifying the strategies agencies had found to be most effective in managing workplace absence. The forum was attended by 57 representatives from a cross-section of APS agencies. The workshop allowed the Commission to gain insight into the absence management strategies used by agencies and the experiences of different agencies. It was clear from this forum that effective absence management strategies are context dependent; that is, what worked well for one agency had not been effective when applied by another agency. This reinforces the view that managing unscheduled absence is best handled by agencies and local managers.

The Commission used the information provided by agencies at the forum to refresh existing guidance provided to managers on unscheduled absence. The draft guidance was discussed at a second forum attended by 60 representatives from a range of agencies. The draft guidance was subsequently provided to 45 agencies for comment. The guidance was also provided to a network of regional APS human resource managers through the Queensland People Management Network to gain an independent assessment. The network represents 13 agencies based in south east Queensland. Along with human resource managers in these agencies, draft guidance was provided to work health and safety and rehabilitation practitioners.

This process of consultation has assisted the Commission to refine its guidance. It has also provided a deeper appreciation of the difference in agency approaches to absence management and the variation in knowledge about absence management across the APS. In September 2013, the Commission issued a refreshed edition of its core absence management guidance *Turned up and tuned in—a guide for APS managers* as an e-guide available from the Commission website.¹ A companion e-guide for APS agencies—*Promoting an attendance culture, a guide for APS Agencies*—will be issued following the launch of the 2013 State of the Service report. This e-guide will focus on the organisational factors that influence unscheduled absence in the APS and will incorporate learning from a more detailed analysis of the APS

¹ The guide can be found at: <<http://www.apsc.gov.au>>.

unscheduled absence data. The Commission will continue to work with agencies to assist them to improve absence management across the APS.

The definition of unscheduled absence

APS employees are granted a range of leave types and unscheduled absence in the APS is an aggregation of these types of absence²:

- **Personal**—an aggregation of sick leave, carer’s leave and miscellaneous leave:
 - **sick**—a workplace absence, regardless of duration, whether paid or unpaid, due to personal illness or injury or to undergo a planned medical procedure
 - **carer’s**—a workplace absence, regardless of duration, whether paid or unpaid, to provide care or support for a member of the employee’s immediate family or household who requires care or support
 - **specific types of miscellaneous/other**—a workplace absence, regardless of duration, whether paid or unpaid, that is taken upon the death of a member of the employee’s immediate family or household (bereavement), or to spend time with a seriously ill, injured or dying person who is a member of the employee’s immediate family or household (compassionate), or in the event of an unexpected emergency.
- **Compensation**—a workplace absence resulting from personal injury or disease sustained out of, or in the course of, employment (that is, work related) and accepted by Comcare. This leave includes the number of days or part-days an employee is absent from work due to incapacity. It excludes time spent at work on rehabilitation programs, where rehabilitation takes place at the workplace in paid employment.
- **Unauthorised absence**—a workplace absence, regardless of duration, that given the circumstances, is not supported or approved by management. For example an absence due to participation in workplace disputes.

Unscheduled absence rates

Overall unscheduled absence is a broad view of workplace absence, combining personal leave with other leave types (including compensation leave and absence not approved by management). This data is provided to the Commission as part of the annual State of the Service agency survey (agency survey). Notable points in the 2012–13 data provided by agencies include:

- the median unscheduled absence rate across all APS agencies in 2012–13 was 11.6 days per employee, an increase of 0.5 days compared with 2011–12 and 2010–11 (both 11.1 days)
- substantial variation in the unscheduled absence rate across APS agencies, which in 2012–13 ranged from 4.2 days per employee up to 19.9 days per employee. Last year the

² Australian National Audit Office, *Absence Management in the Australian Public Service*, Performance Audit Report no. 52, 2002–03, Commonwealth of Australia, Canberra, (2003), p. 34.

range was 3.1 days to 21.4 days, while in 2010–11 the range was 3.1 to 27.3 days. In all cases, the highest rates came from small agencies

- small agencies unscheduled absence rates ranged from 4.2 days to 19.9 days with a median of 10.3 days per employee (9.3 days last year; 10.3 days in 2010–11)
- medium agencies unscheduled absence rates ranged from 7.5 days to 18.9 days per employee with a median of 12.1 days per employee (11.9 days last year; 11.2 days in 2010–11)
- large agencies unscheduled absence rates ranged from 8.2 days to 16.0 days with a median of 13.7 days per employee (12.6 days last year; 12.0 days in 2010–11).

Sick leave rates

Sick leave is a component of personal leave and, generally, accounts for the bulk of unscheduled employee absences over the year. Notable points in the 2012–13 data provided by agencies include:

- the median sick leave rate across the APS in 2012–13 was 8.6 days, ranging from a minimum of 3.2 days to 13.0 days; this is a slight increase on last year (8.5 days)
- ComSuper (13 days), Human Services (11.8 days), Australian Research Council (11.6 days), and National Health and Medical Research Council (11.6 days) had the highest average sick leave rates
- 39 agencies had an average sick leave rate of eight or less days.

Care needs to be taken in interpreting this data, which can be affected by the experience of relatively few agencies clustered around the median.³ Tables A4.1 to A4.3 summarise sick leave rates and overall unscheduled absence rates for APS agencies covered by the agency survey in 2012–13.⁴ Agencies are grouped according to their size: small (20 to 250 employees); medium (251 to 1,000 employees); large (more than 1,000 employees). Unscheduled absence rates and sick leave rates are compared with rates from 2011–12, where available.

³ A measure of central tendency, found by arranging the values in order and then selecting the one in the middle.

⁴ Agencies with fewer than 20 APS employees did not complete the State of the Service agency survey.

Table A4.1 Large agencies unscheduled absence and sick leave, 2011–12 and 2012–13—arranged from highest to lowest unscheduled absence in 2013

	Sick leave 2011–12	Sick leave 2012–13	Total unscheduled absence 2011–12	Total unscheduled absence 2012–13
Human Services	11.2	11.8	14.9	16.0
Australian Taxation Office	12.0	10.3	15.5	15.3
Agriculture, Fisheries and Forestry (DAFF)	10.6	10.4	15.2	15.0
Infrastructure and Transport (DoIT)	9.5	11.0	14.0	14.9
Health and Ageing (DoHA)	10.8	9.8	15.2	14.1
Veterans' Affairs (DVA)	11.0	10.4	15.0	14.1
Families, Housing, Community Services and Indigenous Affairs (FaHCSIA)	9.5	9.9	12.4	13.9
Education, Employment and Workplace Relations	10.6	10.6	13.6	13.8
Finance and Deregulation	9.0	10.0	12.5	13.8
IP Australia	9.9	9.4	13.7	13.8
Industry, Innovation, Climate Change, Science, Research and Tertiary Education (DIICCS RTE)	7.7	11.5	10.1	13.7
Immigration and Citizenship (DIAC)	9.7	9.5	13.4	13.7
Australian Customs and Border Protection Service	9.3	9.2	13.6	13.5
Defence	8.6	9.3	11.1	12.4
Australian Bureau of Statistics (ABS)	8.8	9.3	10.9	12.3
Attorney-General's Department (AGD)	9.2	8.7	12.6	11.5
Sustainability, Environment, Water, Population and Communities (SEWPaC)	7.0	8.8	9.3	11.2
Australian Securities and Investments Commission	7.7	8.0	9.9	10.6
Treasury	7.2	7.5	9.7	10.2
Bureau of Meteorology (BOM)	6.3	7.5	8.6	10.2
Australian Agency for International Development (AusAID)	6.7	6.2	9.0	8.7
Foreign Affairs and Trade (DFAT)	5.6	5.4	8.3	8.2

Table A4.2 Medium agencies unscheduled absence and sick leave, 2011–12 and 2012–13—arranged from highest to lowest unscheduled absence in 2013

