



MANAGING AND SUSTAINING
THE APS WORKFORCE

PAYING PARTICULAR ATTENTION TO GRADUATE
RECRUITMENT AND CAREER DEVELOPMENT

MANAGEMENT
ADVISORY
COMMITTEE

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ISBN 0 9757584 6 2

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PREFACE

The Australian Public Service (APS) faces a big challenge in continuing to attract, retain and develop the people it needs.

As for other employers, a tighter labour market is in prospect, a factor of wider demographic shifts and the ageing of the population. In the APS we are already experiencing shortages for some skills and will face increasing competition for others. We need to be well positioned to succeed in the 'war for talent'.

This report sets out the issues. Importantly it suggests a range of actions that will help public service agencies to respond.

The APS has seen massive change over recent decades. Responsibility for the management of agencies has been devolved. There is far greater contestability in the development of public policy and delivery of government services. Productivity has risen significantly.

The APS workforce is also undergoing enormous change. The great majority of its recruits now have tertiary qualifications. Top graduates are attracted by the demands of contributing to the development of complex public policy. They pursue a greater diversity of career patterns and working arrangements. They have different attitudes and expectations. They demand jobs that interest them. I sense that they have an increasing readiness and capacity to “vote with their feet” if their work experience does not measure up to their expectations.

In the future it is more likely that people will move in and out of the public service. We are already seeing a growth of new entrants with experience of other sectors. We need to promote mobility within the service. One of the great attributes of the APS is that it provides opportunity for public servants who want to try their hands at different things to have a wide range of work experiences. Equally important, mobility creates the sense of a single public service that can help to underpin whole of government approaches.

The challenges we face have major implications for how agencies can best recruit, develop and manage people and the cultures and working environments that they provide.

The major reforms already brought to the APS mean that we are well placed to respond positively. Devolution of employment powers to agencies has provided much needed flexibility and responsiveness. The opening of previously closed recruitment processes to outsiders and merit-based competition for all vacancies means we are increasingly attracting highly skilled recruits from outside the service. The agency based approach to collective agreement making and the increased use of individual workplace agreements is allowing a more tailored approach to remuneration and working conditions.

Yet, the scale of the issues means that concerted action by all APS agencies, both individually and collectively, is essential. Otherwise we will not be able to retain the skills we need to deliver the high quality policy, programmes and services that a government expects of a professional public service. Nor will we meet the expectations of the Australian community.

Recognising the need for action, the Management Advisory Committee commissioned this report. It identifies specific actions for agencies to adopt on an APS-wide basis. The report highlights the urgent need for systematic workforce and succession planning processes. It requires examination of employment arrangements, recruitment processes, training and career development, and strategies for identifying and developing future APS leaders.

The leadership group of the APS is strongly committed to these reform strategies. Through the Management Advisory Committee we will monitor progress with the implementation. Together we recognise that concerted action is required to ensure that the APS is well placed to meet the challenges of attracting, managing and sustaining its workforce in the years ahead.

A handwritten signature in black ink, appearing to read 'Peter Shergold', with a horizontal line underneath.

Dr Peter Shergold AM

EXECUTIVE SUMMARY

The Australian Public Service (APS) faces a challenge in attracting and retaining skilled and talented staff in an employment environment very different to that of the past. In this new environment, agencies will need to adopt strategic and dynamic approaches to managing and sustaining the APS workforce, taking account of its increasingly diverse career paths and aspirations.

The APS workforce and employment environment has changed dramatically over the past 20 years, due to structural changes to the Australian economy, society and labour market as well as to a series of reform processes which have devolved previously centralised employment powers to individual APS agencies.

Current APS employment arrangements provide agencies with unprecedented levels of autonomy over how many and which employees they recruit, and over how they classify and remunerate them. This has provided agencies with the flexibility they need to respond to their specific business requirements, the needs and aspirations of their employees, and the differing labour markets from which they recruit.

While these arrangements are generally working well at present, the broader environment in which the APS recruits and manages its workforce is continuing to change. A tighter labour market is in prospect, with a diminishing supply of younger workers projected to enter the labour market in the next few decades. This tightening is already affecting the APS in important specialist areas, such as accountancy.

The existing APS labour force is both ageing—as the baby boomers move towards retirement—and becoming increasingly diverse in its career patterns and working arrangements. The younger people coming into the APS—the so-called generations X and Y—are displaying a greater interest in career mobility than their predecessors.

The APS will need to be well positioned to respond to these challenges and to continue to recruit and maintain a workforce that can deliver high quality advice to government and effective services to all Australians.

APS WORKFORCE NEEDS INTO THE FUTURE

Connecting Government: Whole of Government Responses to Australia's Priority Challenges found that, in order to meet the challenges of the 21st century, APS employees at all levels and in all agencies will need to be multiskilled, flexible and intellectually agile, and be able to operate effectively in the information age.¹

Since the 1970s, there has been a declining role in the APS for tradespeople and unskilled or low-skilled employees. The functions they traditionally performed have been contracted out, corporatised, transferred to states and territories or—with support from information and communications technology (ICT)—integrated into the work of other clerical and administrative employees.

¹ Management Advisory Committee 2004, *Connecting Government: Whole of Government Responses to Australia's Priority Challenges*, Commonwealth of Australia, Canberra.

These changes have led to:

- the disappearance of the lowest classification levels (APS 1–2) in a growing number of agencies, with most new staff now being recruited at the APS 3–4 levels and being able to expect to rise higher during their careers
- a growing proportion of APS staff who hold tertiary qualifications (a bachelor’s degree or above)—approaching 50% of all staff, and over 60% of new recruits
- APS employment becoming more concentrated in agency head offices in Canberra
- a tendency for agencies dealing with broad economic or societal sectors (for example, health, community services, education, industry) to directly recruit experienced middle to higher level employees from outside the APS.

The APS of 2005 features four broad areas of work, namely:

- **Service delivery:** employees largely in the APS 3–6 range, mainly located outside Canberra in the regional networks of agencies such as Centrelink and the Australian Taxation Office (ATO), who work on a broad range of tasks related to the direct or indirect delivery of services to the public, including case and contract management, regulatory decision-making, and investigation and enforcement activities.
- **Programme design and policy advice:** employees typically in the range APS 5 to Executive Level (EL) 2, mainly located in Canberra, who are engaged in policy advising, programme design, leading implementation processes, stakeholder management, and high-level decision-making in relation to contract management, regulation and enforcement.
- **Corporate support:** employees who are engaged in traditional corporate service activities such as ICT, human resources, records management, accounts processing, and ministerial and parliamentary processes.
- **Technical:** employees making use of specific qualifications obtained in the tertiary education sector and/or through their employment, for example, doctors, lawyers, journalists, accountants, scientists, engineers, librarians and economists (such employees can be found in almost every APS agency, and predominate in many of the more technically-focused and/or regulatory agencies).

All these types of work increasingly require employees with communications, problem-solving and ICT skills commensurate with those of the average tertiary graduate. This multiskilled APS workforce will continue to need to be supplemented by staff with specialist skills and qualifications.

Key workforce trends

Internal and externally driven change processes in the APS since the 1980s have produced:

- higher entry levels and streamlined classification structures, with staff now typically commencing in the APS at the APS 3–4 levels or higher and advancing fairly rapidly to higher levels
- an ageing APS workforce, as the baby boomers who were recruited in the 1970s and 1980s move into the 45 to 54 age range, as well as through the increasing direct recruitment into the APS of older, experienced workers, now that the barriers to outsiders applying for APS positions have been completely removed
- an increasingly female workforce, with the proportion of women in the APS now at 53% and rising
- rising levels of Indigenous employment until the mid-1990s, which are now proving difficult to sustain or increase
- a sustained decline in the level of employment of people with disabilities
- falling rates of interagency mobility, with staff currently reaching the executive levels or joining the Senior Executive Service (SES) being far less likely than preceding cohorts to have worked in more than one APS agency
- more employees seeking to achieve a work–life balance, by accessing part-time work, leave purchase schemes ('48/52'), and more generous maternity and paternity leave arrangements
- continuing strong use of graduate programmes, which still flourish in a large number of APS agencies, despite the growing numbers of all recruits holding tertiary qualifications.

These change processes have emerged in the context of an Australian labour market which has grown significantly on both the supply and demand sides in recent years, but which is projected to tighten over the next two decades, with a significant reduction in the rate of new labour force entrants, particularly school leavers and younger graduates.

EXPECTATIONS AND CAREER PREFERENCES OF THE FUTURE APS WORKFORCE

The traditional concept of an APS career as a long-term and steady advancement up a hierarchy of classifications is being overtaken by a growing diversity of career patterns and expectations among APS employees.

Younger workers pursuing portfolio careers: According to some researchers, workers from Generation Y expect rapid career advancement and substantial personal development or will not hesitate to switch employers. Employees who seek to develop a flexible set of skills and to make several changes of career direction during their working lives are often said to be pursuing a 'portfolio career'.

Focus group research suggests that younger APS employees are interested in pursuing a portfolio career featuring stints both inside and outside the APS. The removal of restrictions on outsiders applying for any APS vacancy, and the recent changes to superannuation arrangements, mean these younger APS employees will face few disincentives to the pursuit of such career paths.

Experienced and skilled recruits: Employees from other sectors are increasingly attracted to the APS by expectations of job security, superannuation, opportunities for learning and development, and conditions promoting a work–life balance. As the population ages and the labour market tightens, these recruits are likely to continue to grow in prominence among the APS workforce.

Career stabilisers: Another growing group of APS workers are content to remain at the one level (for instance, EL 1 in Canberra, APS 4–6 outside Canberra) for a prolonged period while raising a family or pursuing other interests, often accessing conditions promoting a work–life balance.

Semi-retirees: Workers in their 50s or older who are looking for reduced hours of work and/or levels of responsibility, and would therefore be suited to more flexible arrangements for employment of non-ongoing staff.

Employees with limited opportunities to advance: Staff employed, for example, in regional service delivery networks and small agencies, who feel they have insufficient opportunities for advancement or mobility. In the past these staff could look to advance steadily up a finely graded hierarchy of levels. They now advance somewhat more rapidly to a point in the APS 4–6 range beyond which they may have few prospects of advancing in the near future.

IMPLICATIONS FOR FUTURE APS CAREER PATTERNS AND DEVELOPMENT

The growing diversity of career paths among the APS workforce is raising challenges in a number of key areas.

Staff mobility and leadership development: Agencies will need to develop strategies to facilitate greater mobility and diversity of career experience, particularly among staff with limited opportunities to advance, and potential future leaders, who will be needed to replace the 70% of current SES staff and 55% of current EL 2s who are aged 45 or over.

The declining rate of interagency mobility among potential APS leaders risks creating a new generation of middle and senior managers who lack the breadth and depth of experience in management, policy development and whole of government processes they will need to address the challenges identified in *Connecting Government*.

Agencies may also need to look increasingly to send a clear message to some of their staff about their relatively limited prospects for career advancement from the positions in which they are working. A sound strategy might be for agencies to focus on filling these positions with staff such as the career stabilisers and semi-retirees, who have few ambitions to advance beyond their current levels.

Base level recruitment: Apart from some specialist areas, APS agencies are currently experiencing few difficulties in attracting sufficient quality recruits to fill vacancies, and these new recruits are increasingly likely to possess tertiary qualifications.

If the tightening of the labour market leads to a drying up of the supply of younger employees and experienced recruits from other sectors, agencies may need to consider introducing strategies for attracting, recruiting and educating school leavers and other younger and/or less experienced staff to address emerging skills shortages. Such strategies may also help agencies to maintain or increase their numbers of Indigenous employees and reverse the decline in the employment of people with disabilities.

Graduates: Even though graduate entry programmes have long since ceased to be the main mechanisms for recruiting staff with tertiary qualifications, there are many sound reasons for retaining them, particularly in enlivening the talent pool available to move into the executive levels.

However, it will be important for agencies to extend some of the key learning and development opportunities currently offered to graduate programme participants to other new starters in the APS, to ensure they are adequately skilled in whole of government processes.

The advent of the portfolio career and the rising competition among employers for a diminishing pool of quality recruits will make it critically important for the APS to develop effective strategies for attracting and retaining graduates. The variety of opportunities available within the APS should be emphasised to younger employees, showing them that they can achieve the diversity of skills and experiences they seek in a portfolio career within the APS. For those who choose to leave the APS for a part of their careers, agencies will need to develop flexible career pathways which will encourage them to return to the APS, bringing the benefits of their new skills and broader life experiences.

STRATEGIES FOR ATTRACTING, RETAINING, MANAGING AND DEVELOPING GRADUATES AND OTHER SKILLED STAFF INTO THE FUTURE

To address the challenges identified in the above analysis, all APS agencies will need to adopt a range of strategic responses, including:

- systematic workforce planning to identify emerging issues and challenges in relation to the recruitment, development, advancement and succession of their employees
- effective processes for attracting and recruiting new staff, including new entrants to the labour force and experienced employees from other sectors
- smarter approaches to graduate recruitment and development, including using the flexibilities available through agreement-making—particularly Australian Workplace Agreements (AWAs)—to attract and retain graduates
- learning and development opportunities to ensure new APS employees have the required skills and capabilities

- promotion of opportunities for mobility and exchange for those employees who need them
- strategies to ensure the increasingly diverse current and longer-term career needs of the APS workforce are met
- investing in identifying and developing the future leaders of the APS, including ensuring they have the breadth and depth of experience to provide leadership in a whole of government context.

Individual APS agencies have the capacity to develop responses to many of these challenges. Some will be addressed more effectively if individual agency strategies can be supported by concerted and coordinated APS-wide action.

APS agencies will therefore review their approaches to managing and sustaining their workforces in the light of the findings of this report. They will also look to adopt the following measures:

Workforce planning

- All APS agencies will continue to work to establish processes for systematic workforce planning.
- The Australian Public Service Commission, in consultation with agencies, will develop and promulgate advice on best practice.
- Agencies will report back to the Management Advisory Committee (MAC) on their progress and key issues emerging from this work.
- Agencies will give a high priority to taking the results of their workforce planning into account in policy and programme development, particularly in relation to any specific skills requirements needed to implement new government initiatives.
- Agencies will also pay special attention to trends in the employment of Indigenous people and people with disabilities, and to identifying and, where required, addressing the underlying causes of those trends.
- The Department of Finance and Administration, through the Australian Government Information Management Office (AGIMO), will lead a working group to report to MAC's Information Management Steering Committee which will:
 - catalogue existing agency e-recruitment systems and projects
 - identify best practice approaches
 - develop and promote adoption of data and connectivity standards
 - address relevant privacy and data security issues
 - identify and assess risks in relation to timeframe and cost
 - explore the potential business benefits arising from online sharing of recruitment data among APS agencies.

ATTRACTING AND RECRUITING EMPLOYEES TO THE APS

- All APS agencies will identify and adopt strategies for making their recruitment processes more accessible and attractive to potential recruits.
- The Australian Public Service Commission will develop a short guide to APS selection processes that can be distributed to all applicants.
- A working group of agencies—guided by advice from the Australian Public Service Commission on legislative requirements and better practice—will be formed to develop guidelines for streamlined recruitment processes.
- The Australian Public Service Commission will redevelop the online Gazette into an APS employment and recruitment portal. APS agencies will cooperate in this process by linking all advertising of vacancies on their web sites and linking these to the portal in a consistent format that will provide complete and coherent information to applicants, and facilitate provision of interactive services such as email alerts.
- The APS will become more active in marketing the range of employment and learning opportunities available within an APS career. As a first step, all APS online or newspaper job advertisements, and all selection documentation, will feature a message emphasising the benefits of a broad career in the APS.
- All APS agencies will explore base level recruitment pathways such as apprenticeships, traineeships and/or other recruitment strategies targeted at potential employees without post-school qualifications, including examining how these may help build greater workforce diversity through employment of more Indigenous people and people with disabilities.

RECRUITING AND RETAINING EMPLOYEES WITH SPECIALIST SKILLS IN HIGH DEMAND

- The Department of Finance and Administration, working with the Australian National Audit Office (ANAO) and relevant professional associations, will take a leadership role in establishing an APS Community of Accountants.
- The Department of Finance and Administration, through AGIMO, and working with existing interdepartmental processes and relevant professional associations, will take a leadership role in establishing an ICT Professional and Skills Development Group.
- The Australian Bureau of Statistics (ABS) will take a leadership role in establishing an APS Community of Statisticians.
- On the basis of evaluation of the progress of the three proposed professional groups, consideration will be given at a future stage to establishing communities for other professions such as economists and scientists.
- Interested agencies will collaborate, under the leadership of the Australian Public Service Commission, to develop an Accountancy Recruitment Initiative to be implemented in 2006 and, if successful, annually thereafter.

SMARTER APPROACHES TO GRADUATE RECRUITMENT AND DEVELOPMENT

- APS agencies will review the effectiveness of their current graduate programmes in terms of their remuneration and advancement arrangements, structure and other key characteristics, including the extent to which other suitably qualified new recruits have access to learning and development opportunities and other programme features. Agencies may also wish to consider how more strategic use of agreement making, and in particular AWAs, may help them recruit and retain graduates.
- APS agencies will review their current graduate programme intake levels, making use of best practice approaches to workforce planning.
- APS agencies will maintain contact with better quality unsuccessful applicants for graduate programmes and will encourage them to apply for suitable future vacancies at the APS 3–4 levels.
- The Australian Public Service Commission, agencies and the leaders of professional communities will collaborate in engaging with tertiary institutions about public policy programmes and other disciplines relevant to the APS with the aim of lifting their quality, profile and status.

ENSURING ALL NEW EMPLOYEES HAVE THE NECESSARY SKILLS AND KNOWLEDGE TO WORK EFFECTIVELY IN THE APS ENVIRONMENT

- APS agencies will act to ensure all new starters are given the induction and orientation in the Australian Government and APS processes which they will need in order to perform effectively in their positions.
- The Australian Public Service Commission, assisted by other key central agencies, will lead development of APS-wide online and other learning materials which agencies can draw upon to build their own induction and orientation programmes.
- The Australian Public Service Commission will offer short APS-wide induction courses in capital cities and other locations as required.

Interagency mobility

- Portfolio secretaries and agency heads, in consultation with the Australian Public Service Commissioner, will undertake systematic career planning discussions with SES Bands 2 and 3 employees and arrange mobility opportunities where these are deemed appropriate.
- Agencies will include consideration of their employees' need for, and opportunities to pursue, mobility as part of their regular performance management processes.
- The new APS employment portal will include a facility for APS and external organisations to advertise rotation and mobility opportunities, and for employees to express interest in accessing such opportunities.

Responding to the employment needs and career aspirations of the changing APS workforce

- Options for agency heads to be given greater flexibility to engage non-ongoing staff will be considered in the Australian Public Service Commissioner's current review of the *Public Service Act 1999*.
- APS agencies will review the classification structures they use to ensure they match required skill and capability profiles.
- All APS agencies will develop mature workforce strategies and report back to MAC on progress.
- The new APS employment portal will feature an online registration channel for former APS and other mature employees interested in accessing APS employment.
- APS agencies will ensure their performance management and feedback processes address employees' longer-term career development needs.
- The APS Employment and Capability Strategy for Aboriginal and Torres Strait Islanders will develop initiatives that seek to provide positive employment outcomes in the APS for Indigenous people, while supporting the business and workforce needs of agencies.
- All APS and Australian Government agencies will review their strategies for attracting, recruiting and retaining people with disabilities.

Investing in identifying and developing future leaders

- All APS agencies will devise systematic approaches to developing potential future leaders, including making use of the emerging APS-wide menu of career development options.

The MAC will issue a statement on the need for a greater APS-wide focus on leadership capabilities and development to ensure that the 70% of SES and 55% of EL 2s aged over 45 can be adequately replaced over the next five to 10 years.

1. INTRODUCTION

The Australian Public Service (APS) faces a challenge in attracting and retaining skilled and talented staff in an employment environment very different to that of the past. While APS agencies now have much greater flexibility in developing their workforce strategies, they are also required to operate in an Australian labour market which is becoming ever more competitive. Public sector agencies find themselves struggling to match the remuneration pathways and other rewards that other employers are able to offer to the shrinking cohort of new skilled entrants to the labour force, who display a growing preparedness to switch employers and career paths to suit their needs and aspirations.

In this environment, APS agencies will need to adopt strategic and dynamic approaches to managing and sustaining the APS workforce, taking account not only of the younger workers from generations X and Y, but of the increasingly diverse career paths and aspirations among all employees.

More than half the current agency heads and SES officers commenced their APS careers over 20 years ago when the APS workforce and structure displayed the following key characteristics:

- Career staff typically entered at the bottom of the APS hierarchy and were protected against outside competition as they advanced through that hierarchy.

The majority of staff joined the APS soon after leaving secondary school and had an expectation of remaining until retirement age, steadily rising to a level in the hierarchy appropriate to their talents and achievements. A complex web of rules, entitlements and other barriers largely protected these career staff against competition from non-APS applicants for positions above the base entry level.

- Pay and conditions were centrally negotiated and determined.

Centrally negotiated and/or arbitrated industrial awards governed remuneration arrangements for all classification levels across all APS agencies.

- Job classification structures were centrally controlled by the then Public Service Board.

Staff ceilings and other centrally imposed rules around creation of new positions greatly restricted the decision-making powers of APS agency heads and line managers over the ways in which organisational units were designed and staffed.

- Many services now outsourced or corporatised were delivered by permanent APS employees, including construction, manufacturing, labouring, transportation and medical services.
- The graduate entry programme was a major avenue in most agencies for recruiting staff with tertiary qualifications.
- Few employees, other than typists and ICT specialist staff, had access to computers.

- The majority of employees² were baby boomers. Well over half of the employees in 1984 were born between 1950 and 1964, and were then between 20 and 34 years of age.

Today, only one of these characteristics remains: around half of the APS workforce continues to comprise baby boomers born between 1950 and 1964. However, these baby boomers are now between 40 and 54 years of age and are beginning to think more about their retirement plans than about their future career paths.

All the other features listed have been swept away since the mid-1980s by the combined impact of:

- structural changes in the Australian economy, society and labour market including work redesign, advances in ICT and, specifically in the APS, the corporatisation or outsourcing of many traditional areas of APS activity
- a series of reforms specific to the APS, culminating in the *Public Service Act 1999*, which have devolved most controls over recruitment, advancement, separation and remuneration to individual agency heads.

Today, agencies, working within the constraints of their budget allocations and the current agency bargaining framework, have much greater control over how many and which employees they recruit, and over how they classify and remunerate them.

Although the impacts of these changes on the APS are still being worked through, key new elements in the structure and characteristics of the APS workforce are beginning to emerge, namely:

- streamlining and contracting of classification structures, with staff now typically commencing at the APS 3–4 levels or higher and fairly rapidly advancing to higher levels
- a major reduction in opportunities for low-skilled employment, due to factors such as computerisation and a gradual redefining of the role of the APS in which many internal and external service delivery functions have been corporatised or outsourced
- increased direct recruitment to the APS of experienced workers from other sectors, now that the barriers to outsiders applying for APS positions have been removed
- a ‘graduate’ workforce, with APS staff at all levels being increasingly likely to hold tertiary qualifications, regardless of whether they are recruited through graduate entry programmes or general recruitment processes
- an increasingly female workforce, with the proportion of women in the ongoing APS workforce now at 53% and rising
- a growing diversity of career patterns, due to trends such as the greater recruitment of experienced staff from outside the APS, and the rising numbers of staff accessing conditions of service promoting a greater work–life balance

² Unless otherwise stated, statistical information about ‘employees’ provided throughout this report means ‘ongoing’ employees and excludes ‘non-ongoing’ (that is, temporary) APS employees.

- falling rates of interagency mobility, with staff reaching the executive levels or joining the SES now being far less likely than preceding cohorts to have worked in more than one APS agency.

