



Community and Public Sector Union

Principal Submission:

Independent Review of the APS

July 2018

“Being able to give frank and fearless advice - and be valued for it - would help government avoid some of the damage that poor policy/implementation has on reputation and quality of service delivery.”

CPSU member

“The community expects their public service to work for them and not against them. A strong public service is essential to deliver quality advice and support to the community. Outsourcing, efficiency dividends, staffing reductions etc have led to massive losses to morale and insecurity of employment. The decisions of government are hurting the staff who work tirelessly for them to deliver quality services to the community.”

CPSU member

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Executive Summary

While Australia has experienced a record run of economic growth over the last two decades, the advances have been far from evenly distributed. Growing inequality, cost of living pressures, housing affordability and low wages growth are issues that predominate in our community.

In this environment, the public seeks visionary, good government to lead this process of renewal, government that deals with the pressing issues of our nation and upholds the premise of serving the public good. The public do not support a vision of 'small government'. In fact, the community support more funding for our public services. People do not just want more effective government; they want a more active government with the courage to take on ideas.

The Australian Public Service has a vital role in Government and our society. A decent society relies on good government. Good government relies on a great Australian Public Service (APS). A great public service is a cornerstone of a fair society, one that is equitable, prosperous, stable and free.

But today's APS faces significant challenges. The APS is increasingly required to carry out an expanding political and policy agenda, in response to the new challenges and increasing needs of the public it serves, whilst also facing Government policy decisions which continue to strip it of resources and funding, having a devastating effect on its capacity to deliver fair outcomes for the community.

Only a well-funded, non-partisan APS can be entrusted to defend the public interest. Entities delivering public services embody the shared values of public service and those institutions send out important signals about the kind of society we are. The role of the public service in serving the public must be emphasised. The funding model for the public service needs to be critically re-examined to ensure it has the capacity to fulfil its role in serving the public and the community well.

Central agencies play a critical role in establishing the culture and "rules of operating" of the public service, particularly the Department of Prime Minister and Cabinet, the Department of Finance and the Australian Public Service Commission. Too often what they do is divorced from and lacks input from public service workers generally. This review should consider what changes are required to best support the APS values, stewardship and the engagement and confidence of people working in the Australian Public Service, including but not limited to governance arrangements and workforce models.

Review Issues

The CPSU notes that the Terms of Reference for the review are deliberately broad. Without addressing resourcing and the funding basis, the CPSU is concerned the review will not succeed in identifying a long-term program of change to improve the work that the public service does for the public and the community.

We also support proposals for a more detailed timetable of the review's work and further formal opportunities to engage with the review, beyond this submission.

The public service needs to be properly resourced

The Government's policy decisions which centre on a notion of 'small government' have and continue to cause serious damage to the capacity and capability of the APS to support good government. Years of continuous budget cuts, efficiency dividends, other savings measures and a failure to invest in the public sector have eroded the APS's ability to deliver core functions and fair outcomes for the public and the community.

The so-called efficiency dividend continues to cause ongoing harm to policy, programs and services and especially smaller agencies.

The Government's pursuit of privatising the public sector, both through its policy decisions to contract out service delivery and as a consequence of policy decisions such as the average staffing level (ASL) cap and budget cuts, is having devastating effect on the APS.

Outsourced services result in driving down wages and conditions, not improving services. There is less accountability and transparency and services suffer.

This average staffing level cap is driving agencies to outsource work to contractors and labour hire and increasingly use insecure forms of work. Members emphasised that the ASL cap is causing significant problems and stopping them from delivering for the public.

The ASL cap and outsourcing practices need to end.

The public service needs to be responsible to the public and community

In addition to a better funding model, there needs to be a broad discussion about improving public services that ensures they continue to operate in the public interest and deliver for the community.

The public service is for the benefit of the community at large. Therefore, giving the community a say in the development and delivery of public services is vital. Currently less than a quarter (23 per cent) of people feel that their voice is heard by Commonwealth Government. The APS should also seek to involve and utilise staff in the development and delivery of public services. Public service workers are uniquely placed to provide input into how public services can be improved and ameliorate risk when addressing complex issues.

Visa privatisation appear to be driven by budget reasons rather than whether it is in the national interest. The visa system is about ensuring the safe and regulated facilitation of movement of all persons through Australian borders. It is not a business and should not be treated as such.

Rather than improving people's experience of government, an obsession with increasing savings is driving change processes. For example, in the Australian 2030 report, an oft cited claim was that digitalisation of interactions between government and people has the potential to reduce total departmental expenditure by up to 12 per cent by 2026.¹ While more efficient processes are good, the quality of interactions and whether people's issues are resolved also matters, not just cost reduction.

The Department of Human Services provides a case study of how a focus on savings makes people's experience of government become worse and outcomes become less fair. Only half of all users have a satisfactory perception of Centrelink, only a third feel it is easy to access / receive funds from the Commonwealth government and less than half feel it is easy to get the Commonwealth Government services they need.

The Government should be making easier it for the community to access services, not harder. The Government should support the community by ensuring they can choose how to engage with government services. The Government should also guarantee choice of service channel, allowing those members of the community who want or need public services in-face or over the phone that choice. To that end, it is essential that physical offices are maintained and that customers can connect via the telephone at a low cost.

Regional jobs

The reality is that employment prospects in regional Australia are manifestly unacceptable. Unemployment is higher than the national average in many regional areas. There is a growing divide between capital cities and the regions and the public sector needs to play a larger role in helping to overcome that growing inequality. The CPSU therefore calls for a substantial increase in overall APS staffing with regional communities to be a priority recipient of that increased staffing.

Public service digital transformation and innovation for the benefit of the public and community

The CPSU supports better digital service delivery. Currently this strategy is more focussed on the pursuit of a 'digital dividend', or savings generated, rather than on improving services. This means opportunities for strategic and architectural reform are being missed.

Across government, there has been a clear 'digital by default' strategy to push the use of online services. For this to be successful there must be adequate funding in the Budget to directly employ ICT specialists, invest in ICT systems and training that support digital government service delivery, appropriate training for staff and education for the community.

Unfortunately, the thinking shaping the use of technology in the APS is short-term and focussed on cost reductions. The robodebt debacle in the Department of Human

¹ Innovation and Science Australia (2017). Australia 2030: prosperity through innovation. Australian Government. Retrieved from <https://www.industry.gov.au/data-and-publications/australia-2030-prosperity-through-innovation>

Services is an example of what can go wrong, in that case staff concerns were ignored because of the focus on savings.

It is also critical to consider the community impact of automation and automation cannot be introduced without human oversight. Algorithms and the use of big data to make decisions are not without problems. Algorithms are often opaque, are not neutral and can reflect and reinforce existing human biases that have been built in and that ends up shaping how algorithms operate. An ongoing examination of the social impact of algorithms should be considered.

Contrary to characterisations, it is often the public sector, not the private sector, that drives research and innovation that makes significant improvements to society. The APS does innovate but its capacity is restricted by a lack of funding and the model that is applied. That innovation creates public value but there is focus on savings rather than creating public value. For the APS to be broad and effective at innovation, it requires capital and resources to be able to innovate. The impact of the 2014 budget cuts, such as in the Australian Bureau of Statistics, the Bureau of Meteorology or Geoscience Australia, show that a properly resourced public service is needed to drive innovation.

The public service needs the skills and expertise to deliver on the needs of the community

Deskilling: The reliance on outsourcing has also hollowed out the APS, meaning that it often does not have the necessary skills or expertise. Deskilling associated with budget cuts and outsourcing not only affects service delivery and ICT capability but also the quality of policymaking and regulatory oversight.

Furthermore, the separation of policy, regulation and service delivery functions has significant implications for government. If a Department solely become a contract manager, it becomes disconnected from direct service delivery. The result is that the capacity of the Department to understand and respond to ‘on the ground’ challenges are significantly eroded, affecting policy development. The effects of hollowing out can be seen in agencies such as the ATO, ASIC and the Department of Agriculture and Water Resources and their capacity to deliver core services and regulatory protection for the community.

In a world of outsourcing and reliance of contractors, Paul Shetler has noted that: “*Government is one of the last industries that thinks it can outsource wholesale.*”² Core business should be in-sourced. Dealing with your end users and understanding your end users is your core business.³

Diversity: The Australian Public Service should reflect the diversity of Australia’s population. That diversity should be reflected at all classification levels. A diverse and inclusive APS is not only the right thing to do but benefits the public and the community.

² Australian Public Service Commission (2015, 23 October). Digital transformation in the APS. Retrieved from <https://stateoftheservice.apsc.gov.au/2015/10/digital-transformation-in-the-aps/>

³ Stephen Easton (2017, 2 August) Paul Shetler: forget high tech fantasies if you can’t answer the phones. The Mandarin. Retrieved from <http://www.themandarin.com.au/82114-shetler-forget-high-tech-fantasies-cant-answer-phones/>

Lessons can be learned from other public services such as the ACTPS, to significantly reduce the gender pay gap.

Nearly one in seven working age Australians have a disability⁴ but only four per cent (3.6 per cent) of the APS identifies as having a disability. The level of public service workers identifying with a disability has dropped significantly since 2002 and targets should be introduced.

