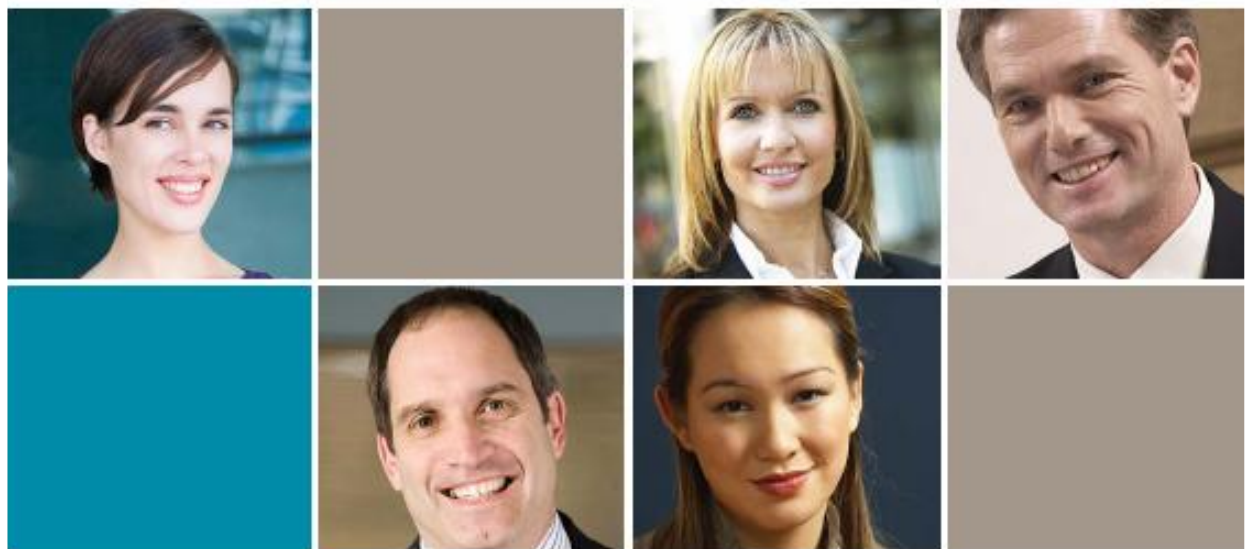


Reform of Australian Government Administration
Building the world's best public service

30 November 2009

Submission: Peoplebank Australia



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people bank

Reform of Australian Government Administration

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01 Overview

Peoplebank Australia Ltd has been supplying 'Recruitment Services' to the Commonwealth for 20 years. We believe our ongoing engagement with almost every Federal Government Department provides us with a unique insight into Government Administration.

Peoplebank have prepared this response for the Advisory Group on Reform of Australian Government Administration for consideration. The views expressed are based on our ongoing and extensive experience working with Federal Government and the experience we have garnered as a supplier of recruitment services to most of Australia's largest commercial enterprises.

The insights and commentary provided are not definitive, they are supplied to encourage further discussion and debate to further enhance Australian Government Administration with specific regard to;

- Recruitment and Retention of Specialist Resources
- Recruitment and Retention of Non-specialist Resources
- Effective Attraction, Selection and Engagement of APS Staff
- Addressing Skills Shortages and Staff Mobility

We would welcome the opportunity to present our views further on the above discussions points to the Advisory Group should the opportunity be available.