The APS employment environment is also becoming affected by a number of external factors, including:

- a projected tightening in the supply of younger workers entering the Australian labour force
- growing career mobility among generations X and Y (that is, those born after 1964 and 1979, respectively)
- a tightening of the supply of labour in some specialist areas of significant importance to APS agencies (for example, accountancy, economics, statistics, science and contract management).

The following chapters examine how these internal and external factors are reshaping the employment environment and workforce requirements of the APS in the 21st century.

The analysis presented in Chapters 2 to 5 expands on the 2003 MAC report *Organisational Renewal*, which analysed in detail the emerging recruitment, retention and succession issues arising from an ageing APS, and concluded that agencies needed to address these issues through systematic workforce planning.³

Chapter 6 presents strategies that agencies will be able to adopt individually and collaboratively to manage and sustain an APS workforce with a growing diversity of career patterns, and learning and development needs.

The report features the following key recurring themes:

[The projected tightening of the Australian labour market over the next two to three decades](#)

- Studies by the Treasury and others project a forthcoming sustained decline in the numbers of younger people entering the Australian labour force each year. As a result, the APS may need to:
 - develop effective strategies for attracting and retaining skilled younger workers
 - draw more heavily on employees from the oldest cohort of working age people (55 and above)
 - consider revamping entry level and job design arrangements to facilitate recruitment of less skilled employees.

³ Management Advisory Committee 2003, *Organisational Renewal*, Commonwealth of Australia, Canberra.

The future role of graduate programmes

- The 2004 MAC report, *Connecting Government*, found that tertiary graduates are particularly likely to possess the attitudes and skills that will attract them to, and suit them for, the collaborative whole of government approach increasingly required from the APS workforce in the 21st century.⁴
- The APS is increasingly a ‘graduate’ workforce with most new entrants now holding tertiary qualifications and graduate programmes remaining strong in most agencies, even though (as Chapter 3 will show) the graduates they recruit and develop through these programmes do not appear to advance in their careers at any faster rate than staff recruited through other channels. It is therefore timely to reassess the goals and characteristics of graduate programmes.

A growing people management challenge

- This arises from the growing diversity of career paths pursued by the APS workforce, particularly in relation to younger workers who may be less committed to pursuing a lifelong career in the APS than employees from previous generations.

The need for a concerted focus on leadership development

- The APS is preparing to replace the 55% of EL 2s and the 70% of SES who are now aged 45 years or over. The declining proportion of staff reaching leadership levels who have worked in more than one APS agency raises concerns about the breadth and depth of experience in Australian Government processes among the feeder group of potential future APS leaders.

While the following analysis focuses largely on broad APS-wide workforce trends, it is important to note that there are significant differences between and within agencies in terms of their business requirements, the composition, behaviour and career aspirations of their workforces, and the nature of the labour markets in which they recruit.

The APS operates in a range of diverse labour markets, including:

- the unique labour market of Canberra, where the APS is by far the largest employer, drawing on a labour force which features a very high concentration of tertiary-educated people
- the larger and generally more competitive labour markets of the major state capitals
- rural and remote areas
- professional fields such as accountancy, where the APS can struggle to compete against other employers to attract quality recruits, particularly for positions located in Canberra

⁴ Management Advisory Committee 2004, *Connecting Government: Whole of Government Responses to Australia's Priority Challenges*, Commonwealth of Australia, Canberra, pp. 53–4 and Chapter 2 of this report.

- other areas of special expertise such as meteorology, agricultural economics, human rights law, international trade negotiations and legislative drafting, for which there are relatively few employers in Australia, with the APS being the most, or one of the most, important of these.

Given this diversity of employment environments, it is important to avoid oversimplification of the workforce issues facing the APS. While the following discussion pays particular attention to graduate recruits and potential future SES officers, these groups are not the most numerically significant elements of the APS workforce.

The report therefore also attempts to draw together the diverse range of perspectives from across the APS and its workforce. An important element of the research undertaken for the report was a series of focus groups that featured participation by graduate recruits, mature entrants with experience in other sectors, workers in regional networks outside Canberra, Indigenous employees both from Canberra and outside, and people with disabilities.

The report also draws on a range of literature and data sources (especially the Australian Public Service Employment Database (APSED)), a survey of agency graduate programmes and recruitment processes, and discussions with many APS agencies and external organisations.

2. APS WORKFORCE NEEDS INTO THE FUTURE

The MAC report, *Connecting Government*, pointed to the economic, societal and technological challenges facing the Australian Government and the Australian Public Service (APS) in the 21st century, including:

- new information and communication technologies
- globalisation of the Australian economy
- security and counter-terrorism
- managing a sustainable environment
- supporting communities in rural and remote Australia.

Connecting Government concluded that, in order to address these challenges effectively, the APS would need to work with increased coherence and collaboration, not only across its own agencies, but also with state and territory governments and private organisations.⁵

To achieve this goal, the APS requires a workforce that is multiskilled, flexible and intellectually agile. APS employees will increasingly need to be able to operate effectively in the information age, working in online environments and introducing and using connective information and communications technology. All future APS employees are likely to need to possess these characteristics and capabilities regardless of the areas in which they work, or the subject matter with which they deal.

Whether they are engaging with stakeholder organisations on policy issues or delivering services to individual members of the public, APS staff will need to be able to work horizontally—to make connections across different policy and programme areas in order to achieve the best possible outcomes for government and to ensure citizens receive seamless, holistic services.

This emerging APS environment is producing a much stronger demand for graduates and other highly skilled staff, and fewer opportunities for less skilled employees.

Until the 1970s, the APS was a major employer of blue-collar workers and skilled tradespeople. This role declined significantly after 1975, when the postal and telecommunications services provided by the Postmaster-General's Department were removed from the APS, and further still during the 1980s and 1990s when most of the functions of the former Departments of Housing and Construction and Administrative Services and the industrial areas of the Department of Defence were either corporatised or outsourced.

⁵ Management Advisory Committee 2004, *Connecting Government: Whole of Government Responses to Australia's Priority Challenges*, Commonwealth of Australia, Canberra, pp. 4–5.

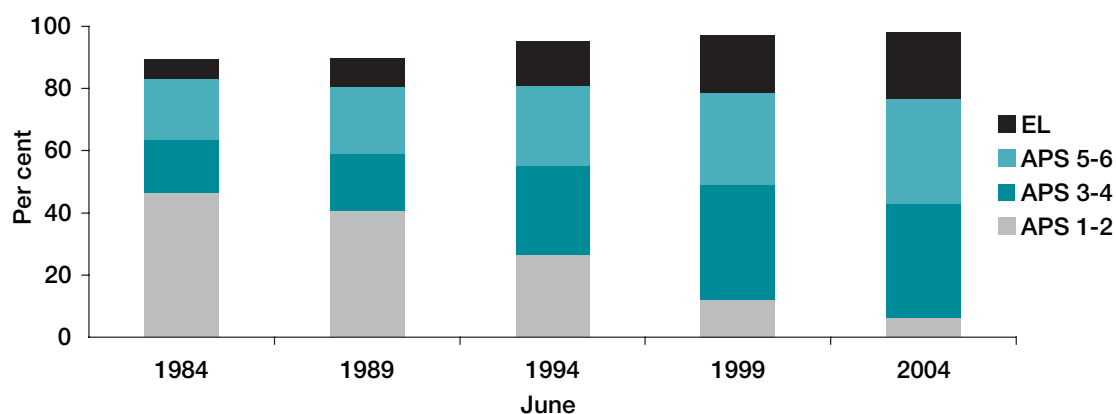
Other factors that contributed to reduced employment opportunities for tradespeople and less skilled employees included:

- the streamlining of award structures to remove the demarcations around particular types of low-skilled work
- provision of a networked personal computer to most APS employees by the early 1990s, followed by the spread of email and Internet access, which have reduced the need to employ staff to work exclusively on producing, distributing and storing paper documents
- a gradual redefinition of the role of the APS which has led to the excision of many areas of internal and external service delivery, including:
 - corporate services such as ICT support, payroll and telecommunications, which have been contracted out
 - repatriation hospitals, which have been transferred to state governments and private companies
 - functions formerly administered by the Department of Territories, which have been transferred to the ACT Government
 - a number of regulatory and other former APS activities, which have been corporatised (for example, the Civil Aviation Authority, the Australian Maritime Safety Authority, and the Australian Government Solicitor)
 - some service delivery functions (for instance, the Job Network) which have been outsourced.

As the APS workforce has become both more skilled and more multiskilled, so it has also become concentrated within a smaller hierarchical structure of classifications.

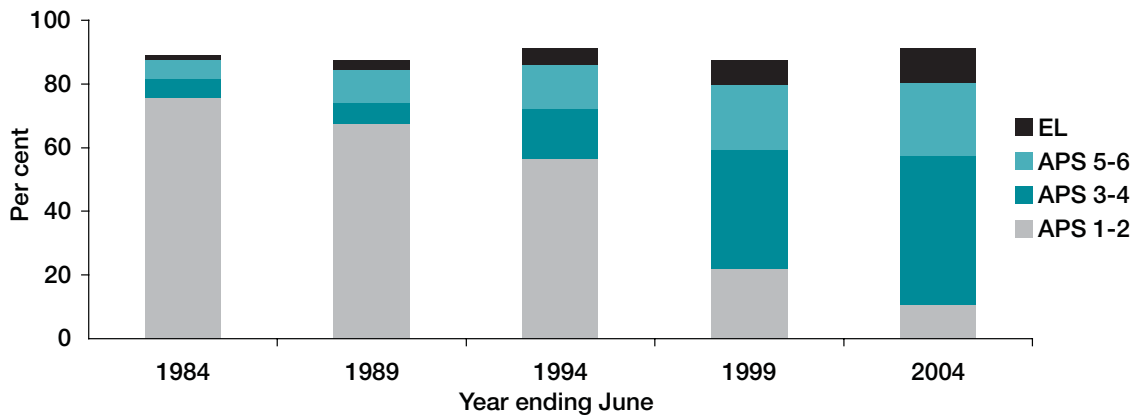
Figures 1 and 2 show the steady reduction in the proportion of the APS staff employed at the lowest classification levels. In 1984, 63% of staff were in what is now the APS 1–4 classification range, as opposed to only 43% today, due largely to abandonment of recruitment at the APS 1–2 levels by the majority of APS agencies.

Figure 1: Ongoing staff by classification, 1984 to 2004



Source: APSED

Figure 2: Ongoing engagements by classification, 1983–84 to 2003–04



Source: APSED

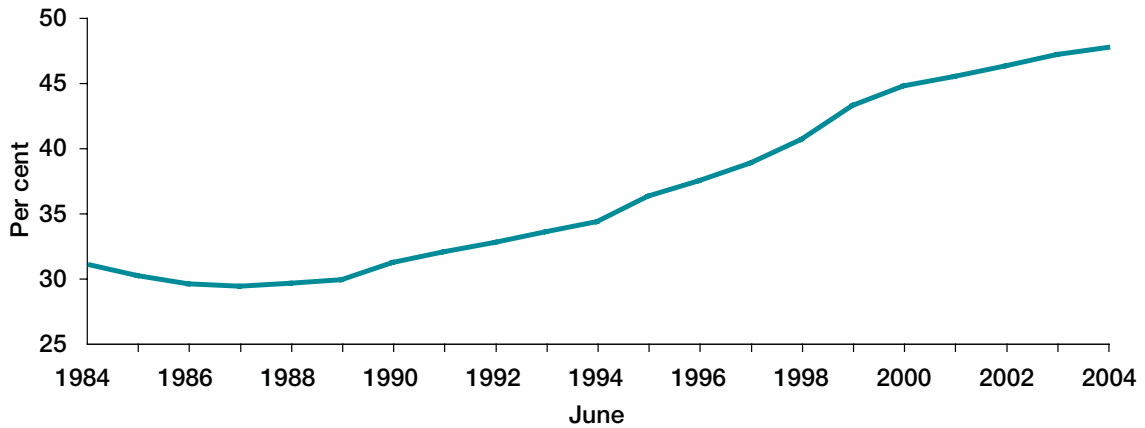
In 1984, the positions now classified within the APS 1–4 range encompassed a large variety of jobs in a series of overlapping classification structures. Large numbers of APS staff with relatively low skills typically did not advance above what is now the APS 4 level throughout their entire careers.

Today, most members of the APS workforce who remain for a significant period of time can expect to rise beyond the APS 1–4 range, for example, over 75% of current employees with 20 or more years of service have risen above the APS 4 level. These employees typically possess significantly greater communications, information technology (IT), problem-solving and other skills than did their counterparts of two decades ago.

Indeed, the APS workforce is rapidly evolving into primarily a ‘graduate’ workforce in which most staff will hold one or more tertiary qualifications. Figures 3 and 4 reveal that almost 50% of all staff and two-thirds of new recruits possess tertiary qualifications (defined as a bachelor’s degree or higher). This compares to only 19% of the general population of working age.⁶

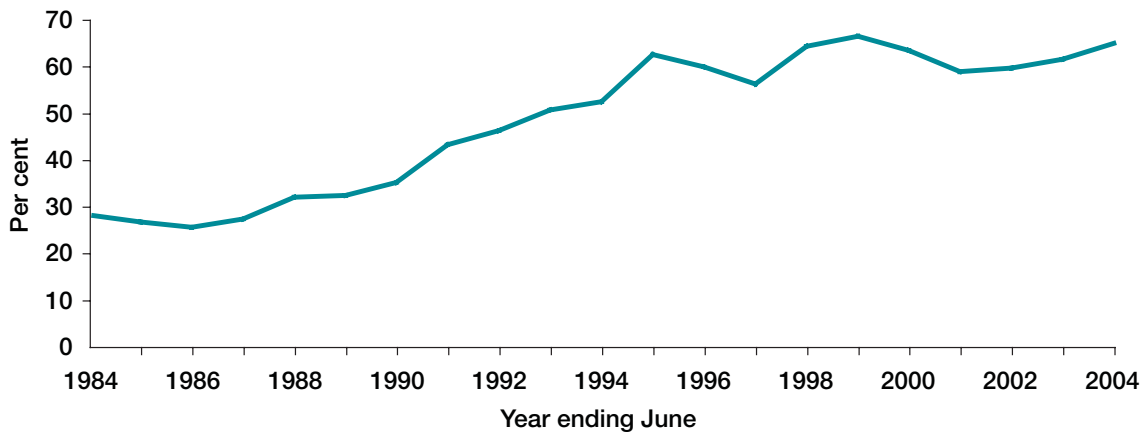
⁶ Australian Bureau of Statistics 2004, *Education and Work*, Cat. No. 6227.0, ABS, Canberra.

Figure 3: Proportion of ongoing staff with tertiary qualifications, 1984 to 2004



Source: APSED

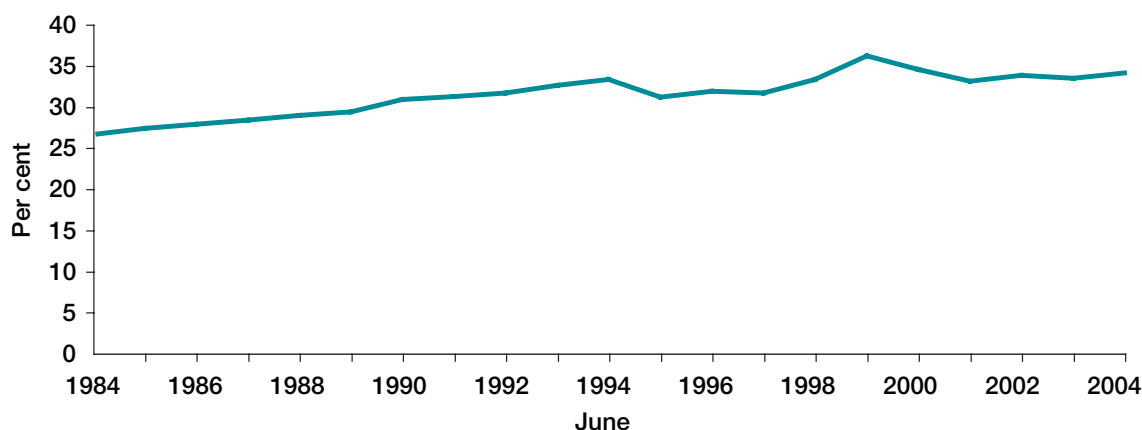
Figure 4: Proportion of ongoing engagements with tertiary qualifications, 1984 to 2004



Source: APSED

As the role of the APS has been redefined to place a growing emphasis on more skilled work, such as research and analysis, policy advising, and contract and relationship management, the proportion of the APS workforce in Canberra has also risen steadily, as is illustrated by Figure 5.

Figure 5: Proportion of ongoing staff based in Canberra, 1984 to 2004



Source: APSED

Note: The decline around 1994 relates to the departure of over 7000 staff from the APS to create the ACT Government Service.

The modern APS is also more likely to make use of staff with relevant outside experience to deal with increasingly complex sector-specific issues in areas such as industry, education, health, and community services.

Sectorally-focused agencies, such as Centrelink and the Department of Industry, Tourism and Resources, the Department of Education, Science and Training, the Department of Health and Ageing, and the Department of Family and Community Services (FaCS) now recruit on average between 30% and 35% of their new employees above the base APS 1–4 levels from outside the APS (the average for all APS agencies is less than 25%).

In 2005, the broad areas of APS employment are:

- **Service provision:** employees typically in the APS 3–6 range who are engaged in direct service delivery to the public, case and contract management, and day-to-day regulatory decision-making. This group is predominantly located outside Canberra, particularly in the networks of the two largest APS agencies—Centrelink and the ATO.
- **Programme design and policy advice:** employees typically in the range APS 5 to EL 2 who are engaged in policy advising, programme design, leading implementation processes, stakeholder management and making high-level decisions in relation to contracts and regulation. This group is predominantly located in Canberra, and comprises a core of employees who have joined the APS soon after completing their education, supplemented by increasing numbers of recruits who have had employment experience in other sectors.
- **Corporate support:** employees who are engaged in traditional corporate service activities such as IT, personnel, records management, accounts processing, and ministerial and parliamentary processes.

- **Technically expert staff:** employees occupying positions that require specialist qualifications obtained in the tertiary education sector and/or on-the-job, for example, doctors, lawyers, journalists, accountants, scientists, engineers, librarians and economists. Members of this group are found in all agencies, and predominate in many of the more technically focused or regulatory agencies (for example, the Bureau of Meteorology, the ANAO, and the Australian Securities and Investments Commission).

SERVICE PROVISION

There appears to have been a decline in the numbers of employees working in service provision areas relative to programme design and policy areas. The 2004 State of the Service employee survey found that 57% of APS staff reported they were either directly involved in delivery of services to the general public or managed employees who did so, but that this had fallen from 61% in 2003.⁷

However, it is clear that a high proportion of the two-thirds of APS staff located outside Canberra continue to work in service provision. These employees undertake a range of different activities, including:

- direct dealings with individual members of the public (for instance, Centrelink and the ATO)
- contract management and/or quality control of subsidised non-government service providers (for example, the Department of Health and Ageing and FaCS in relation to nursing homes, child care centres and a range of other community services, or the Department of Employment and Workplace Relations (DEWR) in relation to the Job Network)
- regulatory and enforcement activities (for instance, the Australian Customs Service and the Australian Quarantine and Inspection Service in the Department of Agriculture, Fisheries and Forestry (DAFF)).

Some of these agency networks perform a combination of two or more of these types of activity, for example, the Department of Immigration and Multicultural and Indigenous Affairs—which undertakes all of these types of work—and the ATO, which deals directly with the public and also operates as a regulator and enforcer.

A number of influences have been transforming the nature of the work undertaken in APS service delivery networks, such as the growing use of call centres, creation of online interfaces enabling customer self-servicing, and contracting out of service provision to non-APS organisations (for example, the Job Network for labour market services).

These changes appear to be promoting a general upskilling of the work undertaken by APS employees engaged in service provision, with relatively fewer staff engaged in routine processing work and a growing number involved in managing complex cases, establishing stakeholder relationships, undertaking detailed contract management, and monitoring programme performance.

⁷ Australian Public Service Commission 2004, *State of the Service Report 2003–04*, Australian Public Service Commission, Canberra, p. 52.

Employees who work in this more complex service delivery environment will be required to possess sufficient intellectual agility and flexibility to enable them to manage a growing web of internal and external relationships.

PROGRAMME DESIGN AND POLICY ADVICE

While it is difficult to estimate the proportion of APS staff engaged in programme design and policy work, there are signs that it has increased.

Figure 1 shows that over 21% of all APS staff are now at the executive levels, compared to only around 6% of the mid-1980s workforce. Among the growing segment of the APS workforce based in Canberra the proportion of staff at these levels has been rising substantially and is now close to 40%. After 15 years of service, 60% of staff in Canberra have reached EL 1 or above.

While they are at levels that were traditionally classified as managerial, it appears that a large and growing proportion of executive level staff—particularly the EL 1s located in Canberra—have reduced supervisory responsibilities.

The average number of staff subordinate to these managers is much lower than in the past. While in 1984 there were 12 APS 1–6 level officers for every executive level officer, the ratio is now only four to one.

What this data appears to indicate is that, consistent with the overall trend towards upskilling and multiskilling of the APS workforce, programme design and policy workers are becoming increasingly multiskilled. They are required to operate as autonomous analysts and problem-solvers who engage with external stakeholders and other APS agencies in an increasingly connected environment.

CORPORATE SUPPORT

As agencies continue to move to outsource provision of internal services, the proportion of staff engaged in corporate support activities seems to be falling.

The work of those who remain is being steadily upskilled, with a reduced emphasis on direct delivery of services and a growing requirement for capabilities in procurement, contract management, and strategic planning.

It is likely that, despite greater outsourcing, the APS will continue to provide substantial career paths for staff working in some key areas of corporate support, if those staff are able to develop strategic skills.

Several APS agencies offer specific graduate programmes for those with qualifications in information technology or human resources management. The UK Civil Service ‘Fast Stream’ leadership development programme (described in detail in Chapter 6) places the same degree of emphasis on developing corporate service leaders as it does on developing those who will lead policy or service delivery areas.

TECHNICALLY EXPERT STAFF

While there has been some multiskilling of the work of these staff, the majority are still being employed to fulfil specific roles. Indeed, growing accountability pressures on agencies have increased the level of specialisation required in some areas, for example, the growing use of certified practicing accountants to fill chief financial officer positions and other key financial management roles in agencies.

Until the advent of agency bargaining, many technical staff had their own separate APS-wide classification structures, and the distinction between generalist and specialist classification streams continues to be preserved in some agency certified agreements. The weekly Public Service Gazette still frequently includes advertisements for positions for which certain academic or professional qualifications are mandatory requirements.

The disappearance of the professional officer classification structures means APSED no longer collects APS-wide data about the numbers of technical specialists; however, discussions with agencies indicated that many agencies have an ongoing need to employ significant numbers of these employees.

The agency survey undertaken for this project indicated the existence of many targeted programmes for recruiting and developing specialist graduates across APS agencies, most commonly, for economists, accountants, scientists and ICT professionals. While the average number of participants per programme was lower, the total number of separate programmes for specialists (33) was almost the same as for generalist graduates (36).

Most agencies reported that they continue to be able to attract sufficient quality staff to fill these specialist positions, but many noted that this task is steadily becoming more difficult, particularly for positions located in Canberra in a range of specific areas, such as statistics (for the ABS), agricultural science (for DAFF) and macroeconomic analysis (for the Treasury).

Most significantly, almost all agencies reported difficulty in attracting sufficient suitably qualified accountants to fill positions located in head offices in Canberra to meet the requirements flowing from financial management reforms in the APS. It is difficult to ascertain the extent to which these shortfalls are purely supply-driven or caused by other factors such as reluctance of potential recruits to transfer to Canberra, insufficient levels of remuneration, or problems with job design.