	Sick leave 2011–12	Sick leave 2012–13	Total unscheduled absence 2011–12	Total unscheduled absence 2012–13
Aboriginal Hostels Limited	11.0	12.2	15.6	18.9
Comcare	9.3	11.1	13.2	15.7
ComSuper	11.4	13.0	13.8	15.7
Clean Energy Regulator	**	11.6	**	14.3
Office of the Commonwealth Director of Public Prosecutions	8.9	9.3	12.5	14.2
National Library of Australia	10.8	10.2	13.7	13.7
Australian Electoral Commission	10.0	10.2	13.4	13.5
National Archives of Australia	10.1	10.3	13.7	13.5
Australian National Audit Office	6.8	9.3	9.8	13.2
Broadband, Communications and the Digital Economy	8.8	9.8	11.5	13.2
Murray-Darling Basin Authority	6.3	8.9	9.2	13.1
Regional Australia, Local Government, Arts and Sport	*	10.9	13.7	12.7
Australian Transaction Reports and Analysis Centre	8.8	9.7	11.1	12.5
Office of the Fair Work Ombudsman	10.1	9.2	12.8	12.4
Australian Financial Security Authority	9.0	9.6	11.9	12.4
Australian Crime Commission	9.0	8.4	13.1	12.2
Family Court of Australia	7.4	8.3	11.6	12.1
Migration Review Tribunal and Refugee Review Tribunal	11.9	10.2	14.3	11.9
Australian Public Service Commission	8.5	7.9	10.0	11.4
Australian War Memorial	*	8.0	8.2	11.3
Australian Communications and Media Authority	9.4	8.3	12.6	11.0
Geoscience Australia	9.1	8.3	13.2	10.7
Resources, Energy and Tourism	7.2	7.7	10.5	10.7
Defence Housing Australia	7.0	7.7	10.0	10.5
Australian Competition and Consumer Commission	8.2	8.2	11.0	10.5

	Sick leave 2011–12	Sick leave 2012–13	Total unscheduled absence 2011–12	Total unscheduled absence 2012–13
Australian Trade Commission	7.7	7.2	9.8	10.1
National Museum of Australia	7.2	7.2	10.0	10.0
Australian Institute of Health and Welfare	9.1	6.4	10.0	9.2
Prime Minister and Cabinet	9.0	6.9	12.1	8.9
Fair Work Commission	8.8	6.9	11.8	8.7
Australian Sports Anti-Doping Authority	7.6	6.9	8.6	8.6
Federal Court of Australia	6.4	6.2	8.4	7.8
Great Barrier Reef Marine Park Authority	7.2	4.8	12.0	7.5

* Indicates an agency unable to disaggregate data.

** Data for 2011–12 not available.

Table A4.3 Small agencies unscheduled absence and sick leave, 2011–12 and 2012–13—arranged from highest to lowest unscheduled absence in 2013

	Sick leave 2011–12	Sick leave 2012–13	Total unscheduled absence 2011–12	Total unscheduled absence 2012–13
Australian Commission for Law Enforcement Integrity	7.3	11.5	19.8	19.9
Safe Work Australia	10.2	10.8	14.1	18.9
Australian Research Council	14.3	11.6	17.8	18.0
National Health and Medical Research Council	*	11.6	15.1	15.5
Commonwealth Grants Commission	7.8	4.6	18.5	14.4
Social Security Appeals Tribunal	10.2	10.9	12.3	14.2
CrimTrac	9.5	9.7	14.1	14.1
Australian Fisheries Management Authority	7.2	8.5	11.6	13.4
National Film and Sound Archive of Australia	6.1	9.5	9.3	13.4
Torres Strait Regional Authority	3.6	7.6	7.0	12.9
Office of the Australian Information Commissioner	9.2	8.6	11.1	12.8
Museum of Australian Democracy at Old Parliament House	9.3	9.4	12.0	12.6
Administrative Appeals Tribunal	8.3	8.0	11.8	12.2
Office of Parliamentary Counsel	5.9	9.5	7.7	12.1

	Sick leave 2011–12	Sick leave 2012–13	Total unscheduled absence 2011–12	Total unscheduled absence 2012–13
Australian Radiation Protection and Nuclear Safety Agency	10.9	9.6	13.4	12.1
Australian Institute of Family Studies	8.3	8.6	11.4	11.9
Royal Australian Mint	9.3	8.8	11.9	11.8
Office of the Commonwealth Ombudsman	10.9	8.3	15.1	11.8
Food Standards Australia New Zealand	8.8	10.6	9.8	11.3
Workplace Gender Equality Agency	7.1	9.6	8.0	11.1
Australian Pesticides and Veterinary Medicines Authority	8.7	8.5	9.1	10.8
Office of National Assessments	6.3	8.1	8.2	10.5
Australian Transport Safety Bureau	5.3	6.1	7.4	10.4
Office of the Fair Work Building Industry Inspectorate	7.8	6.3	12.8	10.3
Australian Institute of Aboriginal and Torres Strait Islander Studies	*	*	10.8	10.1
Australian Skills Quality Authority	3.5	8.8	4.1	10.1
Australian Office of Financial Management	6.0	6.6	7.9	10.0
National Offshore Petroleum Safety and Environmental Management Authority	5.5	7.0	7.6	9.8
National Water Commission	9.0	6.4	10.3	9.7
Australian Centre for International Agricultural Research	4.8	9.1	6.0	9.3
Australian Institute of Criminology	7.1	7.8	10.3	9.1
Tertiary Education Quality and Standards Agency	2.7	5.8	3.2	8.9
Federal Circuit Court of Australia	4.1	7.0	5.0	8.9
Australian Organ and Tissue Authority	7.0	7.1	9.0	8.7
National Health Performance Authority	**	7.6	**	8.6
Climate Change Authority	**	6.9	**	8.3
National Capital Authority	9.3	6.4	10.3	8.2
Australian National Maritime Museum	6.8	6.3	8.0	8.2
Productivity Commission	6.6	6.0	8.1	7.8
Australian Human Rights Commission	5.8	5.4	7.3	7.2
Australian Commission on Safety and Quality in Health Care	**	5.3	**	7.1

	Sick leave 2011–12	Sick leave 2012–13	Total unscheduled absence 2011–12	Total unscheduled absence 2012–13
Independent Hospital Pricing Authority	5.1	6.0	7.6	7.0
Australian National Preventive Health Agency	7.1	6.2	9.3	6.7
Cancer Australia	7.5	5.3	9.5	6.7
Screen Australia	*	*	6.6	6.5
National Blood Authority	2.6	4.7	3.1	5.8
Future Fund Management Agency	3.0	3.2	4.1	4.2

* Indicates an agency unable to disaggregate data.

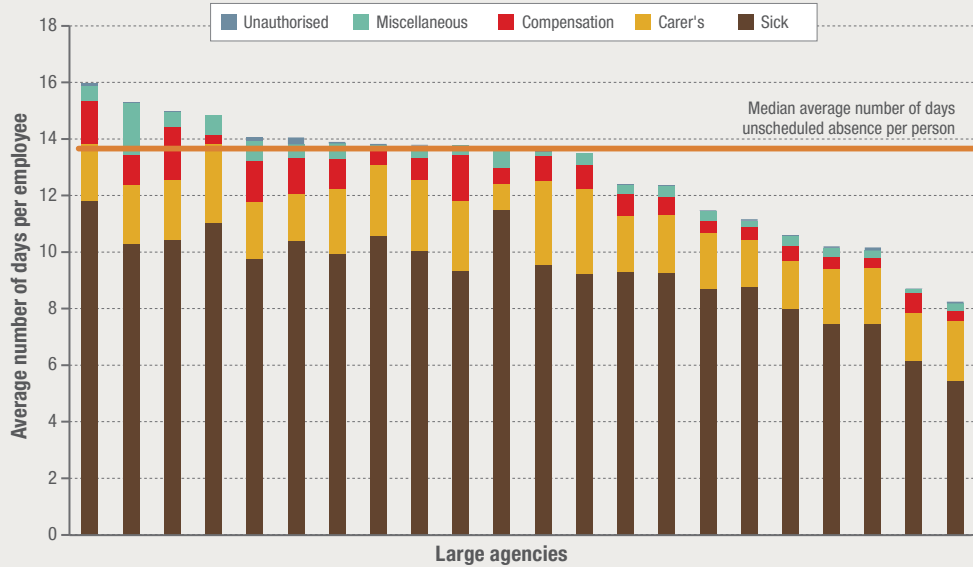
** Data for 2011–12 not available.