Retention of Aboriginal and Torres Strait Islander employees would benefit from much greater cultural awareness and cultural competencies in the broader workforce. There is also a need to overcome barriers to Aboriginal and Torres Strait Islanders being promoted to senior positions and into roles outside indigenous program areas and diversity positions.

While less than three in five Australians are from an Anglo-Celtic background, only 14.2 per cent of the public service come from a non-English speaking background. It is clear that more needs to be done to improve the cultural diversity of the APS.

Attacks on public sector workers through bargaining: Wage growth has slowed in the Commonwealth in the last 5 years due to the Government's harsh approach to enterprise bargaining, attacking rights and conditions and suppressing wages through its bargaining policy.

The wages policy adopted by the Government for its public sector workforce impacts on the level of wages growth across the wider Australian economy. Low wage growth in the public sector directly contributes to low wages growth for the rest of the Australian workforce. The RBA Governor Philip Lowe has said that low wages are a key threat to economic growth.

The Government's wages policy and attacks on rights and conditions for the APS resulted in long term wage freezes, industrial action in the APS not seen in 30 years and an unnecessary drain on public sector resources. The bargaining model need to change in the public sector with good faith bargaining occurring at a service wide as well as agency level and the Commonwealth acting as a model employer.

Insecure work: The rate of non-ongoing employment in the APS has been steadily increasing in the APS. In 2007 there were 11,550 non-ongoing employees in the APS making up 7.4 per cent total APS employment. This number increased to 17,778 (11.4 per cent of all employees) in 2016.

The number of directly employed non-ongoing works has declined slightly, to 14,097 (9.4 per cent) as significantly greater use of indirect insecure employment, such as labour hire and contractors, has increased dramatically in the last three years.⁵ There is no justification for the use of Labour hire in public sector employment. It

4 Australian Bureau of Statistics (2016, 29 April). 4430.0.10.001 - Disability, Ageing and Carers, Australia: First Results, 2015. Retrieved from <http://www.abs.gov.au/ausstats/abs@.nsf/0/56C41FE7A67110C8CA257FA3001D080B?Opendocument>

⁵ Australian Public Service Commission (2018, March). APS Statistical Bulletin: December 2017. Retrieved from <https://apsc.govcms.gov.au/aps-statistical-bulletin-december-2017>

undermines workers' wages and conditions and costs agencies more than direct employment. Use of labour hire should be abolished in the public sector.

In the broader community regulation should be introduced to ensure that labour hire workers engaged in a workplace have the same level of industrial protections, pay and conditions as the employees they work with.

Learning and development: A capable APS requires skilled, professional staff. The Government needs to provide sufficient resources in the budget for learning and development activities and require each Agency to allocate a minimum amount of their recurrent budget to learning and development to ensure sufficient resources.

Merit: There has been increasing concerns that the merit-based employment principles of the APS are being eroded. The recent State of the Service report finds that APS employees report increased cronyism and green lighting.

CPSU members have reported to their union that concerns about cronyism have increased as the numbers of contractors and consultants has increased – with the concern arising where contractors/consultants are seen to try to increase the numbers of their colleagues in the APS. Examples of practices that appear to avoid the merit principle are also increasing.

The merit principle of the Public Service Act should be applied in all recruitment decisions in the APS. Consideration should be given to re-establishing merit as an APS value, rather than just an employment principle.

This submission

This submission is the principal submission from the CPSU and contains a number of recommendations for the consideration of the Review panel.

Our earlier submission should be considered as a preliminary submission and it should be read in the context of this submission.

The limited timeframe for this Review and limited Terms of Reference means this submission does not identify all issues significantly affecting the Australian Public Service. A range of other issues are covered in other CPSU submissions to parliamentary processes.

Recommendations

1. This Review should redefine the role and values of the public service to emphasise its role in serving the public and the community, not just government.
2. This Review should critically re-examine the funding basis for the APS and the role of the Department of Finance to ensure the public service has a capacity to fulfil its role in serving the public and the community.
3. This Review should consider what changes are required to best support APS values, stewardship and the engagement and confidence of people working in the Australian Public Service, including but not limited to governance arrangements and workforce models.
4. This Review should address the resourcing and the funding basis of the public service if it is to succeed in identifying a long term program of change to improve the work that the public service does for the public and the community.
5. This Review should provide a more detailed timeline, released publicly, and more opportunities for formal engagement.
6. The Commonwealth works with the CPSU in collaborative approach to see the abolition of the efficiency dividend.
7. The Commonwealth must ensure a public service that can deliver for the public and the community by:
 - a. Ceasing the neo-liberal reliance on outsourcing and privatisation;
 - b. Identifying public sector work that has been outsourced or contracted out that should now be brought back in house; and
 - c. Identifying savings in the use of consultants and contractors, and then reinvesting those savings into rebuilding public sector capacity.
8. The Commonwealth:
 - a. End its staffing cap associated with its Smaller Government agenda, which is driving outsourcing and the use of labour hire;
 - b. Increase the number of secure permanent jobs in the public service, through eliminating the use of labour hire in the public service, and
 - c. Reduce the use of contractors, casual and non-ongoing positions.

9. The Commonwealth provides the community with a greater say in the development of public services and performance indicators.
10. The Commonwealth involves and utilises staff in the development and delivery of public services.
11. The Commonwealth abandons its plans to privatise visa processing.
12. The Commonwealth commits to bringing core DHS work back in-house and provide the necessary funds to employ permanent DHS employees to ease the immense workload pressures.
13. The Commonwealth makes it easier for the community to access services by ensuring digital transformation is inclusive and provide choice of service channel by maintaining a presence across Australia, importantly in regional areas.
14. The Commonwealth prioritises a substantial increase in overall APS staffing in regional communities.
15. The Commonwealth use the digital transformation agenda to improve the quality of services by directly employing, upskilling and building public sector technical capacity and improving transparency and accountability rather than cost-cut.
16. The Commonwealth ensures properly resourced human oversight of all APS compliance programs so the community can be confident that any issues raised with people are legitimate and accurate.
17. Ongoing, independent processes for examining the social impact of algorithms used by the Commonwealth must be established that involve frontline line staff. This requires properly resourced human oversight of all APS compliance programs, so the community can be confident that any issues raised with people are legitimate and accurate.
18. The pivotal role of the public sector in fostering innovation that the economy relies on should be recognised. Funding arrangements and policies should provide a secure base for the expansion in science and innovation activities, not enable cuts that lead to lost opportunities.
19. The Commonwealth strengthens the capability of the APS to offer stewardship and frank advice in the public interest by increasing the number of secure permanent jobs in the public service and increased funding.

20. The Commonwealth must ensure a public service that can deliver for the public and the community requires that the APS rebuild internal capacity through:
 - a. Identifying public sector work that has been outsourced or contracted out and should now be brought back in house; and
 - b. Identifying savings in the use of consultants and contractors, and then reinvesting those savings into rebuilding public sector capacity.
21. A diversity strategy and gender equality strategy that ensures that the public service reflects the community should be implemented. This needs to include fostering a culture of inclusion among all employees and a focus on employment and retention strategies for workers suffering disadvantage. Supporting diversity and gender equality should be a key consideration in all Government public service policy.
22. The Commonwealth should be a model employer, negotiating fairly with its employees and their representatives for fair wages and employment conditions. The Turnbull Government's aim to undermine collective bargaining and to pursue individual contracts, evident in its new Workplace Bargaining Policy, must be abandoned.
23. Good faith bargaining at an APS wide level on core terms and conditions, including pay and a pay equity mechanism, should be introduced, with agreements continuing to be made at the Agency level.
24. Use of labour hire should be abolished in the public sector. Community wide, measures should be taken to ensure that labour hire workers engaged in a workplace, however temporarily, have the same level of industrial protections, pay and conditions as the employees they work with, making it harder for employers to use labour hire arrangements to undermine enterprise agreements and the pay and conditions of its employees.
25. The Commonwealth provides adequate funding for agencies to invest in training their workforce.
26. The Commonwealth ensures the merit principle of the Public Service Act is being applied in all recruitment decisions in the APS. Consideration should be given to re-establishing merit as an APS value, rather than just an employment principle.

A. What does the community want from government?

The community does not want 'small government'

While Australia has experienced a record run of economic growth over the last two decades, the advances have been far from evenly distributed. Growing inequality, cost of living pressures, housing affordability and low wages growth are issues that predominate our households. Older people express concerns that their legacy to younger people will be diminished as compared to what they inherited. Younger people lament that the big challenges of our time – climate change, the future of work, wealth distribution, sustainable growth – need better answers.

These concerns reflect the new and old challenges of our time. However, people are not forlorn, rather the community is up for challenge of rebooting the political system.⁶

People seek visionary, good government to lead this process of renewal, government that deals with the pressing issues of our nation and upholds the premise of serving the public good.