Job design can be a particularly important issue for APS agencies looking to attract and retain experienced professionals. Accountants with private sector experience, for example, may find it difficult to adjust to the unfamiliar demands placed upon senior APS staff such as the need to understand and respond to the legal, parliamentary and financial frameworks within which the Commonwealth operates.

FINDINGS

- 2.1 Staff at all levels and in all areas of the 21st century APS will increasingly need to be multiskilled, flexible and intellectually agile in order to deal with the challenging new issues and areas of work created by economic, societal and technological change. These attributes will be required whether staff are working in service delivery, programme design and policy advising, corporate support or technical areas.
- 2.2 These requirements will mean the APS workforce is likely to continue evolving into a 'graduate' workforce.
- 2.3 Alongside this multiskilled workforce of generalist graduates, most agencies will also continue to need to recruit and retain some staff with specific technical qualifications to fill particular key roles.

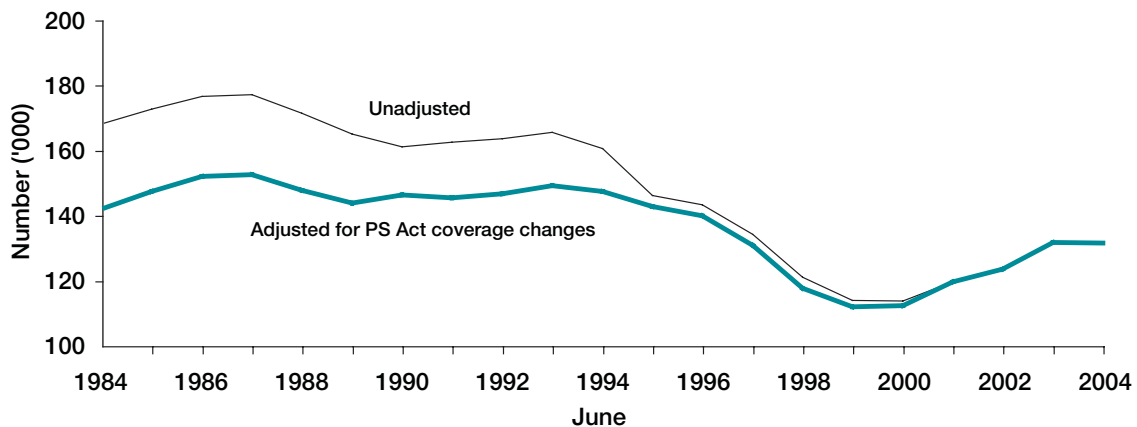
3. WORKFORCE TRENDS

Figures 1 and 2 in Chapter 2 show the distribution across the classification structure of the Australian Public Service (APS) workforce in the early 1980s, which was intrinsically much the same as it had been for many decades previously.

- New recruits typically joined at the bottom.
 - Over 75% of new starters in 1983–84 joined at what are now the APS 1 or 2 levels.
 - The majority of these were aged under 25, and almost 30% were aged under 20.
- Most employees stayed at the lower levels.
 - Over 60% of all ongoing staff were in the range now encompassed by the APS 1–4 levels.
- There was a large cadre of middle managers.
 - Over 25% were in the range now covered by APS 5 to EL 2, most of whom supervised small to medium-sized teams.
- Most staff were engaged in administrative, service delivery, regulatory and corporate support work.
- Only 30% of APS workers had tertiary qualifications.
- There was a small cadre of staff recruited annually to graduate programmes.
 - Historically, this group represented around 5% or less of all APS recruits in a given year.

This report has already noted the internal and external influences that have transformed the APS employment environment since the 1980s. As Figure 6 shows, the late 1990s brought substantial across-the-board job reductions throughout the APS, with over 30,000 staff made redundant. The APS ongoing workforce diminished in size by close to one-quarter over this period.

Figure 6: Numbers of APS employees, 1984 to 2004



Source: APSED

Figure 6 reveals that APS staffing numbers began to rise again after 1999 during a period of intensive recruitment in which a net 20,000 additional staff were recruited (62,000 engagements minus 42,000 separations) to deliver specific new Australian Government initiatives.

Almost 75% of the net increase since 1999 has been at the APS 3–4 levels, which now effectively operate as the principal base levels for entry to the APS.

All these changes combined to produce a 2004 APS workforce with the following key characteristics:

- Agencies are ceasing to use the APS 1–2 levels.
 - Only 11% of recruits and 6% of ongoing APS staff are at the APS 1–2 levels. As noted above, the APS 3–4 levels are now effectively the base entry point in most agencies.
- The APS workforce is becoming a graduate workforce.
 - Figures 3 and 4 in Chapter 2 show that almost half of ongoing staff and two-thirds of all new recruits have tertiary qualifications (a bachelor's degree or higher).
- A rising proportion of recruits are mature, experienced workers from other sectors.
 - Over 40% of new starters in the APS in 2003–04 were aged 35 or over and almost half of these joined at the APS 5 level or higher. Over 35% of staff at the EL and SES levels have served in the APS for less than 10 years, and half of this group joined the APS after their 35th birthday.
- Graduate programmes represent a link to the past.
 - Despite all the shifts in the structure of the APS workforce, the structure and other key characteristics of graduate entry programmes have remained remarkably stable since the 1930s.

The key trends in the demographic and other characteristics of the APS workforce have been analysed in significant detail by *Organisational Renewal* in 2003 and in successive State of the Service reports. The following analysis draws out some aspects of these trends that will present particular challenges to agencies in managing and sustaining the APS workforce in the 21st century.

STREAMLINING AND COLLAPSING OF THE CLASSIFICATION STRUCTURE

The trend for agencies to discontinue using the APS 1–2 classification levels has already been discussed. One contributing factor to the trend may have been the rising comparative salaries of these employees under workplace agreements. The Australian Public Service Remuneration Survey shows that, while the median level of total remuneration at most APS levels is significantly below the private sector median for jobs with similar duties, the median total remuneration levels for APS 1s and 2s are substantially above the private sector medians.⁸

⁸ Department of Employment and Workplace Relations 2005, *Australian Public Service Remuneration Survey 2004*, DEWR, Canberra.

Focus group discussions undertaken for this project indicated that employees engaged in service provision perceive APS 3 salaries (which have been rising towards the private sector median⁹) as also being comparatively generous. One participant stated, for example, that

‘the pay is good, for a service delivery role—it’s much better than the banks, better by ten to fifteen thousand dollars’.

New starters who join the APS at the APS 3–4 levels now tend to advance fairly rapidly to a level just below that of middle managers in the organisational unit in which they work, but a growing proportion seem set to remain at that level for some time.

In Canberra, recruits to the APS now advance, on average, fairly rapidly to the APS 6 or EL 1 level, but tend to remain at one of those levels for a prolonged period. Over 60% of all staff in Canberra are now in the range APS 6 to EL 2 and over two-thirds of the staff promoted to the APS 6 level in Canberra have less than five years service in the APS.

Table 1 shows that the average time it takes staff at the APS 6 level to advance to EL 1 has fallen over the past two decades, while the average times employees take to progress from EL 1 to EL 2 and from EL 2 to the SES have risen over the same period.

Table 1: Average time for employees to advance by one level

Selected classifications	Mean (years)
APS 6 to EL 1	
1983–84	4.7
1993–94	4.3
2003–04	4.1
EL 1 to EL 2	
1983–84	4.8
1993–94	5.4
2003–04	5.8
EL 2 to SES	
1983–84	6.2
1993–94	5.9
2003–04	6.8

Source: APSED

Outside Canberra, there are two key points at which staff are likely to remain for a prolonged period—the APS 4 and APS 6 levels. Of the existing staff outside Canberra who have more than 10 years service, 43% have not yet progressed beyond the APS 4 level, while a further 37% have not progressed beyond the APS 6 level (typically a middle management level outside Canberra).

⁹ Department of Employment and Workplace Relations 2005, *Australian Public Service Remuneration Survey 2004*, DEWR, Canberra, found the median APS 3 total remuneration package to be 95% of the private sector median, whereas in 2003 it was 92% of the private sector median.

Most long-serving APS staff outside Canberra commenced at the APS 1 or 2 levels; however, over 55% of the new recruits in these locations are now entering the APS at the APS 3 or 4 levels. This suggests that—unless there are to be further changes to workforce structures—a growing proportion of these employees is likely to remain for an extended period at a classification level slightly above that at which they entered the APS.

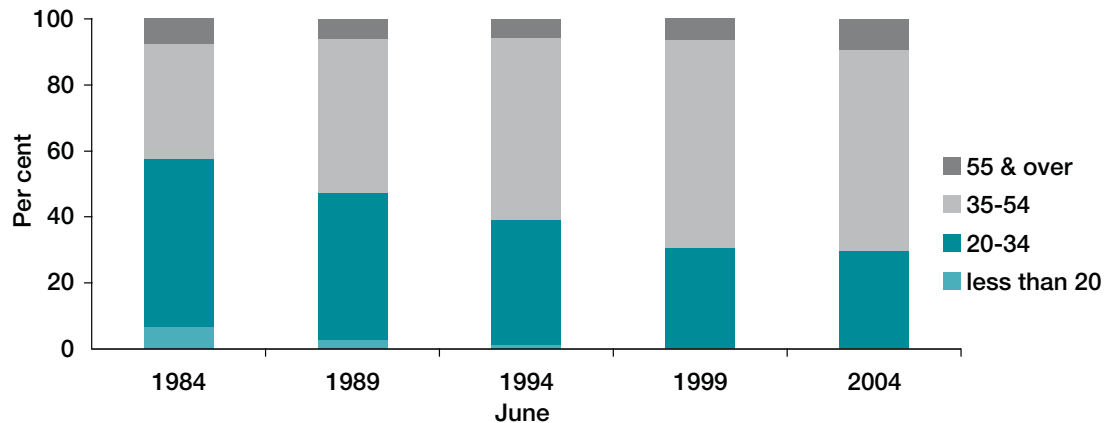
This compression of the classification structure has been taking place gradually, and the effects of the trend on staff behaviour are yet to become fully apparent. However, all things being equal, it is likely that a growing proportion of the APS workforce will experience a relatively rapid early career progression, but will then remain at one level for a significant period of time.

It is possible that, if not managed well by agencies, these trends may have an adverse effect on morale, leading to difficulties in retaining staff, and/or a decline in productivity. Alternatively, they could provide an opportunity for agencies to engage with their staff to develop strategies to promote the skills use and productivity of the future APS workforce.

THE AGEING APS WORKFORCE

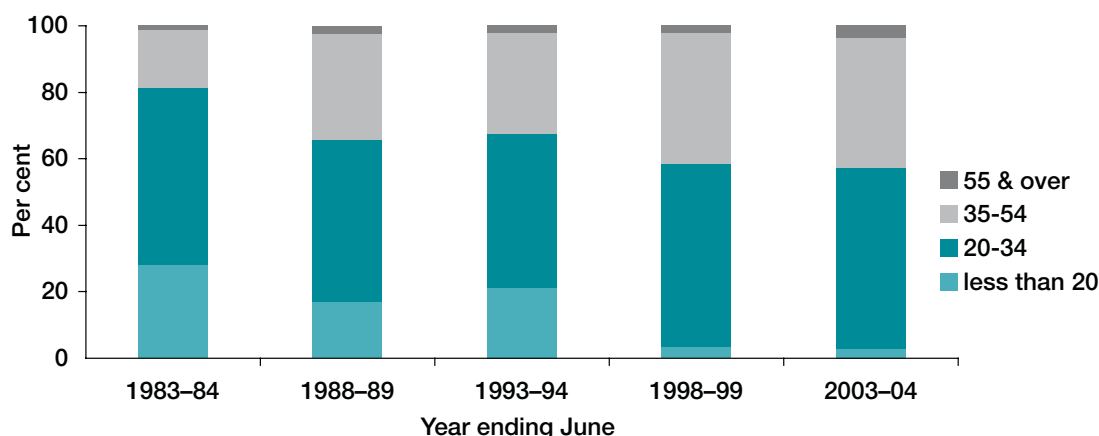
Figures 7 and 8 demonstrate the ageing of the APS population over the past 20 years. During this time the average age of APS employees has risen from 32 to 41. Indeed, the proportion of ongoing staff aged 45 and over is now around 39% and rising.

Figure 7: Ongoing staff by age group, 1984 to 2004



Source: APSED

Figure 8: Ongoing engagements by age group, 1983–84 to 2003–04



Source: APSED

There are a number of factors contributing to the ageing of the APS workforce, namely:

- **The ageing of the baby boomers.** In the mid-1980s, around 70% of all APS staff were born between 1950 and 1964, and, two decades later, still close to 50% of all APS staff were born during this period.
- **A substantial decline in the employment of junior staff.** This has reduced significantly the opportunities for young people with no educational or work experience to join the APS. While nearly 30% of new recruits to the APS in 1983–84 were aged under 20, this was true of only 3% of those recruited in 2003–04.
- **Increased recruitment of experienced, mature workers from other sectors.** More than 40% of new recruits today are aged 35 or over, compared to less than 20% two decades ago.

This gradual ageing of the APS workforce has been accompanied by a downward trend in the average age at which staff retire or resign from the APS. As was documented in *Organisational Renewal*, a major factor in this trend was the incentive under the old Commonwealth Superannuation Scheme for staff to retire at 54 years and 11 months (a process generally known as ‘54/11’), although staff in the newer Public Sector Superannuation Scheme have also been demonstrating a strong tendency to retire in their mid-50s.¹⁰

One impact of this downward trend in retirement ages is that, while the proportion of APS employees aged between 45 and 54 has grown substantially over the past two decades, the proportion aged 55 and over has increased more slowly from 7.5% in 1984 to just over 9% today.

Consequently, as *Organisational Renewal* showed, the average age of APS employees exceeds that of the general Australian labour force, but the proportion of APS workers aged 55 and over is lower than the labour force average.¹¹

Agencies are increasingly seeking to retain or re-employ some of these departing

¹⁰ Management Advisory Committee 2003, *Organisational Renewal*, Commonwealth of Australia, Canberra, pp. 72–94.

¹¹ *ibid.*, p.15.

employees and to recruit other talented older workers. The proportion of new entrants to the APS aged 55 or more has trebled over the past decade. However, this rate still represents only one engagement for every four separations of staff in their mid-50s or above.

If agencies succeed in attracting and retaining more employees aged 55 and over, the average age of the APS workforce is likely to continue to rise for many years.

There is a significant risk that the ageing of the workforce, combined with a growing tendency for workers to remain in the same position for extended periods, could lead to a decline in innovation and creativity across the APS. The regular introduction of younger workers into the APS—including students leaving tertiary education institutions across Australia who are recruited through graduate programmes to work in agency head offices in Canberra—has represented an important means of enlivening the workforce. This brings new perspectives and the latest knowledge to bear on the key challenges facing the Australian Government. It is important that these recruitment and career pathways do not become blocked.

Another major issue arising from the ageing of the workforce, and from the tendency for APS staff to retire or resign in their mid-50s, is that of a growing need for leadership succession planning. A very high turnover of APS managers can be expected over the next 10 years, given that more than 55% of EL 2 officers and 70% of the SES are aged 45 or more.

Traditionally, the feeder group for the SES has comprised a somewhat younger cadre of experienced career APS officers. However, this feeder group is now ageing at the same rate as the SES and also features a growing element of older staff who have been recently recruited to the APS from other sectors. Most of these new recruits will not have the depth and breadth of experience in APS and Australian Government values and processes that they need to advance quickly to more senior management roles.

FEMALE EMPLOYMENT

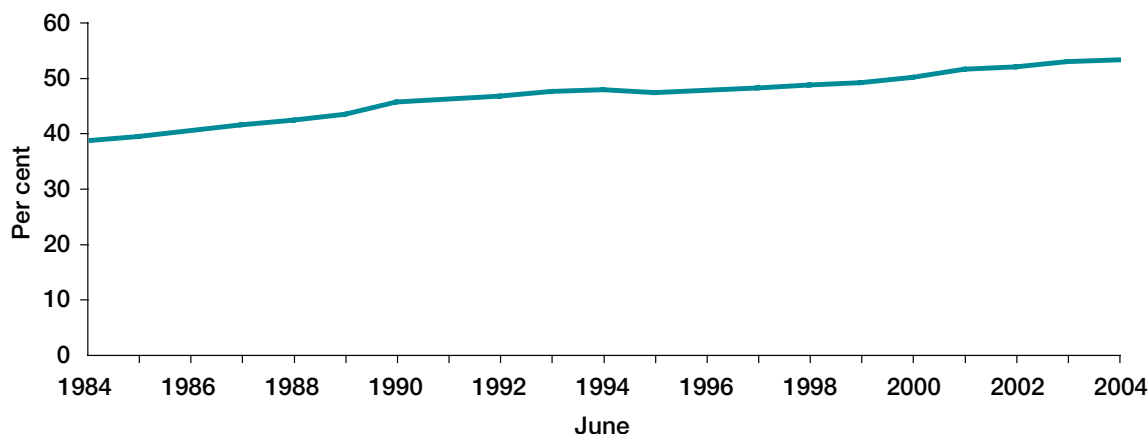
Prior to World War II, a series of legislative and administrative barriers to female participation in the workforce meant women constituted less than 20% of the APS. In 1949, all APS examinations were opened up to women. The bar on ongoing employment of married women was abolished in 1966. In 1973, female employees achieved equal rates of pay for equal work throughout the APS.

As has been the case with other more recent reforms to APS employment arrangements, the impact of these changes on the structure and characteristics of the APS workforce was delayed, and Figure 9 shows that it was not until 2001 that the proportion of women in the APS reached 50%. This upward trend continues, with women now making up more than 53% of the existing APS workforce, over 57% of new recruits, and over 60% of new recruits aged under 35.

The proportion of female employees varies significantly from agency to agency, from less than 40% in agencies such as the Department of Defence, the Australian Customs Service and the Bureau of Meteorology (less than 20% in the latter) to 65% or more in

many agencies that deal with social policies and programmes, for example, Centrelink, FaCS and the Department of Health and Ageing.

Figure 9: Proportion of ongoing staff who are female, 1984 to 2004



Source: APSED

Apart from removal of the legislative and administrative barriers, the increase in the proportion of women in the APS has been promoted by factors such as rising female participation in the general labour force, outsourcing of traditionally male-dominated areas of APS employment such as construction, transportation and the defence industries, and introduction of conditions of employment in the APS that promote a work–life balance, for example, maternity leave, flexible working hours and permanent part-time work.

There remain some concerns about women’s access to the upper management levels of the APS, where they still comprise less than one-third of the SES and less than half of the EL group. However, these proportions are rising steadily each year, and women at senior levels are, on average, much younger than their male counterparts.

If the current trend continues, the proportion of the workforce across all agencies that is female will eventually approach 60%. Some agencies—especially those social policy and programme agencies where female participation already exceeds 65% and is generally continuing to rise—may wish to consider introducing strategies for attracting more young male recruits.

INDIGENOUS EMPLOYEES

Almost one-quarter of employed Indigenous people work in the public sector. In comparison, around one-sixth of the general workforce work in the public sector.¹²

In 2001, around 27% of Indigenous public servants were employed by APS and other Australian Government agencies, with a much higher proportion employed in state and territory public services.

The numbers of Indigenous people employed in the APS have tended to fluctuate in recent years.

¹² Australian Bureau of Statistics 2002, *Census of Population and Housing 2001*, ABS, Canberra.

In 1990, slightly over 2000—or around 1.6%—of ongoing APS employees identified themselves as being Indigenous people. Two-thirds of these were at the APS 1–3 levels, compared with half of all ongoing employees.

By 1996, the number of APS employees identifying themselves as being Indigenous people had risen to over 3000, comprising around 2.5% of the workforce.

Since that time, the proportion of employees identifying themselves as being Indigenous people has fallen slightly; in June 2004, it stood at 2.3% of the APS workforce. While action needs to be taken to reverse this downward trend, the current participation rate of Indigenous people in the APS workforce still compares favourably with the 1.4% average across the Australian labour force.

The numbers of Indigenous people employed at middle and senior management levels have been rising significantly over the same period:

- at the APS 5–6 levels, their numbers rose from around 600 in 1995 to over 800 in 2004
- at the EL 1 and 2 levels, their numbers more than doubled from around 130 in 1995 to 260 in 2004
- similarly, in the SES, their numbers rose from 13 in 1994 to 24 in 2004.

The numbers of Indigenous people reaching working age have been growing and are projected to continue to grow at a much faster rate than applies to the general population.¹³

Only 3% of Indigenous Australians have tertiary qualifications, as opposed to 19% of the general population of working age and over 60% of new recruits to the APS in 2003–04 (see Figure 4 in Chapter 2). Indigenous Australians are over-represented in low skilled work, with 24% employed in labouring and similar types of occupations, compared to less than 10% of the general population.¹⁴

APS agencies are making strong efforts to recruit from the limited pool of Indigenous graduates, with the agency survey conducted for this project finding that 17 out of 66 agencies have Indigenous cadetship programmes and nine have Indigenous graduate or trainee schemes. Moreover, 21 agencies are currently participating in the Indigenous Graduate Recruitment Initiative, a collaborative recruitment and placement exercise designed to meet participating agencies' needs for Indigenous graduates in 2006.

However, while recruitment of Indigenous graduates will continue to be an important mechanism for sustaining and improving participation levels of Indigenous people in the APS workforce, other pathways that attract non-graduates will also be critically important.

Another priority will be that of addressing the comparatively low retention rates of Indigenous employees (half of those who leave the APS have less than five years experience, as opposed to only one-third of non-Indigenous employees).

¹³ Australian Bureau of Statistics 2004, *Experimental Estimates and Projections, Aboriginal and Torres Strait Islander Australians*, Cat. No. 3238.0, ABS, Canberra.

¹⁴ Australian Bureau of Statistics 2003, *Population Characteristics, Aboriginal and Torres Strait Islander Australians*, Cat. No. 4713.0, ABS, Canberra.

A further difficulty in recruiting Indigenous people to the APS is their concentration in regional and remote areas—69.5% in 2001 compared to 34.1% of non-Indigenous Australians.¹⁵ As was shown in Chapter 2 (Figure 5), there is a long-term trend for APS employment—particularly at the middle to higher levels—to be concentrated in Canberra.

Further discussion of data and issues around the employment of Indigenous people in the APS can be found in the Australian Public Service Commission’s annual State of the Service Report.¹⁶

PEOPLE WITH DISABILITIES

In 1990, around 8300 or 6.2% of ongoing APS employees reported themselves as having a disability.

Since that time, the proportion of ongoing APS staff with a disability has fallen steadily. By 2004, only around 4600 or 3.8% of ongoing APS employees reported themselves as having a disability. More than one-third (around 1500) of these were employed by one agency, namely Centrelink.

This proportion is significantly lower than the ABS findings for all employed people (11.3%) and for the general population (20%).¹⁷ However, this data is not necessarily comparable, as there is no consistent APS definition of disability, while the ABS defines disability—quite broadly—as ‘any limitation, restriction or impairment, which has lasted, or is likely to last, for at least six months and restricts everyday activities’.

Based on this definition, the ABS identifies 83% of people with disabilities as having ‘physical conditions’, 11.3% with ‘mental or behavioural disorders’, and 4.8% with ‘intellectual and developmental disorders’. The proportional spread of different types of disabilities across the APS workforce is unknown.

As with all employees, the classification profile of people with disabilities working in the APS has been rising in recent years. Between 1995 and 2004, the proportion of those APS staff identifying themselves as having a disability who were working at EL 1 or above rose from 14.2% to 21.3%. However, the reduction in numbers of people with a disability in the APS has been such that this still represents a decline in the overall numbers of people with a disability at EL 1 and above.

