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Attachment A32

EXECUTIVE SUMMARY

The Australian Tax Office's response to the Advisory Group on reform of Australian Government Administration - November 2009

In responding to the discussion paper, *Reform of Australian Government Administration – Building the world's best public service*, the ATO has carefully considered the Prime Minister's request to look for ways to ensure the APS has the capacity to meet some of the nation's most difficult challenges in the years ahead.

In order to provide the highest quality service delivery, the highest quality policy advice and strengthen the quality of the APS workforce, the ATO has identified the three areas of focus: service delivery, policy advice and workforce.

1. Service Delivery

One of the most important challenges facing the public sector over the next ten years is affirming the notion of 'one APS' and ensuring a common goal and purpose whilst also recognising that one size will not always fit all. The necessary independence of regulatory agencies (such as the Tax Office, Customs, National Crime Commission, the AFP and ASIC who have specific accountability obligations under their respective enabling legislation and not the Public Service Act) needs to be recognised.

The APS needs to further complement the current Westminster System by focusing on serving the Australian community *through* serving the government of the day.

Because of increasing globalisation, the APS needs to look for policy approaches that cross both national and international borders and also across agencies.

Along with a more global vision there will also be increasing need to be flexible and responsive to support changing and expanding requirements from environmental and financial pressures, technology, increasing public expectations and changing social demographics. In some cases these issues and policies could be best handled and created as multiple-agency solutions.

Whilst consistency across the APS and citizen centric service delivery should be a primary focus it needs to be recognised that some agencies have important regulatory roles. That is, they need to ensure laws are complied with and enforcement powers are available where necessary.

2. Policy Advice

There will be an increasing requirement for a whole-of-government, citizen-centric approach from the APS when it comes to policy development and implementation.

Citizen has the connotation of individuals. For the ATO, many of our clients are business, non-residents and other entities, often multi-national companies who contribute through the tax system to Australian society – the definition of citizen needs to be broadened.

It should be noted that a shift is required from prescriptive and rules based policy, to principles and values based policy.

3. Workforce

Recruitment design initiatives are needed to shift allegiance to one APS. This will increase flexibility by allowing easier movement of staff for promotion and professional development between agencies.

The APS needs to shift from the paradigm/principle that it is an organisation of fulltime employees (with non-ongoing employees viewed as a stop-gap for specific activities) to one where we have a mix of employment types – all legitimate in their own right.

As well, a streamlined set of common APS values across all agencies, complemented with specific agency values, and aligned with an improved APS aspiration statement.

Please find following, the Tax Office's responses to questions 1–28.

1. Do you think Chapter 1 accurately captures the role of the Australian Public Service?

While the opening statement does identify the significant evolution of the Australian Public Service over time, it still refers to the Westminster system as the paradigm used to clarify its role. This system emphasises the role of the APS as, primarily, to serve the government of the day. This statement accurately captures the past role of the Australian Public Service but should be more aspirational for the future APS.

To effectively continue to serve the government of the day and to engage a 21st Century community, it may be necessary to re-position the key purpose and role of the APS:

- as benefiting the Australian public *through* serving the government of the day
- by describing the desire to engage citizens in the development and application of public services for Australia, and
- by mentioning the role the APS continues to play in the global arena.

2. What are the implications of the statistical snapshot and of employee views and attitudes in Chapter 1 for the future of the APS?

The statistical snapshot indicates an increasingly educated and older workforce across a diverse number of agencies. This trend is also evident across the workforce as a whole. While it appears younger graduates do not wish to stay long, their experience while with the APS should be positive enough to encourage them to return, when looking for more stable long term employment and life balance, as well as to promote their APS experience amongst peers.

While the majority of the SES is located in the ACT, there appears to be a significant distribution of the APS across Australia, perhaps leaving some areas isolated if they do not have direct and regular contact with leadership. A perceived lack of leadership may be a contributing factor to the perception that agencies are not well managed. In decentralised agencies, reviewing leadership roles and relationships, with particular consideration to remote sites, may contribute to some degree in addressing these issues. Benefit may also be achieved from undertaking a root cause analysis to identify the drivers for these opinions before developing a suite of strategies to address the underlying issues. The statistics may also be slightly skewed, in that, within policy agencies it is reasonable that a larger proportion of SES are based in Canberra, but this is not necessarily reflective of all APS agency SES distribution.

A second issue is the strong alignment with individual agencies rather than the APS as a whole - a long standing cultural feature. To shift allegiance to an entire APS will take a revision of all people initiatives starting with how recruitment is conducted. Equivalent rates of pay and secondment / rotation programs at all classification levels could encourage greater movement and opportunity across 'one APS'. This would build breadth of experience and transportable capability, if targeted effectively, to provide individual challenge and growth. In putting forward this strategy it is recognised that the APS also needs 'specialists' and programs or opportunities should also be available to build depth of capability.

The employee views and attitudes indicate a highly engaged and motivated APS workforce despite a view of poorly managed agencies, indicating a strong and generally positive attitude. The decreasing employment rates of Indigenous Australians, people with a disability and people from non-English speaking backgrounds may be a consequence of the APS seeking to engage an increasingly educated workforce. 'Entry level' to the APS is mostly via graduate programs at the APS 3 level and above. This limits the opportunity for people who do not have University qualifications or equivalent. Although some agencies have cadet programs, internships or school to work programs these bring relatively small numbers into these agencies.

Going forward, the approach taken to building the APS workforce needs to be revisited to ensure the opportunity to enter the APS is available to all people with the requisite capability or the ability to gain this (without limiting attraction based on education level). This will increase the cultural diversity of the APS and, if undertaken effectively, provide a dynamic APS capable of attracting and engaging a wider labour market. This approach would align with APS values and employment strategies and more accurately reflect the community it serves.

3. What are the most important challenges facing the public sector over the next ten years?

One of the most important challenges facing the public sector over the next ten years is affirming the notion of **one APS** and ensuring a common goal and purpose. This will need to involve:

- Addressing increased public expectations of a single seamless APS.
- Viewing social/economic problems holistically and systemically across agencies and managing issues/policies with multiple agency solutions.
- The establishment of clear processes and frameworks for inter-agency collaboration.
- Alignment of employment frameworks and developing authentic APS wide capability.
- Maintaining current business and providing continuity of service while implementing change.
- Improving productivity amid increasing thrift.
- Maintaining technological currency, including the use of social media to help the community have greater access to government services.
- Balancing community access to government services with adequate security and legislative controls.
- Proving and measuring effectiveness in an increasingly complex environment.
- Developing authentic leaders who trust and inspire staff to achieve.
- Understanding, developing and maintaining levels of capability - ageing workforce, increase in mental health issues, etc.

Global economic homogenisation is another challenge which highlights the need to look for policy and approaches that cross national and international borders as well as agencies e.g. tax havens, money laundering etc.