02 Questions for Discussion

Chapter 1 –The Australian Government Sector Today

Question	Response
Do you think Chapter 1 accurately captures the role of the Australian Public Service?	Yes
What are the implications of the statistical snapshot, and of employee views and attitudes in Chapter 1 for the future of the APS?	<p>Based on the statistical snapshot, it appears that the APS is growing most substantially between the EL1 and SES3 brackets and declining rapidly at the lower (APS1 to APS3) level. General opinion would be that entry level into the APS is now at the APS3/APS4 level as most of the most junior functions within the APS (such as mailroom services/registry) are now classified at this level.</p> <p>Peoplebank believe that the APS classification levels no longer reflect the current employment markets, and in fact may even deter new, more junior talent from joining the APS.</p> <p>The mind-shift in generational thinking means that the APS is no longer the 'employer of choice' it once was. For Baby Boomers (people born between 1946 and 1964) the APS represented security, a regular income, personal development and a career. For Generation X (people born between 1965 and 1980) the APS typically represented an excellent career opportunity with both long and short-term flexibility and stability. There was a "Grow with Us" approach.</p> <p>The current generation (Gen Y), are looking for freedom, innovation and the opportunity for personal growth, accomplishment and advancement. They want this without the same relative personal investment as their predecessors.</p> <p>Whilst the Private Sector has mostly recognised this, and largely adjusted the way they attract new talent (think Twitter, MySpace, Facebook and other Social Networking sites) the APS continues to recruit the same way it has for the past 20 years.</p> <p>Peoplebank believe a large number of applicants do not apply for Public Sector roles for the following reasons;</p> <ul style="list-style-type: none"> - APS salaries are not commensurate with the Private Sector <p>Whilst the base salaries on offer are generally not competitive with equivalent private industry roles. When trying to attract</p>

talent to the APS, APS staff are generally known to market the following conditions as a good reason to join the APS;

- o Job Security (its almost impossible to get fired)
- o Higher Superannuation Contributions (up to 20% in some Departments)
- o Paid Maternity/Paternity Leave
- o Annual Salary Increments
- o Portable Leave Entitlements (within the APS)
- o Other Leave Accruals (RDO etc)

The APS needs to consider that with the workforce soon being heavily staffed by Gen Y that a majority of these incentives will not satisfy the typical Gen Y staff member who desires more instant gratification. Promotions, pay rises, annual bonuses, travel, leading edge technology, high quality work environments and the ability to maintain connectivity to their social networks are the incentives that Gen Y employees seem to put at the top of their list.

It is not uncommon in the private sector to find employees who earn more (as a base salary) than their bosses. Private sector employers recognise that the specific skills and talents of individuals within a business over the short-term may demand remuneration at a higher level than that of key executives. The primary difference is that the key executive is usually offered 'share options' or 'performance based payments' which in the long-term will see them out-earn their more junior counterparts.

At present, to address this issue the APS utilises Contractors and Consultants. This provides a solution for Project and Contingent based work, however does not grow the knowledge and talent within the APS at the same rate as the private market.

A simple comparison would be to determine what the APS pay as a base rate of salary for specific defined skill sets when compared with the private sector.

- **The APS selection process is generally cumbersome, onerous, intimidating and slow**

To apply for a role with a private industry employer I can either send in my resume via a job-board (Seek, MyCareer) be represented by a Recruitment Agency or call/email/twitter the employer directly and discuss the opportunity. The employer, based only on this information and a copy of a resume will determine if I will progress to interview.

In a majority of cases in larger private organisations this is done by a central recruitment manager who is trained in assessing and selection talent.

When applying for most private sector roles, applicants are generally not required to complete a written response to selection criteria. It should be examined as to why private industry do not generally use selection criteria;

- An applicants ability to construct a response to a selection criteria is usually not the best way of assessing their capabilities unless this is something they will be required to do in their new role
- Selection criteria is becoming more generic, as such applicants are now recycling applications – only having to update one role specific criteria
- Applicants can receive assistance in preparing their response to the selection criteria so it is not possible to assess if what is submitted is their own work. It is possible to engage individuals to complete selection criteria responses.
- Applications can be plagiarised, with sources such as Google and Wikipedia as well as information sharing amongst social network groups it would not be hard to construct a response based almost entirely on other peoples work.

Following short listing, an applicant will usually attend an interview with a Scribe and three Selection Committee Members. In most cases these Committee Members have no formal training or expertise in recruitment and selection and are obliged to ask very specific questions relating to what are usually generic selection criteria.

- As an external applicant you are generally competing with a large number of internal APS applicants or an incumbent who have a competitive advantage
- Selection Panel activities are generally very formal, and in a large number of cases involve Panel Members with no formal training or experience in staff selection
- How often is the 'best' person for the role actually attracted and selected

The ANAO determined that the typical recruitment process for the APS takes around 120 days to complete. This should be of significant concern, particularly given the pending skills shortage as the public sector ages and as staff begin to retire.