Further discussion of data and issues around the employment of people with a disability in the APS can be found in the Australian Public Service Commission’s annual State of the Service Report.¹⁸

¹⁵ Australian Bureau of Statistics 2002, *Census of Population and Housing 2001*, ABS, Canberra.

¹⁶ Australian Public Service Commission 2004, *State of the Service Report 2003–04*, Australian Public Service Commission, Canberra, pp. 150–60.

¹⁷ Australian Bureau of Statistics 2003, *Disability, Ageing and Carers: Summary of Findings*, Cat. No. 4430.0, ABS, Canberra.

¹⁸ Australian Public Service Commission 2004, *State of the Service Report 2003–04*, Australian Public Service Commission, Canberra, pp. 160–68.

MOBILITY

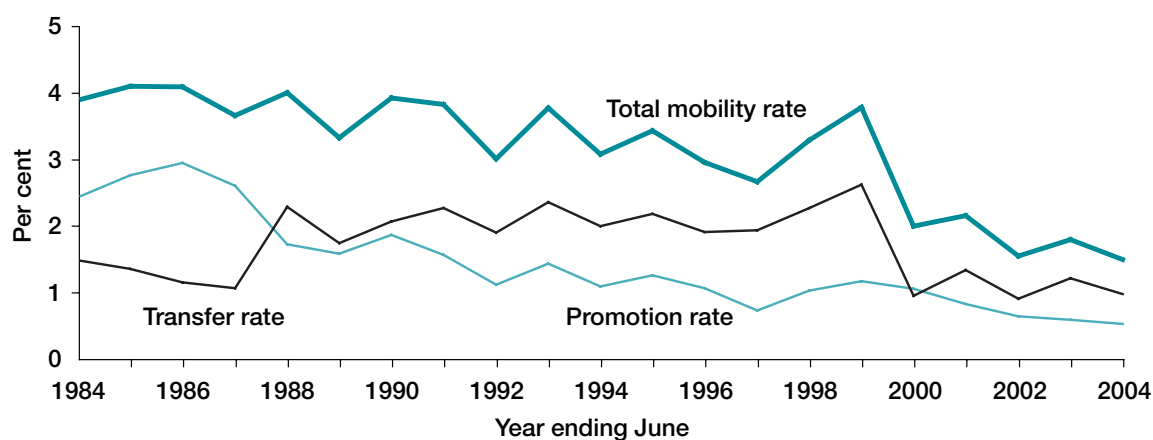
The mobility of the APS workforce between agencies is declining, and the nature of interagency movements by staff has been changing.

Prior to the APS award restructuring of the 1980s, the range of positions now covered by the APS 1–6 levels featured a large number of finely graded classifications within a set of overlapping structures. These arrangements provided an incentive for lower level staff to seek promotion opportunities in other agencies, and this tendency was reflected in much higher rates of interagency promotion prior to the early 1990s.

While award restructuring removed many of the incentives for staff to seek interagency promotion, it also removed some of the barriers to interagency transfers at level. Prior to the late 1980s, staff with similar levels of responsibility could be classified differently from agency to agency, for example, section heads could be clerks Class 10 or 11 and branch heads could be SES Levels 1 or 2.

The impact of award restructuring is illustrated in Figure 10, which shows a sharp decline in the rate of interagency promotion in the late 1980s and a continuing decline since that time. Figure 10 also indicates a jump in the rate of interagency transfer at level in the late 1980s that persisted throughout the 1990s.

Figure 10: Mobility rates between agencies, 1984 to 2004



Source: APSED

Since 1999, the rate of interagency transfer has trended downwards to settle at a level much closer to that of interagency promotions, with the result that the overall level of interagency mobility since 2000 has been less than half that of the early 1990s.

The reasons for this decline are not clear, but could include:

- broadbanding of classification levels under some agency certified agreements, which has enabled many staff to increase significantly their level of remuneration while remaining in the one position

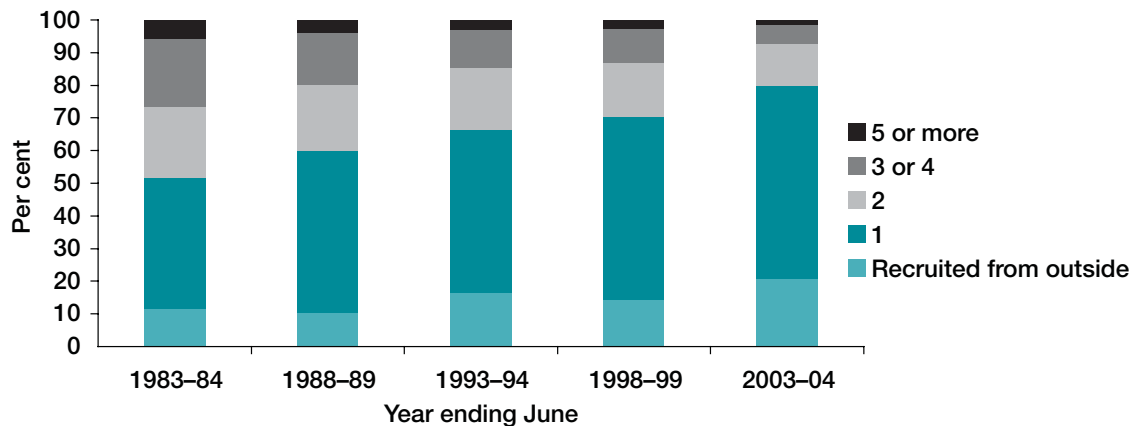
- employees increasingly choosing to remain in an agency to access conditions of service promoting a work–life balance
- the more rapid advancement rates discussed previously, which encourage staff to choose promotion opportunities within their agency over the possibility of transfer to another agency
- a growing focus by some agencies on developing their own staff rather than recruiting from other parts of the APS
- in some cases, an increasing emphasis on agency-specific knowledge and expertise, which has promoted subject matter specialisation among staff at middle and higher levels. This can include the stipulation of highly specialised selection criteria for vacancies that can tend to exclude applicants from other APS agencies.

The recent decline in interagency mobility has been strongest among APS 1–6s, who were almost three times less likely on average to move between agencies during 2003–04 than they had been a decade earlier.

The decline in mobility among the executive levels and SES has been at a much more gradual rate but, in combination with the rising numbers of recruits from outside the APS, is beginning to have a significant impact on the breadth of APS experience at senior levels.

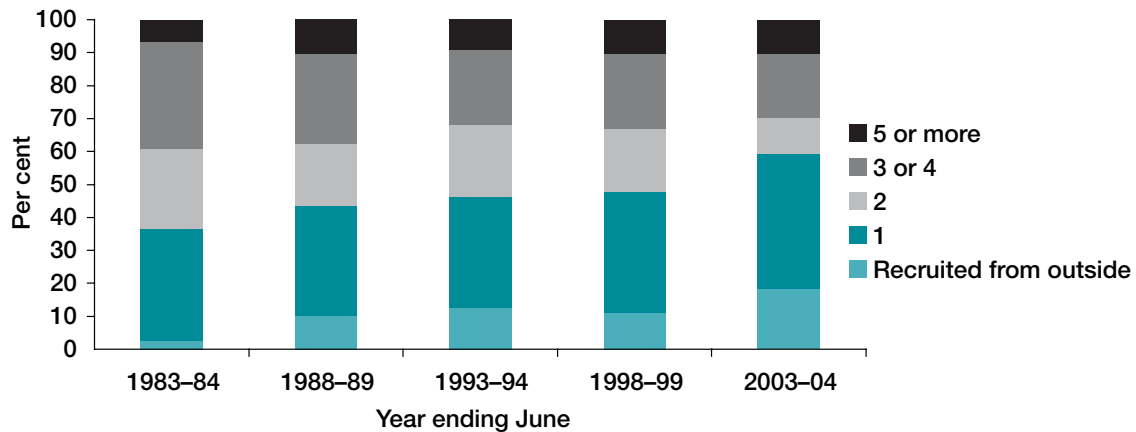
Figures 11 and 12 show that, in 2003–04, only one in five of those staff reaching the executive levels, and fewer than half of those joining the SES, had previously worked in more than one APS agency.

Figure 11: Staff joining executive level cadre in selected years: number of previous different APS agencies, 1983–84 to 2003–04



Source: APSED

Figure 12: Staff joining the SES in selected years: number of previous different APS agencies, 1983–84 to 2003–04



Source: APSED

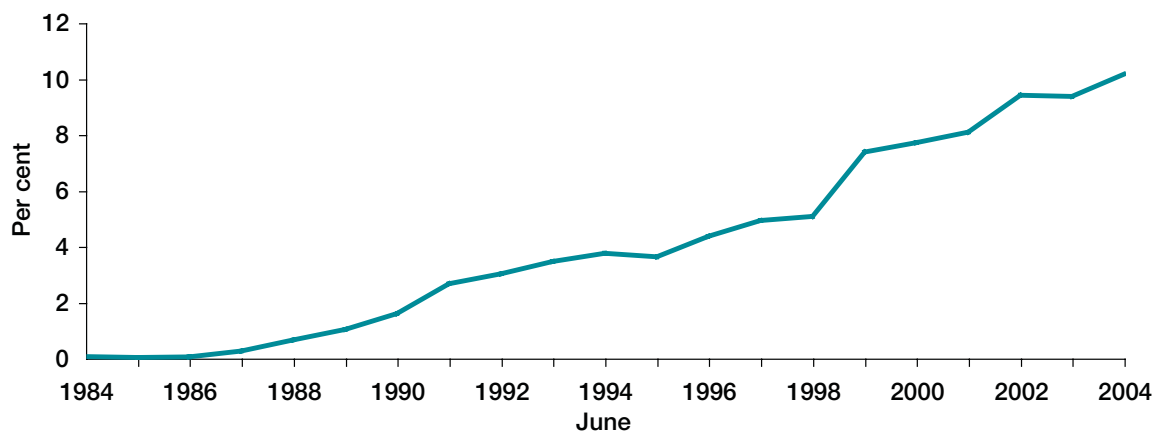
FLEXIBLE WORKING ARRANGEMENTS

The past two decades have seen a growing number of employees working under more flexible conditions, particularly as ongoing part-time employees.

Figure 13 shows that, 20 years after ongoing part-time work was first permitted through changes to the Public Service Act, around 10% of the ongoing APS workforce now works part-time—up from less than 4% a decade ago.

The boost since the mid-1990s has been supported by changes in the *Workplace Relations Act 1996*, which led to removal of restrictive award provisions relating to part-time work. Notwithstanding this increase, the level of part-time employment in the APS remains significantly below the Australian labour force average of over 30% in equivalent occupations in both the private sector and the broader public sector.¹⁹

Figure 13: Proportion of ongoing staff who are part-time, 1984 to 2004



Source: APSED

¹⁹ Management Advisory Committee 2003, *Organisational Renewal*, Commonwealth of Australia, Canberra, p. 27.

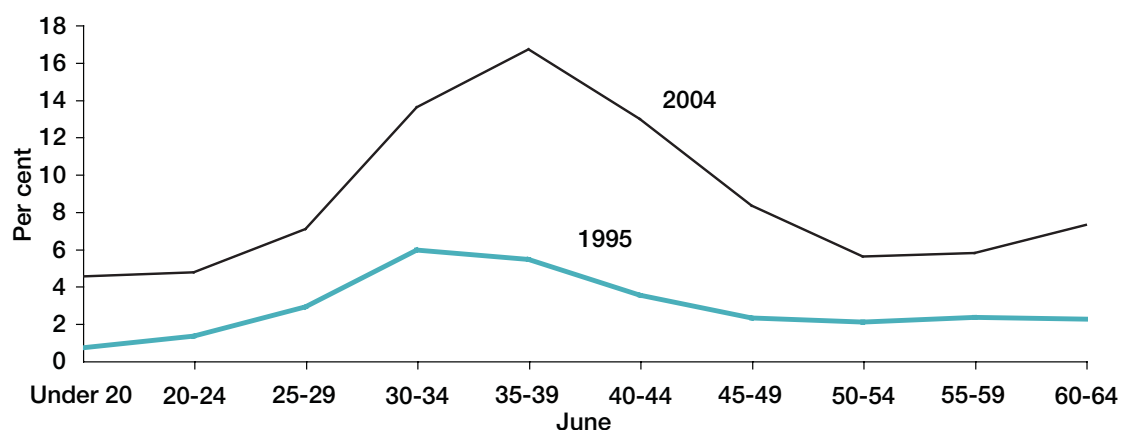
Part-time work is accessed equally by staff across all geographical locations, but most frequently by APS 1–4s.

Part-time work is generally believed to appeal most to parents of young and school age children. While APSED data does not show the proportion of part-time workers who are parents, it indicates that 87% of part-time staff are female, and more than three-quarters of these are aged 44 or under. Indeed, one in six of all female APS ongoing employees works part-time.

State of the Service employee survey data for 2003–04 indicates that 27% of part-time APS staff surveyed had at least one child under five years of age and 39% had at least one child aged between five and 16.

Figure 14 shows that the proportion of part-time workers continues to peak in the 25 to 44 age group and there is a small, but growing, group of part-time workers aged 55 or more.

Figure 14: Part-time ongoing employment by age, 1995 and 2004



Source: APSED

Staff surveys undertaken for *Organisational Renewal* and the State of the Service reports indicate a high level of satisfaction among staff with part-time work arrangements and other conditions of service that promote a work–life balance. However, as no APS-wide data is collected on these conditions, it is difficult to compare their attractiveness to those offered in other sectors.

Data supplied by DEWR indicates that over 94% of workers in all sectors covered by federal certified agreements now have access to at least some family-friendly conditions or flexible working hours arrangements.

However, the range and nature of conditions offered by APS agencies are also continuing to expand.

Discussions with DEWR and other agencies indicate that many are extending the range of options under agency bargaining agreements beyond the traditional areas of flexitime, permanent part-time work and maternity leave to encompass leave purchase schemes

(often known as '48/52') where staff can exchange part of their salary for additional recreation leave. Some agencies have also introduced more generous parenting leave arrangements such as paternity leave and extra leave above the mandated maternity entitlement.

TEMPORARY ('NON-ONGOING') STAFF

Non-ongoing APS employees have traditionally been concentrated in the APS 1–4 range. The proportion of all APS employees who are non-ongoing has been declining steadily since World War II. Over the past decade, the proportion has declined from over 10% to around 7%.

There is now, however, a small but growing group of non-ongoing staff engaged in administrative, analytical and managerial work. In 2004, there were over 1000 non-ongoing staff at EL 1 and above, representing around 3.7% of all staff at these levels. Almost 26% of these were aged 55 or over, which suggests that many may be retirees returning to the APS workforce. This is consistent with the findings of survey work presented in *Organisational Renewal*, which indicated that former and current mature employees display a preference for more flexible working arrangements.²⁰

The extent to which agencies can offer non-ongoing employment is still restricted by legislation. Some agencies have indicated that they would like to make greater use of non-ongoing employment (for example, for mature age staff) if the Public Service Act could be amended to enable more flexible arrangements. This issue is discussed in more detail in Chapter 6.

GRADUATE PROGRAMMES

Targeted graduate recruitment and development arrangements were first introduced into the APS in 1934 under a centrally administered programme. To prevent the domination of APS employment by an 'elite', the Parliament legislated that the numbers of graduates recruited through the programme could not exceed 10% of the total base grade intake in any one year. In practice, the numbers recruited through graduate programmes have rarely come close to this limit and the restriction was removed in 1978.

Graduate programmes still feature prominently across many parts of the APS, although the once centralised processes for recruiting and placing graduates are now totally devolved to individual agencies.

As was noted in Chapter 2, the agency survey conducted for this project found that 36 out of 66 agencies surveyed offer generalist graduate recruitment and development programmes (where the minimum requirement is for participants to possess a bachelor's degree in any discipline), and that there are a further 33 programmes across the APS for recruiting and developing graduates with specific qualifications.

²⁰ Management Advisory Committee 2003, *Organisational Renewal*, Commonwealth of Australia, Canberra, pp. 40–41.

The agency survey found that the generalist graduate programmes run by agencies in 2005 are quite similar in design and scope to those of the past, typically featuring the following elements:

- a rigorous assessment process through which a large number of applicants are reduced to a select group of recruits, who typically represent between 5% and 10% of all new recruits into an agency each year
- placement of the group in graduate trainee positions outside the normal APS classification structure while they undertake a training and orientation period featuring a series of training courses and work placements
 - The agency survey showed that graduates normally receive training in agency-specific issues and processes and broader APS processes and values and—in around half the programmes—in parliamentary processes, budget and financial management, policy skills, interview and career planning techniques, and a range of other areas. Of the 36 generalist graduate programmes, five enabled participants to obtain further formal qualifications. The agency survey also found that 80% of generalist graduate programmes involve training periods of six to 12 months, and most of these feature three work placements.
- placement of graduates in a standard APS classification, at the end of the training period
 - The Public Sector Classification Rules 2000 provide for graduate trainees to be placed at the APS 3 level at the end of their training period. However, agencies may advance graduate trainees to a higher classification where broadbanning arrangements have been included in the relevant certified agreement or AWA. Of the 36 agencies with generalist graduate programmes surveyed, 15 now place graduates at the APS 4 or 5 levels at the end of the training period.
- graduates generally being left to follow their own career paths with no particular mentoring or guidance from their agency after they are placed. Only seven out of 36 agencies with generalist graduate programmes provide particular assistance to graduates after the training period, and formal mentoring was provided in only three instances.

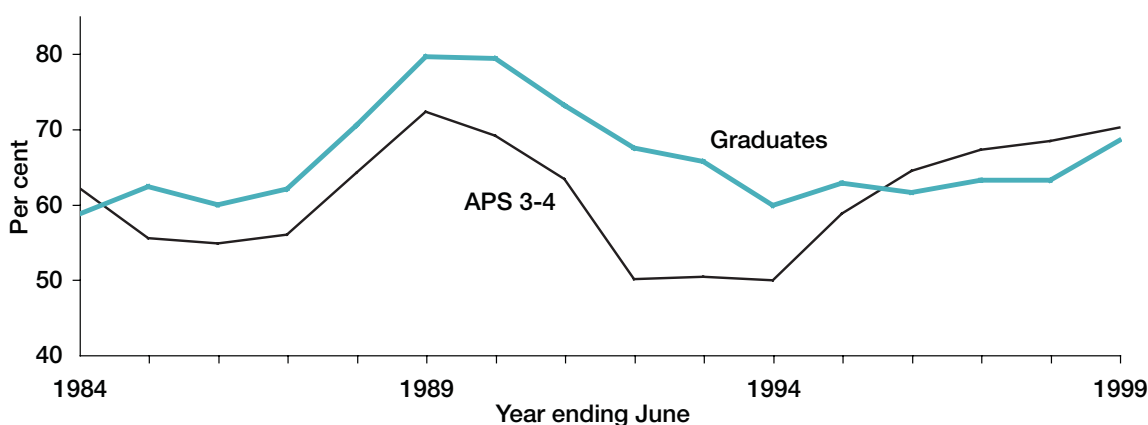
Until about three decades ago, the main purpose of graduate programmes was to supplement the general base level intake of school leavers with an elite group of tertiary qualified staff. However, the annual graduate intake is now swamped by the surge of general recruitment at the APS 3–4 levels discussed at the beginning of this chapter. Prior to 1999, the APS recruited on average at least one graduate programme participant for every three new APS 3s or 4s, but the ratio since that time has been only one for every nine.

A growing proportion of new recruits at the APS 3–4 levels possess tertiary qualifications. Indeed, as Figure 4 in Chapter 2 shows, almost two-thirds of all new APS employees possess tertiary qualifications and, for every employee recruited through specific graduate programmes, there are now around 13 with tertiary qualifications recruited through general recruitment processes at all levels.

The medium-term retention and advancement rates for graduate programme participants are fairly similar to those for other entrants at the APS 3–4 levels. Longitudinal analysis of APSED data has shown that former graduate programme participants and other staff with tertiary qualifications who are recruited at the APS 3–4 levels have similar career advancement patterns. Each group takes about 2.5 years on average to reach the APS 5–6 levels, and around seven years on average to reach EL 1.

Figure 15 shows that the medium-term retention rates for APS 3–4s are now slightly higher than for graduate programme participants.

Figure 15: Comparison of rate of retention within APS (after five years) of graduates versus APS 3–4, 1984 to 1999



Source: APSED

Advice from organisations in other sectors is that the APS retention rate for graduate programme participants is around the average for all employers. While this result would be the envy of some private firms, it is noteworthy that a recent report for the Victorian Public Service concluded that a roughly similar rate of retention there was unacceptable and unsustainable.²¹

Figure 15 does not, for example, reflect variations in the graduate retention rates of different agencies—nor does it reflect interagency movements by graduates. While some agencies (such as the ATO and DAFF) report that they are able to retain over 80% of their graduates after five years, others have reported that they lose half or more over the same period (although many of these move to other APS agencies).

As noted above, graduate programme participants only advance on average at about the same rate as other new recruits with tertiary qualifications. Table 2 shows the career progression of graduates recruited in 1984, 1989, 1994 and 1999 and indicates that, while a large majority of the graduates who remain in the APS can be expected eventually to advance to the executive levels, only a very small and select group will ever reach the SES.

²¹ Department of Premier and Cabinet (Victoria) 2004, *Review of Graduate Employment Strategies and Programs*, Department of Premier and Cabinet, Melbourne.

Table 2: Career paths of graduate programme alumni: selected years

	1984		1989		1994		1999	
	no.	%	no.	%	no.	%	no.	%
Total Graduates	790		484		562		964	
Reached EL within agency	171	21.6	96	19.8	117	20.8	172	17.8
Reached EL in another agency	113	14.3	72	14.9	83	14.8	70	7.3
Reached SES within agency	14	1.8	10	2.1	1	0.2	0	0.0
Reached SES in another agency	12	1.5	6	1.2	5	0.9	0	0.0
Left APS at EL or above	109	13.8	58	12.0	48	8.5	28	2.9

Source: APSED

Longitudinal analysis reveals that fewer than 2% of the more than 14,000 graduate programme participants recruited from 1984 onwards had reached the SES by 2004. As Table 3 indicates, only 18% of the current SES group initially entered the APS through graduate programmes, whereas more than 50% entered through base level or general recruitment below EL 1, and close to 30% were initially recruited at EL 1 or higher.

Table 3: All current SES by level commenced in the APS

	%
Graduate trainee	18.1
APS 1-2	34.8
APS 3-4	6.8
APS 5-6	10.4
EL 1	11.0
EL 2	8.1
SES	10.5
Other trainee	0.3
Total	100.0

Source: APSED

As will be discussed in Chapter 5, these findings indicate that, in most APS agencies, graduate recruitment does not represent a significant channel for developing cadres of future leaders.

BROADER LABOUR MARKET ISSUES AFFECTING THE APS

Relative to trends since the 1970s, the Australian labour market is currently at a high point both in terms of supply and demand.

The Government's *Intergenerational Report* in 2002²² found that the ratio of working age Australians (15–64) to older and younger people was at an historic high point—around 67% of the population being of working age—and this ratio was projected to continue to increase until around 2009.

The unemployment rate has been around 6% or less since October 2002, which is the most sustained period since the 1970s during which it has remained at such a low level. The Treasury expects that low levels of unemployment will be sustainable into the future.²³

As has been the case within the APS, the general Australian labour market has grown more rapidly in the areas of white collar and professional employment. Over the past 10 years, the number of such workers has grown from around 1.3 million to 1.8 million and they now represent almost 20% of the entire Australian labour force.²⁴

The *Intergenerational Report* and subsequent Productivity Commission projections indicate we are on the verge of a sustained tightening of the supply of labour in Australia, particularly the supply of younger, skilled workers.