The **ageing of the workforce** is a significant challenge from a number of perspectives. The percentage of workers over 55 has jumped by 4% in six years. This has ramifications for all aspects of human capital management such as:

- The loss of corporate knowledge.
- Loss of technical expertise.
- The need to adapt retention strategies and flexible arrangements for employees nearing possible retirement and to also provide access to this group (55 years and over).
- The need for different psychological contracts with the employer as younger generations increase as a percentage of the workforce
- Shifts in requirements of leadership – research shows a demand for a ‘coaching’ style.
- A probable increase in the percentage of those who will challenge not only the organisation’s directions and decisions, but also those of the government of the day.
- Our Employment Value Proposition (EVP), attraction strategies, employment model options and in some instances, locations of functions or services.

The **technological gap** could potentially widen. As the workforce is increasingly more tech savvy, major challenges for the APS could arise, including:

- Providing and maintaining technological tools equivalent to those employees (and clients) have at home.
- Facilitating a different way of work which is engendered by a workforce who are increasingly used to multi-tasking and blurring personal and work technological domains and interactions.

This is further complicated by an increasing number of workers in the older age groups who did not grow up in this hi tech environment and who may struggle to see value in these different ways of working. The cultural divide has a potential to become a chasm.

Technological change also provides significant challenges for the public sector, but also many opportunities. Information and communication technologies (ICT) can enable improved service delivery by increasing efficiency, making services more accessible and citizen centred and supporting better sharing of information and knowledge. Through portals, businesses and those registered to act on the behalf of others, for example, tax agents, can use ICT to transact business and for online self-help on a 24/7 basis.

The challenges agencies face in delivering improved ICT services include:

- Building a culture within the APS that embraces new ways of working.
- Reforming policies and procedures to allow better exploitation of technology.
- Managing the increased volume of information flows and pace of decision making made possible by new technologies.
- Overcoming integration challenges that hinder whole-of-government information sharing and exploitation.
- Managing IT systems over their lifecycle and making good investment decisions about maintaining systems for the right period of time versus risky/costly systems replacement projects.

- Providing a balance between usability and security, as well as maintaining the privacy of information.
- Providing specific tools and processes for accessibility by those with special needs, disabilities or community members who choose to avoid these channels.
- Broadening APS awareness and acquiring explicit coordination of major agency and cross-agency reform agendas. Management of major change initiatives in the APS will ensure that these are not initiated and executed in an unplanned manner resulting in a depletion of IT skilled resources and driving up market prices.
- Establishing an APS curriculum for core IT competencies such as Applications Architecture, Analysis and Design, Project Management and Software Testing.

A key risk across any enterprise APS-wise initiative is to ensure such approaches do not drive a 'monopoly' mentality in the market thereby driving up prices.

4. What are the key implications for how the public sector will need to operate?

There will be an increasing requirement for a whole-of-government approach from the APS. There will also be increasing need to be flexible and responsive to support changing and expanding requirements from globalisation, environmental and financial pressures, technological changes, increasing public expectations and changing social demographics. Issues and policies may well be best handled and created as multiple agency solutions.

Other key implications resulting from this will be the need for:

- Cross agency collaboration on the design of changes, including policy, legislation and administrative mechanisms required to deliver specific policy intent.
- Cross-agency projects and design teams following agreed design, change management and project management methodologies.
- Sophisticated processes to involve those impacted by change in the design process.
- A commonsense approach to administration and solutions design. For example, thresholds and case selection where cost to recover debt is higher than actual debt.
- An increase in flexibility and responsiveness.
- Improved regulation and governance. Though the APS operates under high levels of governance and accountability, constant review is required to ensure governance efforts are effective, particularly where greater unity and whole of system or process integrity is required.
- A shift to principles and values based policy rather than prescriptive and rules based approach.
- Improved knowledge management and sharing where the implicit knowledge of experienced employees is 'extracted' and made available to less experienced employees.

The APS will need to shift its human capital paradigm to be more adaptable to its workforce needs, instead of the other way round. We have an increasingly educated, questioning and demanding workforce who will be loyal and highly committed workers if they believe they have been offered a psychological contract commensurate with their environment and engagement needs.

Additionally, it will be necessary to recruit from a wide range of backgrounds – not just existing public servants – as the available workforce becomes increasingly smaller, upwardly focused and mobile (agency-to-agency and internationally).

A third implication is the need to build employment contract models which enable us to attract the best and brightest. These employment models also need to have in-built flexibility to allow for 'boomerang' employment as well as lifelong 'linear' engagements.

The APS workforce needs to be balanced and diverse. It should be acknowledged that some people will pass through on their way to 'better things' while others will be content to continue to effectively deliver outcomes for the government and community. The APS should look to attract both the 'best and brightest' and those solid performers who are looking for a more stable work environment.

5. What do you think is an appropriate aspiration for the Australian Public Service?

To provide fair, professional and exemplary service and support to the incumbent government and citizens of Australia and in so doing be a global leader of public service delivery, efficiently and effectively providing expected outcomes to the Australian community.

An appropriate aspiration for the Australian Public Service should not be about being 'the best public service in the world' but to give the government and the community the very best public service by adding community value and providing greater certainty through a coherent approach.

6. Do the five key characteristics outlined in Chapter 3 adequately encapsulate what you would expect from a high performing public service?

The five characteristics do encapsulate expectations of a high performing public service but do not necessarily align with the citizen-centric, innovative and whole-of-government aspirations. A key factor which underpins these five characteristics, whilst not stated explicitly, is the **calibre of leadership** provided at all levels.

In the paper, *Agency Health – Monitoring Agency Health and Improving performance* (APSC, 2007), leadership is identified as a critical success factor identified for high performing public sector organisations. This is also reinforced by a range of other research, such as Jim Collins' *Good to Great* (2001).

By not *specifically* articulating leadership as a characteristic, the APS may not be sufficiently laying down the challenge for all APS leaders to take responsibility and to be accountable for the fulfilment of the five characteristics. This is a critical message to send when, according to page 17 of *Reform of Australian Government Administration: Building The World's Best Public Service (2009)* only 40% of Band 1 Executives see themselves as part of the leadership group and barely half of the Band 2s and 3s. This is a significant danger signal and needs an overt message.

A second characteristic not directly articulated is the **calibre of the people who form the APS**. This reform agenda provides a recruitment opportunity as the characteristics articulated form the 'brand' of the APS and therefore also form part of the employment brand. To overtly articulate the calibre of workforce who will deliver on these other characteristics would send strong message to both the existing workforce and potential applicant pools.

The wording of the 'efficient and effective' characteristic suggests that this is an end in itself. To win the hearts and minds of our workforce we need to provide a compelling reason i.e. we are stewards of the taxpayer dollar and so every resource we do not use for maximum efficiency and effectiveness denies another Australian citizen a service.

7. Should the APS Values be streamlined? What values do you consider should be included in a revised set of APS values?

Making the values more relevant to an individual may give increased substance and meaning. For example:

- employees of the APS are apolitical, performing functions in an impartial and professional manner;
- APS employees provide a workplace free from discrimination, recognising and utilising the diversity of the Australian community they serve;
- employees of the APS have the highest ethical standards; etc

Grouping or consolidating 'like' values may also have more impact, though they need to be more descriptive or they will not be understood or able to be translated into action.