Unscheduled absence in detail

While unscheduled absence is a relatively broad category, the agency survey allows a more detailed view to be taken. Figures A4.1 to A4.3 show unscheduled absence rates by all components of unscheduled leave—sick leave, carer’s leave, miscellaneous leave, compensation leave and unauthorised leave.

Again, agencies are grouped by size. As Figure A4.1 shows, a relatively consistent pattern of leave types make up unscheduled absence in large agencies. Sick leave represents the largest contribution, followed by carer’s leave. There is some degree of variability in the amount of compensation leave awarded—agencies with higher rates of total unscheduled absence typically having higher levels of compensation leave. While contributing little to unscheduled absence overall for most agencies, the Australian Taxation Office showed a high level of miscellaneous leave. Unauthorised absence consistently makes up only a very small proportion of total unscheduled leave rates.

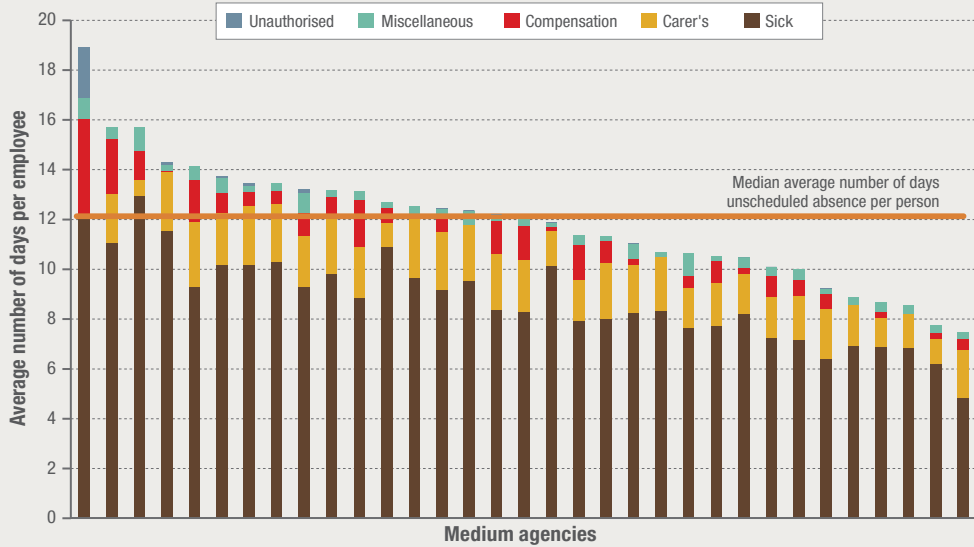
Figure A4.1 Large agencies



Source: Agency survey

Figure A4.2 shows that a similar pattern of leave types make up unscheduled absence in medium size agencies with illness being the largest cause of unscheduled absence and carer's leave also relatively common. However, the extent to which compensation leave contributes to overall agency unscheduled absence rates appears greater than in large agencies. Miscellaneous leave also appears more variable in medium size agencies than in large agencies. Unauthorised absence is again generally low, except for Aboriginal Hostels Limited which recorded an average of two days unauthorised absence per employee.

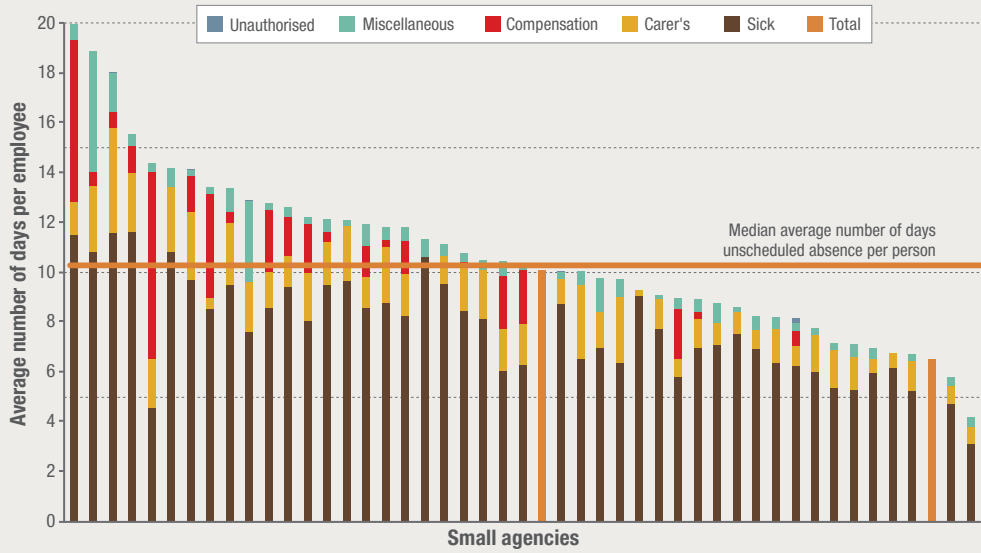
Figure A4.2 Medium agencies



Source: Agency survey

Figure A4.3 shows the breakdown of total unscheduled absence for small agencies. Two small agencies were unable to disaggregate their personal leave data: Screen Australia and the Australian Institute of Aboriginal and Torres Strait Islander Studies. While the pattern of leave types is similar to medium and large agencies, the extent to which compensation leave contributes to workplace absence is more varied. The Commonwealth Grants Commission and Australian Commission for Law Enforcement Integrity showed the highest rates of compensation leave in the APS—7.6 and 6.5 days per employee respectively. However, given the small number of employees in these agencies, it is possible that a small number of serious cases may have accounted for the bulk of these figures.

Figure A4.3 Small agencies⁵



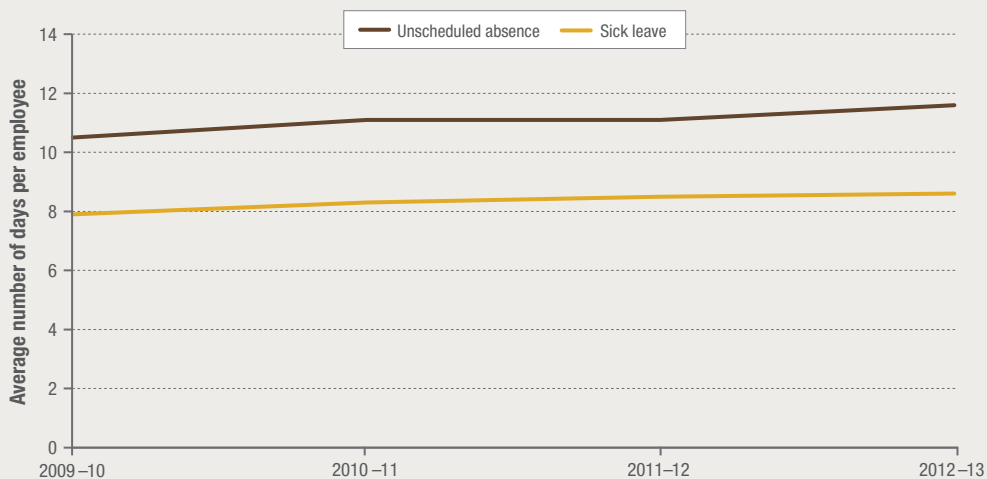
Source: Agency survey

Trends in unscheduled absence

Over the past four years, the APS has reported a steady increase in the median rates of sick leave and total unscheduled absence (Figure A4.4).

⁵ Two agencies were unable to disaggregate unscheduled absence data. A single, total figure is reported.