People do not support a vision of 'small government'. The community supports more funding for our public services. The recent Per Capita Tax Survey found that 71.67 per cent of people believe the government should spend more on public services.⁷ Four in five people also want government to retain the skills and capability to deliver services directly.⁸ Recent polling also found that 46 per cent agreed that the Commonwealth government workforce should be expanded to provide more services (compared to 36 per cent who disagreed).⁹ People do not just want more effective government; they want a more active government with the courage to take on ideas.¹⁰

Furthermore, the public wants their services to remain owned and run by the government. 59 per cent think that having public services owned or run by private companies is a bad idea.¹¹ Only 33 per cent agree that private companies deliver better quality services than Government-run organisations¹² and 75 per cent of people believe that it is preferable that the Government runs community services.¹³ 70 per cent think that privatisation mainly benefits the corporate sector.¹⁴

A good government should be ensuring fairness, equality and opportunity in every part of our community and economy.

6 What do Australians Want? Active and Effective Government Fit for the Ages (2017, December). Centre for Policy Development. Retrieved from <https://cpd.org.au/wp-content/uploads/2017/12/Discussion-Paper-Final-December.pdf>

7 Emma Dawson and Warwick Smith (2018, May). 2018 Per Capita Tax Survey. Per Capita.

8 What do Australians Want? Active and Effective Government Fit for the Ages (2017, December). Centre for Policy Development. Retrieved from <https://cpd.org.au/2017/12/what-do-australians-want-discussion-paper-december-2017/>

9 Essential Research (2018, 17 July). The Essential Report. Retrieved from <http://www.essentialvision.com.au/wp-content/uploads/2018/07/Essential-Report-170718.pdf>

10 Terry Moran AC. (2017, 21 November). 'Back in the Game' IPAA Victoria Fellows' Oration. Retrieved from <https://cpd.org.au/wp-content/uploads/2017/11/Terry-Moran-AC-IPAA-Victoria-Oration-21-November-2017.pdf>

11 Essential Vision. (2014, February 28). *Opinion of Privatisation*. Retrieved from <http://essentialvision.com.au/opinion-of-privatisation-2>

12 Essential Vision (2015, February 10). *Privatisation*. Retrieved from <http://essentialvision.com.au/privatisation>

13 Essential Vision (2013, March 11). *Services better run by Government or Private Sector*. Retrieved from <http://essentialvision.com.au/services-better-run-by-government-or-private-sector>

14 Essential Vision (2015, February 10). *Privatisation*. Retrieved from <http://essentialvision.com.au/privatisation>

CPSU members were surveyed on the role of good government.

- Over nine in ten CPSU members surveyed strongly agreed that the role of good government is to deliver essential public goods which create a good society – health, education, housing, justice, security, public transport, natural environment, cultural heritage and social protection.
- Eight in ten CPSU members surveyed strongly agreed that the role of good government is to develop regulation to protect people, including the regulation of fair, safe and decent work.
- Eight in ten CPSU members surveyed strongly agreed that the role of good government is to collect and distribute revenue to deliver a sustainable, inclusive and prosperous society by way of a fair and progressive tax system.
- Eight in ten CPSU members surveyed strongly agreed that the role of government is to protect the nation and the community and enforce our laws without fear or favour.
- Almost eight in ten CPSU members surveyed strongly agreed that the role of good government is to manage and mitigate risks especially for people who are vulnerable at key times in the life cycle, and at unexpected moments, such as when caring responsibilities are intense, in the event of job loss, injury, sickness, disability and old age, and in responding to natural disasters.
- Over eight in ten CPSU members surveyed strongly agreed the role of good government involves building capability for the long term through investing in research, skills and education; infrastructure provision; and planning for future generations as well as protecting the environment.

One member best summed it up:

The Government should be forward thinking and should focus on anticipating change and moving to address it. Key areas are wealth distribution, climate change, clean energy and full functioning and well-funded public service so government can 'work' FOR the people.

B. Why is a great public service necessary for the public and community?

The role of the public service

The Australian Public Service has a vital role in Government and Australian society. A decent society relies on good government. Good government relies on a great Australian Public Service (APS).

A great public service is a cornerstone of a fair society, one that is equitable, prosperous, stable and free. The APS supports the various roles of government, collecting taxes, distributing pensions, providing health services and education systems, protecting natural resources, administering regulation and advising on policy. These are a handful of examples of how the community relies on the work of the APS in their daily lives, and because of this the community supports strong and effective public services that meet their needs. One member said:

The public service does a wonderful job. Especially when you compare internationally against percentage of GDP public service expenditure. Many services are delivered for the amount invested and Australians experience a high quality of life because of it. This should be celebrated more. The Government should better the lives of the citizens it serves, and where possible, better the lives of others as well (e.g. being environmentally responsible to help protect the world from global warming). The ultimate goal of any policy should be that the Australian people will be better off with the policy in place, and other peoples will not be adversely affected.

Australia faces a range of complicated public policy challenges; these include national security matters, health initiatives, social issues, housing, environmental issues and trade. As we deal with these policy challenges, we also face an ageing and growing population. This is placing greater demands on social services, health care and infrastructure. These pressures will increase over time.

Responding to these challenges successfully and meeting the needs of the population requires a strong role for government. This means we need a strong and effective public service, as well as a sound and sustainable taxation framework.

But today's APS faces significant challenges. The APS is increasingly required to carry out an expanding political and policy agenda, in response to the new challenges and increasing needs of the public it serves, whilst also facing Government policy decisions which continue to strip it of resources and funding, having a devastating effect on its capacity to deliver fair outcomes for the public and the community.

Recommendation 1: This Review should redefine the role and values of the public service to emphasise its role in serving the public and the community, not just government.

What the APS does

The APS plays a vital role in our community and Government – from researching policy responses to long-term challenges, to protecting our borders, supporting people in need, regulating business and promoting our cultural heritage.

In 2016-17 alone:

- The Department of Human Services processed 399.4 million Medicare services;
- The Department of Human Services finalised 174,000 pension claims;
- The Department of Human Services call centre employees handled over 52 million calls;
- The Australian Taxation Office had over 11 million, non-digital inbound contacts with clients;
- The Department of Home Affairs cleared over 42 million passengers and crews at airports;
- The Department of Agriculture and Water Resources performed 20.5 million international passenger clearances and 840,000 sea passenger and crew clearances;
- The Bureau of Meteorology website had 1.6 billion unique hits;
- The National Library of Australia hosts 534.73 million resources on Trove and had over 17 million online interactions;
- The Department of Foreign Affairs and Trade issued over 2 million passports; and
- The Department of Veterans Affairs received over 30,000 disability claims from veterans.

These are only some of the services that the APS and Commonwealth Government entities provide to the community on a day-to-day basis.

Why only the APS can defend the public good

Only a well-funded, non-partisan APS can be entrusted to defend the public interest. Entities delivering public services embody the shared values of public service and those institutions send out important signals about the kind of society we are. Few of us want to live in a society where almost every relationship involves the extraction of profit.¹⁵ The introduction of competition or outsourcing (either the private or not-for-profit sector) introduces a profit motive that is detrimental to the services delivered.

Contrary to standard economic reasoning, introducing a profit motive is not inert; it can alter the character of the public services provided. Important public service values such as independence, quality, accountability, transparency and reliability can be crowded out by concerns about the profitability of private providers.

¹⁵ Rick Muir (2012, July 17). 'After the G4S debacle, it's time to re-think the role of the private sector. New Statesman. Retrieved from <http://www.newstatesman.com/blogs/staggers/2012/07/after-g4s-debacle-its-time-re-think-role-private-sector>.

The public service funding model harms the public and the community

The Department of Finance plays a critical role in assisting Government and the APS achieving its outcomes across a broad range of policy areas, advising on expenditure, managing public sector resourcing and playing a significant role in influencing change in the public sector.

The current approach of the Department towards funding for the APS is not working for the community and the public the APS serves. Rather than ensuring funding for the APS is based on the costs of services and programs, it prioritises achieving savings, identifying them before they have been realised, or, even worse, to return savings earmarked for reinvestment to revenue. Such behaviours are counterproductive and have major implications for service delivery, staffing numbers and workloads. The experience around the Gershon Review is instructive in this regard.

Nearly half a billion (\$447.5 million) in funding quarantined to implement the Gershon recommendations was reclaimed prior to the implementation of the initiatives.¹⁶ The Reinecke Review identified that the Gershon initiatives would have resulted in savings on ICT budgets totalling \$1 billion over four years¹⁷.

The Department's focus on immediate savings has a negative impact as it limits the capacity to fund services, programs and policy that deliver long-term benefits to the community. Too often multiple savings measures are imposed on agencies, including efficiency dividends, agency savings measures, portfolio savings measures and whole-of-service savings measures which have a combined effect of seriously damaging public service capacity.

There is an urgent need for the role of Finance to be rethought and a fundamental re-examination of the funding basis for the APS.

Recommendation 2: This Review should critically re-examine the funding basis for the APS and the role of the Department of Finance to ensure the public service has a capacity to fulfil its role in serving the public and the community.

Leadership in the public service

Central agencies play a critical role in establishing the culture and "rules of operating" of the public service, particularly The Department of Prime Minister and Cabinet, the Department of Finance and the Australian Public Service Commission. Too often what they do is divorced from and lacks input from public service workers generally. This gap reinforces hierarchical, top down decision making, can stifle

¹⁶ Election Commitment Costings (2010, 2 August). Federal Election 2010 - "Remove Funding Quarantined under the Gershon Reforms for ICT Spending across Government". Retrieved from <http://electioncostings.gov.au/2010/08/02/gov23-remove-funding-quarantined-under-the-gershon-reforms-for-ict-spending-across-government/>

¹⁷ Dr Ian Reinecke (2010, June). Independent Review of Implementation of the ICT Reform Program. p.v

innovation and leaves initiatives vulnerable to unintended consequences because foreseeable pitfalls have not been identified.