Since the APS values were first articulated the landscape has shifted. In order to cope with the rapid globalisation, technological developments and financial market uncertainty there has been a significant move away from the prescriptive rules based approach, towards a more responsive form of decision-making.

As a result, government agencies must be more responsive and efficient to deal with quickly changing circumstances. At the same time, a values-based framework has been shown to build public trust in an organisation's activities and thereby increasing its overall effectiveness.

The APS values read more like policy than reflecting true value propositions and a shift in culture. The statements of behaviour have not been overtly linked to specific attitudes and beliefs which may be why they haven't resonated with employees to a greater degree. They are lengthy and difficult to interpret. Research conducted within the Tax Office suggests a shift to

single word values with a set of behaviours will make it easier for staff to see relevance and how they apply to individual roles as public servants.

Professionalism, accountability and performance could be emphasised and the values which now reflect application of legislation (such as providing a workplace free from discrimination) less so.

A stronger emphasis on employee trust and communication is also important with a similar partnership approach taken with employees as with clients, demonstrating a more equal relationship between employee and employer.

The APS values should/could be revised to align with the revised APS aspiration and should be the overarching values that connect all government agencies. They need to be articulated in a way that is easily translated into agency specific values.

While the current APS values aim to present what is important for the culture of the APS in the way of environment and direction, they are too far removed from the individual's reality to have any real impact.

Other key values words missing from the APS values include:

- trust
- achievement
- engagement
- fairness
- citizen centred
- integrity
- innovation
- collaborative
- respect
- leading by example

A revisiting and/or reviewing of the APS values to reaffirm relevance is a great opportunity to ensure that they are also aligned with the future strategy of the APSC. The language used needs to reflect the APS aspirations, vision and strategic direction so that the values help create understanding of where we want to go *and* how we plan to get there.

8. How do we ensure that APS leaders fulfil their responsibilities to promote and uphold the values?

Leadership experts Jim Collins and Richard Barrett have both referred to values as being what defines the character of the organisation. Barrett stated “cultures of corporations, government institutions, and non-governmental agencies are a direct reflection of the consciousness of the current leaders and the legacy of past leaders. The leaders’ values define the culture of an organisation and the culture defines the organisations competitive advantage”.

Building values into the performance system makes it clear to all employees, regardless of position, that they have a commitment to living the values. The annual team planning cycle provides an excellent opportunity for teams to talk about values and what the APS and Agency values look like when people are living them, and discuss, as a team, the behaviours expected from each other.

All employees should be able to see how the work outlined in their performance agreements contributes to the team plan, branch plan, line plan and corporate plan.

Leaders can also fulfil their responsibilities through rigorous performance discussions at the SES level where actions are needed to support a view that the values have been exhibited, articulated and re-enforced.

Closer linkage and alignment is needed between agency and APS values to assist leaders fulfil their role and uphold the values. We also need to ensure that the values are relevant to the current business environment and reflect today’s society. Looking at the different agencies’ values and identifying any similar themes should help inform any new values.

9. Do you think the APS engages appropriately and actively with government on an apolitical basis?

There is general agreement with this statement, acknowledging how an agency engages with a Minister often depends on the nature of the relationship they share with that Minister, other agencies and agency heads.

In order for agencies to provide frank and fearless advice, departmental leaders need to ensure this culture is nurtured and that relevant agencies have a seat at the table. Early agency engagement enables a holistic picture to be provided to the Minister which will become an increasing necessity to encourage a whole-of-government culture across the APS.

10. Are further reforms needed to clarify the roles and responsibilities of the APS when dealing with ministerial offices?

Yes, consistency across the APS should improve overall performance and continuously promoting the requirement for awareness and understanding of roles and responsibilities when dealing with ministerial offices, particularly in delivery agencies, would derive considerable benefit.

11. How can internal and external collaboration be strengthened to improve policy development and implementation?

Avenues and channels should be provided to promote collaboration and innovation in policy development. The establishment of interagency policy hubs or cross agency project teams, coupled with external stakeholder and user forums and the involvement of frontline staff would promote and improve consultation, collaboration and co-design both internally and externally to the APS.

Increased open forums enabling discussions across agencies could include:

- cross agency communities of practice on community consultation and co-design to develop capability and ensure agreed standards are met in applying the methodology.
- cross agency centres of expertise to understand and monitor trends in the behaviours, preferences, concerns, service preferences, etc, of key market segments of the community for example; retirees, students, small business and age pensioners.
- a forum to educate policy writing areas and agencies on the values, in terms of improved outcomes, external consultation and co-design.

Agreement should be reached on the need for a cross agency methodology to include user involvement in consultative and co-design activities.

12. What should be done to continuously improve the capability of the APS workforce in policy formulation and implementation?

This issue needs to be tackled at both the root cause level and symptom level. It would require:

- An overarching human capital strategy for the entire APS. This is critical to ensure a full range of capabilities across agencies.
- A consistent view of capability requirements (generic and specialist) across the APS - to be identified along with whole-of-government implications
- Capability mapping of needs to deliver and ensure that outcomes are met holistically.
- The development and implementation of a cross-agency 'High Potential program' would enable swift identification of individuals and teams to address critical APS issues.

The requirements and assessment for appointment to roles needs to be more stringent particularly in terms of the in the broader strategic leadership capabilities as seen in the

tendency to appoint / promote for technical expertise rather than the higher order leadership capabilities. Assessment centres for the most senior positions would help to ensure there is reality to the rhetoric within applications and CVs.

We also need to address any skill gaps through a rigorous, nationally accredited suite of development options. The challenge is to blend specific requirements, such as APS policy development, with broader global leadership capabilities such as strategic thinking. The APS should be considering establishing stronger relationships with external institutions to reinvigorate the capability development.

An Australian School of Government would need to ensure a broadly skilled board and faculty offering a wide range of content with access to internationally recognised speakers. Agency specialists might also be given the opportunity to offer courses or address participants.

Exposing APS employees to a range of capability experiences should be achieved through rotations and placements. Due to the complexity of some legislation, core knowledge required by policy officers is often lost when experienced officers move on and care in succession management and knowledge transfer strategies is crucial for identified critical roles.

Establishing cross agency policy centres of expertise (or hubs) to facilitate knowledge sharing across agencies and opening up a range of capability experiences may go some way to addressing this issue.

Delivery areas should also be given opportunities to assist in policy formulation to provide broad experience, address silos and assist in the development of strategic thinking. Input from delivery areas into aspects of policy decisions will also help highlight gaps and improvements.

Another consideration is to review, and where necessary, renew links with stakeholders be they professionals, community groups, special interest groups, industry groups, social welfare groups, business groups, union representatives or overseas counterparts/ alliances.

13. What can be done to bring the workforce development approach of the APS up to the level of the best organisations globally?

One of the key factors in bringing the APS workforce development approach in line with international best practice standards is to encourage a mindset of change and adaptation to address risk averse cultures and encourage innovation. While global best practice organisations have a number of features in common which could be implemented across the APS, the workforce needs exposure to development activities that address culture and orientation rather than a focus on specific skill sets or a single agency focus only. If cultural change is not achieved then it is likely that traditional development opportunities will be wasted.