Figure A4.4 Unscheduled absence and sick leave rates 2009–10 to 2012–13



Source: Agency survey, 2009–10 to 2012–13

While Figure A4.4 shows a relatively consistent trend for the APS as a whole, individual agencies demonstrated substantial variation in changes to their unscheduled absence rates from 2011–12 to 2012–13. Thirty-eight agencies reported a reduction in their total unscheduled absence rates, with these agencies experiencing the greatest reductions:

- Great Barrier Reef Marine Park Authority (decrease of 4.5 days since 2011–12)
- Commonwealth Grants Commission (decrease of 4.1 days)
- Office of the Commonwealth Ombudsman (decrease of 3.3 days)
- Prime Minister and Cabinet (decrease of 3.2 days)
- Fair Work Commission (decrease of 3.1 days).

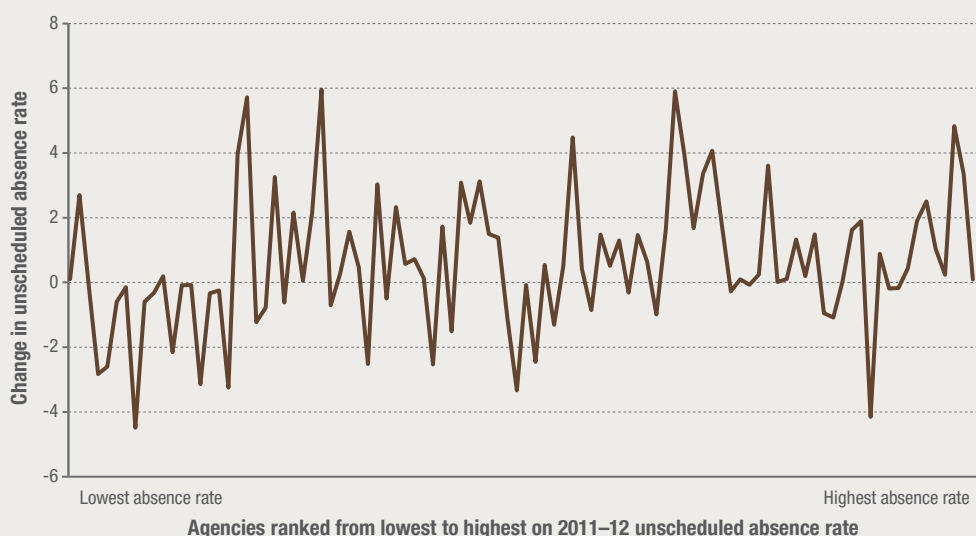
However, 58 agencies reported an increase in unscheduled absence with these agencies experiencing the greatest increases:

- Australian Skills Quality Authority (increase of 6.0 days from 2011–12)
- Torres Strait Regional Authority (increase of 5.9 days)
- Tertiary Education Quality and Standards Agency (increase of 5.7 days)
- Safe Work Australia (increase of 4.8 days)
- Office of Parliamentary Council (increase of 4.5 days).

Each of these is a relatively small agency and the data can be affected by the circumstances of a few people (for example, experiencing chronic illness or injury, including workers compensation).

Whether an agency has shown an increase in unscheduled absence in 2012–13 appears to be largely unrelated to their 2011–12 results. Figure A4.5 shows the change in unscheduled absence rate for agencies when ranked from highest to lowest on 2011–12 results. As can be seen, even agencies with lower levels of unscheduled absence in 2011–12, towards the left side of the graph, showed sizeable increases in unscheduled absence rate. Conversely, agencies that had higher rates of absence in 2011–12, towards the right hand side of the graph, showed relatively small increases or even decreases. These variations appear unrelated to where agencies stood in 2011–12 and can be quite large. This suggests that the explanation for changes in agency absence rates will be specific to that agency.

Figure A4.5 Unscheduled absence variation 2011–12 to 2012–13

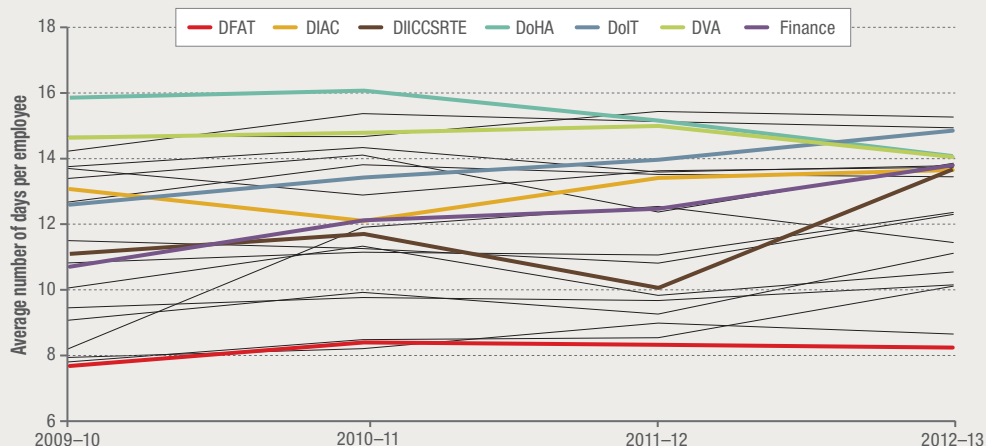


Source: Agency survey, Agency survey 2011–12

Figure A4.6 shows the year-on-year unscheduled absence rates for large agencies.⁶ While total unscheduled absence has decreased (from 8.2 days in 2009–10 to 7.1 days in 2012–13) there is otherwise no discernible pattern across agencies. Some agencies show a consistent increase in unscheduled absence (for example, Finance and Deregulation and Infrastructure and Transport), while others demonstrate less consistent patterns (for example, DIAC, DIICCSRTE, DoHA and DFAT). Other agencies, such as DVA, demonstrated a decrease in unscheduled absence rates this financial year after increasing each year between 2009–10 and 2011–12. Taken together, this data shows that changes in unscheduled absence rates are agency specific, reinforcing the conclusion that the explanation for these changes will also be agency specific.

⁶ Only large agencies are discussed for simplicity of reporting.

Figure A4.6 Large agency unscheduled absence rates, 2009–10 to 2012–13⁷



Source: Agency survey

Further analyses of the unscheduled absence data shows there has been only small changes in the types of leave employees have taken. As Table A4.4 shows, there has been a decrease of 3.7 percentage points in the proportion of unscheduled absence attributed to sick leave since 2009–10. There has also been an increase in carer’s leave of 1.2 percentage points. Although still relatively small, the proportion attributable to compensation leave has also increased by 1.8 percentage points since 2009–10.

Table A4.4 Composition of total unscheduled absence⁸

	Sick (%)	Carer’s (%)	Compensation (%)	Other (%)	Unauthorised (%)
2012–13	72.6	15.1	7.4	4.6	0.4
2011–12	74.7	14.7	6.5	3.7	0.4
2010–11	75.0	15.4	5.9	3.4	0.3
2009–10	76.3	13.9	5.6	3.8	0.4

⁷ Grey lines indicate unscheduled absence trends for ATO, Defence, ABS, AGD, Australian Securities and Investments Commission, AusAID, BOM, Australian Customs and Border Protection Service, DAFF, Education, Employment and Workplace Relations, SEWPaC, FaHCSIA, IP Australia and Treasury.