Peoplebank recognise the need for a recruitment and selection process within the public sector to be fair, open and transparent.

At the same time, it is important that the Public Sector is competitive in attracting key talent. A review of the APS salary structure with a view to moving to a more 'market driven' salary structure would be the first step. This doesn't have to cost the earth either, it should be based on productivity and non-productive staff should be assessed and moved out of the APS as they would be if they worked in the private sector.

The second step would be to streamline and modernise the recruitment and selection processes used and the final step would be to improve retention through employee engagement activities.

These processes could be modelled on existing processes used successfully by the private sector. The leading edge organisations within the private sector are constantly changing the way they recruit to ensure they continue to attract, select and retain the best possible talent. In doing so, the private sector must continue to remain profitable, so the salaries being offered and the packages must not be counter productive and productivity gains are industry's measure with regard to the success of a recruitment outcome.

The Views and Attitudes

It should be of significant concern that the views of the APS employees are that only 45% agree that their Agency is well managed. Peoplebank believe that if selection processes were refined and improved the quality of the individual managers within the APS would similarly improve over time.

When salaries for the SES are compared with individuals within the private sector with the same or comparable level of responsibility, it stands to reason that the best talent may typically turn to the private sector rather than move into the APS. Executive salaries in the Private Sector move with the markets and are very heavily based on performance outcomes. The Banking and IT sectors are good examples of this. An SES Band3 is generally responsible for hundreds of staff and hundreds of millions (if not billions of dollars) yet they often receive less than a quarter of the remuneration of their private sector equivalents.

To be the best, you must attract and retain the best.

Chapter 2 – Challenges in the Strategic Environment

question	Response
What are the most important challenges facing the public sector over the next 10 years?	<p>Peoplebank would like to specifically focus our response on the demographic change in the working age population.</p> <p>With the aging population and an ever increasing demand, Peoplebank believe the most important challenge facing the public sector over the next 10 years will be the ability to do more with less. There will be increasing demand for skilled staff and it is imperative that the APS is able to win the 'war for talent' delivering improved efficiency and productivity by making better hiring decisions across all levels of the APS.</p>
What are the key implications for how the public sector will need to operate.	<p>The need for the APS to consolidate services (centralise service delivery models), reduce overheads and improve productivity is critical. It will not be possible to simply hire more skilled staff to meet demand. Efficiencies must be gained through improved technology and better whole of government services.</p> <p>The government will need to invest in information and knowledge management, ICT and improving the quality, productivity and efficiency of APS employees. This starts with having strong leaders and hiring talent that will support and champion change in the APS.</p>

Chapter 3 – An aspiration for Australia's public service

question	Response
What do you think is an appropriate aspiration for the Australian Public Service?	No response provided
Do the five key characteristics outlines in Chapter 3 adequately encapsulate what you would expect from a high performing public service?	No response provided

Chapter 4 – A values driven culture that retains public trust

question	Response
Should the APS Values be streamlined? What values do you consider should be included in a revised set of APS values?	The APS Values, specifically b., h., j., k., l., and m., all relate to attraction, selection and retention of top talent. Unfortunately these values as stated are open to interpretation and manipulation. If they were streamlined, perhaps fewer values with more supporting detail to ensure they could not be applied based on an individual's interpretation.
How do we ensure that APS leaders fulfil their responsibilities to promote and uphold the values?	Measure a leader's performance against each of the APS values (360 Degree Feedback) and ensure that a component of their remuneration is linked to achieving strong scores. Where an APS leader does not achieve a suitable score they do not receive their full remuneration or 'at risk' component. It is also critical to ensure that the individuals being recruited into the leadership roles are selected based on merit and that there is some transparency around this. Remembering that sometimes promoting an individual simply to ensure they are retained by the organisation may not be the most appropriate course of action for the organisation in the long-term. Recognising that not all highly skilled and valuable APS staff should be put in a position where they manage other staff. Under the current model the only way to sufficiently remunerate a highly skilled and valuable APS staff member is to promote them, and this nearly always means giving them responsibilities they may not be well suited for.
Do you think the APS engages appropriately and actively with government on an apolitical basis?	No response provided
Are further reforms needed to clarify the roles and responsibilities of the APS when dealing with ministerial offices?	No response provided

Chapter 5 – High quality, forward looking and creative policy advice

question	Response
How can internal and external collaboration be strengthened to improve policy development and implementation?	No response provided
What should be done to continuously improve the capability of the APS workforce in policy formulation and implementation?	No response provided.