If a workforce development approach is to broaden the capability of the APS as a whole, accessible and low cost options need to be explored. Providing external secondment opportunities for staff to work in specialised fields in other agencies and the private sector will enable broader understanding of issues across the APS. Designing career pathways from a range of job experiences rather than relying on attainment of formal qualifications will add to flexibility.

International research clearly indicates that development is a key attracter and retainment strategy – often over pay. The APS needs to consider how they will fund capability and professional development to competitive in the Australian and international labour market.

14. How do you think a stronger culture of innovation can be fostered?

A general point is that innovation has broader applicability than policy advice - it is the application of creative thinking, experimentation and improvements to all aspects of our work. Innovation will succeed if it is included as a core value in the APS and in the values of the agency or department.

Innovation should be part of everything we do, part of our culture. A culture of continuous improvement leading to big step innovation.

Other ways to foster a culture of innovation include:

- Embed innovation in the strategic planning of an organisation so there is a consistent approach (enterprise wide), driven by the business and linked to its strategic priorities (to provide focus and direction to innovation efforts and ideas generation). Innovation should be seen as everyone's responsibility, not the work of a special team. Innovation needs high level sponsorship, and innovation champions. Endorsing a corporate innovation framework, with agreed innovation principles and evaluation criteria demonstrate organisational commitment to innovation.
- Give innovation a high profile through events such as holding an Innovation Week or Innovation Month to generate ideas and run competitions. These increase employee awareness and engagement with innovation at the team and line level (bottom up innovation).
- Reward, acknowledge and document innovative ideas. For example, include innovation in regular awards (line awards, local awards) and hold competitions for generating ideas. The risk or fear of failure can stifle innovation. Expect that there will be some failures and learn from these. Risk taking guidelines can help people to make sound judgment of acceptable risks versus the benefit of innovation, encourage them to engage with calculated risk and help overcome the culture of risk avoidance/aversion.
- Leaders should actively encourage, look for and acknowledging input by employees whether remotely managed or not. This needs to happen at the team leader, director and executive levels. Incorporate innovation concepts and tools in leadership programs and provide a managers guide to support innovation in their teams. If the decision is made to not use a submitted idea, leaders need to explain why this decision was made so as not to discourage the sharing of further ideas.
- Encourage a 'think' mentality in the APS. Staff, especially at Exec level and above, should be able to invest time in thinking about their roles, their work and the future in more lateral and abstract ways. Being enabled to invest time in thinking results in new ideas, improved working arrangements and minimises the risks of poor decision making.
- Hold forums to enable cross business line or inter-agency collaboration and engender greater cross pollination of ideas. For example: having a cross agency network which meets to discuss ways of enabling innovation and address barriers. Also, increase

collaboration with external stakeholders, members of the community, experts and academics.

- Use networks and external collaboration to overcome barriers to innovation, such as hierarchy and adherence to rigid processes. They are a source of ideas and energy to help innovators get around these blockers. In this regard, make greater use of Web 2.0 technology (social media, e-wikis) to enable collaboration with other agencies and externals. For example, the use of 'Community Engagement Hubs' run by universities in partnership with Government, industry and community provide a safe environment to conduct pilots.
- 'Shake-up' APS culture through greater use of secondments and exchanges with external organisations and the private sector. Explore different employment models in the PS Act and recruit staff who have an aptitude for innovation, that is, create *room* for fresh thought.
- Make greater use of our diversity, for example, when forming project teams to maximise creative thinking and access to a broader range of ideas. Employ a greater diversity of skills sets and qualifications in our recruitment processes.
- Use "challenge led" innovation by highlighting an urgent or important issue or problem that needs to be solved and appealing to the intrinsic motivation of staff to engage with this issue.
- Support innovation efforts with "ideas coaches" to provide hands on advice and support with innovation projects.

The general point is to obtain broad organisational support for the concept and embed it in all facets of the organisation so that when staff (at all levels) engage with risk and put forward proposals or new ideas they are given positive consideration and are even rewarded.

15. What approaches to engaging with risk are most appropriate for the APS to provide high quality, forward looking and creative policy advice?

In trying to address all risks, the APS appears to have become overly cautious rather than taking a balanced and realistic risk assessed approach or addressing underlying causal problems. Agencies need to be more overt about stating what their individual 'risk appetite' is and include this as a clear statement in both internal and external flagship publications. Other suggestions include:

- Develop a consistent APS risk assessment model and approach which enables realistic and effective management of risk across agencies through evidence-based and timely decision making processes.
- Ensure risk is managed across the APS in line with Australian and international standards.
- Ensure robust risk management is part of policy development enabling early identification of potential risks to the Government's policy intent.
- Establish policy hubs which engage both internal and external stakeholders including Senior Level officers in the early stages of cross agency policy development and implementation, and the associated risks.
- Encourage a questioning culture and don't be constrained by the past or 'how things are done around here.'

- Formalise networks through establishment of cross-agency communities of practice to facilitate agency networking and leverage off social media technologies such as blogs, discussion boards or even chat rooms to exchange in risk mitigation conversations and practices.

16. How can agency performance management processes be amended to maximise the focus on the attainment of outcomes?

Performance management processes could be aligned to introduce a high level system for all agencies providing consistent messages and outcomes across the APS. This system may need to be tailored to agency specific requirements by determining the most effective and logical mix of APS and agency specific outcomes through a consistent and common process. Outcomes (either APS or agency specific) would need to be clearly defined and would need to be appropriately mapped back to system components, deliverables, targets and service standards and agency values.

The development of cross agency effectiveness measures would enable an APS wide view of what worked well, what didn't and identify ineffective links in the process. Evaluation would need to include measures for quality input or outputs, whole-of-government approach, continuous innovation and capability building.

Including in the performance management process how the performance of one agency contributes and impacts to the outcome of other agencies through measures and appropriate stakeholder feedback would start to entrench an APS-wide performance culture. Agencies could receive formal feedback on their input and collaboration on policy development, implementation and service delivery, which includes whether or not the input added value. The results and outcomes of the performance process could then be communicated to the community and across the APS, that is, clear service charters and cross-collaborative arrangement formalised in service level agreements and memorandums of understanding.

17. How do we embed a citizen centred philosophy in all aspects of program and service design and delivery?

While we strive to make services more responsive to the individual, we are seeing private enterprise narrowing channels for how they allow their customers to interact with them and employing 'user-pays' strategies for some less preferred channels.

The first part of embedding a citizen centred philosophy in the APS will be to define a clear strategy and public sector view about what constitutes acceptable service methods / levels vs. cost (i.e. how citizen focussed are we prepared to be (a cost / effectiveness exercise) and inform the expectations of the public accordingly.

The development of a framework which embeds a citizen centric philosophy starting from the vision statement of the APS, down to organisational values, policy and individual performance agreement will help to ensure a top down approach gives continual and consistent reference to

the values which emphasise a citizen focus. It would also help ensure that all policy and procedural development processes are overtly tested against the values.