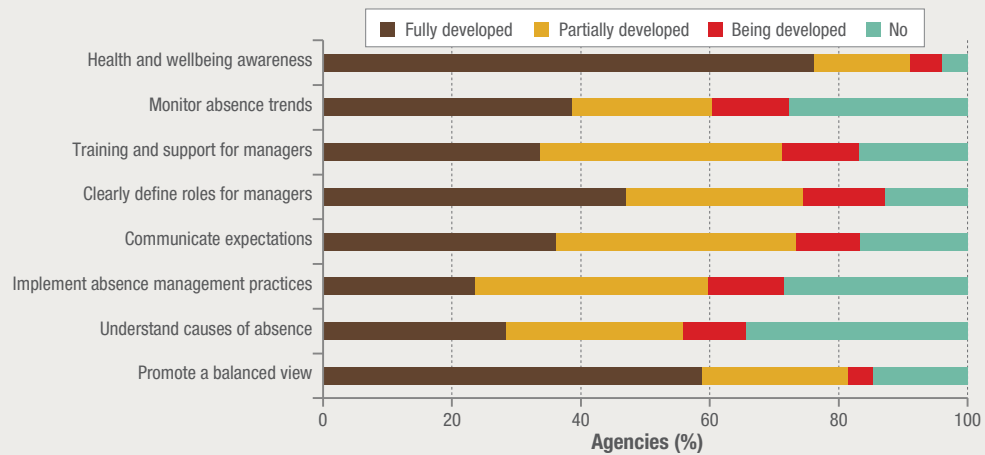
⁸ Data presented here is a proportion of total unscheduled absence for all agencies.

Agency actions

Through the agency survey, agencies were asked to comment on the application of a range of absence management strategies; this data is shown in Figure A4.7 below.

The most widely used strategies were those focussing on raising awareness of health and wellbeing issues that might have an impact on unscheduled absence and promoting a balanced and supportive culture around workplace absence. Those that were least widely used were the implementation of practices to understand the causes of workplace absence (56% of agencies had a strategy covering at least part of their organisation) and, perhaps surprisingly, monitoring of absence trends and building an understanding of the underlying causes of employee absence (60% of agencies had a strategy covering at least part of the organisation).

Figure A4.7 Agency application of absence management strategies



Source: Agency survey

Of the 61 agencies that monitor and report on unscheduled absence rates within their agency as part of an unscheduled leave management strategy, 67% provide this information down to individual team leader. Twenty eight per cent provide it to senior executive level; two agencies make this information available to all employees. For the 33 agencies that reported the frequency with which they provide this data, 45% report absence data monthly, 27% provide absence data on an as required basis, 18% provide this information quarterly and 9% report absence data annually.

While reporting of absence data for the APS as a whole has typically been aggregated, agencies are able, to varying degrees, to disaggregate their absence data. While most agencies did not or could not disaggregate their absence data for reporting within the agency, in 2012–13:

- 37% of agencies had reported absence rates segmented by state or region to internal stakeholders
- 36% had reported absence rates by classification level
- 29% had reported absence rates by the day of the week when the leave was taken
- 24% had reported absence rates by sex of the employee.

As shown in Figure A4.5, changes in unscheduled absence rates appear to be quite specific to individual agencies with no overall pattern noticeable in the data. The same appears true in the relationship between changes in unscheduled absence rate and application of leave management strategies.

The five large agencies⁹ with the greatest increase in unscheduled absence rates were:

- DIICCSRTE—3.6 days
- SEWPaC—1.8 days
- BOM—1.6 days
- FaHCSIA—1.5 days
- ABS—1.5 days.

Table A4.5 shows the leave management strategies these agencies had implemented in all or part of the agency. As can be seen, despite having the largest increase in unscheduled absence, DIICCSRTE had implemented all strategies covered by the agency survey in at least part of their agency. ABS and FaHCSIA were in a similar situation. BOM had implemented most strategies, although their capacity to monitor absence was still in development. SEWPaC had implemented only five of the eight strategies. However, only FaHCSIA and DIICCSRTE had formally evaluated any of their leave management strategies.

Table A4.5 Strategies implemented to manage unscheduled absence by large agencies with the highest increase in unscheduled absence

	ABS	BOM	FaHCSIA	DIICCSRTE	SEWPaC
Promoted a balanced view of workplace absence (i.e. support for genuinely sick or injured employees while deterring any discretionary absence)	✓	✓	✓	✓	✓
Built on an understanding of the underlying causes of workplace absence and the impact of culture, practices and leadership	✓	✓	✓	✓	✓
Implemented the short and longer-term practices needed to address the underlying causes of workplace absence	✓	✓	✓	✓	✗
Communicated agency expectations and approach to managing workplace absence	✓	✓	✓	✓	✗

⁹ Only large agencies are discussed for simplicity of reporting.

	ABS	BOM	FaHCSIA	DIICSRTE	SEWPac
Clearly defined roles and responsibilities for line managers in managing workplace absence	✓	✓	✓	✓	✓
Provided support and training to line managers to build their capability to actively address any problematic absences	✓	✓	✓	✓	✗
Monitored workplace absence, identified trends and highlighted areas for further investigation	✓	Being developed	✓	✓	✓
Raised awareness of health and safety issues and promoted employee wellbeing	✓	✓	✓	✓	✓

✓ Indicates an agency has this strategy in place in all or part of the agency.

✗ Indicates an agency has not implemented this strategy.

Conversely, the five large agencies with the greatest decrease in unscheduled absence were:

- AGD—1.1 days
- DoHA—1.1 days
- DVA—0.9 days
- AusAID—0.3 days
- DAFF—0.2 days.

When compared with agencies that experienced an increase in unscheduled absence, AGD, DVA and DoHA appear to have implemented a similar range of strategies but experienced a decrease in overall unscheduled absence rates (Table A4.6). Furthermore, AusAID and DAFF showed a drop in unscheduled absence rates, although they were still developing several strategies. Of the agencies that experienced a decrease in their unscheduled absence rates, only AGD had formally evaluated their unscheduled absence strategies for effectiveness.

Table A4.6 Strategies implemented to manage unscheduled absence by large agencies with the greatest decrease in unscheduled absence

	AGD	AusAID	DAFF	DoHA	DVA
Promoted a balanced view of workplace absence (i.e. support for genuinely sick or injured employees while deterring any discretionary absence)	✓	✓	✓	✓	✓
Built on an understanding of the underlying causes of workplace absence and the impact of culture, practices and leadership	✓	✓	Being developed	✓	✓
Implemented the short and longer-term practices needed to address the underlying causes of workplace absence	✓	✓	Being developed	✓	✓
Communicated agency expectations and approach to managing workplace absence	✓	Being developed	Being developed	✓	✓
Clearly defined roles and responsibilities for line managers in managing workplace absence	✓	Being developed	Being developed	✓	✓
Provided support and training to line managers to build their capability to actively address any problematic absences	✓	Being developed	Being developed	✓	✓
Monitored workplace absence, identified trends and highlighted areas for further investigation	✓	✓	✓	✓	✓
Raised awareness of health and safety issues and promoted employee wellbeing	✓	✓	✓	✓	✓

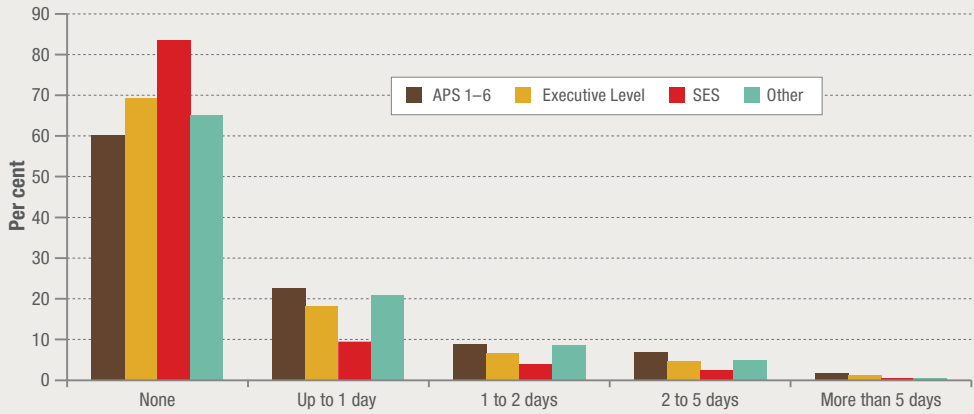
✓ Indicates an agency has this strategy in place in all or part of the agency.