Treasury's projections show a sustained downward trend in the numbers of Australians aged 15 and under. This means that—with only migration to fuel it—the rate of growth in the numbers of working age people is likely to flatten. Treasury projects that the numbers of working age people will rise by only 14% between 2002 and 2022.²⁵

After 2022, the situation could become still worse. A report by Access Economics for the Department of Health and Ageing predicts that the working age population will grow by just 125,000 during the entire 2020s, as opposed to the current rate of increase of around 170,000 per annum.²⁶ All studies show that a growing proportion of working age people will be aged 55 and over. The Productivity Commission projects that these demographic trends will produce a steady decline in the proportion of the population participating in the labour force from 63.5% in 2003–04 to 56.3% by 2044–45. These trends are likely to lead to a steady increase in competition among employers for an increasingly limited pool of talented new entrants to the Australian labour force.

Employers will have access to three main strategies to respond to these trends, namely:

- **Mature workers:** increasing efforts to attract retired Australians in their 50s and 60s back into the workforce. This could potentially become a key strategy for APS agencies experiencing labour shortages, and could be facilitated by removal of existing restrictions on temporary employment arrangements.
- **Migrant workers:** sponsoring or otherwise attracting newly arrived skilled migrants, as has been a longstanding practice in the ICT sector and some other areas of technical specialisation.

22 The Treasurer 2002, Budget Paper No. 5, 2002–03, *Intergenerational Report 2002–03*, Commonwealth of Australia, Canberra.

23 The Treasurer 2004, Budget Paper No. 1, 2004–05, Statement 4, *Maintaining Low Unemployment in Australia*, Commonwealth of Australia, Canberra.

24 Data supplied to the Management Advisory Committee project team by DEWR.

25 Productivity Commission 2005, *Economic Implications of an Ageing Australia*, Productivity Commission, Canberra.

26 Access Economics 2001, *Population Ageing and the Economy*, Access Economics, Canberra.

- Information provided to DEWR as part of its labour market research, suggests that, within New South Wales, the labour market for accountants is supplemented by employer-sponsored migration arrangements. CPA Australia notes that many of these recruits are graduates of Australian universities, where close to 50% of students in undergraduate and post-graduate accounting courses are now overseas students.²⁷
- The APS has not traditionally been a major employer of recently-arrived migrants and is not particularly well-placed to draw on this source of skilled labour because of its disproportionate concentration in Canberra (which is not a major destination for newly-arrived migrants), and the tradition of restricting ongoing employment to Australian citizens (although the *Public Service Act 1999* now permits agency heads to engage non-citizens on an ongoing basis where they deem this to be ‘appropriate’).
- **Becoming an employer of choice:** providing remuneration levels, conditions of employment and career and development opportunities that are more attractive to potential recruits than those offered by competing employers. In particular, younger skilled employees are increasingly looking for challenge, meaning and learning from their employment. They have superior abilities in, and understanding of, the potential for ICT to automate and link activities, and to remove administrative bottlenecks. The APS will need to keep up with the level of ICT investment and business process redesign in other sectors if it is to be in a position to attract these younger knowledge workers.

FINDINGS

- 3.1 The APS workforce has been evolving to become the increasingly multiskilled, flexible and intellectually agile ‘graduate’ workforce that is needed to meet the emerging challenges of the 21st century. The conditions under which APS employees work are more family-friendly and can promote a greater work–life balance. The participation of women has improved. The participation of Indigenous people, after improving up to the mid-1990s, has recently been in decline, as has—more sharply—the participation of people with disabilities.
- 3.2 APS employees now pursue careers within a narrower band of classifications, with staff typically entering at higher levels than in the past and advancing fairly rapidly within the same agency to a point at which they are likely to remain for an extended period. The declining rate of interagency mobility has the potential to result in some dissatisfaction, for example, in regional networks outside Canberra, and to give rise in future to a reduced breadth of APS experience among senior managers.

²⁷ CPA Australia 2005, *Migration and the Accounting Profession in Australia*, CPA Australia, Melbourne.

- 3.3 Although most new entrants to the APS now possess tertiary qualifications, graduate programmes remain strong in most agencies, even though—on average—the staff they recruit and develop do not appear to progress in their careers at a faster rate than other recruits.
- 3.4 Over the next decade, a high proportion of the APS workforce—especially senior managers—will be at or beyond the comparatively low typical retirement age for APS employees. At the same time, the Australian labour market is projected to begin to tighten and there will be more intense competition among employers for a limited pool of younger, skilled workers who are increasingly looking for challenges, meaning and learning from their employment experiences, and who are expecting that the more mundane aspects of traditional public service work will be removed through office automation and business process redesign.

4. EXPECTATIONS AND CAREER PREFERENCES OF THE FUTURE APS WORKFORCE

The traditional concept of an APS career is being overtaken by a growing diversity of career patterns and expectations among APS employees.

GENERATIONS X AND Y

The next decade will see the baby boom generation, which has dominated the Australian Public Service (APS) for more than two decades, increasingly move into retirement, even though, as was discussed in Chapter 3, emerging labour shortages may require agencies to intensify their efforts to retain and/or attract back many of these potential retirees.

Over the next two decades, a growing proportion of APS leaders will be drawn from the generations born after 1964—the generations commonly referred to as ‘X’ (those born between about 1965 and 1978) and ‘Y’ (those born from around 1979 onwards).

A key issue for the APS is the possibility that these younger workers will be less likely than their predecessors to seek to pursue a lifelong APS career.

Some researchers have suggested that younger workers—especially those from Generation Y—are generally more ambitious and more mobile than the baby boomers; they expect rapid career advancement and personal development and, if they find they cannot fulfil these aims in one organisation or field, they will not hesitate to switch career paths. Hard data to support these assertions is difficult to find, not least because employees from Generation Y have not been in the workforce long enough for definitive career patterns to have emerged.

The best available data, from the ABS, shows that, in 2004, workers aged from 20 to 24 (that is, those from Generation Y) were the most mobile of all age groups, with around one-quarter having moved jobs in the previous 12 months. However, the rate of mobility among workers in that age group has remained approximately the same since the 1990s.²⁸

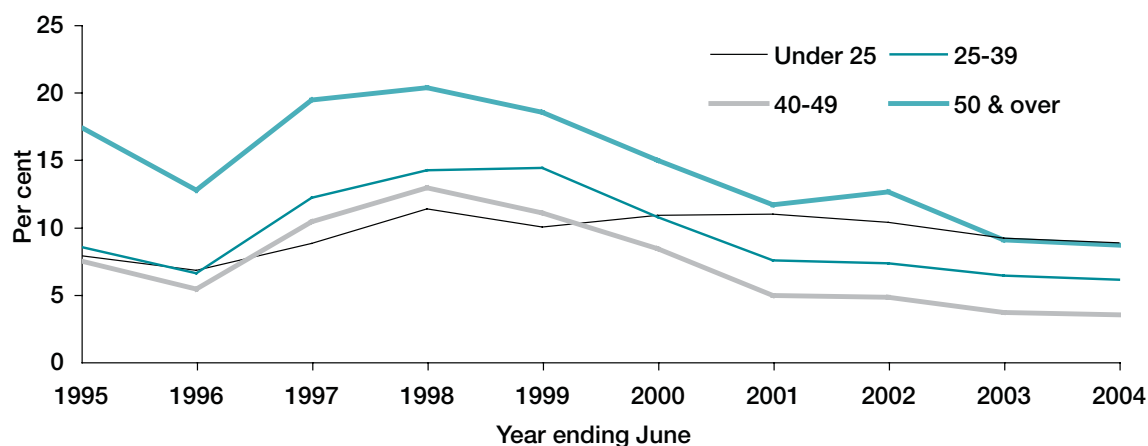
What is clear is that, regardless of their attitudes to career mobility, younger skilled workers in 2005 face significantly fewer barriers to changing jobs than did their counterparts of 20 or more years ago, largely because:

- more younger workers today possess recognised and transferable qualifications, such as degrees and diplomas
- unemployment levels are relatively low
- labour market reforms have removed some of the legislative, industrial relations, superannuation and cultural barriers to workforce mobility.

²⁸ Australian Bureau of Statistics 1998, 2000, 2002 & 2004, *Labour Mobility*, Cat. No. 6209.0, ABS, Canberra.

Figure 16 shows only a slight trend towards greater mobility in and out of the APS on the part of Generation X and Y employees, against the backdrop of declining separation rates among all APS employees.

Figure 16: Separation rates by age group, 1994–95 to 2003–04



Source: APSED

While the statistical evidence is not yet strong, many commentators suggest there is an emerging attitudinal shift among workforces in Western societies away from the concept of a career as a ‘job for life’, to one in which the typical worker can expect to make several changes of career direction during their working life, enabling them to develop a flexible set of skills which—more than any contracts or employment entitlements—they see as representing their main source of job security.

This more flexible and varied type of career path is sometimes termed a ‘portfolio career’.

Attitudinal surveys of Generation X and Y workers have found they are more concerned than the baby boomers were with finding employers who will provide them with:

- meaningful, important and challenging work
- assistance to develop their skills
- collaborative and flexible working arrangements
- transparent processes for career advancement.

Comparative studies have shown that employees in the 21st century are more likely to remain and work productively in large organisations that clearly articulate and communicate the purpose and value of the roles staff are asked to perform, and that mentor those staff as they progress in those roles. These types of organisations are said to have fostered a high level of employee ‘engagement’.²⁹

²⁹ For example, Corporate Leadership Council 2005, *The Effort Dividend, Driving Employee Performance and Retention through Engagement*, Corporate Leadership Council, Washington DC.

Past staff surveys undertaken for *Organisational Renewal* and State of the Service reports show that graduate entrants and other younger APS employees are particularly attracted to work that intellectually stimulates them and helps them to develop their skills. Many graduates reported that, if the APS failed to provide them with such opportunities, they would seek to leave the public service.

Focus group findings further support perceptions that there is potentially a greater interest in career mobility among younger APS employees, and that management styles and approaches that increase engagement of these employees will be crucial in attracting and retaining them.

- Generation X and Y participants in the focus groups reported that continuing availability of interesting and challenging work, along with feeling they were working for the ‘public good’, were major factors that would encourage them to remain in the APS, and were much more important to them than their level of remuneration.

‘I was attracted to the APS because I wanted to undertake policy work’; ‘Idealism attracted me. I liked the idea of making a contribution to society.’

- They also stressed the importance to them of the level of managerial support they received, particularly in relation to their learning and development needs.

‘A lot depends on the managers you get’; ‘The only career input is from my managers. It is informal and ad hoc, but it’s very useful. I find their experience and feedback very supportive.’

- They cited barriers to risk-taking and innovation, failure of managers to deal with underperformance issues, and—in the case of service delivery workers located outside Canberra—‘burn out’ and stress arising from dealing with abusive members of the public, as factors that might discourage them from remaining in the APS in the longer term.

‘The culture is so risk-averse, it’s more about covering your own backside than being innovative’; ‘There is a lack of reward and recognition to do the right thing’; ‘The time lag between doing something and seeing the results can be a problem. The lack of results can be de-motivating’; ‘Seven people review my work. There are just too many levels of approval, it is very frustrating.’

- For some participants, the requirement to move to and/or remain in Canberra in order to advance to the upper echelons of most APS agencies was also a factor that made them feel they would be unlikely to remain in the APS for the whole of their career.

‘There is less pay and career progression outside of Canberra’; ‘Roles should be decentralised to outside of Canberra.’

- The younger participants who were most inclined to remain in the APS for the rest of their careers cited the conditions of service promoting a work–life balance as a major attraction.

‘It is the conditions that definitely make you want to stay, particularly if you want to have kids’; ‘I’ll be with the APS when I have kids; there are ... perks, like maternity leave and flexible working practices.’

The focus group discussions highlighted a strong interest among younger employees in leaving the APS at some future point in order to achieve a ‘rounded career’. Almost all the younger participants expressed an intention to work in an organisation outside the APS, at least for a while, within the next five to 10 years, although none had any definite plans for how they would achieve this. Most saw this option as preferable to that of remaining in the APS beyond this time in order to advance to the SES.

‘I’m open to the possibility of moving out of the APS and then returning, I’m interested in a similar sector overseas, but I don’t have any clear plans in mind’; ‘I would like to have some time working out of Canberra, maybe for private enterprise. I feel like Canberra is very isolated from the rest of Australia’; ‘I keep an eye open for opportunities, but I’m playing it by ear. SES is not so appealing. I’ll stay in the APS for a while so I can get some depth of experience.’

If these younger staff do choose increasingly to seek career opportunities outside the APS, they will be assisted by recent changes to APS employment arrangements, such as:

- the opening up of all APS positions to outside applicants since 1998 (which means that staff who leave the APS for a period need no longer expect to be automatically penalised in terms of their career progression)
- the new Public Sector Superannuation Scheme Accumulation Plan, which will increase the portability of APS superannuation.

New APS employees who joined the APS on or after 1 July 2005 are joining—or have an option to join—the Public Sector Superannuation Scheme Accumulation Plan, which has replaced the existing Public Sector Superannuation Scheme defined benefit arrangement.

The Public Sector Superannuation Scheme Accumulation Plan offers a number of features not available to APS employees through defined benefits arrangements, including member investment choice and full portability of accumulated benefits on joining or leaving the scheme. The flexibility of the new arrangements is generally in line with that of accumulation funds in the private sector. The portability arrangements mean that superannuation arrangements are no longer a disincentive for employees seeking to transfer between the public and private sectors, although they may also make it generally more difficult for the APS to retain staff.

EXPERIENCED AND SKILLED RECRUITS TO THE APS

The growing proportion of staff who have joined the APS at age 35 or over as a second or subsequent career option has already been noted.

On the basis of the relatively higher rates of recruitment of this category of staff in agencies such as the Department of Education, Science and Training, the Department of Health and Ageing, FaCS and Centrelink (see Chapter 2), it can be assumed that a large number of these employees have moved from sectors such as health, education or community services into APS agencies that have dealings with those sectors.

The focus group exercise showed that these experienced and skilled entrants to the APS are typically attracted by factors such as job security, superannuation, opportunities for learning and development, and conditions promoting a work–life balance.

‘I like the security and the stability of working in the APS’; ‘I’m approaching 60 and I enjoy that I can continue to learn and study. If I couldn’t keep doing this I think I would leave and retire’; ‘Work–life balance is much more achievable than in private sector.’

Several of these staff—including people who had had a previous period of employment in the APS—reported that they were attracted to the growing ‘professionalism’ of the APS in the 21st century.

Most reported that they now expected to remain in the APS until their retirement, but none expressed any interest in seeking promotion to senior leadership levels.

The main concerns this group expressed related to mentoring and key learning and development opportunities—including orientation training—where they believed they were discriminated against in favour of younger recruits, especially graduate programme participants.

‘You need serious culture and awareness training when moving from the private sector into the APS’; ‘It can be skills rather than subject matter training. I would also like to better understand where my role fits in the department.’

INDIGENOUS EMPLOYEES

The focus group exercise found that Indigenous employees were particularly attracted to the APS by factors such as:

- the opportunity to work with Indigenous people on issues affecting Indigenous Australians
- the availability of a secure, well remunerated job with superannuation and attractive conditions of service
- access to learning and development

- in the case of Indigenous graduates, the opportunity to use the knowledge and skills they had gained through their education, and to accumulate additional skills and experience through participation in the graduate programme.

Many Indigenous participants reported knowing very little about the APS before they joined it.

‘I had no knowledge of what it was like in the APS’; ‘Before I started within the Department, I could not even find out, or be provided with, any information about the role’; ‘Unlike those who had grown up in Canberra and might have learnt something along the way, outside of Canberra few people know anything about the APS.’

Those who had been required to move to Canberra to take up APS employment—especially the graduates—found this to be a particularly daunting experience due to separation from their family and community.

Most Indigenous employees reported that they remained in the APS because of the attractions of the type of work they were undertaking. This was the case whether they were working on Indigenous-specific issues or more general issues.

‘The type of work is a great motivator and keeps me here’; ‘Working for the Indigenous community is a major factor in what keeps me here.’

As with other groups, Indigenous employees reported that the APS conditions of service and learning and development opportunities are superior to those of the private sector.

‘The conditions of service are much better in the APS than in the private sector—in the private sector you often have to prove yourself to be irreplaceable before you are given access to flexibilities’; ‘Working in the APS provides the opportunity to gain experience and develop skills and expertise.’

The concept of a portfolio career has resonance for many Indigenous employees, especially those whose main focus is on issues affecting Indigenous people. Some of these have joined the APS specifically to gain an insight into the public sector environment.

‘I was working on the other side, with a community organisation, when I decided that it would be good to work within government’; ‘For me it represented an intentional targeted move from the private to the public sector.’

Some of these employees reported that they were required to operate simultaneously as an Indigenous employee in the APS and as a representative of government within their own community. They felt the complexities of this role were not adequately recognised by their management.

Like the younger participants in other focus groups, many of the Indigenous participants who currently work in Canberra indicated that they felt they would eventually need to leave the APS in order to return to their families and communities.

'There are few opportunities at level outside of Canberra.'

Many Indigenous participants expressed frustration that they had been locked into Indigenous-specific roles and would have difficulty moving into other areas of the APS, where the applicability of their knowledge and expertise would not be recognised. For those working outside Canberra, there was a feeling of being doubly stuck in their current position by a combination of the limited mobility opportunities within the APS in their geographic location and being stereotyped as being only suited for working on Indigenous issues.

'The mantle of the expert is difficult to lose and for those wishing to move into other areas this was a hindrance to further opportunities'; 'Mobility and transfer opportunities between agencies have fallen away.'

Many Indigenous participants identified a requirement for all APS employees working with Indigenous issues to have an adequate level of 'cultural competency'. Some of those working outside Canberra reported recent 'de-motivating' experiences of working with people who did not have such cultural competency.

Like other groups, Indigenous employees emphasised the importance of managerial support for learning and career development in encouraging them to remain in the APS.

EMPLOYEES WITH A DISABILITY

The focus group exercise found that people with disabilities were generally attracted to the APS for many of the same reasons as other types of employees, including:

- the perceptions of job security and the opportunity to achieve a work–life balance
- the possibility of making a contribution to society, particularly in relation to helping people in the general community who have a disability.

All participants with a physical disability reported that environmental difficulties in potential working environments had limited their career choices in the APS.

'It's the wheels not my work that are restraining my career'; 'Knowledge, length of service and experience does not often count for much when you have a disability, it is more likely to be dictated by the issue of access.'

All of them cited one or more cases where they had reluctantly turned down promotional or mobility opportunities because they would have been unable to physically get in and out of the workplace.

Participants also reported that the attitudes of supervisors and colleagues could pose significant problems to the career advancement of people with disabilities, and that

these could be overcome by more education and training for staff about the issues confronting people with disabilities.

Like other focus group participants, people with a disability also indicated the importance of their immediate supervisor in determining their level of access to learning and development opportunities, and expressed a desire for greater access to mentoring and help with career planning.

EMPLOYEES SEEKING A GREATER WORK–LIFE BALANCE

Another group of employees whose career expectations and preferences were explored in the focus groups is that of the growing proportion of APS staff accessing part-time work and other work–life balance benefits. Two sub-categories among this group are of particular interest, the career stabilisers and the semi-retirees.

Career stabilisers: those who are content to remain at the one level (for example, EL 1 in Canberra or APS 4–6 in a regional network) for an extended period while they raise a family or pursue interests outside work. Many of these staff will seek to work on a part-time basis, or will remain full-time but will be reluctant to take on additional responsibilities. Some participants in the focus groups reported that they were unenthusiastic about seeking promotion opportunities because these may jeopardise their access to conditions promoting a work–life balance.

As the numbers of these staff grow, agencies will need to develop strategies that maximise their contribution and productivity, while maintaining a sufficient level of flexibility in the overall agency workforce.

Semi-retirees: older workers, including some aged over 55, who have reduced their hours of work in an existing position or who have been newly recruited into a position that suits their needs for reduced hours of work and/or levels of responsibility. These employees are potentially more flexible in terms of the hours and types of work they are prepared to perform, for example, they may be more amenable to shift work, temporary employment, or positions with no possibility for further advancement. They are also attracted to the opportunity to access recreation leave purchase arrangements.

EMPLOYEES WITH LIMITED OPPORTUNITIES TO ADVANCE

In Chapter 3 we noted the existence of a significant and potentially growing group of staff, typically located outside Canberra and working in the APS 4–6 range, who advance rapidly after joining the APS to a level just below middle management, but who can then expect to remain in the one position for a prolonged period, with a steadily increasing risk of reduced motivation and productivity.

The focus groups featured some members of this group who were working in smaller agencies or regional service delivery networks. Many reported that their opportunities for career advancement were severely limited and normally occurred only when an existing employee left the work unit. They also complained of a lack of clear career paths, insufficient access to learning and development opportunities, and a diminishing variety of work as they moved up the hierarchy.

Several focus group participants from outside Canberra expressed a strong interest in moving between APS departments to find stimulating new challenges, but reported that opportunities for them to achieve this were very limited. These comments are consistent with advice from regional offices of the Australian Public Service Commission, which have been reporting for some time that there is a high level of unsatisfied demand for mobility among APS staff located outside Canberra.

APS agencies need to adopt a strategic and dynamic approach to maintaining the engagement and productivity of these workers, not only by providing them with opportunities to move, but also through initiatives promoting learning and development and reward and recognition.

FINDINGS

- 4.1 While expectations of increased mobility of younger workers in and out of the APS are yet to become fully visible in the available statistics, changes to APS employment arrangements have created the conditions for such a trend to emerge in the near future.
- 4.2 While many talented younger APS staff, including graduate recruits, will enjoy increased mobility, others will find themselves remaining in the same position for extended periods, either by choice, as they seek to stabilise their career while raising a family or pursuing interests outside work, or through lack of opportunity to move.
- 4.3 There is potential for frustration among staff—particularly in small agencies and in regional networks outside Canberra—who may feel they have insufficient opportunities for advancement or mobility, and who will need to be dynamically and strategically managed in order to maintain their engagement and productivity.
- 4.4 The APS is also likely to need to seek more experienced recruits from other sectors, who will be attracted by the prospect of secure employment, better conditions of service and/or work with reduced hours and levels of responsibility as they approach retirement.
- 4.5 All these trends indicate a breaking down of the traditional concept of an APS career as a steady advancement up a hierarchy of classifications and the emergence of a growing variety of possible APS career paths. APS managers will need to develop new skills to respond to changing environments, including a better understanding of the more complex employment backgrounds of potential new recruits, which may feature more dramatic shifts in career and levels of responsibility.

5. IMPLICATIONS FOR FUTURE APS CAREER PATTERNS AND DEVELOPMENT

The growing diversity of career paths among the APS workforce will continue to raise challenges in key areas.

IMPLICATIONS OF A GROWING DIVERSITY OF APS CAREER PATHS

The discussion in preceding chapters suggests that the APS workforce of the future will feature a growing diversity of career patterns within a more streamlined classification profile. Career bottlenecks and glass ceilings have been a feature of the APS employment environment for a long time, particularly in regional networks. However, the streamlining and collapsing of classification structures mean workers are now tending to reach these points earlier in their APS careers.

It is therefore likely that a growing proportion of the APS workforce who are not performing managerial duties will be concentrated at a level just below that of middle management. As has already been noted, this group of staff will be heterogeneous in terms of their present and future career expectations and will include:

- staff who are seeking to advance to management levels
- career stabilisers
- staff in their 20s or 30s who have joined an APS agency with the intention of gaining work experience and learning and development in one particular area as part of a portfolio career
- experienced recruits (35 or over) seeking security and a work–life balance
- employees in small agencies in (and outside) Canberra who are frustrated about their limited opportunities to advance or move.