Other ways to embed this philosophy include:

- Address any discrepancies between agencies on the value placed on policy versus service delivery to ensure a whole-of-government view. Policy makers should be aware that service delivery is a consideration when developing policy and this should be embedded as part of the policy creation process, that is, develop policy with the citizen as the end user forefront of mind.
- Approach policy development from a citizen perspective which results in administrative design aligned to the citizen centric policy. Also establish standards around administrative design which prevent burdensome admin design.
- Develop security policies which apply across agencies to remove some of the perceived probity and privacy issues of transfer of information across agencies.
- When considering service delivery standards, all relevant APS agencies need to be at the table. Include a citizen advisory group in program and service design and delivery processes.
- Include opportunities for citizen stakeholder feedback in the performance management system. Develop benchmarks which measure how citizen focused the APS is against the statement of aspiration (efficiency and effectiveness of delivering services, both in terms of “widget” counts and Service Standards and also in outlining how we better engage with the community, be that face to face, via the Web or other media).
- Include citizen centred philosophy in induction and recruitment selection criteria. Balance this with education for the community on their rights and responsibilities and managing expectations of the government.
- Expose employees involved in program and service design and delivery to a citizen’s negative experience caused by a lack of empathy and user involvement.
- Overtly include a ‘client experience’ component to how we measure the success of service delivery.

18. How can we better bring together service design, delivery and policy formulation processes—within individual programs and across all of government?

The Commonwealth, State and Territory, and Local government level funding models need to include metrics on collaboration, co-design and continuous improvement. We need to change the funding and evaluation model to give effect to this intent.

Cross agency committees could be established to foster collaboration, particularly at senior levels, for involvement in agency and cross agency planning sessions or projects.

Establish multi-disciplinary teams (cross-agency and stakeholder, as required) to work through facilitated conversations and workshops. Agencies could be grouped as either policy or service delivery focused. Integrating design, continuous innovation and project management frameworks will help overcome silos and ensure a citizen centred focus. User-centred design

ensures citizens' needs are met with the right approach to policy formulation, processes and services rather than delivering what the APS thinks the community needs. However, this approach needs to manage end user expectations balanced with the cost of approach.

Ensure design work is upfront in the process instead of waiting for new policy to arrive before determining internal systems and processes required to provide the service. Learning from existing models, for example, the Australian Business Register (ABR) could be applied more widely. Decisions or approaches on policy formulation could be linked to implementation.

At the program level, utilisation of 'User Centred Design' processes could change facets of many existing initiatives.

19. What options could be pursued to ensure citizens, especially those with higher needs, can access government information and services that they need?

User centred design can redefine organisational commitment. Access to government information and services should be designed from a citizen perspective, not the point of view of government or government agencies or based on current systems or processes.

This can be achieved by building citizen centred and higher needs approaches into initial business plans, as accessibility needs to be a priority during the design phase of policy, programs, services and systems and not just during development and delivery. Consideration should be given to multiple segments as a one model for all approach does not work.

This would mean researching how questions and needs arise for citizens regarding government information and services and co-designing new products to make the process easier and cheaper for them. While recognising technology affords opportunities to engage with many, accept a mix of strategies needs to be employed. Some accessibility options for consideration are:

- innovative use of available and emerging technology
- use of community expertise through establishing contracts with external providers who can deliver targeted services to reach citizens
- establishing direct phone lines to agencies in local libraries
- relocate government offices regionally or in suburbs of big cities, saving in accommodation costs.

Amalgamate shopfronts to be APS-wide rather than agency specific, taking a similar approach to the way we manage crisis situations by replicating the 'Government Village' model. This approach would provide assistance to those who need a more personalised approach and more explanation (e.g. the elderly, disabled) when actions or services can't be provided. One stop government service centres could run a range of information sessions on various common and regularly used government services, processes, changes, etc.

For the remainder of the population, this approach could also be adopted to provide similar explanations and assistance via a virtual shopfront where you could 'chat online' to a consultant 24 hours to address rural, remote and small business requirements.

In the event of clustering various government services, each agency would need to accurately profile their clients (and their core requirements) which could then be synthesised across agencies to group clients with common public sector touch-points. Portals to accommodate these 'clusters' of client needs would provide ease of access and less interactions for specific client groups.

20. How can we ensure performance management frameworks focus on the attainment of outcomes for citizens?

The APS and individual agencies need to develop corporate statements and plans that are citizen centric. The expectations of the Australian community should be included in these higher level agency plans to instil a sense of community ownership. The outcomes in these plans should also be expressed from the citizen perspective, not just a government or agency perspective. Performance frameworks would then focus on, and measure these outcomes.

Other suggestions to ensure performance management frameworks focus on the attainment of citizen-centered outcomes include:

- Change the way government sees service delivery and the priority given to this. Ensure that policy is linked to service delivery outcomes and what is best for the customer and directly link this back to the performance management framework. Measure performance based on service delivery through feedback, survey, complaints, point of service information and subsequent re-use of the service (including qualitative measures). This data can then be used to continually improve and refine performance frameworks.
- Service delivery should include using more accepted community channels such as email, shop fronts, whole-of-government interactive technology and current software readily used in the wider community.
- Align corporate values with 'how' the APS delivers these citizen centric outcomes. Create a line of sight between the expected outcomes in higher level planning processes and the behaviours / values of individual employees. This can be done through team plans, individual performance agreements and the use of multi-source feedback. Individual agencies have developed their own sets of values to sit beside the existing APS values. This clearly indicates a gap in the APS values from a whole-of-government perspective and the need for these to be reviewed.
- Link rewards and recognition within performance frameworks to service delivery, innovation and living the values.
- Allocate budget to deliver on priorities at a government level, i.e. bucket to tap into for new initiatives.

21. 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?

To answer this question we have referred to the concept of turnover which in effect translates to mobility.

Reference has been made to several academic and non academic sources including: Harris, Tang and Peng (2002) who find that the optimal turnover rate is estimated to be about 0.3 or 30%. Optimal turnover rate is that which maximises productivity, controlling for a range of other factors. Harris et al (2002, p21) conclude that 'further reforms to increase the flexibility of job markets will yield substantial productivity gains for the Australian economy'.

Harris et al (2002) argue that there are several schools of thought surrounding optimal turnover rate including psychology, management and economics. Each of these schools focus on the different consequences of turnover and mobility on organisations.

The potential negative consequences can include productivity drops, increases in administration and drops in morale. 'Churn' or mobility are noted to be potentially damaging to an organisation. These consequences however need to be considered against the potential upside of the turnover or mobility which is argued as being the potential for better job matching and hence engagement - which can take place as people seek out better opportunities across public and private sectors of the labour market.

The work of Abelson and Baysinger (1984) provides further supporting research regarding the question of optimal turnover (and hence mobility) rates. Abelson and Baysinger (1984) differentiate between optimal and dysfunctional turnover rates and suggest that these are dependent on individual, organisational and environmental factors and that all such factors are specific to an organisation. In particular Abelson and Baysinger (1984) propose that the optimal or dysfunctional turnover rate will be contingent on the performance of those employees an organisation loses (or gains in the sense of mobility) and the costs associated with these employees' retention/turnover behaviour.