While a comprehensive review of the effectiveness of agency leave-management strategies requires a far more detailed analysis than can be performed here, these results reinforce that agencies are likely subject to a range of factors that may have an impact on their unscheduled absence rates.

Employee characteristics and sick leave use

The 2013 APS employee census asked APS employees how much sick leave they had taken in the two weeks before completing the census. Responses were compared across two employee characteristics: classification level and age group. Figure A4.8 shows that most employees reported they did not take any sick leave in the two weeks before the census. Furthermore, Senior Executive Service (SES) employees were less likely than other employees to have taken sick leave.

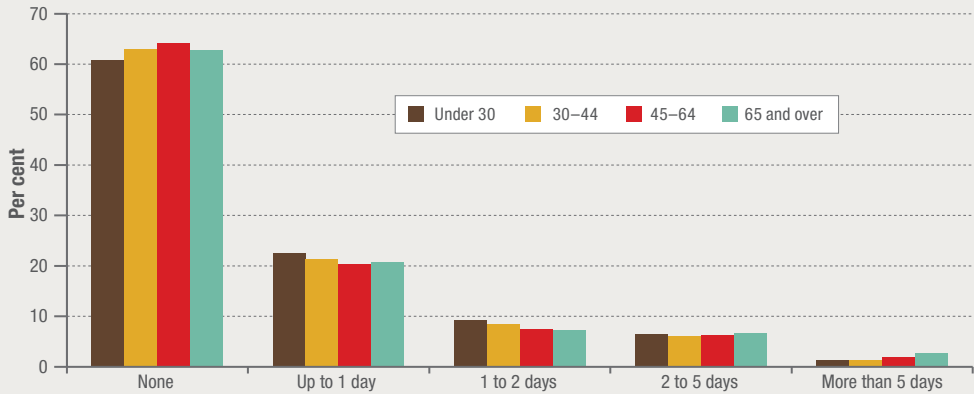
Figure A4.8 Sick leave use by classification



Source: Employee census

As can be seen by Figure A4.9, when this data is examined by age, both older and younger employees were marginally more likely to have taken some sick leave in the preceding two weeks. However, older employees were slightly more likely to have taken more than five days sick leave in the prior two weeks.

Figure A4.9 Sick leave use by age group



Source: Employee census

Similar to last year, there is a small but consistent relationship between employee engagement and use of sick leave. These findings suggest that while there may be a relationship between employee engagement and absence from work, it is not the primary driver of employee use of

sick leave. For all types of engagement, the main element of the relationship between engagement and sick leave use was that employees who took no sick leave in the previous fortnight showed substantially higher levels of engagement than those who took some. Within the group who took some sick leave, irrespective of how much leave they took, there tended to be no substantial difference in engagement levels. Results for both years showed that while engaged employees are less likely to use their sick leave, sick leave use in the APS is not driven by employee engagement. It is more likely driven by issues relating to employee health.

While this demonstrates a potential relationship between the characteristics of the employee and the likelihood they will take sick leave, the differences are not large. The Commission will continue research activities to improve its understanding of this aspect of the APS workforce.



Appendix 5

Asia effective organisational capabilities

In this year's State of the Service agency survey, Australian Public Service (APS) agencies were asked to indicate their current and required¹ positions on a four-level maturity model² for key Asia-related agency capabilities such as leadership knowledge, qualified personnel, supportive agency culture and information sharing networks. These capabilities are critical to preparing the APS to meet the challenges of the future. The following table provides definitions of the four maturity levels for each of the eight key agency capabilities.

¹ The required positions for agency capabilities are the maturity levels necessary to achieve agency goals within the next three years.

² A maturity model is a set of structured levels that describe how well the practices and processes of an agency can reliably and sustainably produce required outcomes. The maturity model presented here is based on the AsiaLink capability approach.

	Basic	Standard practice	Best practice	Next practice
Leadership knowledge	Senior management have some Asia-related skills and knowledge, but not as a business requirement.	Senior management have Asia-related skills and knowledge, but these are not actively developed.	Senior management have well-developed Asia-related skills and are provided the opportunity to enhance their skills.	Senior management have highly-developed Asia-related skills and a strategy is in place for continuous knowledge improvement and sharing.
Leadership behaviours	Senior management deals with the agency's Asian operations on an ad hoc basis.	Senior management engaged in Asian operations, but not as major focus.	Senior management committed to Asian operations with a long term outlook and strategy.	Senior management committed and highly engaged in Asian operations while continuously improving knowledge.
Qualified personnel	Qualified management and employees but without clear understanding of Asia government culture.	Agency has management and employees with 'Asia skills' but these are not drawn upon and developed effectively.	Management and employees are culturally competent and given opportunities to enhance their Asia-related skills.	Management and employees are highly skilled in Asia-related skills and adaptable to working across cultures.
Local partnerships	Agency builds up local presence in Asia from scratch through its Australian employees.	Agency uses networks to engage Asian government partner and puts Australian managers on the ground.	Agency invests in a long term partnership with Asian government and trusts local Asian staff to make decisions.	Management see the value in long term relationship building and that invest in relationships that may not have an immediate outcome.
Supportive agency culture	Employees are not engaged in the agency's Asian operations or do not see their value.	A portion of employees involved in Asian operations understands its value, but without link to overall agency strategy.	Employees as a whole believe in importance of Asia and see Asian work opportunities as valuable experience.	Employees as a whole are highly engaged in agency's Asian operations and actively seek out opportunities to be involved.
Knowledge of local government environment	Management have little to no knowledge of political context in which Asian government operates.	Management are aware of the complexities of the local government environment but unsure of how to navigate, leading to issues with local partner.	Agency works with trusted local partner or intermediary that effectively navigates complex government environment.	Agency builds up network of trusted partners in Asia and knowledge of political and government environment across cultures.
Supportive systems and processes	Agency does not capture experiences or learnings from Asian operations.	Management communicate the issues and learnings from Asian engagement internally but in an ad hoc manner.	Skills and experiences from Asian engagements are embedded in future agency practices.	Management actively seek out ways to improve agency practices and share knowledge and experience internally and externally.

Information sharing networks with agencies and stakeholders engaged in the region	<p>Basic</p> <p>Agency has limited or ad hoc networks with agencies or stakeholders engaged in the region.</p>	<p>Standard practice</p> <p>Employees have personal networks with agencies or stakeholders engaged in the region, but these are not systematised.</p>	<p>Best practice</p> <p>Agency has formalised networks with other agencies or with stakeholders engaged in the region.</p>	<p>Next practice</p> <p>Agency actively builds comprehensive networks at the leadership and working level with other agencies or with stakeholders engaged in the region.</p>
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Appendix 6

Agency capability level definitions

In this year's State of the Service agency survey, Australian Public Service (APS) agencies were asked to indicate their current and required¹ positions on a five-level maturity model² for key agency capabilities such as stakeholder engagement, strategic planning, workforce planning and staff performance management. These capabilities are critical to preparing the APS to meet the challenges of the future. The following table provides definitions of the five maturity levels for each of the agency capabilities.

¹ The required positions are the maturity levels necessary to achieve agency goals within the next three years.

² A maturity model is a set of structured levels that describe how well the practices and processes of an agency can reliably and sustainably produce required outcomes.