This growing diversity of APS career patterns will present significant management challenges for agencies. As the MAC report *Organisational Renewal* (2003) pointed out, the task of managing this increasingly diverse workforce will require agencies to undertake more systematic workforce planning, including succession planning for key roles.

The analysis presented in earlier chapters indicates that APS agencies may also need to develop strategies to:

- promote interagency and intersectoral mobility, especially for staff located outside Canberra and for potential future leaders
- revamp base level recruitment if the tightening labour market leads to a reduction in the availability of graduate and/or experienced recruits
- maximise the benefits of the continuing investment in graduate recruitment and training.

STAFF MOBILITY AND LEADERSHIP DEVELOPMENT

A more targeted approach is needed to the issue of mobility, one that places it in a broader capability development context. Agencies will have a number of roles and associated capability requirements that would call for staff to have wider exposure and a greater breadth of experience. For others this will not be an issue.

Accordingly, a range of approaches will need to be considered. In some areas, there will be scope for facilitating increased opportunities for some staff to move within and between agencies and sectors. In others, the development may be more internally focused. In some instances it will be necessary to be clear about the career opportunities of different roles so as to prevent unrealistic expectations.

In relation to some roles, a sound strategy may well be for agencies to focus on recruiting staff—such as the career stabilisers and semi-retirees described in Chapter 4—who are content to remain in the one job for a long time. Discussions with the Australian Customs Service and the Australian Quarantine and Inspection Service indicate that these agencies have been drawing a growing number of recruits to areas such as airport passenger processing and quarantine inspection from among these groups.

APS workers based in Canberra do not experience the same level of frustration about mobility and advancement as do their counterparts in regional networks. The head offices of more than 50 APS agencies are located in Canberra, providing skilled staff who join the APS through graduate programmes or through general recruitment at the APS 3–6 levels with many opportunities to vary their career experiences through interagency promotion or transfer, or by moving between different areas in a single agency.

The majority of these Canberra-based recruits will advance to EL 1 within five to 10 years and then, if they have talent and wish to pursue a career in senior management, they can have a reasonable expectation of being able to rise through EL 2 to the SES over the following 10 or so years.

The key concern in relation to the lack of interagency mobility among these staff is not that they are denied opportunities for lateral movement, but that flatter structures and accelerated rates of promotion limit their ability to access experience in other agencies before they advance to the leadership levels in their own agencies. Figures 11 and 12 in Chapter 3 show that, during 2003–04, only a small proportion of new EL 1s and less than half of new SES officers had worked in more than one APS agency.

The increasing narrowness of the experience of APS staff now moving towards and into senior leadership levels of the public service is a matter for concern, given the ageing of the workforce. The majority of the existing leadership group have had APS careers of 15 years or more and have worked in two or more agencies.

Potential strategies for broadening the experience of younger staff now approaching or entering the SES will be discussed in Chapter 6.

BASE LEVEL RECRUITMENT

Previous chapters have noted the significant decline in employment at the APS 1–2 levels.

In 2003–04, only about one-quarter of all APS agencies recruited any staff at the APS 1 level and, of the 182 recruited across the APS, two-thirds were employed by just three agencies—Aboriginal Hostels Ltd, Centrelink and the Department of Defence.

Around half of all agencies recruited some APS 2s in 2003–04. However, once again, the majority of the 795 recruited were employed by just three agencies—the Department of Defence, the ATO and the Defence Housing Authority.

Only 12 of the 77 agencies listed on APSED recruited any non-graduate trainees in 2003–04, with 125 of the 318 recruited being located in the Australian Protective Service, which was excised from the APS on 1 July 2004. This data is consistent with the findings of the agency survey, which found only four out of 66 agencies offered New Apprenticeships or any other form of youth trainee scheme.

These three classifications (APS 1, APS 2 and trainee), plus graduate programme participants, accounted for over half of all APS recruitment of people aged under 20 and around one-third of all recruitment of people aged under 25 in 2003–04.

This data demonstrates the growing focus across all APS agencies on ad hoc recruitment of educated and experienced employees to fill vacancies at the APS 3 level and above. The agency survey found that only eight out of 66 agencies continue to engage in any form of bulk recruitment exercises at the APS 1–2 levels, and only 12 engaged in bulk recruitment at the APS 3–4 levels, the levels that are now effectively the base entry point in most agencies and at which close to 50% of new entrants join the APS.

APS agencies' greater preference for educated recruits who already possess some relevant skills and experience has been facilitated by legislative and regulatory changes that have devolved employment powers to agency heads and have opened up vacancies at all levels to applicants from outside the APS. It is also partly a consequence of award streamlining and job and organisational redesign, which has seen activities such as typing, photocopying and filing being integrated into the general duties of middle to senior level officers.

The trend across agencies to curtail base level recruitment has helped make the APS a 'graduate' workforce and has greatly reduced opportunities for juniors and other groups with lower average skill levels, such as Indigenous people and people with intellectual and developmental disabilities.

It is possible that the projected tightening of the labour market discussed in Chapter 3 may eventually prompt agencies to consider introducing strategies for attracting, recruiting and educating school leavers and other younger and/or less skilled staff.

ROLE OF GRADUATE PROGRAMMES

As was noted in Chapter 3, the statistical significance of graduate programmes relative to general recruitment at the APS 3–4 levels has declined since 1999 and—at approximately two-thirds across the APS after five years—the retention rates for graduate programme alumni are now lower than for new starters recruited directly into APS 3 and 4 positions.

Furthermore, the rates of advancement for graduate programme alumni are no better than for other APS 3–4 recruits, each group taking an average of around seven years to reach EL 1.

Despite these trends, many agencies continue to invest heavily in their graduate programmes, spending an average of \$20,000 (in a range from \$8000 to \$33,000) per graduate on marketing, recruitment, relocation and training.³⁰

Agency graduate programmes increasingly feature:

- separate national marketing campaigns (the last remaining cross-agency collaborative general graduate recruitment arrangement being discontinued in 2005, leaving only the Indigenous Graduate Recruitment Initiative)
- expensive and rigorous selection processes, often conducted by private recruitment firms, which include psychometric testing and assessment centres.

These increasing investments in recruitment processes are consistent with trends in graduate recruitment across all Australian employers.³¹ Agencies report that these investments deliver results in terms of increased quality of graduate recruits and, in some cases, higher retention rates.

However, given that the significance of the graduate programme relative to other recruitment channels has declined in most agencies, the benefits of investing so heavily to improve the quality of these recruits must be questioned.

In the agency survey conducted for this project, many agencies reported that an important purpose of their graduate programmes was as a mechanism for recruiting future leaders for their agencies. Three-quarters of agencies with generalist graduate programmes identified recruitment of future agency leaders as one of the two principal goals of their graduate programmes.

The data presented in Chapter 3 indicates that leadership development may not by itself be a convincing rationale for retaining agency graduate programmes in their current form. Of the graduates recruited by an agency each year, around half either left the APS or moved to a different agency within five years.

³⁰ Agency estimates provided to the Commission, Australian Public Service Commission 2003, *Graduate Trends*, Australian Public Service Commission, Canberra, p. 28.

³¹ Australian Association of Graduate Employers 2005, *2005 Australasian Graduate Recruitment Benchmarking Study*, AAGE, Melbourne.

Even those graduates whom agencies are able to retain have only a remote likelihood of reaching the SES. Fewer than one-in-five current SES staff started their APS careers as graduate recruits, the only agencies that significantly exceed this average are the Treasury, the Department of the Prime Minister and Cabinet, the Department of Transport and Regional Services and the Department of Communications, Information Technology and the Arts. In all of these the proportion of SES employees who were graduate recruits is around one-in-four—in the Department of Foreign Affairs and Trade, the proportion is more than one-in-three.

A recent report on graduate programmes prepared for the Victorian Public Service identified broadly similar rates of retention and advancement among their programme alumni as are found across the APS. The report concluded that Victorian Public Service agencies invest far too much money and effort in attracting and recruiting graduates, and give too little consideration to developing and retaining both the alumni of graduate programmes and the much larger group of staff with tertiary qualifications who enter the Victorian Public Service through general recruitment processes.

A key recommendation was that the Victorian Public Service strengthen training and development arrangements for tertiary-qualified staff who do not enter the service as part of the formal graduate intake.³²

Certainly, there would seem to be a strong case for agencies to extend some of the key learning and development opportunities currently offered to graduate programme participants to other talented new starters in the APS, particularly those working in policy and programme development areas, to ensure they are adequately skilled in whole of government processes.

The results of the agency survey indicate that only around one-third of agencies make all training opportunities provided to graduates available to other new starters. In particular, graduates appear to be more likely to receive training in parliamentary processes, policy skills, interview techniques and career planning. Strategies for improving this situation are set out in Chapter 6.

Discussions with a range of APS agencies and other employers indicate that graduate programmes continue to provide a range of important benefits, including:

- Publicity around graduate entry arrangements helps to raise the overall prestige of a career in a particular agency and/or in the APS in general, thereby attracting more recruits, particularly to Canberra.
- Graduate recruitment is an effective mechanism for enlivening the APS workforce, bringing in an annual cohort of young, talented knowledge workers—many from outside Canberra—who can bring fresh perspectives to bear on the issues addressed by agencies.
 - Almost one-in-three agencies with generalist graduate programmes identified workforce enlivenment as an important rationale for their programmes.

³² Department of Premier and Cabinet (Victoria) 2004, *Review of Graduate Employment Strategies and Programs*, Department of Premier and Cabinet, Melbourne.

- Some agencies with a relatively higher level of graduate intake, for example, the Department of Foreign Affairs and Trade, the Treasury and, to some extent, the ATO, have been able to use graduate programmes as flexible base recruitment mechanisms, adjusted upwards or downwards in line with trends in the turnover of staff at middle and higher levels.
 - Almost half the 36 surveyed agencies with graduate programmes saw them as a flexible means of base level recruitment. However, only four of the 36 reported that they adjusted the size of their graduate intakes in response to the results of systematic workforce planning, with the majority stating that the size of the intake was largely determined by the immediate requirements of unit heads or by the size of the budget allocated to the graduate programme.
- By bringing together groups of new starters to the APS for a period of intensive training, graduate programmes help to build useful networks across organisations and, in time, across the APS, enhancing interagency cooperation and promoting a whole of government approach.
- Agencies that maintained graduate programmes during recruitment freezes and periods of downsizing (for example, in the late 1990s) have been able to avoid the significant skills shortages experienced by those that suspended their graduate programmes during those periods.

If graduate programmes do continue to figure prominently in APS agencies' recruitment strategies, the issue of retention is likely to become an increasingly significant one.

Chapter 4 discussed the potentially growing mobility of younger recruits to the APS, who may increasingly seek to enhance their careers by working in a number of different public and private sector organisations, possibly returning to the APS at a later stage when they wish to access conditions of service promoting a work–life balance.

A recent study identified similar career expectations among younger Canadian public servants, and concluded that it was possible that the best and brightest workers would increasingly choose to work in the public service only at those stages of their career or life cycle when it most suits them. They would do so, for example, to acquire marketable skills when younger or to achieve better work–life balance (when raising a family or when moving towards retirement).³³

This scenario may require APS agencies to redefine their expectations in relation to some of their graduate recruits, whose career patterns may increasingly feature:

- an important initial contribution to the APS when they are young and learning
- then leaving the APS to gain skills and experience in other sectors and even outside Australia

³³ Conference Board of Canada 2002, *Building Tomorrow's Public Service Today, Challenges and Solutions in Recruitment and Retention*, Conference Board of Canada, Ottawa.

- a possible return to the APS to seek a greater work–life balance at a point when they are in a position to contribute the benefits of the skills and experience they have gained outside.

Other graduates may find it possible to achieve the variety of career and learning opportunities they seek while remaining within the APS. Such graduates are likely to be attracted and retained by factors such as:

- the role the APS plays in addressing policy issues of major national significance (for example, global warming, water resources, the Asian tsunami, Medicare, company fraud, industrial relations reform and Indigenous affairs)
- the opportunity to live and work in—and/or travel to—a wide variety of locations, such as all Australian cities, regional and outback Australia, external territories and overseas posts
- the roles played by a wide variety of skilled professionals such as scientists, economists, accountants, lawyers and statisticians.

A further issue, noted in Chapter 3, is the need for APS agencies to keep up with trends in other sectors in the use of ICT and other measures to reduce the amount of mundane work and to improve workforce efficiency and productivity. The younger participants in the focus groups cited the administrative bottlenecks and duplication of processes within the APS as factors that might encourage them to leave at some future stage. Agencies will need to ensure they create an intellectually stimulating and rewarding working environment for new skilled recruits by using ICT and business process and work redesign.

Strategies for emphasising the opportunities for APS staff to pursue a portfolio career, and for improving retention of graduate and other skilled recruits, are presented in Chapter 6.

FINDINGS

- 5.1 The breaking down of the traditional APS career path of steady progression up a hierarchy and the growing diversity of career patterns present significant management challenges for agencies.
- 5.2 Agencies are generally performing well in recruiting suitable staff, but will need to place a greater emphasis on workforce and succession planning and on strategic career development for staff, including development of future leaders, and increasing opportunities for mobility and career broadening for staff in regional networks.
- 5.3 The APS is better placed than most other employers to satisfy the increasing demand among younger knowledge workers to achieve a variety of working experiences through pursuit of a portfolio career. However, agencies will also need to pursue business process redesign and the more efficient use of ICT to remove duplication, administrative bottlenecks and mundane duties from the work performed by these staff.
- 5.4 Agencies may also wish to target recruitment of staff with little interest in moving or advancing (for example, career stabilisers and semi-retirees) to fill positions where there are limited promotion opportunities available.
- 5.5 If the labour market tightens as predicted, agencies may wish to revisit their past decisions to cease base level recruitment of juniors and unskilled staff. However, any such move is likely to require significant organisational and job redesign.
- 5.6 Graduate programmes should be maintained for several reasons, particularly the role they play in enlivening the talent pool available to move into the executive levels.
- 5.7 However, it is also important for agencies to extend some of the key learning and development opportunities currently offered to graduate programme participants to other talented new starters in the APS—particularly those working in policy and programme development areas—to ensure they are adequately skilled in whole of government processes.

6. STRATEGIES FOR ATTRACTING, RETAINING, MANAGING AND DEVELOPING GRADUATES AND OTHER SKILLED STAFF INTO THE FUTURE

The key challenges identified in earlier chapters were:

- a growing requirement for Australian Public Service (APS) employees to be multiskilled, flexible, intellectually agile and adept with ICT—a skill set most commonly possessed by tertiary graduates
- a projected tightening of the Australian labour market, with potential emerging shortages of younger employees and tertiary graduates, especially those with qualifications in specialist areas such as accountancy
- a trend towards greater career mobility among younger employees
- the concept of a ‘career service’ being overtaken by a growing diversity of career expectations and patterns among the APS workforce
- increasing agency recruitment from other sectors of experienced workers, who require learning and development in APS processes and values
- declining rates of interagency mobility within the APS, which may lead to career stagnation among staff in small agencies and regions, and a narrowing of focus among potential future leaders
- an ageing APS workforce, with a high rate of turnover at the leadership level likely over the next five to 10 years
- continuing strong use by agencies of traditional models of graduate recruitment and development, which may need to be significantly revamped to overcome future difficulties with attraction, recruitment and retention.

In addressing these challenges, all APS agencies will need to adopt a range of strategic responses, including:

- systematic workforce planning to identify emerging issues and challenges in relation to recruitment, development, advancement and succession of their employees
- effective processes for attracting and recruiting new staff, including both new entrants to the labour force and experienced employees from other sectors
- smarter approaches to graduate recruitment and development, such as using the flexibilities available through agreement-making—particularly AWAs—to attract and retain graduates
- learning and development opportunities to ensure new employees have the required skills and capabilities

- promotion of mobility and exchange opportunities for those employees who need them
- strategies to ensure the increasingly diverse current and longer-term career needs of the APS workforce are met
- investing in identifying and developing the future leaders of the APS, including ensuring they have the breadth and depth of experience to provide leadership in a whole of government context.

Individual APS agencies have the capacity to develop effective responses to most of these challenges, but some will be addressed more effectively if agency strategies can be supported by concerted and coordinated APS-wide action.

WORKFORCE PLANNING

The MAC report *Organisational Renewal* (2003) concluded that it was imperative for all agencies to introduce systematic workforce planning processes to enable them to:

- understand their own workforce demographics and characteristics, noting the significant interagency variations in factors such as age
- identify their particular current and future capability requirements and implement an integrated human resource management strategy to make sure they are met
- implement effective succession management for key roles.³⁴

State of the Service reports have shown that APS agencies have made only patchy efforts to respond to this imperative. A recent ANAO performance audit of agency workforce planning found that ‘even the most advanced agencies are only in the early stages of developing their systems’ and that ‘few, if any, could claim to have embedded workforce planning into their business processes’. That said, the ANAO also acknowledged that the process of establishing effective workforce planning arrangements is likely to take an agency between two and five years to complete, that is, more time than has elapsed since the publication of *Organisational Renewal*.³⁵

A key building block of any agency’s workforce planning strategy is the ability to access accurate and timely information about the demographic characteristics, skills and career patterns of its own staff, which will inform agency-specific analysis of the type presented at an APS-wide level in the earlier chapters of this report.

Much of the data agencies need in order to undertake this work is available through APSED (now also available through an Internet interface, APSEDII) and the results of the annual State of the Service surveys. However, the quality of this data depends critically on the accuracy and comprehensiveness of each agency’s input.

³⁴ Management Advisory Committee 2003, *Organisational Renewal*, Commonwealth of Australia, Canberra, pp. 2–3.

³⁵ Australian National Audit Office 2005, Workforce Planning (Audit Report No. 55, 2004–05), ANAO, Canberra.

A number of agencies, including some of the larger ones, do not collect consistent and detailed data on the formal skills and qualifications of their employees, including:

- the types of degrees, diplomas and certificates held (even for their graduate recruits)
- the institutions at which they were obtained or the level of attainment (for example, whether honours or pass)
- prior employment experience of new recruits.

Fewer than half the agencies responding to the agency survey reported that they collected data on the tertiary qualifications of new recruits.

Some agencies also do not have access to systematic data on the learning and development activities undertaken by their staff—including tertiary study supported by studies assistance—or on the nature and outcomes of all recruitment activities.

E-recruitment systems, which can systematically collect demographic and skills data from applicants and track the progress of applications throughout selection processes, are becoming increasingly popular in the private sector and in state and territory public services, and are now also being introduced by some APS agencies. These systems may be able to improve the capacity of agencies to collect, store and access critical information about successful new recruits.

Data on skills and career patterns of staff, while crucial, is only part of the overall information base needed for successful workforce planning. Other elements include qualitative information on:

- career expectations and preferences of staff
- current performance of staff
- motivations of staff who choose to leave the agency
- line managers' current and expected future skill needs
- key staff who need to be retained, or rapidly replaced, if they leave.

Agencies can obtain such information through general staff surveys and/or focus groups comprising groups of employees of the type used in preparing this report.

Examples from APS agencies and other sectors

Some APS agencies are introducing workforce planning processes intended to inform decisions about the scale and timing of major recruitment exercises, and to shape career development programmes for graduates and the leadership feeder group.

- The Department of Education, Science and Training requires each business area to engage in an annual process of considering its current and future workforce needs. Performance management, career development and demographic data are used in this process to frame the workforce planning agenda around identified demand and supply issues, and any workforce gaps.

- The Department of Defence is developing a workforce planning process for its 18,000 civilian employees that is informed by the personnel planning arrangements used by the Australian Defence Force. When it becomes fully operational, the process will be used to identify and quantify emerging workforce pressures and risks. Development activities associated with this process include:
 - upgrading the Department’s personnel management system to ensure it includes all relevant data fields needed to inform workforce planning
 - developing business rules for common workforce planning reporting metrics
 - classifying all Departmental positions against the DEWR Job Outlook classification system
 - building and populating a workforce planning data warehouse.

Once this work is completed, Defence expects to be in a position to produce dynamic models—based on known and predicted changes to internal and external demographics and other factors—which can be used to forecast future workforce trends.

Many agencies undertake periodic staff surveys that cover a range of topics, often including questions on future career intentions. However, DAFF recently took this a step further by undertaking a major staff survey focusing specifically on the career preferences and expectations of its staff.

Issues

The ANAO suggests that an agency is more likely to succeed in workforce planning if it has:

- developed a clear understanding of its strategic direction and performance expectations, enabling it to identify the workforce capabilities and organisational structure it will need to meet its future commitments
- allocated sufficient human, financial and technological resources to the task
- gained access to accurate and timely quantitative information about the demographic characteristics, skills and career patterns of its workforce, and qualitative data on the career expectations and preferences of its staff
- provided visible support for workforce planning at senior and line management levels
- been able to demonstrate the value of workforce planning to decision-making about human resources at all levels.³⁶

³⁶ Australian National Audit Office 2005, *Workforce Planning* (Audit Report No. 55, 2004–05), ANAO, Canberra.

A high priority for agencies will be to bring the findings of workforce planning processes into development of new policies and programmes, particularly where the success of a proposed new initiative may depend critically on the availability of employees with particular skills and qualifications. Agencies should also pay special attention to trends in the employment of Indigenous people and people with disabilities and to identifying and, where required, addressing the underlying causes of those trends.

At this relatively early stage of developing workforce planning processes, there will be clear benefits in APS agencies and the Australian Public Service Commission working together through existing networks to promote better practice. There will also be benefits in agencies reporting back periodically to MAC on key issues they identify through their workforce planning processes.

In terms of improving the quality of workforce data to support agency planning processes and enhancing the quality of reporting to APSED, it would be a relatively straightforward matter at this stage for agencies to agree to adopt common standards for data capture, messaging and presentation in the e-recruitment they are rolling out or are contemplating introducing.

Standards such as Human Resources–Extensive Markup Language (HR–XML) are already well developed and could be adopted quickly under the guidance of the Department of Finance and Administration (Finance), through AGIMO.

APSED reporting arrangements provide a starting point for developing consistent data sets for demographic characteristics, educational qualifications and prior work experience. Expert advice would also need to be sought on data security and privacy issues.

ACTIONS: WORKFORCE PLANNING

1. All APS agencies will continue to work to establish processes for systematic workforce planning.
2. The Australian Public Service Commission, in consultation with agencies, will develop and promulgate advice on best practice.
3. Agencies will regularly report to MAC on their progress and key issues emerging from this work.
4. Agencies will give high priority to taking the results of their workforce planning into account in policy and programme development, particularly in relation to any specific skills requirements needed to implement new government initiatives.

5. Agencies will pay particular attention to trends in employment of Indigenous people and people with disabilities, and to identifying and, where required, addressing the underlying causes of those trends.
6. The Department of Finance, through AGIMO, will lead a working group to report to MAC's Information Management Steering Committee, which will:
 - catalogue existing agency e-recruitment systems and projects
 - identify best practice approaches
 - develop and promote adoption of data and connectivity standards
 - address relevant privacy and data security issues
 - identify and assess risks in relation to timeframe and cost
 - explore the potential business benefits arising from online sharing of recruitment data among APS agencies.

ATTRACTING AND RECRUITING EMPLOYEES TO THE APS

With any tightening of the Australian labour market over the next few years, agencies will need to become more pro-active in their approach to attracting and recruiting employees from outside the APS.

As has been discussed in previous chapters, it is likely that many younger people newly entering the labour force will be looking to pursue portfolio careers that provide a wide diversity of employment and learning experiences. APS agencies will need to find ways of tailoring their messages to potential recruits to emphasise how a career in a particular agency and/or the APS more generally can help them achieve these goals.

The focus groups the MAC project team conducted found that young APS employees view the range of employment and learning opportunities available to them as a major factor that will encourage them to stay in the APS, but a factor of which they were generally unaware before they joined. This suggests that recruitment outcomes for all agencies might be improved if this message could be better communicated outside the APS.