In summary the optimal rate of mobility between APS agencies and other parts of the labour market is a complex and multifaceted question. The answer would be dependent on the costs incurred in the exchange (via mobility) of employees from the APS to the private sector and vice versa, weighed up against the benefits to be gained from the employees both leaving and joining the APS (vis a vis their productivity and the potentiality of better job fitting). However such optimality is contingency based per organisation and possibly sector. But from the research referred to there is a view that 0.3 or 30% is the considered optimal rate of turnover (and hence mobility).

Recommendations on what the APS could do to encourage and support greater mobility, can be broken into three areas:

1. Provide opportunity

- The Tax Office will soon be introducing a mobility register which will provide opportunities for permanent Tax Office employees. This could be broadened to accept APS employees eligible for section 26 transfers. There is no current means to express an interest in joining agencies other than individual job applications.
- Look at agencies that can match career path progression and then formalise and publish natural paths.

2. Encourage

- Openly encourage mobility.
- Encourage short term placements between agencies and across APS and possibly external organisations.
- Introduce programs that allow swaps and trials to lower risk and uncertainty for managers.

3. Remove barriers

- Build capability matching of jobs across agencies - optimally an agreed set of capabilities on jobs and individuals.
- Pay differences and remuneration packages are prohibitive to movement across APS agencies.
- Introduce a single APS wide identity that could lower overheads of interoffice movement.
- The system within the Tax Office would not provide for complexity or volume of whole of APS considerations. Unlikely a system would be available therefore IT build costs are a factor.

22. What practical mechanisms could be used to foster a more unified public service culture?

Sharing information on work types and sharing of resources to reduce replication of activities across departments. Mechanisms that could be used to foster a more unified culture could include:

- Cross agency communications such as an APS Newsletter to address being insular and share information. However it is necessary to be mindful of what information can be shared due to security classifications and timing as in mostly agencies cannot share information till after the event. Promote APS events rather than agency specific activities – eg sports carnivals.
- Less complicated communication protocols between agencies.
- Single pay/classification structure and conditions across APS.

- Establish more APS cross-agency working groups, which interact (not necessarily compete) or work with private sector groups/forums or cross-agency groups from public sectors in other countries. Combined agency think tanks.
- A greater understanding of each agency and the type of outcomes it achieves.
- Greater mobility between agencies through dedicated programs.
- Increase APSC resources outside of Canberra to promote inter-agency collaboration. For example, reintroduce the regional people HR networks.
- Share learning and development opportunities across agencies. For example, the client centric values already encapsulated in the Tax Offices values and the Taxpayer Charter are not necessarily replicated in more policy oriented agencies.

23. How could recruitment practices be enhanced within Australian Government entities? What are the strengths of current recruitment processes?

One of the major drawbacks of recruitment in the APS is the length of time it takes to recruit and engage a staff member. The timeliness of recruitment could be improved by:

- Decreasing the lead time required to advertise on APSjobs.gov.au. Given that this is now an online tool, why is there still a restriction to publish vacancies weekly?
- Decreasing the reliance on addressing selection criteria in a written application and having a two week application period.
- Increasing the use of online technology to assist recruitment such as e-Recruitment systems to receive applications and manage processes, and the use of online assessment so that candidates can complete it in their own time, reducing the scheduling time commitments.
- Making recruitment a priority task and dedicating sufficient resources. Providing appropriate training and support to panel members to assist them make timely and effective decisions.
- Reporting on the time to fill selection exercises to increase the visibility of this aspect.

Recruitment within the APS could also be improved by incorporating more widespread use of valid predictors of job performance such as psychometric assessment. Standard selection processes in the APS generally involve a written application addressing selection criteria, an interview and a referee check. Incorporating some best practice recruitment practices can assist in reducing timeframes and improving the validity of selection decisions. Assessing for 'fit' is a critical gap in recruitment that can prove to be very costly.

Attraction of externals to the APS continues to be difficult. More focus needs to be on branding and the use of common job titles, and less agency jargon in advertising. It would be advantageous to be able to market the APS better and advertise salary as a full package. Likewise, the benefits of working in the APS (ie our EVP), requires some research, collaboration and commitment across agencies.

The application process and the length of selection processes can work to discourage externals from applying for APS positions. There could be greater focus on promoting the APS collectively as an employer and generally raising awareness of the career opportunities, as well

as strategies to differentiate the various agencies. Due to the budget restrictions of press advertising and changing demographics, collective online strategies for harnessing various online opportunities, such as social media, could enhance the APS's reach and attraction to externals.

A significant amount of APS policy is designed with one-off recruitment in mind. For the Tax Office, a significant portion of our recruitment activity is 'bulk'. There could be different rules to allow greater flexibility. In particular, the whole concept around orders of merit needs to be reviewed and reassessed. They become extremely complicated when it comes to bulk national recruitment exercises that include multiple locations.

The Tax Office would like to be able to conduct generic selections on core criteria and to be able to make better job fit decisions to place a person in a job without necessarily needing to place everyone from a pool. More detail about the flexibilities of order of merits is needed, such as scenarios around placements from pools.

The rules around non-ongoing employment can be particularly frustrating. The various rules around requirements to advertise depending on the length of a contract (i.e. 3, 6, 12, 18 months or 3 years). The different requirements are quite complex and frequently result in people having to re-apply for roles that they have been performing satisfactorily. For example, if a role has been advertised only for a 12 month period and we would like to extend for a further 12 months we have to go out to market again and ask people to reapply. Relaxing these rules would enable us to better manage our workforce and not have to advertise as often (for the same opportunity).

The APS has long been based on the principle that it is an organisation of fulltime employees to do the work, with non-ongoing employees as a stop-gap for specific activities. We need to shift this paradigm to one where we have a mix of employment types – all legitimate in their own right rather than stop-gaps – such as permanent, non-ongoing employees, casuals and also partners where we outsource the work.

The strengths of current recruitment practices:

- The merit principle.
- Selection process is open and transparent.
- Increasing the use of online technology to both receive applications and manage selection processes as well as to incorporate online assessment.
- The Tax Office has introduced some innovative recruitment practices that have improved our recruitment practices. These include streamlined ISAC approaches to incorporate Independent Selection Advisory Committees (ISACs) on our large scale campaigns, national selections, and differentiated assessments – where the on-the-job performance of candidates can be incorporated into the selection process and thereby reducing costly formal assessment.

Asking the following questions may help enhance recruitment practices:

- What type of brand is appropriate for the APS? Should the APS change its image to present more diversely to the community in order to increase breadth of attraction?
- Would it be possible to sell the upside by promoting APS business outcomes?
- Being able to instil a sense of purpose in staff that they are doing something worthwhile for the broader community may be a key motivation for retention.
- One current motivating element for working in the APS is secure employment. Is this element attracting the right kind of person? Pay may be a better attraction mechanism but research indicates a commitment to development is a leading attraction and retention strategy.
- What effect would championing APS employees to externally promote working for the APS have on changing the perception of why employees choose to work in the APS?
- Bulk recruitment often results in high levels of staff turnover. Front end costs are the focus in bulk recruitment processes rather than the overall resulting performance management costs. One tactic employed to address this issue is adding the following criterion to application kits: *do you desire to work in...?*

Effectively using internal re-deployment to facilitate a vibrant internal market place can be a challenge. If not managed properly it can result in promotion creep and a consequential low attrition rate, as well as pockets of 'entitlement culture' which leaders are reluctant to manage.