John Lloyd's period as Public Service Commissioner has been particularly notable for decisions that have been particularly damaging to the effectiveness, integrity and values of the public service. The decisions and actions of the APSC have been distinguished by a level of frustration and difficulty for line agency managements, workers and workers representatives. In many cases the basis for these decisions and actions has been driven by a view of the APS that is profoundly at odds with the reality.

This mistaken view has been able to drive decision making because of weak or entirely missing structures requiring genuine engagement and consideration of alternative views in the decision making process. As the public service has sought to deepen engagement with the public and with the community, it has retreated from genuine engagement with its own workforce.

For this review process to succeed, strong mechanisms for engagement with public sector workers need to be built into the change process and into the workplace relations framework of the public sector.

The impact of repeated Government decisions on the morale and confidence of many APS employees is significant. The combined effect of funding cuts, job losses, machinery of government programs, major reforms and extended attacks on wages and working conditions on many employees is a matter no review of the APS should ignore.

Case study: The Department of Home Affairs

The Department of Home Affairs represents an example of how damaging this can be, with a poorly managed machinery of government and reform program colliding with an aggressive industrial relations agenda by Government, as evidenced in their own all staff surveys.

The APSC 2015 APS Employee Census Agency Benchmark Report: DIBP described the lack of confidence staff have in DIBP leadership. In January and February 2016, a pulse check was undertaken by Nous Group to track the Department's integration and reform progress. The One Department Pulse check findings summary describe low morale and a lack of trust and confidence in DIBP leadership, and notes that this frustration and low morale is arising from unequal pay and conditions amongst staff. The key results from the Pulse check findings include:

- "many staff do not feel that their hard work is recognised"
- "In focus groups, staff raised their concern over not feeling valued, recognised and supported, which contributed to demotivation"
- "staff describe feeling overwhelmed with work due to increased workloads and/ or resource pressures"
- "In addition, some staff also cite unequal pay conditions as a key area of frustration and a contributor of low employee morale. Many staff advocate for a fair enterprise agreement that treats staff at the same level equally in terms

of salary and conditions to help reduce the ‘us and them’ mentality and support staff feeling valued for their contribution.”¹⁸

The assessment of APS leadership in the Department of Home Affairs is stark:

- 1 in 10 staff felt there was open two-way communication across the Department
- 2 in 10 staff believed communication between senior leaders and others is open and transparent
- 2 in 10 staff feel valued for their contribution
- 3 in 10 staff had confidence in the Secretary and Commissioner¹⁹

These are results that should be unacceptable for the Government and APS, yet since these surveys were taken, little has changed. Indeed, the Government continued this approach, arguing in the Fair Work Commission through 2017 that Border Protection workers contribute nothing to productivity and don’t all deserve a pay rise.

At the time of making this submission, 4 years and 8 months since employees in the then Department of Immigration and Australian Customs and Border Protection Service submitted their claim for modest improvements to their wages and working conditions, over 13,000 employees of this critical agency still do not have an enterprise agreement or workplace determination. They received their first pay rise in June 2018 as the result of an interim Fair Work Commission decision only in June 2018, while many still face uncertainty about the allowances and rights they rely on to support their families.

Recommendation 3: This Review should consider what changes are required to best support APS values, stewardship and the engagement and confidence of people working in the Australian Public Service, including but not limited to governance arrangements and workforce models.

¹⁸ CPSU Department of Immigration and Border Protection Bargaining Team (2016, 27 October). Submission to Inquiry into the Impact of the Government’s Workplace Bargaining Policy and approach to Commonwealth public sector bargaining
¹⁹ CPSU Department of Immigration and Border Protection Bargaining Team (2016, 27 October). Submission to Inquiry into the Impact of the Government’s Workplace Bargaining Policy and approach to Commonwealth public sector bargaining

C. Problems with the scope of the Review

The CPSU notes that the APS Review was a recommendation of the Australia 2030: Prosperity through Innovation Report. The recommendation was to “*Conduct a review of the Australian Government Public Service with the aim of enabling a greater role and capability for innovation in policy development, implementation and service delivery. This work complements, and could be connected with, the work of the Secretaries APS Reform Committee.*”²⁰ The recommendation was included as part of a strategic opportunity ‘Government service delivery can be improved through process redesign and digital technology.’²¹

The CPSU notes that there is support for a review of the public service by former Departmental Secretaries such as Terry Moran, Ian Watt and Dennis Richardson and in-principle the CPSU supports a review, however, we have concerns about the process and the Terms of Reference.

While the CPSU agrees that the world is rapidly changing due to technological change, the CPSU notes the report stated that “*the APS should aim for transformative, not iterative, reform to deliver in a new digital economy.*” The CPSU also notes Mr Thodey’s comments that the review will be focused on the “*future of the APS, what structures do we need, what environment do we need to create.*”²² If the Review is a once-in-a-generation opportunity, focused on where the APS needs to be for 2030²³, it is unclear whether a Review concluded in the first half of 2019 will have sufficient time to do it comprehensively.

The CPSU notes comments by the Secretary of Prime Minister and Cabinet, Martin Parkinson, that the Terms of Reference are deliberately broad to allow the panel to determine what areas should be focused on.²⁴ We do not agree with this view. Without addressing resourcing and the funding basis of the APS, the CPSU is concerned the review will not succeed in identifying a long-term program of change to improve the work that the public service does for the public and the community.

The CPSU is far from the only voice with concerns about the review process. Former Public Service Commissioner Andrew Podger has stated that “*if we are to have a review, it must be done properly: covering all key issues, conducted with a degree of independence by people with relevant expertise and experience, and with sufficient resources to ensure it is based on solid evidence and can have a shelf-life of at least a decade.*”²⁵

20 Innovation and Science Australia (2017). Australia 2030: prosperity through innovation. Australian Government. Retrieved from <https://www.industry.gov.au/data-and-publications/australia-2030-prosperity-through-innovation>

21 Innovation and Science Australia (2017). Australia 2030: prosperity through innovation. Australian Government. Retrieved from <https://www.industry.gov.au/data-and-publications/australia-2030-prosperity-through-innovation>

22 Sally Whye and Doug Dingwell (2018, 2 July) 'Not because it's broken': David Thodey sets out APS review vision. Canberra Times. Retrieved from <https://www.canberratimes.com.au/politics/federal/not-because-it-s-broken-david-thodey-sets-out-aps-review-vision-20180628-p4zoeb.html>

23 Harley Dennett (2018, 3 July) David Thodey Q&A: your burning questions about the APS review answered. The Mandarin. Retrieved from <https://www.themandarin.com.au/95177-david-thodey-qa-your-burning-questions-about-the-aps-review-answered/>

24 Sally Whye (2018, 4 July). 'Get over yourselves': Parkinson's message to APS review detractors. Canberra Times. Retrieved from <https://www.canberratimes.com.au/politics/federal/get-over-yourselfes-parkinson-s-message-to-aps-review-detractors-20180704-p4zpdj.html>

25 Andrew Podger (2018, 30 April) Time to review public administration. Canberra Times. Retrieved from <https://www.smh.com.au/politics/federal/time-to-review-public-administration-20180427-p4zc0h.html>

The CPSU notes that at this stage, the short formal submission process is the only mechanism for formal engagement with the review. While a reporting date of the first half of 2019 has been stated, it is unclear what the process will be and when there will be opportunities to comment on the draft Review. Public exposure and the opportunity to comment could provide additional rigour. It indicates that there will be less than a year to complete what may be a significant review.

The Open Government Partnership Australia indicates the panel will encourage wide participation and input to deliberations throughout the life of the review (including through more dynamic engagement mechanisms such as online polls), utilise artificial intelligence and natural language processing capabilities to support timely development of insights and analysis and test ideas (both face-to-face and online) in an open and iterative manner.²⁶ It is unclear what this commitment will mean in practice and we seek clarity from the Review about the commitments in the Open Government Action Plan.

An iterative approach that engages with stakeholders such as representatives from the CPSU and provides draft issues papers and reports to comment on is essential. The CPSU notes that the Moran Review included extensive consultations with the CPSU as a voice for people working in the APS. The Review team having only a single member with recent direct experience of working in the APS makes this engagement with people working in and organisations relying on the work of the APS even more important. Broad engagement needs to be meaningful. That may take longer than is currently envisaged.

We submit that it is essential that the Review panel clarifies the process and create further opportunities for formal engagement, including opportunities for further submissions and consultations, and takes more time to complete the Review.

Recommendation 4: This Review should address the resourcing and the funding basis of the public service if it is to succeed in identifying a long-term program of change to improve the work that the public service does for the public and the community.

Recommendation 5: This Review should provide a more detailed timeline, released publicly, and more opportunities for formal engagement.