There is much the APS can learn from how online marketplaces such as eBay and the various real estate sites market a particular form of product to younger, Internet savvy consumers by linking a wide variety of separate business sites to provide comprehensive, consistent information in a one-stop-shop.

All ongoing APS vacancies are currently advertised in the online Public Service Gazette and many agencies also advertise ongoing and non-ongoing vacancies on their own web sites, as well as in national and local newspapers. However, these arrangements

are not well coordinated. The current online Gazette provides no opportunity for user interaction, for example, allowing users to request emailed advice about new vacancies requiring a particular qualification or skill set or which are in a particular location, or automatically notifying applicants when an advertised vacancy is finally filled.

Furthermore, much of the language used in agencies' online and newspaper job advertisements is very APS-specific and can sometimes be impenetrable and off-putting for outsiders.

The prospect of staff shortages may also prompt APS agencies to look beyond the talent pools of recent graduates and experienced workers they currently favour, towards other sources of new recruits, such as school leavers.

Examples from APS agencies and other sectors

APS agencies currently adopt a range of strategies around recruitment, including:

- participation in annual career fairs at universities
- participation in information sessions for students at universities
- using recruitment agencies to search for and screen suitable applicants from outside the APS.

Some APS agencies are also beginning to make use of e-recruitment systems:

- The new online recruitment system of the Department of Immigration and Multicultural and Indigenous Affairs went live on 27 May 2004. Since then, over 300 jobs—from bulk rounds to SES positions—have been advertised on the system. The latter has received 12,882 completed applications online, and a further 9000 registrations. The department reports that the system:
 - has substantially reduced manual processing work
 - provides a standardised process that ensures delegates are involved in the recruitment process from the outset
 - enables automated processes for warning applicants of closing dates and for acknowledging receipt of applications
 - provides an online assessment tool that streamlines the shortlisting process.
- The ATO has used an e-recruitment system for graduate recruitment for a number of years, and has recently piloted e-recruitment to fill general vacancies. The pilot was undertaken to fill 160 positions across APS 3 to EL 1 classifications in Hobart, Adelaide and Melbourne. Candidates were asked to submit their applications electronically via the Internet from the careers link on the ATO's web site: 1862 applications were received. The online system was used to:

- undertake initial eligibility screening (for citizenship and in checking whether applicants had taken a voluntary redundancy from the APS in the last 12 months)
- upload applications
- provide applicant tracking and reporting
- administer online testing.

All 160 vacancies were filled and the ATO reports that the timeframe for the process was impressive, with 18 days elapsing from the closing date for applications to the selection report being presented to the delegate. The exercise cost approximately \$20,000, which equates to a relatively low \$125 per hire. The ATO is now looking to use the online system more widely.

Issues

As was noted in Chapter 5, the APS is particularly well suited to younger recruits seeking to pursue a portfolio career, as it offers an extremely broad range of career and learning opportunities encompassing policy issues of major significance, service delivery in all parts of the country, many areas of professional expertise, and even the opportunity to travel and work overseas.

In order to promote these benefits, the APS could embark on a more active campaign to market the range of employment and learning experiences available within a broad APS career. As a first step, all APS agencies' newspaper and online job advertisements could include wording that communicates the clear message that successful candidates will not only be joining the agency that has advertised the position, but will have access to the range of opportunities available within the broader APS. Emphasising these factors will help the APS compete as an employer of choice in the context of a tightening labour market with growing remuneration and other pressures (survey work undertaken for DEWR indicates that, for staff above the APS 3–4 levels, the median total remuneration is significantly below the private sector median for equivalent work).³⁷

The APS could also improve its online strategies for attracting potential recruits by developing the existing online Public Service Gazette into an APS-wide employment portal which would provide comprehensive interactive links to all APS vacancies advertised on individual agency sites.

Agencies would present their vacancy information in a consistent online fashion, based on agreed standards and formats for presentation of information about pay and conditions, job descriptions, selection processes and so forth. The APS employment portal would provide direct links to all these vacancies. It would also provide access to the Australian Public Service Commission guide on APS employment and selection processes discussed above, as well as to other relevant information on roles and responsibilities, superannuation arrangements, the APS values, and moving to Canberra.

³⁷ Department of Employment and Workplace Relations 2005, *Australian Public Service Remuneration Survey 2004*, DEWR, Canberra.

Users could elect to receive regular online alerts about newly listed vacancies of a nominated type, for example, jobs in a particular geographic location or those requiring staff with specific qualifications, such as economists, accountants and lawyers.

The new site would continue to serve stipulated Gazette functions, including publication of appointments, promotions, transfers, retirements and dismissals.

As will be discussed later, the portal could provide an avenue for advertising mobility and exchange opportunities for existing APS employees and for allowing staff who have retired or resigned from the APS to register their availability for employment opportunities.

Agencies will derive maximum benefit from APS-wide efforts to attract more quality potential recruits if they take steps to ensure the characteristics of their own recruitment processes do not in themselves discourage outsiders from applying. Agencies will need to:

- avoid using impenetrable public service jargon in their job advertisements and selection documentation
- use selection criteria consistently and sparingly, to avoid potential quality applicants being discouraged by lists of 10 or more selection criteria
- clearly specify the quantity and nature of the written information required in applications, placing an emphasis on brevity and precision
- make effective use of e-recruitment and interactive online processes to attract younger recruits, to guide them in structuring the written information they provide in applications, and to manage more effectively the process by which they are assessed for selection.

The Australian Public Service Commission will prepare a short guide to APS application processes that can be provided to all applicants, helping them 'break the code' around APS selection processes and employment and classification arrangements which outsiders (and, at times, insiders) can find impenetrable and confusing. A frequently cited example is that of the differing levels of responsibility across the three levels of the SES that, although articulated in the Integrated Leadership System, are not widely understood outside the APS.

As part of their response to a tightening labour market, APS agencies may also need to consider providing more entry pathways and drawing more heavily on school leavers and other less skilled recruits. This could be combined with systematic skills development approaches such as studies assistance and traineeships. It may also result in more entry opportunities for groups such as Indigenous people and people with disabilities. Adopting an active approach to diversity is important both in maximising the potential recruitment pools and in strengthening workforce capability.

In order to open up these new employment entry pathways, APS agencies may find it necessary to change the ways they use the APS classification structure and to revisit the remuneration relativities they offer within that structure. Agencies may need to

think more creatively about the capabilities they need in different business areas and how they use the classification structure more flexibly and effectively in recruiting and developing staff to fulfil those capability requirements. This will require them to move away from position- and vacancy-driven approaches to recruitment to more strategic approaches based on workforce planning and broader capacity building.

ACTIONS: ATTRACTING AND RECRUITING EMPLOYEES TO THE APS

7. All APS agencies will identify and adopt strategies for making their recruitment processes more accessible and attractive to potential recruits.
8. The Australian Public Service Commission will develop a short guide to APS selection processes that can be distributed to all applicants.
9. A working group of agencies—guided by advice from the Australian Public Service Commission on legislative requirements and better practice—will be formed to develop guidelines for streamlined recruitment processes.
10. The Australian Public Service Commission will redevelop the online Public Service Gazette into an employment and recruitment portal. APS agencies will cooperate in this process by linking all advertising of vacancies on their web sites and linking these to the portal in a consistent format that will provide complete and coherent information to applicants, and will facilitate provision of interactive services, such as email alerts.
11. The APS will become more active in marketing the range of employment and learning opportunities available within an APS career. As a first step, all APS online or newspaper job advertisements, and all selection documentation, will feature a message emphasising the benefits of a broad career in the APS.
12. All APS agencies will explore base level recruitment pathways such as apprenticeships, traineeships and/or other recruitment strategies targeted at potential employees without post-school qualifications, including examining how these may help build greater workforce diversity through employment of more Indigenous people and people with disabilities.

RECRUITING AND RETAINING EMPLOYEES WITH SPECIALIST SKILLS IN HIGH DEMAND

If the next few years are to bring increased competition among employers for new entrants to the labour market, this competition is likely to be particularly intense in relation to employees with specialist skills that are already in high demand.

APS agencies are already reporting growing problems in recruiting and retaining staff with qualifications and expertise in specialist areas such as economics, science, statistics, project management, ICT, and human resource management.

A large number of agencies have reported particular problems in attracting qualified accountants to meet the requirements flowing from introduction of financial management reforms in the APS.

In some of these areas the problem is principally one of employer demand exceeding the supply of potential employees completing tertiary courses and professional qualification processes. In the case of accountancy, this problem is accentuated by the fact that the positions in most APS agencies that require staff with this qualification are located in head offices in Canberra. The ATO, which employs a large number of accountants outside Canberra, has experienced fewer difficulties to date than most other agencies.

In other cases, the problems arise from the types of courses tertiary institutions offer and the choices students make. Treasury, for example, reports a diminishing supply of graduates in economics or related disciplines who have expertise in macroeconomics, while the ABS is experiencing difficulty recruiting graduates with statistical expertise.

Examples from APS agencies and other sectors

There is a long tradition of public and private sector organisations offering cadetships to current tertiary students in the final and, in some cases, earlier years of their degrees. However, the agency survey identified only six APS agencies that currently offer cadetships to students in specialist degrees (although many more offer general cadetships to Indigenous people engaged in tertiary study).

There are some signs of an upward trend in the number of private sector organisations offering cadetships or—especially for some legal and professional firms—vacation learning programmes, in which current tertiary students gain work experience during university vacations in an organisation they might later consider joining.³⁸

The Australian Bureau of Agricultural and Resource Economics (part of DAFF), the ANAO and the ABS have reported considerable success with these programmes in terms of the number of participants who subsequently apply to join the agency after completing their degrees.

³⁸ Australian Association of Graduate Employers 2005, *2005 Australasian Graduate Recruitment Benchmarking Study*, AAGE, Melbourne.

The UK Civil Service adopts a much more long-term and structured approach to recruiting and retaining specialists in some disciplines, in which service-wide economics, statistical and accountancy ‘services’ manage and recruit staff with these particular skills, their job placements, learning and development and career paths being determined through a cross-agency process.

A related UK initiative—currently being implemented—is to identify certain agency heads as ‘heads of disciplines’ within the Civil Service, in areas such as policy, service delivery, ICT, human resources, and budget and financial management.

Issues

The UK model of managing cadres of specialist employees on a cross-agency basis may not be suited to the more devolved employment framework of the APS, nor might it adequately address the diverse requirements of different agencies in relation to attracting and retaining specialist employees.

However, there appear to be potential benefits in terms of retention and advancement of professional staff from a modified version of the proposal in which APS-wide ‘professional communities’—managed by relevant lead agencies—will promote learning and development and career planning for professionals working in a particular discipline by:

- raising the profile and status of professional groups within the APS
- orientating new professional recruits into the APS environment, values and culture
- promoting professional development for members of the community
- running workshops, seminars and networking opportunities on topics of interest
- establishing and maintaining an interactive web site—possibly as a sub-site of the new whole of government site to be managed by the Australian Public Service Commission—as a focal point for organising community networking and activities
- liaising with tertiary institutions and professional associations on educational and learning curricula to promote APS interests
- developing and implementing strategies to address imbalances between supply and demand, possibly including cross-agency rules around poaching.

There are significant variations from discipline to discipline in the level of workforce shortage and in the extent of cross-agency networking and interaction among professionals working in the same field.

The professions for which there is a particular imbalance between supply and demand in the APS and/or where there are clear potential benefits from establishing a professional community are accountancy, ICT and statistics. Science and economics are also areas in which there is a risk of supply failing to meet demand, but the diversity of roles filled by scientists and economists across the APS would make establishment of professional communities in these areas more problematic, but by no means impossible.

Agencies report a more than adequate supply of lawyers for the APS and a strong existing network across agencies.

An important first step in establishing professional communities will be for their leaders to define membership, preferably by being inclusive rather than exclusive, but also by ensuring the community has coherence and a common interest.

The success of the proposed communities will depend critically on visible support from lead and other agency heads, as well as on the level of enthusiasm and input that can be generated from steering committee members. Establishment of an effective and informative web site and a programme of worthwhile events for each community will be immediate priorities. Lead agencies will need to work closely with relevant professional associations such as CPA Australia and the Australian Computer Society.

The acuteness of the shortage of accountants for the APS—and more generally across the Australian labour market—also suggests a need for targeted recruitment action. A suitable model exists in the form of the Indigenous Graduate Recruitment Initiative, which involves 21 agencies, led by the Australian Public Service Commission, collaborating to overcome difficulties in recruiting Indigenous graduates by adopting a single process of marketing, selecting and placing recruits for 2006 programmes.

Given the significant problems many agencies experience in recruiting accountants, there would appear to be benefits in trialling a similar approach in which a consortium of interested agencies would work together during 2006 to:

- coordinate agency targets for recruiting accountants
- conduct a marketing campaign targeting final year accountancy students (meet-and-greet sessions and agency open days)
- manage the recruitment process (including tests and assessment centres, if required)
- coordinate placement of successful applicants.

ACTIONS: RECRUITING AND RETAINING EMPLOYEES WITH SPECIALIST SKILLS IN HIGH DEMAND

13. The Department of Finance and Administration, working with the ANAO and relevant professional associations, will take a leadership role in establishing an APS Community of Accountants.
14. The Department of Finance and Administration, through AGIMO, and working with existing interdepartmental processes and relevant professional associations, will take a leadership role in establishing an ICT Professional and Skills Development Group.
15. The ABS will take a leadership role in establishing an APS Community of Statisticians.
16. On the basis of evaluation of the progress of the three proposed professional groups, consideration will be given at a future stage

to establishing communities for other professions, such as economists and scientists.

17. Interested agencies will collaborate, under the leadership of the Australian Public Service Commission, to develop an Accountancy Recruitment Initiative to be implemented in 2006 and, if successful, annually thereafter.

SMARTER APPROACHES TO GRADUATE RECRUITMENT AND DEVELOPMENT

The agency survey found that many APS agencies—including all portfolio departments—continue to see graduate programmes as playing an important strategic role in managing and sustaining their workforces, even though they are not currently the major avenue for recruiting people with tertiary qualifications in most agencies.

It would appear that graduate programmes are particularly helpful in refreshing the talent pool available within agencies for advancement to middle and senior levels.

The agency survey indicated that graduate programme participants typically receive extra support and attention in terms of:

- the level of investment in the processes through which they are attracted and selected
- exposure to agency executives and SES staff
- access to learning and development, particularly in areas such as policy skills and parliamentary processes.

Agencies report that rigorous recruitment processes—including growing use of techniques such as psychometric testing and assessment centres—are producing cadres of graduate recruits of equal or greater quality than those of past years, and who are demonstrating an increasing tendency to remain in the agency that recruited them. The high levels of interaction among graduate cadres and with agency executive level and SES staff also help to build productive networks within agencies and, in time, across the APS.

The agency survey found that few agencies were making available to other tertiary-qualified recruits the full range of learning and development opportunities provided to graduate programme participants.

Examples from APS agencies and other sectors

The agency survey showed that most APS graduate programmes adopt a model established many decades ago, that is, three work placements plus some training courses over a 12 month period.

However, the Department of Foreign Affairs and Trade provides graduates with a two year programme—typically including intensive language training—culminating in a guaranteed overseas posting.

Other examples of APS graduate programmes that break the traditional mould include:

- the Treasury, the ANAO and a range of smaller and/or specialist agencies, which place graduate recruits in a single position for 12 months, during which time they are given real duties and responsibilities with agreed performance outcomes
- the Department of Parliamentary Services (now outside the APS) organises a collaborative programme to provide graduates from a range of APS agencies with three month placements in a parliamentary area. These three placements are funded by the host area, and are typically offered to staff who have recently completed the graduate programme offered by their agency.

There is a current trend towards longer graduate programmes, of up to three years duration, across other public and private sector employers in Australia.³⁹ Organisations adopting this approach claim that longer graduate programmes can enhance retention rates and facilitate more effective development of participants, particularly by giving them more substantial work placements with genuine responsibilities, and more systematic mentoring and assistance with career planning.

Organisations with longer graduate programmes also typically allow participants the opportunity to access ‘gap periods’—periods of leave without pay in which they can travel or complete further study—which can help maintain the commitment of the more mobile Generation Y employees.

Only a few APS agencies offer other staff the full range of learning and development opportunities provided to graduate programme participants. Prominent among these is FaCS whose ‘Compass’ programme brings together graduate recruits and a select group of existing staff to form a single cadre.

Issues

Given the anticipated prolonged decline in the numbers of skilled younger people entering the Australian labour market, it would be timely for agencies to review and, where necessary, introduce improvements to their existing graduate recruitment and development strategies.

Such reviews should encompass:

- content, including the types of work placements provided to participants, and the nature of the management they receive in those placements
- performance management and mentoring, including provision of honest and regular feedback, coaching and assistance with career planning
- timing and length, including how participants are advanced during and at the end of the programmes.

In relation to the last point, changes in the 1990s to the legislative and regulatory framework governing APS employment and workplace relations have provided APS agencies with an opportunity to advance graduates through classification structures

³⁹ Australian Association of Graduate Employers 2005, *2005 Australasian Graduate Recruitment Benchmarking Study*, AAGE, Melbourne, shows that 60% of employers surveyed had graduate programmes of two to three years in duration.

(where broadband arrangements have been put in place) while they remain within their programmes. Agencies may find these flexibilities to be helpful in attracting graduates (including those with qualifications in high demand) in a tightening labour market. More generally, agencies may wish to consider how the more strategic use of agreement making, and in particular AWAs, may help them recruit and retain graduates.

Agencies may also wish to consider the private sector approach of allowing graduates to access a break period on leave without pay to travel or pursue further studies.

Agencies must also examine the level of learning and development they provide to all APS recruits, including the bulk of tertiary qualified employees who do not enter through graduate programmes, but many of whom are recruited directly into important policy and programme management roles. The types of learning and development these recruits need are examined in the next section of this chapter.

Only a few APS agencies—in particular, Treasury and the Department of Foreign Affairs and Trade—attempt to use their graduate programmes as the principal means of engaging tertiary qualified staff at entry levels. Other agencies, for example, the Attorney-General's Department and DAFF, report that they are in the process of significantly increasing their numbers of graduate trainees and consequently reducing their reliance on engaging APS 3–4s through general recruitment processes to fill lower level jobs in key policy and programme management areas.

There would be benefits in all APS agencies reviewing their current graduate intake levels, using the workforce planning techniques and strategies discussed earlier in this chapter.

While no hard data is available, advice from agencies indicates that a proportion of APS 3–4s who have tertiary qualifications and who are recruited through general processes were previously unsuccessful applicants for the graduate programme in the agency they joined. If the labour market tightens, the pool of unsuccessful graduate programme applicants might become an increasingly important source of younger APS recruits. Agencies should consider strategies for maintaining contact with the better quality unsuccessful applicants, for example, by writing to them with advice about how they can keep track of forthcoming vacancies at the APS 3–4 levels.

This would be consistent with emerging private sector practices, where there is a growing emphasis on longer-term relationship building with potential graduate recruits, both on and off campus, rather than simply a one-off transactional recruiting process within a limited time period.⁴⁰

As part of raising the profile of a career in the APS, there could be more concerted engagement with key faculties and departments in universities, particularly those working in public policy and related fields. While organisations such as the Australia and New Zealand School of Government and the National Institute for Governance have helped increase the levels of public policy research and post-graduate education, undergraduate courses remain relatively low profile.

40 Australian Association of Graduate Employers 2005, *2005 Australasian Graduate Recruitment Benchmarking Study*, op. cit.

The Australian Public Service Commission could lead whole-of-APS engagement with institutions offering undergraduate public policy courses, facilitating guest speakers, case study materials and other contributions to course content and curriculum development. The aim would be to engender enthusiasm among students about the prospect of a career in the APS and, where possible, to influence the quality and scope of courses to better address agencies' capability requirements. As noted in the previous section of this chapter, the leaders of the professional communities discussed above could also work with universities to influence the nature of courses and to support particular disciplines.

ACTIONS: SMARTER APPROACHES TO GRADUATE RECRUITMENT AND DEVELOPMENT

18. APS agencies will review the effectiveness of their current graduate programmes in terms of their remuneration and advancement arrangements, structure and other key characteristics, including the extent to which other suitably qualified new recruits have access to learning and development opportunities and other programme features. Agencies may also wish to consider how more strategic use of agreement making, and in particular AWAs, may help them recruit and retain graduates.
19. APS agencies will review their current graduate programme intake levels, making use of best practice approaches to workforce planning.
20. APS agencies will maintain contact with better quality unsuccessful applicants for graduate programmes and will encourage them to apply for suitable future vacancies at the APS 3–4 levels.
21. The Australian Public Service Commission, agencies and the leaders of the professional communities will collaborate in engaging with tertiary institutions about public policy programmes and other disciplines relevant to the APS with the aim of lifting their quality, profile and status.

ENSURING NEW EMPLOYEES HAVE THE NECESSARY SKILLS AND KNOWLEDGE TO WORK EFFECTIVELY IN THE APS ENVIRONMENT

The data and analysis presented in earlier chapters of this report indicate a growing group of more experienced new recruits who are moving from sectors such as health, education, industry or community services directly into APS agencies which specifically deal with those sectors.

Many of these recruits are entering the APS directly at middle or higher levels, ranging from APS 5 to the SES. While they possess valuable subject-specific skills and

experiences, members of this group can often initially struggle with the complexities of Australian Government processes. Agencies report that they can have particular problems with:

- the respective roles of Ministers, Cabinet, Parliament and the judiciary
- the meaning of, and balance between, the goals of responsiveness and political impartiality
- principles of administrative decision-making, including in relation to records management.

New recruits are also entering an APS that is being increasingly challenged to work horizontally in a whole of government environment, making connections across different policy and programme areas in order to achieve seamless, high-quality outcomes for the government, clients and stakeholders.

The agency survey indicated that induction and orientation training is widespread across the APS, but that it is typically focused primarily on agency-specific processes. Outside of graduate programmes, the learning and development provided to new starters in parliamentary and other broader Australian Government and APS processes and issues varies significantly from agency to agency.

Examples from APS agencies and other sectors

APS: Almost all the 66 APS agencies that responded to the agency survey provide all new starters with training in agency-specific issues, and three-quarters of them provide training in APS processes and values. However, only a handful reported providing new starters with training in other key areas, such as parliamentary processes and APS budget and financial management issues.

Tasmania: The Tasmanian Department of Premier and Cabinet—through an internal body known as the Training Consortium—delivers a programme called ‘Introduction to the Public Sector’. The programme is delivered over seven morning sessions, covering topics such as mechanisms of government, workplace diversity, Indigenous issues and multiculturalism, employment and superannuation conditions, information management, and the budget and financial accountability framework. All new starters in the Tasmanian Public Service are encouraged to attend the sessions relevant to them and their employment.

South Australia: A review of South Australian public sector employee induction found that induction was ad hoc and current programmes tended to focus on matters specific to an administration unit or to the position itself, rather than on whole of government matters. As a result, the Office of Public Employment in South Australia has developed a business case for a comprehensive induction process for all new public service recruits.

The process, which will be based on existing graduate induction arrangements, will feature a biannual induction conference for new starters, online resources, and periodic forums on specific topics such as budget and financial management, occupational

health and safety, communications, customer service standards, and career management. Material delivered at the conferences will provide a broad overview of the South Australian Public Service. A consolidated and complete set of follow-up resources and directions for in-depth understanding will be delivered after the conference through an online learning facility.

Use of the online tool will ensure that diversity requirements are considered, and that regional and remote employees or those with a disability who might not otherwise access the information can do so.

Issues

As noted above, training courses and learning material relating to parliamentary and administrative decision-making and other key APS processes and issues are already widely available, but are not universally available to and/or accessed by new APS recruits.