Opening up the APS1 level to increase work opportunities for younger people through programs such as the Tax Office's successful school to office project have demonstrated an increase in productivity compared to other teams performing similar work. Also, opening up the Tax Office debt centre employment opportunities to people with disabilities is a model which could be replicated.

24. What are your top three ideas to encourage the pursuit of continuous improvement across the public service?

- 1 Change the culture to focus on continuous improvement not outputs.
- 2 Effective rewards and recognition scheme. This will also assist in the retention of staff.
- 3 Continue to pursue whole-of-government approaches. This includes reviewing the processes which make it difficult for agencies to interact with each other.

25. How can Australian Government policy departments improve their own efficiency?

Australian Government policy departments could improve their own efficiency by firstly recognising, identifying and addressing both fundamental and apparent inefficiencies at an agency level before taking a whole-of-government perspective.

Other suggestions include:

- Adopting and adapting learning from both an internal and cross agency experience to assist with the establishment and development of a strong and comprehensive stakeholder network.
- Promoting a consistent culture and attitude toward the role of the APS and the perspective of citizen ownership throughout the policy development and implementation process, particularly amongst third party stakeholders, will ensure values and goals are aligned.
- Policy design should be principles based allowing for subsequent “rulings” and easier administration, and be flexible enough to shift with environmental changes.
- Continue to drive process improvement as well as business process re-engineering by leveraging off the shared services model across government ‘back room’ areas.
- The introduction of performance benchmarks could be employed to measure policy effectiveness. If benchmark results were to be used the timeframe to address policy anomalies would need to be reviewed. Also introducing and maintaining a forward looking focus by profiling the needs of citizens now to ensure the APS is well placed to deliver the services needed for the future.

26. How can Australian Government service delivery agencies improve their own efficiency?

Australian Government service delivery agencies could improve their own efficiency by adopting and adapting learning from both an internal and cross agency experience to assist with the establishment and development of a strong and comprehensive stakeholder network. Individual agencies could leverage off cross agency best practice which could eventually lead into the establishment of a whole-of-government shared services model.

Service delivery in a number of agencies would not be able to sustain further efficiency gains in the traditional sense of employing fewer resources as they are already operating at a bare minimum. This issue could be addressed by introducing a whole-of-government shared services model. However, in such instances senior management need to firstly acknowledge and recognise fundamental inefficiencies. Agencies must look beyond where inefficiencies appear to be manifesting to possible underlying issues through a whole of agency perspective.

Investing in agency partnerships for service delivery, rather than looking to outsourcing may foster a culture of service delivery which could be further strengthened by employing users, particularly those with specific needs, to help design and test delivery channels and products.

Enhancing the flexibility of employment arrangements to cater for changing social and demographic trends, should aim to serve the efficiency requirements of the service delivery agency and also aim to serve the changing lifestyle choices and trends within the community.

27. What mechanisms should be used to systematically improve efficiency across the public service as a whole?

Performance

- Efficiency across the APS as a whole can be improved by regular review, feedback, performance measurement, identification of gaps in process and policy, and early intervention.
- Comparison of our agencies with other countries.
- Reviewing our ongoing employment model to increase flexibility, manage Gen X and Y expectations and attract experts on contract arrangements for defined periods.

Innovation

- Establish an APS centre of intelligence that data mines information across policy and service areas.
- Reward innovation and creative thinking.
- Introduce an area/agency that could capture innovation and ideas on improvement from the public and also government employees, for all agencies.
- Increase sharing of ideas, concepts and approaches across agencies.

Shared services/corporate policies

- Integrate human resource systems across the public service e.g. case management, payroll). The current differences limit mobility across agencies.
- Increase sharing of tools in general across agencies.
- Introduce common corporate policies, to reduce corporate area overheads.
- One APS – one pay scale, one set of conditions.
- Streamline products and services; so the public has whole-of-government services.
- Merge smaller agencies into larger ones to share support services.
- Unify as a public service by co-locating where possible.
- Consolidate service delivery across agencies.
- Introduce one recruitment area for the APS, including managing graduates.
- Open up job opportunities in regional area where accommodation and staffing costs are lower to access untapped talent and resources.

Outsourcing

- Identify core work and privatise or outsource non core activities.

The Government of the day needs to set the priorities that fall from various reviews such as Gershon, Henry, APS Reform, and agencies need to work together to deliver on them.

28. What skills and capabilities are needed to drive efficiency throughout public sector organisations?

Recent environmental impacts have required a great degree of flexibility from staff and this phenomenon of dynamic environments and the requirement for flexibility is only likely to increase. A broad range of skills enabling people to transition between roles is increasingly desirable.

Targeted broad banding is one mechanism which could enable an integrated development approach across classifications. A basic intellect, a sense of responsibility, the ability to broaden one's capacity and make a job vibrant would be a brief and basic summary of desirable attributes and requirements. An individual's attitude dictates how that is played out against organisational values and culture. Interpersonal skills need to be enhanced for both managers and staff.

Capability into the future should be considered in the context of core business and evolving needs. Leadership is seen to be the most critical people capability in the short term. Current context indicates too often leadership is viewed as a discrete capability with emphasis on what a leader can bring to the table, rather than how they build the organisation and support its employees.

Scenario planning is an effective way to identify future skill requirements, particularly using a whole-of-government perspective. While there may not be a requirement for many new capabilities, there is a need to be aware that head hunting of entire teams is increasing. This reveals the problem of losing tacit knowledge and identifies the need for strategies to address team retention while making tacit knowledge explicit.

Field experience indicates training is least effective in developing people with the 70-20-10 framework: 70% core experiences; 20% necessary relationships and 10% formal training, indicating new strategies for developing leadership at all levels.

Overseas trends seem to be focussing on building workplace experience profiles to enable individuals to move to the next level; for example Sun Microsystems has identified thirty specific workplace experiences required by future leaders.

The concept of job mining an individual's own position to gain relevant workplace experience for promotion is relatively new. Experiences can be gained through such things as projects or temporary assignments to other departments. A current misnomer is that experiences have to be gained beyond an employee's current role, a mindset which needs to be challenged.

A business case for investing time in mentoring also needs to be made to engage managers. The example provided referred to the mapped success of the mentoring initiatives implemented by Flinders University where they found amongst those mentored, the benefits included; increased retention rates, higher promotions, and increased grant application successes.

It would be beneficial to develop a clear framework for on-the-job experiences, particularly those required for promotion, to enable employees to systematically work through the framework as part of a career and performance plan.