<p>What can be done to bring the workforce development approach of the APS up to the level of the best organisations globally?</p>	<p>The tasks, responsibilities and activities within and individual job description (selection documentation) must be linked to organisational outcomes and have a measurable output (Key Performance Indicators) that are agreed before a vacancy is advertised. Then ensure the selection process is designed to attract and select the individual who is most likely to achieve all of the KPI's. At the time of hiring, if a deficiency is identified with regard to the individual's skills then a development plan is created and put in place to address this within the first three months of employment. This approach recognises that it will become more difficult over time to engage an employee with all of the requisite skills and experience in order to do a job effectively, however ensures that within a short period of time they acquire the skills formally. It would be important to ensure that 'core' or 'key' skills are in place and that only 'secondary skills' fall in to the development category.</p> <p>That is you would not hire someone without any Legal experience to perform as a Lawyer for the Department and then expect that the Department will provide the formal education to become a Lawyer. This process should apply for all engagements and promotions, so where an individual is promoted but still needs to develop some skills the promotion can become contingent on them being assessed as competent in the skills they need to acquire within the first three months. For example an EL1 being promoted to an EL2 who suddenly has delegations under the Commonwealth Procurement Guidelines should have to undertake training within the first three months of their appointment to address this skills deficiency which should be identified at interview.</p>
<p>How do you think a stronger culture of innovation can be fostered?</p>	<p>No response provided.</p>
<p>What approaches to engaging with risk are most appropriate for the APS to provide high quality, forward looking and creative policy advice?</p>	<p>No response provided.</p>
<p>How can agency performance management processes be amended to maximise the focus on the attainment of outcomes?</p>	<p>These should focus on performance outcomes (deliverables) and behavioural outcomes (values). Key performance indicators applied to each APS staff member and a percentage of their remuneration put at risk based on achieving their KPI's. If there is no reward linked to performance improvement then what incentive exists to drive higher performance?</p>

Chapter 6 – High quality, effective programs and services focused on the needs of citizens

question	Response
<p>How do we embed a citizen centred philosophy in all aspects of program and service design and delivery?</p>	<p>Peoplebank believe this can be achieved by conducting a more comprehensive on-boarding/induction process that focuses on the outcomes to be achieved in the role and the APS values. In addition, linking individual remuneration to the performance of the organisation in delivering services to citizens. Survey the recipients of the services and ensure that delivering results of high levels of satisfaction mean a performance based incentive for the APS staff within the Department providing those services. The higher the performance rating of the services provided to the citizens is rated by the citizens, then the bigger the remuneration incentive. Whilst it is easy to suggest there would be a massive cost involved in implementing this, if the services provided are of a higher standard then the efficiency and productivity gains should offset any cost. This will also help with staff retention, high performing staff will want to achieve their incentive payments, and they will generally work with under performing staff to ensure they improve. It also ensures that where teams or individuals go above and beyond to provide exceptional citizen service that this can be recognised. If there is no incentive to do better then the likelihood of improving is substantially diminished.</p>
<p>How can we better bring together service design, delivery and policy formulation processes – within individual programs and across all of government?</p>	<p>No response provided.</p>
<p>What options could be pursued to ensure citizens, especially those with higher needs, can access government information and services that they need?</p>	<p>No response provided.</p>
<p>How can we ensure performance management frameworks focus on the attainment of outcomes for citizens?</p>	<p>Please see response to the first question in this section.</p>