	Level 1 Awareness	Level 2 General acceptance	Level 3 Defined	Level 4 Managed	Level 5 Leader/Excellence
Stakeholder engagement	Increasing recognition of the importance of effective stakeholder management to business outcomes.	General acceptance of the importance of stakeholder management to business outcomes, but considerable variance in the organisation's approach due to lack of formal methodologies.	Standard methodologies applied to stakeholder management across the organisation. Tools and databases in place.	As in 3, but with a more centralised, strategic approach to stakeholder management. Tools and data enable strategic analysis of stakeholder issues and performance reporting.	As in 4, but with regular use of lessons learned and feedback loops in place to inform stakeholder engagement strategies. Measurable benefits.
Strategic planning	Increasing recognition of the importance of strategic planning to deliver on business outcomes. Organisation's overall strategy still being developed, including outcomes, benefits and key performance indicators.	Organisation has a clear, achievable and measurable strategy. No process in place to ensure strategy flows through the organisation and aligns with business partners.	Organisation has a clear, coherent and achievable strategy with a single, overarching set of outcomes, aims, objectives and measures of success. While business plans are being developed at different levels of the organisation, no process in place to ensure alignment with the corporate strategy.	As in 3, but with strategy regularly and formally reviewed with input from the Minister(s) and other stakeholders. Strategy is clear about what success looks like and focused on improving the overall quality of life for citizens and benefiting the nation.	As in 4, but the strategy is kept up to date, seizing opportunities when circumstances change. Effective processes in place to ensure strategic alignment with external stakeholders to address crosscutting issues and generate common ownership.
Internal resource allocation	Recognition of the need to manage internal prioritisation and resource allocation.	Acceptance of role of management in allocating internal resources.	Agency has an articulated process for managing internal priorities and resource allocation.	As in 3 but process is built into formal agency planning and processes exist for routine review of internal priorities and resource allocation.	As in 4 but processes exist to allow the agency to reallocate priorities and resources dynamically.
Decision making	Increasing recognition that there are appropriate levels for decision making in the agency.	Staff and executive seek to make decisions appropriate to their level.	A clear governance framework exists within the organisation defining decision making responsibilities.	The governance framework is efficient and enables managers to delegate responsibility for decision making to appropriate levels.	The overall framework for decision making is effective, managers routinely delegate decision making to the appropriate level and relevant information on decisions is communicated back to managers.

	Level 1 Awareness	Level 2 General acceptance	Level 3 Defined	Level 4 Managed	Level 5 Leader/Excellence
Risk management	Increasing recognition of the importance of effective risk management to achieving business outcomes.	Risks identified and documented, but not actively managed. Pockets of good practice attributable to the skills of individuals within the organisation.	A top-down approach to risk identification, focusing on major organisational initiatives. Some level of bottom-up risk identification, but not integrated into an agency wide risk management process.	As with 3, but with risk centrally managed and ownership of risks clearly understood. Risks to the organisation identified and quantified, and response plans developed and funded. Practices in relation to risk escalation clearly defined.	As with 4, but with the organisation's appetite for risk, and the balance of threats and opportunities across its work, continually reviewed and managed. Senior management owns and oversees risk management across the organisation. Timely and effective escalation of risks to the appropriate level.
Change management	Increasing recognition of the importance of effective change management to achieving business outcomes.	While there is general acceptance of the importance of managing change effectively, it continues to be managed in an ad hoc way. Pockets of good practice attributable to the skills of various individuals.	Formal change management tools and practices implemented. Senior management communicates it's clear and defined vision for organisational change. Some training provided to support change processes.	As with 3, but a more centralised, strategic approach to change management has evolved. Changes to the organisation's strategies and business communicated and championed. Formal program and project management applied to the change process.	As with 4, but with the organisation's leadership now leading and managing change effectively, addressing and overcoming resistance when it occurs. Change continually evaluated and fed into further strategy and policy development.
Workforce planning	Increasing recognition of the importance of workforce planning to business outcomes. Low organisational knowledge of, or technical expertise in, workforce planning. Different parts of the agency manage their own staffing requirements.	While there is general acceptance of the importance of workforce planning to business outcomes, there is no systematic approach to workforce planning. Agency has implemented a workforce planning process.	Workforce planning is systematically integrated with business planning across the organisation. Workforce supply and demand assessments undertaken and human resources management strategies identified.	As with 3, but a more centralised, strategic approach to workforce planning and implementation of human resources strategies across the organisation. People with the right skills in place across the organisation to deliver business objectives.	As with 4, but with regular review of workforce plans and strategies in light of changing business priorities. Measurable benefits.

Staff performance management	Level 1 Awareness	Increasing recognition by managers of the importance of performance management to business outcomes.
	Level 2 General acceptance	Agency has set performance management objectives, relevant documentation and guidelines available and formal performance agreements have been developed with staff.
	Level 3 Defined	As with 2, but the performance management system aligns individual and agency goals and priorities. Training and support provided to managers to ensure they have the skills to provide high-quality feedback. Performance assessment aligned with agency goals and based on multiple sources of feedback.
	Level 4 Managed	As with 3, but with employee performance managed transparently and consistently—rewarding good performance and tackling poor performance. Extensive training and mentoring provided, focusing on personal development and performance improvement.
	Level 5 Leader/Excellence	As with 4, but with high levels of confidence among staff that the performance management system is improving their performance. Employee performance management informs the organisation's workforce and strategic planning through a continual cycle of review and evaluation.



Appendix 7

Women in senior leadership

For the first time in 2013, the State of the Service agency survey asked agencies to report on the representation of women in their senior leadership group. Rather than reporting by classification level such as Senior Executive Service (SES) Band 2 or SES Band 3, agencies reported by level of hierarchy:

- agency head
- direct report to agency head (AH -1)
- direct report to those who report directly to the agency head (AH -2)

This reporting format was put in place to reflect the reporting recommendations made by the Male Champions of Change to ASX 200 companies. Australian Charities and Not-for-Profits Commission and the Social Security Appeals Tribunal are not included in this appendix as they are statutory bodies with employees provided by their parent agencies, the Australian Taxation Office and the Department of Families, Housing, Community Services and Indigenous Affairs respectively.

Table A7.1 Representation of women in senior leadership for small agencies, 2013

	Sex of agency head	Number of male AH -1	Number of female AH -1	Number of male AH -2	Number of female AH -2
Administrative Appeals Tribunal	Male	4	1	2	11
Australian Centre for International Agricultural Research	Male	11	3	3	15
Australian Commission for Law Enforcement Integrity	Male	1	1	2	3
Australian Commission on Safety and Quality in Health Care	Female	4	5	7	35
Australian Fisheries Management Authority	Male	2	1	13	3
Australian Human Rights Commission	Female	2	5	5	3
Australian Institute of Aboriginal and Torres Strait Islander Studies	Male	0	1	9	14
Australian Institute of Criminology	Male	3	1	6	6
Australian Institute of Family Studies	Male	1	2	6	8
Australian National Maritime Museum	Male	5	2	11	18
Australian National Preventive Health Agency	Female	1	4	4	6
Australian Office of Financial Management	Male	5	1	6	9
Australian Organ and Tissue Authority	Female	1	2	2	3
Australian Pesticides and Veterinary Medicines Authority	Female	3	2	15	11
Australian Radiation Protection and Nuclear Safety Agency	Male	5	1	13	2
Australian Research Council	Male	1	3	4	9
Australian Skills Quality Authority	Male	2	3	0	0
Australian Transport Safety Bureau	Male	8	2	12	1
Cancer Australia	Female	0	2	2	3
Climate Change Authority	Female	0	3	2	4
Commonwealth Grants Commission	Male	2	1	6	2
CrimTrac	Male	2	1	10	6
Federal Circuit Court of Australia	Male	1	0	0	0
Food Standards Australia New Zealand	Male	3	2	8	10
Future Fund Management Agency	Male	4	3	12	15
Independent Hospital Pricing Authority	Male	2	2	6	15

	Sex of agency head	Number of male AH -1	Number of female AH -1	Number of male AH -2	Number of female AH -2
Museum of Australian Democracy at Old Parliament House	Female	2	0	2	5
National Blood Authority	Male	3	4	5	8
National Capital Authority	Male	3	2	1	3
National Film and Sound Archive of Australia	Male	4	0	7	9
National Health and Medical Research Council	Male	3	0	3	3
National Health Performance Authority	Female	3	4	4	13
National Offshore Petroleum Safety and Environmental Management Authority	Female	5	3	11	14
National Water Commission	Male	2	2	5	4
Office of the Australian Information Commissioner	Male	2	1	0	2
Office of the Commonwealth Ombudsman	Male	1	1	4	4
Office of the Fair Work Building Industry Inspectorate	Male	3	2	5	2
Office of National Assessments	Male	1	1	9	2
Office of Parliamentary Counsel	Male	2	2	7	13
Productivity Commission	Male	1	0	2	2
Royal Australian Mint	Male	5	3	30	18
Safe Work Australia	Male	2	2	3	11
Screen Australia	Female	0	1	1	1
Tertiary Education Quality and Standards Agency	Female	3	2	7	12
Torres Strait Regional Authority	Male	6	1	12	12
Workplace Gender Equality Agency	Female	0	5	0	5