²⁶ Department of Prime Minister and Cabinet (2018). Engage Australians in the Independent Review of the Australian Public Service. Retrieved from <https://ogpau.pmc.gov.au/engage-australians-independent-review-australian-public-service>

D. The public service needs to be properly resourced

The Government's policy decisions which centre on a notion of 'small government' have and continue to cause serious damage to the capacity and capability of the APS to support good government. Years of continuous budget cuts, efficiency dividends and a failure to invest in the public sector have eroded the APS's ability to deliver core functions and fair outcomes for the public and the community.

The Government's cutting of 14,000 APS jobs since 2013 and imposition of the average staffing level cap has meant a move away from direct employment and an increase in use of contractors, consultants and labour hire. Essential skills and institutional knowledge are being lost. The capacity and capability of the APS is being hollowed out. Valuable funding is being squandered on expensive external providers, who do not have the required lines of responsibility, reporting and accountability for implementation and leave the public with distinct lack of transparency.

CPSU members were surveyed about the impact of government decisions on resourcing. The results were that:

- Nine in ten said that the Government's ASL cap had a negative or strongly negative impact;
- Nine in ten said that the outsourcing of public sector work had a negative or strongly negative impact;
- Nine in ten said that the use of labour hire to do business as usual work a negative or strongly negative impact;
- Nine in ten said that the efficiency dividend and budget cuts had a negative or strongly negative impact;
- Four in five said the outsourcing for ICT services had a negative or strongly negative impact; and
- Nine in ten said that privatising policy advice to consultants had a negative or strongly negative impact;

Nearly nine in ten CPSU members surveyed do not believe the APS have enough staff to deliver good services and three in five do not believe the APS has the necessary skills and expertise to fulfil its responsibilities. It is affecting the ability of the APS to deliver frank and fearless advice with three quarters believing it does not have a culture and practice of doing so to Government.

Efficiency dividend

The efficiency dividend was first introduced in the 1987-88 Budget as an annual 1.25 per cent reduction to agencies' departmental funding.²⁷ It currently applies at a portfolio level, enabling portfolio Ministers to distribute efficiency dividend cuts between entities within their portfolio.²⁸

27 Joint Committee of Public Accounts and Audit (2008b) Report 413: The efficiency dividend and small agencies: size does matter. Commonwealth of Australia. p.1

28 Penny Wong (2011, April 21), Driving efficiencies in government, media release. Retrieved from http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=ld_per cent3A per cent22media per cent2Fpressrel per cent2F738113 per cent22

The efficiency dividend has been widely recognised as the predominant savings measure of the government. By design its heavy focus on cuts has come at a very substantial cost to policy, program and services, and especially smaller agencies.

The CPSU has been far from the only voice being critical of the efficiency dividend. The Centre for Policy Development has found that these broad brush ‘efficiency’ funding cuts result in staffing and service reductions²⁹. This finding from the Centre for Policy Development echoed the Abbott Government’s 2014 National Commission of Audit which concluded that the efficiency dividend is a blunt instrument that allows governments to avoid having to make explicit and often difficult decisions about government priorities and extent of public resourcing required.³⁰

The impact of these cuts is now clear. Nine in ten members surveyed do not believe there are enough staff to deliver good services. This was reinforced by comments from members, one stating that “*There needs to be a reasonable link between resourcing and expectations. If you cut resources each year, you expect lesser outcomes.*”

Other member comments emphasised the impact of budget cuts on what they are able to do:

The community expects their public service to work for them and not against them. A strong public service is essential to deliver quality advice and support to the community. Outsourcing, efficiency dividends, staffing reductions etc have led to massive losses to morale and insecurity of employment. The decisions of government are hurting the staff who work tirelessly for them to deliver quality services to the community.

People want fast and effective service from government, but they won't get that until the employment cap is lifted and governments stop looking at the public service as a cash cow at budget time.

Scrap the ASL caps and efficiency dividends and invest more in front line services where the community will see the service improvements, e.g. more staff at Centrelink.

A lot of processing is now done in overtime, which hardly is efficient. Payment services are lagging behind KPI's for the most part, affecting vulnerable constituents.

Recommendation 6: The Commonwealth works with the CPSU in collaborative approach to see the abolition of the efficiency dividend.

29 Jennifer Doggett. (2010). Beyond the Blunt Instrument: The Efficiency Dividend and its Alternatives. Sydney, Australia: Centre for Policy Development. pp.20.

30 National Commission of Audit. (2014). Towards Responsible Government: The Report of the National Commission of Audit – Phase Two. Canberra, Australia: Commonwealth of Australia. pp.111.

Outsourcing and privatisation

The Government's pursuit of privatising the public sector as an end itself, both through its policy decisions to contract out service delivery and as a consequence of policy decisions such as the efficiency dividend, average staffing level (ASL) cap and budget cuts, is having devastating effect on the APS.

A recent report by the Australian National Audit Office, indicated that contract procurement in the public sector was worth as much as \$47.4 billion in 2016-2017.³¹ To get an idea of the scale of government job outsourcing, early last year it was reported that there were more consultants, contractors and labour hire staff in the Department Defence than permanent APS employees.³²

The APS faces a problem with outsourcing at every level of APS work. Billions of dollars are being spent on high paid consultants and consultants to perform work that could or should be done by APS employees. Since 2011-12, there has been a significant shift away from permanent APS staff to the use of contractors.

Outsourcing is concerning in the APS because of:

- the scale of outsourcing and the type of work that is being outsourced;
- the undermining of quality jobs in the public service; and
- implications for accountability and quality of services to the community.

Members were strongly of the view that outsourcing has actually made the situation worse for the public. Many commented that the quality of work by contractors meant more work for remaining APS staff.

The notion that an underpaid, under skilled private contractor can deliver 'quality' services is a fiction. From direct experience the use of these arrangements only leads to more work for the real public servant to fix. Re-work and more resources taken to deal with an error made by the contractors.

Outsourcing has caused all sorts of bottle necks and breakdowns in systems and processes because of a lack of understanding of business. It has also increased silos.

Contractors and Consultants come into the APS, do a little bit of work and leave. There is no corporate knowledge. We are making the same mistakes we made over the past 5-10 years due to lack of SES experience.

ATO outsourced early engagement team to Serco. They see if a super complaint should proceed. There is no quality control of work. When audit staff get the 'case' there is often re-work.

31 Australian National Audit Office. (2017) Report No.19 2017–18. Australian Government Procurement Contract Reporting. p 6.

32 Noel Towell (2017, 20 February). Consultants and contractors now outnumber public servants in Defence Department. Canberra Times. Retrieved from <http://www.canberratimes.com.au/national/public-service/consultants-and-contractors-now-outnumber-public-servants-in-defence-department-20170216-guf561.html>

Outsourcing has major implications for both the accountability of and quality of services that are delivered to the public. As a member stated, *“when dealing with government, the community member should be able to rely on being able to deal with a person whose motivation is to provide good and appropriate service, not constricted by having to meet standards designed to improve a service providers profit margin.”*

Labour costs are a major component of the cost of government service provision. For outsourcing to be financially viable, it requires that the combined cost of employee’s wages, operational costs and the profit be less than what public sector provision would cost.³³ This often means that cost savings come from driving down wages and conditions, not improving the quality of services. Competition that focuses excessively on reducing the costs of running these services may lead to the employment of casuals and contractors, and poorly trained labour.³⁴

Furthermore, the government is the sole buyer when public services are outsourced so this is not a genuinely competitive market. The market power of the one buyer is often used to get very low prices from suppliers. Prices can become so low that there are long-term costs. For example, many Australian charities and other not-for-profit bodies have been used to deliver low cost welfare services, but this has often been at the expense of program effectiveness or dynamic efficiency. Pricing is often too low to sustain adequate training, employ fully qualified staff, or to develop new service models.³⁵

The experience of outsourcing from the Job Network is a classic example. Between 2003 and 2008, the Commonwealth put organisations such as Catholic Social Services Employment under growing pressure to reduce their costs while delivering employment outcomes. Fees paid for their services remained almost static while inflation and the cost of delivery rose.³⁶ A 2012 Government review into the Job Network’s successor, Job Services Australia, also identified uncompetitive wages as a major issue, causing high staff turnover.³⁷ It is very clear that these circumstances have a direct impact on the quality of service provision on the wider society that relies on these government funded services.

Furthermore, outsourced services have less accountability and transparency. It is the nature and extent of accountability and transparency is one of the things that distinguish the public sector. Public sector agencies must also balance complex political, social and economic objectives – different to the constraints and influences affecting the private sector.³⁸ Public servants themselves are subject to a legislated Code of Conduct and the public can enquire through Freedom of Information about

33 William Mitchell, Beth Cook and Victor Quirk (2012). The Impact on Community Services of Staff and Service Reductions, Privatisation, and Outsourcing of Public Services in Australian States. Centre of Full Employment and Equity. University of Newcastle

34 Rhonda Lynette-Smith and Ian Martin McDonald (2016, 27 May) More competition may not be the answer to reforming the aged care system. The Conversation. Retrieved from <https://theconversation.com/more-competition-may-not-be-the-answer-to-reforming-the-aged-care-system-58155>

35 Centre for Policy Development (2015), Grand Alibis: How Declining Public Sector Capability Affects Services for the Disadvantaged. Centre for Policy Development

36 Lisa Fowkes (2011). Rethinking Australia’s employment services. Whitlam Institute. p.7

37 Advisory panel on Employment Services Administration and Accountability – Final Report Feedback, http://docs.employment.gov.au/system/files/doc/other/advisory_panel_on_employment_services_administration_and_accountability_final_report_feedback.pdf, p.7.