While the Tasmanian and South Australian Public Services have chosen to overcome these inconsistencies by establishing public service-wide induction processes, such an approach would not be as appropriate in the more devolved APS where:

- there are, on average, over 10,000 new starters each year
- they work in many hundreds of different geographical locations across Australia
- there is a significant variety in the duties they undertake and therefore in their key learning and development needs on induction.

The challenge for APS agencies is to find the means to make available learning material and other opportunities to new recruits in ways that maximise their effectiveness.

Online strategies are highly effective in communicating learning materials to geographically dispersed staff, and agencies are making increasing use of these. The Australian Public Service Commission and other agencies—such as the Department of the Prime Minister and Cabinet, the Department of Finance and Administration and the Department of Parliamentary Services—could make greater use of online learning strategies to reach and inform new starters, building on the new Foundations of Governance web site which targets agency heads and the SES.

However, busy employees often overlook web sites, brochures and other passive learning tools. Agencies must therefore also act to increase the availability of, and attendance at, face-to-face induction and orientation programmes, particularly those that provide opportunities for new starters to interact with, and ask questions of, more experienced employees and managers. The Australian Public Service Commission could assist this process by offering regular, short APS-wide induction sessions in Canberra and other major capital cities.

Interactive online processes—including live question-and-answer sessions with experts—may also be beneficial.

ACTIONS: ENSURING NEW EMPLOYEES HAVE THE NECESSARY SKILLS AND KNOWLEDGE TO WORK EFFECTIVELY IN THE APS ENVIRONMENT

22. APS agencies will act to ensure all new starters are given the induction and orientation in the Australian Government and APS processes they will need in order to perform effectively in their positions.
23. The Australian Public Service Commission, assisted by other key central agencies, will lead development of APS-wide online and other learning materials upon which agencies can draw in building their own induction and orientation programmes.
24. The Australian Public Service Commission will offer short APS-wide induction courses in capital cities and other locations as required.

INTERAGENCY MOBILITY

Figures 11 and 12 in Chapter 3 show that employees now entering the executive levels and the SES have worked in fewer APS agencies than was the case in the past.

Substantial benefits are to be derived from potential leaders having taken steps to broaden their experience and exposure through working in different environments, not only within the APS but also in other public, private and non-government organisations. Figures 11 and 12 suggest that a growing proportion of new APS leaders are being recruited directly into the APS, and it can be assumed that most will have had substantial experience in other sectors.

However, the emerging emphasis on interagency collaboration and development of whole of government skills means it is also important that the APS leadership group continues to feature many people who have developed multidimensional competencies in Australian Government processes by working in a range of contrasting areas within the APS itself.

Falling rates of mobility are also a continuing, and possibly growing, problem in agency regional networks and small agencies, where many staff (including those participating in the focus groups) report a sense of being stuck in one APS position for a prolonged period.

Discussions with agencies suggest there can be particular problems in identifying mobility opportunities for staff who need them, especially in smaller agencies and regional networks.

Examples from APS agencies and other sectors

Queensland: Since 2002, the Queensland Public Service has operated an SES mobility programme, mandated by the Premier, in which agencies provide six-month mobility opportunities for SES from other agencies. These must be genuine positions that are currently vacant, and must provide participants with significant challenges to further their development. The officer's home agency continues to cover their salary and other costs.

Only high-performing SES are permitted to enter the scheme—there is a strict 'no lemon' rule. While they are participating, they receive additional support and executive coaching from a private provider. There is an informal expectation that agency heads will nominate one participant per annum.

Issues

To ensure the future APS leadership has appropriately rounded experience, agencies need to adopt a systematic assessment of the career development needs of their SES Band 2s and 3s.

Many benefits can be derived from agency heads having regular career planning discussions with their SES Band 2s and 3s to assess the breadth and depth of their skills and experience, their potential for further advancement, and their future learning and development needs. As noted above, many of these officers will already have had highly varied career experiences within and/or outside the APS, including in other public, private and non-government organisations. Others will have achieved a varied career within the boundaries of that agency, working in a variety of roles in different parts of Australia and overseas.

There can be no APS-wide formulae to specify how these leaders should be further developed. Given the diversity of their backgrounds and the varying business needs of agencies, a tailored, individually focused approach seems preferable to a more formal rotation programme based on the Queensland model. The key will be for the SES leaders themselves, in discussion with their agency heads, to assess the breadth and depth of their skills and experience and, where necessary, seek mobility and other opportunities for rounding their careers.

Apart from potential APS leaders, there is a particular priority of improving access to mobility opportunities for staff in regional networks and small agencies who have limited opportunities to advance. For employees in small regional and remote communities, mobility opportunities will need to be sought from beyond the APS, especially from state, territory and local government.

The new APS employment portal discussed previously could provide an avenue for APS agencies and external organisations to advertise, and for staff to express interest in mobility opportunities.

ACTIONS: INTERAGENCY MOBILITY

25. Portfolio Secretaries and agency heads, in consultation with the Australian Public Service Commissioner, will undertake systematic career planning discussions with SES Bands 2 and 3 employees and arrange mobility opportunities where these are deemed appropriate.
26. Agencies will include consideration of their employees' need for, and opportunities to pursue mobility as part of, their regular performance management processes.
27. The new APS employment portal will include a facility for APS and external organisations to advertise rotation and mobility opportunities and for employees to express interest in accessing such opportunities.

RESPONDING TO THE EMPLOYMENT NEEDS AND CAREER ASPIRATIONS OF THE CHANGING APS WORKFORCE

As the traditional concept of a career public service continues to evolve into a model of a range of diverse career choices and pathways, APS agencies—making use of workforce planning and other strategic tools—will need to develop and adopt innovative strategies for managing that new form of APS workforce.

The existing regulatory environment and workforce management strategies of the APS also need to be reviewed.

While the *Public Service Act 1999* gave agency heads more flexibility in many areas, there remain some restrictive aspects of the APS employment framework which are possibly becoming increasingly obsolete in the context of the growing diversity of career paths within the APS—in particular, the rules governing engagement of staff on a non-ongoing basis. These provisions limit the reasons for, and the period of, engagement and the processes for extension. A number of agencies have reported difficulties with their use.

Another important issue is that of the APS classification structure. The changes of the past two decades have simplified classification arrangements and have removed any central controls over organisational design. Agencies must ensure they make use of these flexibilities to match their use of the APS classification structure to the skills and capability profile they need in their workforces.

The survey work undertaken for *Organisational Renewal* found that mature workers—especially those approaching or beyond retirement age—were particularly keen to access flexible employment arrangements such as temporary and/or part-time work.

Another important workforce management issue for APS agencies is that of ensuring they continue to recruit and retain employees from diverse backgrounds, including

Indigenous people, people with disabilities and, in some agencies, younger male employees. Continuing strong representation of these groups in all parts of its workforce will be essential to enabling the APS to reflect, and be capable of responding to, the needs and aspirations of the entire Australian population.

Examples from APS agencies and other sectors

Many APS agencies—including FaCS, the Department of Industry, Tourism and Resources, Centrelink and DEWR—are developing mature employment strategies that feature such initiatives as:

- introducing more flexible employment arrangements for mature workers focusing on job design and hours of work
- developing career end and succession planning to facilitate phased retirement
- promoting establishment of alumni associations to maintain contact with retired employees
- conducting surveys of older employees to ascertain their career and retirement plans
- developing information kits for mature workers
- introducing registers of former employees interested in further employment
- helping mature workers maintain and improve their health and fitness.

Non-APS organisations that have introduced similar or superior approaches to attracting and retaining mature workers include Australia Post, the National Australia Bank and Westpac.

Many private and public sector organisations outside the APS place a strong emphasis on mentoring and career development schemes in managing the diverse and changing employment aspirations of their workforces.

Within the APS, Treasury has built a strong Career Development System into its performance management and appraisal process. Following their annual performance appraisal discussion with their immediate supervisor, each Treasury employee has the opportunity to hold a career development meeting with their manager-once-removed. This involves an assessment of longer-term learning and development needs, including professional development for economists, lawyers and other staff with specific qualifications. The results are collected centrally in de-identified form and are used to inform the overall learning and development and workforce planning strategies for the organisation.

The Department of Communications, Information Technology and the Arts has recently implemented an online system to facilitate the performance management process. The system encourages managers and employees to discuss and agree on capability levels and development options in reference to the Department's Capability Framework. These options include access to mentoring, stretch assignments and structured leadership programmes.

Issues

It is timely for the current restrictions on non-ongoing employment to be re-examined, and the current review of the *Public Service Act 1999* provides such an opportunity.

There could be benefits in agency heads being given greater flexibility over non-ongoing employment, although it will be important to ensure the merit principle is protected.

Agencies should also review how they use the reclassification structures, in order to make sure they match the skill and capability profiles they need in their workforces.

Building on the flexibilities already available through the Australian Government's devolved agreement-making framework, development of more flexible employment arrangements will help the APS lead the way in promoting the government's policy of making it easier for mature aged people to participate in the workforce. Such workers have the potential to:

- contribute to longer-term projects that require staff with significant experience but who are able to be taken offline in order to have time to research and reflect
- fill positions—especially in client service networks and regulatory bodies—that require experience and the ability to exercise judgement, but do not appeal to younger staff because they have limited prospects for career advancement
- play a role in transferring key skills and knowledge and/or play a mentoring role to younger staff.

Agency and departmental alumni associations, and registers of former employees who are interested in returning to the APS to undertake temporary employment, are particularly important mechanisms for developing a talent pool of potential mature employees. The new APS employment portal will provide an avenue for developing an APS-wide register of former employees interested in future work opportunities.

Career end and succession planning discussions are important for mature employees. The focus group discussions indicated that many younger employees are also looking for some help with their longer-term career development. The Treasury approach indicates that career planning discussions can be effectively built into performance management and appraisal processes.

The focus group discussions indicated that many of the strategies which help to attract and retain employees from all backgrounds are also likely to be effective with Indigenous people and people with disabilities, for example, promotion of employee engagement, learning and development, and career broadening. However, the focus groups also identified a number of specific issues that needed to be addressed for these groups, including:

- for Indigenous people, the geographic spread of employment opportunities, the level of cultural competency among supervisors and co-workers, and the need for the APS to recognise the joint role many Indigenous people play as public servants and as community leaders
- for people with disabilities, the physical barriers to employment in some locations and organisations, and the attitudes of supervisors and co-workers.

The Australian Public Service Commission has developed with a number of agencies an APS Employment and Capability Strategy for Aboriginal and Torres Strait Islanders, which features initiatives to provide positive employment outcomes in the APS for Indigenous people, while supporting agencies' business and workforce needs.

The Strategy focuses on:

- identifying barriers to effective employment outcomes and developing alternative pathways to employment
- providing support to employees in skills development and career planning
- providing support to agencies in aligning their Indigenous employment strategies with their workforce planning processes
- establishing partnerships within and outside the APS to develop and implement recruitment and retention programmes
- helping APS employees work together, on a whole of government basis, to deliver effective outcomes for Indigenous people.

Both the Australian Public Service Commissioner and DEWR are currently participating in an Employer Round Table for People with Disabilities which will provide high-level advice to the government on ways to increase workforce participation for people with disabilities by raising the levels of employer demand. Arising from this initiative, all APS and Australian Government agencies will need to review their strategies for attracting, recruiting and retaining people with disabilities to ensure they are aware of, and are seeking to overcome, barriers to employment.

This work will be furthered by MAC's decision to undertake a project focusing on employment of people with a disability in the APS.

ACTIONS: RESPONDING TO THE EMPLOYMENT NEEDS AND CAREER ASPIRATIONS OF THE CHANGING APS WORKFORCE

28. Options for agency heads to be given greater flexibility to engage non-ongoing staff will be considered in the Australian Public Service Commissioner's current review of the *Public Service Act 1999*.
29. APS agencies will review the classification structures they use to ensure they match required skills and capability profiles.
30. All APS agencies will develop mature workforce strategies and report back to MAC on progress.
31. The new whole of government employment portal will feature an online registration channel for former APS and other mature employees interested in accessing APS employment.
32. APS agencies will ensure their performance management and feedback processes address employees' longer-term career and skills development needs.
33. The APS Employment and Capability Strategy for Aboriginal and Torres Strait Islanders has initiatives that seek to provide positive employment outcomes in the APS for Indigenous people, while supporting agencies' business and workforce needs.
34. All APS and Australian Government agencies will review their strategies for attracting, recruiting and retaining people with disabilities.

INVESTING IN IDENTIFYING AND DEVELOPING FUTURE LEADERS

As indicated in earlier chapters, 70% of current SES officers and 55% of existing EL 2s are now aged 45 or over. They will need to be progressively replaced over the next five to 10 years and beyond by a new generation of APS leaders who will typically have advanced to management levels more quickly and have worked in fewer agencies than did their predecessors.

Chapter 3 showed that executive level officers—the key feeder group for the SES—are now significantly less experienced within the APS than their counterparts of 10 or 20 years ago; a growing proportion are recruited directly from outside the APS (20% of EL 1s in 2003–04).

Many of the potential future leaders currently working within the APS are also quite young. At 30 June 2004, there were 1200 executive level staff aged under 30, three-quarters of whom were based in Canberra. Others may be among the growing numbers

of mature entrants to the APS who have significant experience in other sectors, but who might need to be better grounded in APS processes before they feel ready to apply for advancement to senior management levels.

Given the likely growth in alternative career options for such highly-skilled staff, and the removal of superannuation and other barriers to their moving in and out of the APS at career points that suit them, these potential leaders may require active mentoring and targeted development to encourage them to remain in the APS and rise to the EL 2 and SES levels.

Examples from APS agencies and other sectors

A number of APS agencies have implemented systematic succession planning and leadership development strategies.

APS: The ATO, for example, operates an accelerated development programme for SES and executive level officers who have been identified as having high potential to develop as leaders. The programme features group and individual development, including workshops, personal coaching from external experts, and job and project placements to ensure participants develop the breadth of experience needed for success at senior levels. The identification and needs assessment phase uses the Career Development Assessment Centre process for executive level officers, and interviews, psychometric tests and 360-degree surveys for the SES. Senior ATO officers provide mentoring and review participants' progress. The programme links into the succession management framework to ensure the ATO has a strong pool of candidates for senior leadership positions to meet current and future challenges.

United Kingdom: The UK Civil Service has a longstanding programme, known as 'Fast Stream', which aims to rapidly develop staff and equip them with the expertise and knowledge they need to undertake the most senior roles in the civil service. After a rigorous selection process, successful candidates are provided with intensive training and development in the range of technical, managerial and policy capabilities and skills deemed necessary for leadership and management roles in the civil service. The aim is for participants to advance over a period of anything between six months and five years to a point just below senior management levels.

The programme is open to graduate recruits participating in programmes similar to those offered in APS agencies, and also to more experienced civil servants. For new entrants to the civil service, the programme operates rather like an extended graduate programme of the type offered by some private sector organisations in Australia. One of the strengths of the programme is that it facilitates streaming of career paths, so that those who believe they have the potential to reach higher levels can self-select to compete for access to the programme and, if successful, can be guided in managing their career path to the top. Staff are also able to move out of the fast stream back into the general civil service workforce. This enables leadership development opportunities to be better targeted at those who will derive the greatest benefit from them. There is also an intensive leadership development programme—the 'High Potential Development Scheme'—that is open to middle managers.

The UK Cabinet Office reports that retention rates within the civil service for participants in the 'Fast Stream' programme are very high, and the programme is supported by agencies as a means of attracting and retaining some of the best and brightest recruits to the civil service.

New Zealand: The leadership programme in New Zealand's public service aims to develop leaders to fill all senior and influential positions, not just at the top levels. Participants are chosen on the basis of their leadership aspirations and capabilities and their personal qualities. The programme features experiential learning, courses, coaching and mentoring, peer learning groups and programmed reading.

Like the UK programme, the nature of the learning process and the time required to complete the programme varies according to the differing requirements of individuals, but has an upper limit of five years. The programme has been recently expanded beyond existing and newly promoted managers to include lower level staff with the potential to advance to leadership levels. This change was made on the basis of findings that fast tracking people with high potential into senior leadership levels would be facilitated by intervention earlier in their career to ensure they had sufficient breadth and depth of experience in a variety of roles.

Canada: The Canadian Government operates an 'Accelerated Executive Development' programme that aims to identify and accelerate the development and career advancement of middle managers who demonstrate the potential to move into the senior levels of government administration. Self-identification is a key element of the process, although applicants must also demonstrate leadership competencies and a record of high quality past performance. The programme was introduced in the late 1990s to overcome a scarcity of mobility and promotional opportunities for public service executives, and low levels of representation of certain population groups at senior leadership levels.

Issues

In a tightening labour market, the APS may need to provide some direct encouragement to its best and brightest younger employees to seek opportunities to assist their development and advancement to leadership levels. Otherwise, it may lose them to alternative employers who are prepared to make a more specific commitment to develop and advance them to higher levels.

However, the APS has traditionally been reluctant to single out and fast-track a cadre of young high-flyers for more intensive development due to concerns about the perceived elitism of such processes, and the risks of targeting the wrong staff or limiting the potential pool. Agencies also consider that many of the goals of specific leadership development schemes can be met more effectively through effective performance management and feedback arrangements for all staff, possibly supplemented by structured career development schemes.

APS-wide approaches to leadership development are currently being revitalised, based upon the Integrated Leadership System. The Australian Public Service Commission is developing new EL and SES development programmes to be offered in an APS-wide collaborative framework.

The Australia and New Zealand School of Government provides further education opportunities to help potential future APS leaders enhance their policy and management skills. The Career Development Assessment Centre will continue to provide an avenue for agencies to assess the leadership capabilities of the staff in their SES feeder group.

Agencies will need to draw upon this emerging menu of leadership development opportunities in constructing pathways for the potential leaders they identify.

Portfolio Secretaries will issue an explicit policy statement emphasising that agencies must give a high priority to this task, or else risk being forced increasingly to draw from a cadre of middle-level staff who are insufficiently qualified and experienced to perform leadership roles.

ACTIONS: INVESTING IN IDENTIFYING AND DEVELOPING FUTURE LEADERS

35. All APS agencies will develop systematic approaches to developing potential future leaders, including making use of the emerging APS-wide menu of career development options.
36. The MAC will issue a statement on expectations of the SES, covering the need for a greater APS-wide focus on leadership capabilities and development to ensure that the 70% of SES and 55% of EL 2s aged over 45 can be adequately replaced over the next five to 10 years.

APPENDIX: CONTRIBUTORS TO THE REPORT

This report was prepared by a project team located in the Australian Public Service Commission under the supervision of a Deputy Secretaries Group reporting to the Management Advisory Committee.

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The Management Advisory Committee recognises the support provided by the Department of Health and Ageing and Centrelink in providing the services of the two officers to undertake the project.

The project team also received substantial assistance from the Australian Bureau of Statistics, and from many officers in the Australian Public Service Commission.

Apart from those agencies mentioned above, the following organisations also provided significant support for the project.

AUSTRALIAN GOVERNMENT AGENCIES

- Attorney-General's Department
- Australian Bureau of Meteorology
- Australian Customs Service
- Australian National Audit Office

Australian Taxation Office
Department of Agriculture, Fisheries and Forestry
Department of Defence
Department of Education, Science and Training
Department of Employment and Workplace Relations
Department of Finance and Administration
Department of Foreign Affairs and Trade
Department of Human Services
Department of Immigration and Multicultural and Indigenous Affairs
Department of Parliamentary Services
Department of Veterans' Affairs
National Library of Australia

STATE AND TERRITORY GOVERNMENTS

Department of Premier and Cabinet, Victoria
Department of the Premier and Cabinet, Queensland
Office of Public Employment, South Australia
Tasmanian Department of Premier and Cabinet

OTHER ORGANISATIONS

Australian Association of Graduate Employers
Australian Computer Society
Commonwealth Bank of Australia
CPA Australia
Pinpoint HRM
Recruit ASP
Corporate Development Group, Cabinet Office, UK Government
ORIMA Research was engaged to manage and report on the staff focus groups

STAFF FOCUS GROUP PARTICIPANTS

Programme and policy staff aged under 30
APS staff working in regional and network environments

APS staff aged under 35 who are members of the Young Professionals Network
Institute of Public Administration Australia

Randomly selected APS 5–6 staff who joined the APS as lateral entrants

APS employees with disabilities

Indigenous APS employees

Indigenous APS employees working in regional networks

AGENCIES REPRESENTED IN THE FOCUS GROUPS

Australian Agency for International Development (AusAID)

Australian Bureau of Statistics

Australian Communications and Media Authority

Australian Customs Service

Australian Public Service Commission

Australian Taxation Office

Centrelink

Department of Communications, Information Technology and the Arts

Department of Defence

Department of Education, Science and Training

Department of Employment and Workplace Relations

Department of Family and Community Services

Department of Finance and Administration

Department of Foreign Affairs and Trade

Department of Health and Ageing

Department of Immigration and Multicultural and Indigenous Affairs

Department of Industry, Tourism and Resources

Department of the Environment and Heritage

Department of the Treasury

National Museum of Australia

Office of Indigenous Policy Coordination

AGENCIES THAT RESPONDED TO THE AGENCY SURVEY

Administrative Appeals Tribunal

Attorney-General's Department

Australian Bureau of Statistics
Australian Centre for International Agricultural Research
Australian Communications and Media Authority
Australian Competition and Consumer Commission
Australian Crime Commission
Australian Customs Service
Australian Electoral Commission
Australian Industrial Registry
Australian Institute of Aboriginal and Torres Strait Islander Studies
Australian Institute of Family Studies
Australian Institute of Health and Welfare
Australian National Audit Office
Australian National Maritime Museum
Australian Public Service Commission
Australian Radiation Protection and Nuclear Safety Agency
Australian Securities and Investments Commission
Australian Taxation Office
Australian Transaction Reports and Analysis Centre
Australian War Memorial
Bureau of Meteorology
Centrelink
Child Support Agency
Comcare
ComSuper
CrimTrac Agency
CRS Australia
Defence Housing Authority
Department of Agriculture, Fisheries and Forestry
Department of Communications, Information Technology and the Arts
Department of Defence
Department of Education, Science and Training
Department of Employment and Workplace Relations

Department of Family and Community Services
Department of Finance and Administration
Department of Foreign Affairs and Trade
Department of Health and Ageing
Department of Human Services
Department of Immigration and Multicultural and Indigenous Affairs
Department of Industry, Tourism and Resources
Department of the Environment and Heritage
Department of the Prime Minister and Cabinet
Department of the Treasury
Department of Transport and Regional Services
Department of Veterans' Affairs
Family Court of Australia
Federal Magistrates Court
Food Standards Australia New Zealand
Geoscience Australia
Great Barrier Reef Marine Park Authority
Insolvency and Trustee Service Australia
IP Australia
Migration Review Tribunal and Refugee Review Tribunal
National Archives of Australia
National Capital Authority
National Competition Council
National Library of Australia
National Native Title Tribunal
National Occupational Health and Safety Commission
Office of Film and Literature Classification
Office of National Assessments
Office of the Commonwealth Ombudsman
Productivity Commission
Professional Services Review
Royal Australian Mint

GLOSSARY

ABS	Australian Bureau of Statistics
AGIMO	Australian Government Information Management Office
ANAO	Australian National Audit Office
APS	Australian Public Service
APSED	Australian Public Service Employment Database
APSEDII	Australian Public Service Employment Database Internet Interface
ATO	Australian Taxation Office
AWAs	Australian Workplace Agreements
DAFF	Department of Agriculture, Fisheries and Forestry
DEWR	Department of Employment and Workplace Relations
EL	Executive Level
FaCS	Department of Family and Community Services
ICT	information and communications technology
MAC	Management Advisory Committee
SES	Senior Executive Service