Table A7.2 Representation of women in senior leadership for medium agencies, 2013

	Sex of agency head	Number of male AH -1	Number of female AH -1	Number of male AH -2	Number of female AH -2
Aboriginal Hostels Limited	Female	1	2	1	3
Australian Communications and Media Authority	Male	4	3	11	5
Australian Competition and Consumer Commission	Male	1	0	2	2
Australian Crime Commission	Male	2	1	6	5
Australian Electoral Commission	Male	1	0	9	8
Australian Financial Security Authority	Female	4	0	13	8
Australian Institute of Health and Welfare	Male	3	6	15	23
Australian National Audit Office	Male	1	1	20	7
Australian Public Service Commission	Male	1	2	4	4
Australian Sports Anti-Doping Authority	Female	1	1	4	2
Australian Trade Commission	Male	5	2	14	15
Australian Transaction Reports and Analysis Centre	Male	1	1	5	3
Australian War Memorial	Male	1	2	6	10
Broadband, Communications and the Digital Economy	Male	2	1	6	2
Clean Energy Regulator	Female	5	0	7	5
Comcare	Male	0	2	3	4
ComSuper	Female	5	5	21	31
Defence Housing Australia	Male	1	2	16	9
Family Court of Australia	Male	2	2	2	2
Federal Court of Australia	Male	7	5	0	0
Fair Work Commission	Female	2	2	6	16
Geoscience Australia	Male	6	0	16	9
Great Barrier Reef Marine Park Authority	Male	2	1	11	6
Migration Review Tribunal - Refugee Review Tribunal	Female	1	0	1	1
Murray-Darling Basin Authority	Female	4	1	4	3
National Archives of Australia	Male	1	4	7	15
National Library of Australia	Female	2	4	12	23
National Museum of Australia	Male	2	3	7	15
Office of the Commonwealth Director of Public Prosecutions	Male	7	1	13	14
Office of the Fair Work Ombudsman	Male	5	2	8	8
Prime Minister and Cabinet	Male	2	6	6	10

	Sex of agency head	Number of male AH -1	Number of female AH -1	Number of male AH -2	Number of female AH -2
Regional Australia, Local Government, Arts and Sport	Female	1	1	3	2
Resources, Energy and Tourism	Male	2	0	5	3

Table A7.3 Representation of women in senior leadership for large agencies, 2013

	Sex of agency head	Number of male AH -1	Number of female AH -1	Number of male AH -2	Number of female AH -2
Agriculture, Fisheries and Forestry	Male	2	1	14	7
Attorney-General's Department	Male	2	1	6	11
Australian Agency for International Development	Male	6	0	8	4
Australian Bureau of Statistics	Male	5	0	14	7
Australian Customs and Border Protection Service	Male	2	2	6	7
Australian Securities and Investments Commission	Male	7	3	26	16
Australian Taxation Office	Male	3	0	23	10
Bureau of Meteorology	Male	3	1	12	3
Defence	Male	10	1	24	7
Education, Employment and Workplace Relations	Female	4	2	10	27
Families, Housing, Community Services and Indigenous Affairs	Male	2	3	16	17
Finance and Deregulation	Male	1	4	17	2
Foreign Affairs and Trade	Male	9	3	40	10
Health and Ageing	Female	9	1	16	29
Human Services	Female	7	2	15	21
Immigration and Citizenship	Male	4	2	12	12
Industry, Innovation, Climate Change, Science, Research and Tertiary Education	Male	2	2	15	7
Infrastructure and Transport	Male	2	1	26	12
IP Australia	Male	3	4	17	19
Sustainability, Environment, Water, Population and Communities	Male	3	2	8	5
Treasury	Male	6	4	33	21
Veterans' Affairs	Male	10	5	11	8



Glossary

2013 agency survey	The State of the Service agency survey, conducted from June to July 2013, collected functional data and workforce metrics from APS agencies with more than 20 APS employees.
2013 employee census	The APS employee census conducted in May and June 2013, collected information on attitudes and opinions of APS employees for the State of the Service report.
ABS	Australian Bureau of Statistics
ACBPS	Australian Customs and Border Protection Service
ACT	Australian Capital Territory
AEC	Australian Electoral Commission
AFSA	Australian Financial Security Authority (previously known as Insolvency and Trustee Service Australia)
AGD	Attorney-General's Department
APS	Australian Public Service
APSC	Australian Public Service Commission
APSII	Australian Public Sector Innovation Indicators
APSED	Australian Public Service Employment Database
APS Reform Blueprint	<i>Ahead of the Game: Blueprint for the Reform of Australian Government Administration</i>
ASGS	Australian Statistical Geography Standard
ATO	Australian Taxation Office
AusAID	Australian Agency for International Development
BOM	Bureau of Meteorology
CAC Act	<i>Commonwealth Authorities and Companies Act 1997</i>
CEO	Chief Executive Officer

COAG	Council of Australian Governments
Code	APS Code of Conduct (Section 13 of the <i>Public Service Act 1999</i>)
Commission	Australian Public Service Commission
Commissioner	Australian Public Service Commissioner
DAFF	Department of Agriculture, Fisheries and Forestry
DEEWR	Department of Education, Employment and Workplace Relations
Defence	Department of Defence
DesignGov	Australian Centre for Excellence in Public Sector Design
DFAT	Department of Foreign Affairs and Trade
DHS	Department of Human Services
DIAC	Department of Immigration and Citizenship
DIICCSRTE	Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education
DoIT	Department of Infrastructure and Transport
DoHA	Department of Health and Ageing
DVA	Department of Veterans' Affairs
EAS	Ethics Advisory Service
EL	Executive Level
Engagement	An engagement refers to the engagement or re-engagement of staff under Section 22 of the Public Service Act. Employees of agencies moving into coverage of the Public Service Act are counted as engagements.
ERM	Enterprise Risk Management
FaHCSIA	Department of Families, Housing, Community Services and Indigenous Affairs
Finance	Department of Finance and Deregulation
FTE	Full-time equivalent
GCCSA	Greater Capital Cities Statistical Areas are geographical areas designed by the ABS to represent the functional extent of each of the eight state and territory capital cities.
HILDA	Household, Income and Labour Dynamics in Australia (survey)
HR	Human resources

ICT	Information and communications technology
IT	Information technology
MAC	Management Advisory Committee
Median	A measure of central tendency, found by arranging values in order and then selecting the one in the middle.
NAIDOC	National Aborigines and Islanders Day Observance Committee
Non-ongoing	Non-ongoing employment is a generic term which refers to the engagement of APS employees for either a specified term or for the duration of a specified task or for duties that are irregular or intermittent as mentioned in Sections 22(2)(b) and (c) of the Public Service Act.
NSW	New South Wales
NT	Northern Territory
Ongoing	Ongoing employment refers to the employment of an APS employee as an ongoing employee as mentioned in Section 22(2) (a) of the Public Service Act.
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
PID Act	<i>Public Interest Disclosure Act 2013</i>
Public Service Act	<i>Public Service Act 1999</i>
QLD	Queensland
Regulations	Public Service Regulations 1999
SA	South Australia
Separation	A separation occurs when an employee ceases to be employed under the Public Service Act. It does not refer to employees moving from one APS agency to another.
SES	Senior Executive Service
SEWPaC	Department of Sustainability, Environment, Water, Population and Communities
Tas	Tasmania
Vic	Victoria
WA	Western Australia
White Paper	<i>Australia in the Asian Century White Paper</i>



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