38 Pat Barrett AM (2000, 26 July). Some Issues in Contract Management in the Public Sector. Retrieved from https://www.anao.gov.au/sites/g/files/net616/f/Barrett_some_issues_in_contract_management_in_the_public_sector_2000.pdf

virtually all aspects of public activity. Private sector competitors do not have this. Quantifying this is difficult, yet it is an important characteristic of “public” services.

Public accountability and transparency are eroded if services are no longer delivered by the public sector. Privately run services do not have the same requirements of disclosure to parliament and to the general public, nor do they have the same levels of independent oversight and audit. As Emeritus Professor Richard Mulgan has noted, ‘*contracting out inevitably involves some reduction in accountability through the removal of direct departmental and Ministerial control over the day-to-day actions of contractors and their staff.*’³⁹

The public sector has a range of social, environmental, governance and community obligations, and delivers outcomes that cannot be captured solely by financial measures⁴⁰ A focus on purely financial inputs, i.e. cost of services, may result in situations where increased “efficiency” leads to a reduced quality of services and the neglect of other obligations.⁴¹

Recommendation 7: The Commonwealth must ensure a public service that can deliver for the public and the community by:

- a. Ceasing the neo-liberal reliance on outsourcing and privatisation;
- b. Identifying public sector work that has been outsourced or contracted out that should now be brought back in house; and
- c. Identifying savings in the use of consultants and contractors, and then reinvesting those savings into rebuilding public sector capacity.

Average Staffing Level cap

In the 2015-16 Budget, the Coalition committed to capping the size of the Australian Public Service around or below 2006-07 levels (167,596)⁴². This has meant that regardless of funding levels or operational requirements, agencies are forced to have a maximum average staffing level.

This average staffing level cap is driving agencies to outsource work to contractors and labour hire and increasingly use insecure forms of work. Members emphasised that the ASL cap is causing significant problems and stopping them from delivering for the public.

The ASL cap has virtually destroyed DHS.

39 Richard Mulgan (1997). ‘Contracting Out and Accountability’, Discussion Paper 51, Graduate Public Policy Program. Australian National University, 1997, cited in in Pat Barrett AM (2000, 26 July). Some Issues in Contract Management in the Public Sector

40 Cameron Elliot, Christopher Stone, and Stephen Beverley (2013). Whatever Happened to the Big Society? Centre for Policy Development,

41 David Hetherington (2013, October). Social Innovation. Public Good – New approaches to public sector productivity. Per Capita

42 Australian Government (2016, May). 2016-17 Budget, Budget Paper No.4 Part 2: Staffing of Agencies. Retrieved from http://budget.gov.au/2016-17/content/bp4/html/09_staff.htm

The Government should remove its 'ASL cap' policy. We cannot deliver goods and services effectively if we cannot recruit staff to do this. Contracted staff for business-as-usual work cost the government far more than recruiting permanent staff.

My immediate work area was previously a Branch of around 45 people. Over the last five years, the Branch has shrunk to a Section of 12 people with 14 vacant positions that cannot be filled due to ASL caps. We have also taken on additional responsibilities from other Branches that are experiencing similar reductions in resourcing, and as a result of all the changes, the ability to deliver the quality of work that we previously maintained has been decimated. Ultimately the Australian public who rely on our programs, many of whom are vulnerable and from low socioeconomic backgrounds, suffer as a result.

The APS cap has directly affected our small specialised uniquely skilled team. It takes at least 18 months to learn our regulatory role and specific scientific skills for the role. Three years ago, all training was stopped - the existing corporate knowledge in the team carried us through. However, our job role requires continual updating of scientific research and knowledge. 50 per cent of the team has been replaced with consultants who have had no training in the regulations they are required to apply.

The ASL cap is a facade for filling the coffers of rich men in blue ties. Stop wasting taxpayer's money on the excessive recruitment of overpaid contractors in place of permanent government employees. This is only crippling the stability of the public sector through lack of training, succession planning and maintaining a robust knowledge base.

The CPSU is not the only voice highlighting how ridiculous the staffing cap is. Most notably, the Productivity Commission has recommended the removal of the cap on directly employed NDIA staff as it could hinder the ability of the NDIA to manage the NDIS effectively and independently. The Productivity Commission stated that:

The Commission recommends that the Australian Government remove the cap on directly employed staff. This is on the basis that the NDIA is best placed to determine the most effective and efficient staff mix to deliver the scheme, within the constraints of its capped operating budget.⁴³

The Commission also identified a link between the staffing cap and outsourcing:

The rationale for the cap on directly employed staff appears to be to encourage the NDIA to enter into community partnerships. While it is important that the NDIA works collaboratively with the community to deliver the scheme, it could also lead to poorer outcomes. For example, the NDIA outsourcing a lot of its work can present a particular risk when the agency is so new and needs to build institutional expertise and capability.⁴⁴

43 Productivity Commission (2017). National Disability Insurance Scheme (NDIS) Costs, Study Report, Canberra. Retrieved from <http://www.pc.gov.au/inquiries/completed/ndis-costs/report/ndis-costs2.pdf>

44 Productivity Commission (2017). National Disability Insurance Scheme (NDIS) Costs, Study Report, Canberra. Retrieved from <http://www.pc.gov.au/inquiries/completed/ndis-costs/report/ndis-costs2.pdf>

The NDIA is not the only example of the staffing cap driving outsourcing. Despite having the funding for permanent APS roles, the staffing cap is forcing agencies to hire more expensive contractors get work done.

The Department of Human Services has experienced significant job losses over the past five years and is set to lose further staff and yet it is engaging labour hire firms. In Senate Estimates, the Department of Human Services responded to questions about why Serco was being engaged, stating that “*we currently recruited all the way up to our ASL cap*” and that they were “*fully staffed*”.⁴⁵ On top of the 250 Serco workers, DHS is engaging 1,000 staff through a labour hire arrangement to undertake compliance work in the department.

The Commonwealth Department of Public Prosecutions has examined bringing in contractors to work as Commonwealth prosecutors due to the staffing cap.⁴⁶

Despite having the funds to keep 30 non-ongoing staff, the Australian Institute of Aboriginal and Torres Strait Islander Studies was forced to do a closed tender with Hayes and convert staff to labour hire to keep them beyond 1 July 2017.

These examples highlight the absurdity of the average staffing level cap, which the Commonwealth needs to end.

Recommendation 8: The Commonwealth:

- a. End its staffing cap associated with its Smaller Government agenda, which is driving outsourcing and the use of labour hire;
- b. Increase the number of secure permanent jobs in the public service, through eliminating the use of labour hire in the public service, and
- c. Reduce the use of contractors, casual and non-ongoing positions.

45 Parliament of Australia. (2017, 25 October). 2017-2018 Supplementary budget estimates - Social Services and Human Services. Retrieved from https://www.aph.gov.au/Parliamentary_Business/Senate_Estimates/ca/2017-18_Supplementary_Budget_estimates

46 Noel Towell (2017, 14 August). Federal government to dump prosecutors for labour-hire lawyers. Canberra Times. Retrieved from <http://www.canberratimes.com.au/national/public-service/federal-government-to-dump-prosecutors-for-labourhire-lawyers-20170814-qxvo9i.html>

E. The public service needs to be responsible to the public and community

In addition to a better funding model, there needs to be a broad discussion about improving public services that ensures they continue to operate in the public interest and deliver for the community. This discussion must include staff and those who benefit from public services and public policy - not simply the same discussions about privatisation, “contestability”, cost-cutting or reducing services.

The Australian Public Service is internationally regarded as one of the best public services across comparative countries.⁴⁷ But while Australia’s public services do well compared to other OECD countries, Australia has fallen according to the World Bank’s Government Effectiveness measure from the 95th percentile in 2011 to the 92nd percentile in 2016.⁴⁸ Government effectiveness represents perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government’s commitment to such policies.⁴⁹

Community involvement

The public service is for the benefit of the community at large. Therefore, giving the community a say in the development and delivery of public services is vital. Currently less than a quarter (23 per cent) feel that their voice is heard by Commonwealth Government.⁵⁰ It would help mitigate risk when addressing complex issue and leads to the best results. A specific policy proposal that could be supported is building in a role for the community and other stakeholders in determining agency performance measures. The Government should support the community and how they choose to engage with government services.