Chapter 7 – Flexibility and Agility

question	Response
<p>What is the optimal rate of mobility between APS agencies and other parts of the labour market? What could the APS do to encourage and support greater mobility?</p>	<p>It is important that the APS has access to the right skilled labour at the right time. The contracting model within ICT has worked effectively for Departments where demand is short-term or project based. The mobility of resources has meant that individuals with specialised skills are only held by Departments as long as they need to be and are then freed up for use by other Departments. Where this model fails is when Departments utilise mobile resources such as Contractors on an ongoing or almost permanent basis to deliver business as usual capability.</p> <p>If the APS were to specifically identify positions as short-term or project based and then used a pool of contract or floating labour resources to address this demand there would be an increase in mobility as a result.</p> <p>With permanent APS employees, in order to encourage mobility there needs to be greater standardisation with regard to ICT systems and business processes to facilitate better sharing of resources.</p>
<p>What practical mechanisms could be used to foster a more unified public service culture?</p>	<p>No response provided.</p>
<p>How could recruitment practices be enhanced within Australian Government entities? What are the strengths of the current recruitment processes?</p>	<p>As discussed in response to Chapter 1, Peoplebank believe that the current recruitment processes used by the APS achieve sub-standard results with regard to attracting, selecting and retaining top talent.</p> <p>The key benefit of the current process is the fact that all roles are advertised publicly (Gazette and/or Press) to encourage an open process. In reality, this may encourage more applicants and as such a greater cost when the Department may already have the perfect candidate acting in the role.</p> <p>Peoplebank would recommend a full review of the APS permanent recruitment practices along with the APS salary structure to bring them up to date and in line with the private sector. Without such a review the APS will continue to fall behind in the 'war for talent'.</p> <p>Peoplebank recommend that the following items are considered in a review:</p> <ul style="list-style-type: none"> - Is there a more effective way of assessing an individual applicant's suitability for a role other than having them

	<p>write a response to selection criteria?</p> <ul style="list-style-type: none"> - Do generic selection criteria provide a quality recruitment outcome? - Are referee reports reliable enough to base selection decisions on? - How are gaps in the successful candidates skills addressed when they are engaged? - Are the processes truly transparent or can they be manipulated? - How independent is an 'independent panel member' when they are working at the direction of the Selection Committee chair? - Will the quality and number of applicants increase if the selection process was simplified and streamlined? - The ANAO reports that a permanent recruitment process run by the APS costs approximately 15% of the annual salary of the individual hired? Using expert recruitment companies, all of their available tools and selection services as well as their independence from the process usually costs around 10% to 18% to recruit permanent staff? Is a better and more independent outcome achieved for the same if not less costs using recruitment agencies?
<p>What are your top three ideas to encourage the pursuit of continuous improvement across the public service?</p>	<ol style="list-style-type: none"> 1. Improve recruitment outcomes to engage/promote better quality staff and support development in key skill gap areas identified in the recruitment process. 2. Link remuneration to performance, have an 'at risk' component of remuneration that is linked to achieving KPI's based on organisational and individual productivity and values. 3. Retain key employees within the APS by having a more flexible and realistic remuneration model that more closely reflects the private sector market.

Chapter 8 – Efficiency in all aspects of government operations

question	Response
How can Australian Government policy	No response provided.

departments improve their own efficiency?	
How can Australian Government service delivery agencies improve their own efficiency?	As stated above, hire the right talent, have the right development program in place to address gaps and a remuneration program linked to performance to improve retention. Measure your service delivery effectively and reward exceptional results.
What mechanisms should be used to systematically improve efficiency across the public service as a whole?	As stated above.
What skills and capabilities are required to drive efficiency throughout public sector organisations?	<p>The APS needs to improve its recruitment capability. At present the current model relies on most public servants to be effective recruiters and this is simply not the case.</p> <p>This is further exacerbated by the lack of flexibility and limitations with the current recruitment and selection processes. By trying to be more open, accountable and transparent in their recruitment processes the APS is creating paperwork, false sense of security in relying on individual written application and referee's as well as not demonstrating value to the Australian Public as the costs, time and hiring outcomes are generally not considered to be commensurate with the private sector.</p> <p>As with any organisation, if you get the right people on board with the right leadership your results will be exceptional.</p>