IBM's supporting process system, the PARR system (prepare, act, reflect, review) enables participants to manage their career portfolios. The challenge of consistent management quality emerged as a current challenge as often it depends as much on attitude as on skill.

How do we *set the table* to entice people? One strategy may be enthruse team leaders to implement organisational strategy to overcome existing attitude issues and an entitlement culture.

Clarifying and ensuring people know what kind of job they are applying for is one way of ensuring an individual's commitment to capability development. For example, people often choose management for status or as a glamorous option over an individual contributor path and are consequently disappointed as it lacks glamour and is more demanding than anticipated. A job involving substantial travel is often perceived as glamorous when the reality can be quite opposite.

Driving efficiency requires strong visionary leaders who are able to clearly identify new approaches and lead people through the changes. A culture that supports innovation and strategic risk taking would also be required.

Some of the specific skills required include:

Leadership

- True leadership traits and skills, competencies and capabilities.
- Relationship management skills - engaging and involving subordinates in the process, and working collaboratively with other agencies.
- Strategic thinking

Management skills

- Project management and financial management skills.
- The ability to develop and assess effectiveness measures
- Solutions focussed and ability to remove red tape
- Change management
- Knowledge of the Australian Government framework

Interpersonal

- As outlined in the APS Capabilities with influence, communication, negotiation and team work being key areas.

Diversity

- Varying skills expertise and background. Having a varied skill set of leadership, technical, strategic and analytical is crucial.
- More diversity of skills and capabilities, to add to the agencies creativity, research and development processes rather than the continual recruitment of the same qualifications and skill sets
- Exposure to working in the private sector
- Risk takers

Innovation

- Continuous improvement knowledge and skills
- Innovative thinking
- Ability to identify best practice and adopt it
- Thinking outside the silo
- Preparedness to take a risk – and the support to allow that

Specialty skills

- Information technology skills
- Other specialty areas such as Law and Investigations

How to obtain these skills and capabilities

- On the job training programs like cadetships and work experience.
- Recruit university graduates before they graduate.
- Rotations throughout agencies and staff sharing.
- Consistent and applicable skilling opportunities (possibly delivered for the APS by the APS).
- Core skilling and competency training aligned with core values and aspirations which align to a whole-of-government service and delivery, products, values, philosophy and approach.

Issues

- There is still the difficult issue of retaining high performing staff and finding ways to move low performing staff out of agencies, particularly with the reducing budgets and increasing complexity of the work.

ATTACHMENT A

Organisational transformation of the APS: the link between performance, engagement and culture

“Transformation [reform] can have a significant impact on the people in an organisation, but the irony is that those same people can have an even greater impact on transformation. In fact we believe that people are ultimately the force that drives sustained [reform]....PEOPLE! In the end it is the collective behaviour of the people in the organisation that can make or break a [reform]” *Deloitte (2006)*.

For the APS to truly reform and indeed transform itself, the engagement and alignment of the hand, heads, hearts and minds of its people is therefore pivotal.

The starting point for all effective transformations is an unequivocal, aspirational and inspirational direction /vision. This has been provided “our firm conviction [is] that Australia can have the world’s best public administration,” *Terry Moran (2009)*.

The challenge is to engage and align the current and potential employees for the Australian Public Service with this so we have a workforce with both the capability and the passion to deliver on the vision.

For the purposes of this submission we will focus on the interlinked issue of culture and engagement, and their role in building that passionate commitment. This will be referenced with specific examples of how this is being addressed within the Tax Office.

Any transformation such as that required for the reform of the APS, needs to address the heart of the organisation – its culture. “Transformation, like oil on water can live comfortably on the surface of an organisation resistant to penetrating the fibre and makeup of the culture,” *Bertrand (2002)*.

One of Deloitte’s mantras is “Define your culture or it will define you”. Defining the culture required, however, is interdependent on a range of imperatives from both a business and organisational perspective.

These include:

1. Business [corporate] imperatives

- ↳ Vision
- ↳ Strategic themes / goals
- ↳ Corporate brand or personality [i.e. how you want the public service to be seen by the community]

VALUES : these underpin and inform both the business and organisational imperatives

2. Organisational Imperatives

- ↳ Organisational vision
- ↳ Employer brand and Leadership brand
- ↳ Culture

Therefore, to define a desired culture it is first necessary to understand those business imperatives, have clearly defined and embedded values and then determine:

1. The organisational vision – the agreed statement of what type of organisation you require to deliver on the corporate outcomes in line with the values.
2. The employer brand – how you want to be seen by your current and potential employees, *Bourke (2008)*
3. Leadership brand – the identity and reputation of leaders throughout an enterprise. *Ulrich and Smallwood (2007)*

Based on all of these business and organisational components we can define the desired

4. Culture – the values, beliefs and behaviours that are shared by the members of the organisation, *Kennedy (2003)*.

The journey the Tax Office is on parallels the reform journey of the APS. Therefore we are currently developing an overarching model and strategy map to define these key organisational imperatives so essential for reform.

Work is already well underway on the cultural reform journey.

In the Tax Office we have broken Culture into three components:

- ↳ What it's like to work here [employee perceptions]
- ↳ The way we do things around here [organisational standards]
- ↳ The deliverables that are important here [valued outcomes]

These are underpinned by the Tax Office values behaviour statements. Significant work has been undertaken across all stakeholder groups and, indeed all staff, to translate and embed these into “the way we do things around here” – a fundamental component of evolving our desired culture. As these value statements are taken directly from the value statements for our external customers – Australian Citizens – it ensures direct alignment of the way we do things around here with how we treat our customers – a critical success factor in any organisational strategy.

Once the values had been articulated and begun to be embedded, we focused on engagement as the next step because “a large body of research confirms the strong correlation between employee engagement and company performance,” *Towers Perrin (2009)*.

They base this on current international research which has identified “only one out of every five workers today is giving full discretionary effort on the job”. Much of this lack of engagement is a

direct result of cultural misalignment and failure to deliver on the psychological contract with employees as manifested through the employer brand.

To determine the level of engagement with the current culture and begin to identify the features required by staff of the desired culture - the Tax Office has, in October and November this year, embarked on the first of an ongoing series of engagement surveys with a response rate of >70%. This is an in depth survey conducted by an internationally recognised company which can ensure not only impartiality but also benchmarking globally. Our results will be available in December 2009.

Therefore, as we have identified in the Tax Office, for the APS to truly be able to achieve the aspirational reform it is seeking, it is essential to take a disciplined and integrated approach to defining organisational vision, employer and leadership brands and then define the desired cultural attributes and build engagement with all elements.

“Creating the culture the organisation wants requires a deliberate programme that aligns with other transformation / reform activities. Without that conscious effort, it’s easy to end up with an organisation stuck in limbo between new ways of working and old modes of behaviour, *DeloitteCHRO (2009)*.

Ultimately for the APS to achieve its vision it is essential to avoid this limbo and have current and prospective employees clamouring to be part of the “World’s best public administration” and so rise above the worrying international trends of disengagement and disenchantment [4 out of every 10 employees, *Towers Perrin (2009)*]. It is only through this passionate engagement that we will truly deliver for the citizens of Australia.