Currently the public sector uses a range of performance measures. In developing these measures there is not necessarily a strong or active role for the community and stakeholders. For example, a key performance measures for the Department of Human Services is for all calls to be answered in an average of 16 minutes. As the ANAO Report, which examined the operation of the Smart Centre Telephone Services found, constructing the KPI as an average allowed for significant fluctuations in wait times. Furthermore, the KPI does not in any way measure the quality or effectiveness of the service when the call was answered.⁵¹

A stronger role for the community and stakeholders in the development of key performance indicators would ensure stronger linkages between what the community

47 Innovation and Science Australia (2017). Australia 2030: prosperity through innovation. Australian Government. Retrieved from <https://www.industry.gov.au/data-and-publications/australia-2030-prosperity-through-innovation>

48 World Bank (2018) Worldwide Governance Indicators. <http://info.worldbank.org/governance/wgi/#reports>

49 World Bank (2018) Worldwide Governance Indicators. Retrieved from <http://info.worldbank.org/governance/wgi/index.aspx#doc>

50 Essential Research (2018, 17 July). The Essential Report. Retrieved from <http://www.essentialvision.com.au/wp-content/uploads/2018/07/Essential-Report-170718.pdf>

51 Auditor-General (2015, May). Audit Report No.37: Management of Smart Centres’ Centrelink Telephone Services. Australian National Audit Office. Commonwealth of Australia. p.15

wants from its public services, and what the public service is measuring as key performance indicators.

Recommendation 9: The Commonwealth provides the community with a greater say in the development of public services and performance indicators.

Staff involvement

The APS should also seek to involve and utilise staff in the development and delivery of public services. Employees are uniquely placed to provide input into how public services can be improved and ameliorate risk when addressing the complex issues we face. Properly involving and utilising the capacity and experience of the APS workforce will result in better public sector and services.

APS employees working in service delivery work with systems on a daily basis and are best placed to provide advice on design and assist with implementation. Similarly, end users of these services can provide insights into their experiences with the current service delivery systems. To that end, a commitment to undertake consultation with employees and their union in the development of a whole of government service delivery strategy is crucial.

One member expressed their frustration that this not occur, stating *“Staff should be consulted always when there is a change to a service, program or system used within their workplace. Instead we have this top down approach with token “consultation” where staff are asked for input but ultimately we know that many of the outcomes for the “consultation” are already decided.”*

In our experience, genuine engagement and consultation can be highly effective. In April 2009 the CPSU hosted a Human Services Roundtable bringing together senior representatives from Centrelink, Medicare, Child Support and CRS Australia, frontline staff and representatives from the community sector to discuss the issues facing service delivery and ways to make service delivery more effective and efficient for both employees and the community. The Roundtable was very successful, and the ideas developed by the group were presented to the then Minister for Human Services, Senator the Hon. Joe Ludwig. These ideas have influenced reforms in those agencies.

For any consultation and collaboration to be effective, there must be greater recognition of the importance of employees and their unions as primary stakeholders, and all parties must be committed to genuine, open and transparent discussion prior to decisions being made on implementation strategies of government policy. Further, adequate time and resources must be made available to employees and their union to fully consider and comment on any proposals.

Recommendation 10: The Commonwealth involves and utilises staff in the development and delivery of public services.

Visa privatisation

The pursuit of visa privatisation by the Department of Home Affairs raises questions about whether our domestic and security interests are being well co-ordinated.

The CPSU has a range of concerns about the proposal to effectively outsource the design and delivery of Australia's visa system over the next five years. The total value in 2026-27 of the bundle of services the Department is looking at outsourcing is estimated to be up to \$8.8 billion.⁵²

The decision appears to be driven by budgetary reasoning rather than whether it is in the national interest. The rhetoric used to describe these changes to *"the design of Australia's visa service delivery business"* system portray the immigration system as being a business rather than a core government function with any decisions being primarily focused on cost. The CPSU does not agree with the assertion that *"many departmental services share similarities with services provided by other high volume, large scale and high tempo businesses."* The visa system is about ensuring the safe and regulated facilitation of movement of all persons including foreign nationals through Australian borders and the monitoring of visa conditions to ensure compliance. It is not a business and should not be treated as such.

It is very concerning that the market consultation paper asks about commercialisation opportunities, stating *"market providers may be permitted to benefit in their other business lines from increased physical or digital 'footfall' generated by providing visa services."*⁵³ Suggestions of a differentiated service, including premium options, create a two tiered system that benefits businesses and wealthier visa applicants should be ruled out. It is of great concern that the paper appears to be suggesting that private providers could use information gained by providing visa services to make money in other areas, thereby potentially threatening the integrity of Australia's visa system.

Recommendation 11: The Commonwealth abandons its plans to privatise visa processing.

Cost not quality

The APS should, as one member explained, *"be an exemplar of how modern service delivery should work - showing the way in the delivery of services - using modern technologies."*

However, rather than improving the people's experience of government, an obsession with increasing savings is driving change processes. For example, in the Australian 2030 report, an oft cited claim was that digitalisation of interactions between government and people has the potential to reduce total departmental expenditure by

52 Department of Immigration and Border Protection (2017). Policy Consultation Paper - Visa Simplification: Transforming Australia's Visa System. Retrieved from <https://www.border.gov.au/Trav/visa-reform/policy-consultation-paper>

53 Department of Immigration and Border Protection (2017). Policy Consultation Paper - Visa Simplification: Transforming Australia's Visa System. Retrieved from <https://www.border.gov.au/Trav/visa-reform/policy-consultation-paper>

up to 12 per cent by 2026.⁵⁴ While more efficient processes are good, the quality of interactions and whether people's issues are resolved also matters, not just cost reduction.

The Department of Human Services provides a case study of how this focus on savings can make people's experience of government become worse and outcomes become less fair.

Over the past five years, the professional and technical capacity of the Department of Human Services has been severely eroded. Staff are under pressure and are doing the best they can in trying circumstances.

In 2016-17, 55 million people received busy signals, up from 29 million the previous financial year or nearly 90 per cent.⁵⁵

On top of that, there were 7 million abandoned calls. Of 5.8 million unique callers they claim 3 million did not receive a busy signal at any time of the year.⁵⁶

In 2016–17, the department recorded 168,709 complaints about Centrelink services. Complaints have more than triple from approximately 53,000 in 2007, much of the increase being in the last three years.⁵⁷

Among complaints, most (28.2 per cent) were made by clients tired of waiting too long for claims, not receiving updates on their progress or needing to contact the agency multiple times to advance them. Third was difficulties with phone services, including complaints about hold wait times, engaged signals and call disconnections (16.2 per cent).

This is having a direct impact of services to community members. In 2016, there were reports of impacts of the delays in payments for Austudy and Youth Allowance resulting extreme financial hardship and the deferment or abandonment of study.⁵⁸ DHS staff have also reported significant delays of carer's payments that have put vulnerable families in a desperate position.

Unsurprisingly, only half of all customers have satisfactory perceptions of Centrelink.⁵⁹ That perception is reinforced by public opinion that finds only a third (34 per cent) feel it is easy to access/receive funds from the Commonwealth Government and less than

54 Innovation and Science Australia (2017). Australia 2030: prosperity through innovation. Australian Government. Retrieved from <https://www.industry.gov.au/data-and-publications/australia-2030-prosperity-through-innovation>

55 Stephanie Dalzell (2017, 26 October). More than 55 million calls to Centrelink receive engaged signal in 2016/17, Senate Estimates hear. Retrieved from <http://www.abc.net.au/news/2017-10-26/55-million-calls-to-centrelink-received-busy-signal-in-a-year/9086518>

56 Christopher Knaus (2017, 25 October). Centrelink phone system returned 55m busy signals in a year. Guardian Australia. Retrieved from <https://www.theguardian.com/australia-news/2017/oct/25/centrelink-phone-system-returned-55m-busy-signals-in-a-year>

57 Paul Henman (2017, 21 March). After the robodebt debacle, here's how Centrelink can win back Australians' trust. The Conversation. Retrieved from <https://theconversation.com/after-the-robodebt-debacle-heres-how-centrelink-can-win-back-australians-trust-74256>

58 Hack (2016, 21 April). Centrelink payments delayed up to four months, students freakin out. Retrieved from <http://www.abc.net.au/triplej/programs/hack/students-waiting-four-months-centrelink-payments-delayed/7346960>

59 Paul Henman (2017, 21 March). After the robodebt debacle, here's how Centrelink can win back Australians' trust. The Conversation. Retrieved from <https://theconversation.com/after-the-robodebt-debacle-heres-how-centrelink-can-win-back-australians-trust-74256>

half (45 per cent) feel it easy to get the Commonwealth Government services they need.⁶⁰

There were many comments expressing frustration about what is going on in the Department of Human Services:

Service delivery is required to be focused on the full range of delivery options. Too often the government is focusing on the single point of delivery. In current day that is 'go to the internet and lodge online' in years past it was once just 'face to face' then 'go to the telephone'. The government must focus on all options as the community uses all options, for example a 90-year-old cannot cope with online technology but a 25 year old is well versed in its use.

Let people speak to a person. Stop making it so hard for people to deal with the government in the hope that they'll just go away and give up. Retain staff and ensure they have the training and knowledge to do their jobs right instead of training them to fob off people to online services that often don't work, are hard to navigate and once you use them the back office staff can't process the transactions anyway.

The decrease in the number of staff not replaced through natural attrition has resulted in a heavier dependence on technology that is inconsistent in delivering services. This brings customers into service centres because the online services are unavailable, or the applications have failed. These customers have more faith in dealing with staff face to face than in the technology they are being pushed towards. The volume of traffic through the door increases the workload on diminishing staff. Staff are micromanaged and stressed.

Recognise more of the differences in the community and not trying to push the digital option as a "one size fits all" option. Stop the reduction in frontline staff so that calls can be answered and so that work generated via telephone enquiries can be actioned in a timely fashion rather than backlogged as it is now with vast delays.

Alternative approaches to "total digitalisation". Community presence and engagement is absolutely imperative - not just to support strategies for improved community experience, but in a larger sense, to combat disengagement, radicalisation and extremist ideals. It is a toxic environment for the public to feel that the government doesn't listen, doesn't care, blocks the public from input and ignores the input of people who voted them into power. We need to 'humanise' the public service and become more accessible. Digitalisation is extremely valuable, but it does not replace the "service" in "Public Service".

We have got digital servicing, it doesn't work. It creates more phone traffic and confusion. Pluto in DHS, it has caused the processing times to slow and the phone answer times have blown out. Service officers who are not employed to

60 Essential Research (2018, 17 July). The Essential Report. Retrieved from <http://www.essentialvision.com.au/wp-content/uploads/2018/07/Essential-Report-170718.pdf>

answer general enquiries are taken from their roles and put on phone lines without adequate training.

The reduction of face to face Social Workers has removed a quintessential support mechanism for customers. The WPIT initiative including tasks now going to WLM has reduced accountability and compounded inefficiency. There is no longer a clear understanding of anyone's role in the push to move everything to online services. It has resulted in the loss of critical thinking amongst staff and a tick and flick attitude often creating long term ramifications and bottle necks at later points in processes.

Rather than ensuring permanent, good quality APS jobs and face-to-face interaction, the Government is engaging labour hire firms to perform core DHS work. DHS employees and customers have reported mistakes routinely made by these outsourced call centre staff, including reported earnings being processed incorrectly, overpayments being made to customers and incorrect debts being raised. These incidents directly disadvantage vulnerable DHS customers, and then have to be rectified by trained APS staff, resulting in inefficient double-handling.

The CPSU is far from the only voice raising concern about Centrelink services being run down. Similar issues have also been raised by a recent Anglicare report on the experience of Anglicare staff and clients in interacting with Centrelink⁶¹ and a report on experiences with Centrelink services conducted by National Seniors.⁶²

The Government should be making easier for the community to access services, not harder. The Government should support the community by ensuring they can choose how to engage with government services. The Government should also guarantee choice of service channel, allowing those members of the community who want or need public services in-face or over the phone that choice. To that end, it is essential that physical offices are maintained and that customers can connect via the telephone at a low cost. Public services are for the benefit of the community at large and service delivery models should ensure equity of access, choice of service delivery channel and be properly resourced to ensure they are fully effective.

Recommendation 12: The Commonwealth commits to bringing core DHS work back in-house and provide the necessary funds to employ permanent DHS employees to ease the immense workload pressures.

Recommendation 13: The Commonwealth makes it easier for the community to access services by ensuring digital transformation is inclusive and provide choice of service channel by maintaining a presence across Australia, importantly in regional areas.

61 Teresa Hinton (2018, May). Paying the Price of Welfare Reform: The experiences of Anglicare staff and clients in interacting with Centrelink. Anglicare

62 National Seniors Australi and Retirement Essentials (2018, June). The Centrelink Experience: From 'waiting, frustrating, hopeless' to 'helpful, friendly, positive'.

Regional jobs

The reality is that employment prospects in regional Australia are manifestly unacceptable. Unemployment is higher than the national average in many regional areas.⁶³

For example, recent Small Labour Area Market statistics⁶⁴ shows the unemployment rates of:

- Townsville at 9.2 per cent;
- Cairns at 6.4 per cent; and
- Shoalhaven and Southern Highlands at 8.1 per cent;

Youth unemployment rates are even worse than the national average of 13.3 per cent:

- In Townsville, the youth unemployment rate is 18.7 per cent;
- In Cairns, it is 15.1 per cent; and
- In the Shoalhaven and Southern Highlands, it is 19.7 per cent;

Even where jobs are available in regional centres, it can be very difficult to find full-time work.

A report by Adzuna Australia shows that:

- In regional NSW, there were 8 job seekers per vacancy compared to 3.6 in Sydney,⁶⁵
- In regional Victoria, it is 10.4 compared to 6.1 in Melbourne,⁶⁶
- In South Australia, it is 12.63 job seekers per vacancy,
- In Tasmania, it is 9.75 job seekers per vacancy,
- In Western Australia, it is 10 job seekers per vacancy and
- In Queensland, it is 9.6 job seekers per vacancy.⁶⁷

There is a growing divide between capital cities and the regions and the public sector needs to play a larger role in helping to overcome that growing inequality. With over 14 per cent of APS employees located in regional Australia⁶⁸, the Australian Public Service can play an important role in addressing regional unemployment, particularly given that Government has direct access to the employment lever of the public service. The CPSU therefore strongly supports increased public sector employment in regional locations. We do not, however, support a decentralisation policy that focuses on moving existing agencies.

63 Australian Bureau of Statistics (2018, 19 April) 6202.0 - Labour Force, Australia, Mar 2018. Retrieved from <http://www.abs.gov.au/ausstats/abs@.nsf/mf/6202.0>

64 Department of Jobs and Small Business (2018). Labour Market Information Portal. Retrieved from <http://lmip.gov.au/maps.aspx#layer=EmploymentRegions>

65 Ben Phillips (2017, 26 March) Adzuna Job Report: Jobs & Salary in City VS Regional Australia. Retrieved from <https://www.adzuna.com.au/blog/2017/03/26/adzuna-job-report-jobs-salary-city-vs-regional-australia/>

66 Ben Phillips (2017, 26 March) Adzuna Job Report: Jobs & Salary in City VS Regional Australia. Retrieved from <https://www.adzuna.com.au/blog/2017/03/26/adzuna-job-report-jobs-salary-city-vs-regional-australia/>

67 Ben Phillips (2018). Adzuna Job Report: June, 2018. Retrieved from <https://www.adzuna.com.au/blog/wp-content/uploads/2018/06/June-2018-Adzuna-Job-Report-pdf.pdf>

68 Australian Public Service Commission. (2018, 29 March). APS Statistical Bulletin: December 2017. Retrieved from <http://www.apsc.gov.au/publications-and-media/parliamentary/aps-statistical-bulletin/aps-statistical-bulletin-december-2017/location-and-regional-staff>

The CPSU has been campaigning to keep public service jobs in regional communities for a number of years. Service delivery agencies such as DHS and ATO have been cutting jobs from existing regional locations for some years. Too frequently cutting regional jobs and closing regional offices is seen as a 'quick-fix' for budget pressure.

The CPSU therefore calls for a substantial increase in overall APS staffing with regional communities to be a priority recipient of that increased staffing. APS regional employment should be increased through:

- Reversing regional job losses;
- Creating additional new jobs in those agencies that already have a regional footprint; and
- To build on that footprint through establishing new agencies or functions.

Recommendation 14: The Commonwealth prioritises a substantial increase in overall APS staffing in regional communities.

F. The public service needs to adopt digital transformation and innovation for the benefit of the public and community

Digital transformation

The Government's pursuit of digital transformation is another way this obsession with cost over quality manifests.

In any four-week period more than 1 in 8 people, around 2.5 million people, will seek to access government information and public services on-line.⁶⁹ Two thirds (65 per cent) of people generally agree that internet has made it easier to access Commonwealth Government services.⁷⁰

The digital delivery of services is not meeting the community's expectation of online service delivery standards, which have increased dramatically in recent years. People expect government services to be as good as those provided by the private sector.⁷¹ However, a significant portion of user's rate government online services as much worse than private sector services.⁷² 40 per cent experience problems accessing and using government services.⁷³

There is a significant digital transformation agenda underway to improve and expand the range of government services that are offered online. Across government, there has been a clear 'digital by default' strategy to push the use of online services. For this to be successful there must be adequate funding in the Budget to directly employ ICT specialists, invest in ICT systems and training that support digital government service delivery, appropriate training for staff and education for the community.

The CPSU supports better digital service delivery but unfortunately, this strategy is more focused on the pursuit of a 'digital dividend', or savings generated, rather than improving services. This has been reinforced by comments from the relevant Minister.⁷⁴ Previous ICT reviews and strategies have been focussed on achieving savings, and opportunities for strategic and architectural reform were missed. Members raised concern that the move towards digital and online services "*are designed to create efficiencies for the agencies, not the client*" and were of the view that "*the move to digital services and systems should be evidence-based and not*

69 Roy Morgan (2015, 7 July). Over 2.5m Australians now going online for Government information and services. Retrieved from <http://www.roymorgan.com/findings/6327-going-online-for-government-information-or-services-march-2015-201507070247>

70 Essential Research (2018, 17 July). The Essential Report. Retrieved from <http://www.essentialvision.com.au/wp-content/uploads/2018/07/Essential-Report-170718.pdf>

71 Deloitte Touche Tohmatsu (2007), 'One size fits few: Using customer insight to transform government', [http://www.deloitte.com/dtt/cda/doc/content/dtt_ps_onesizefitsfew_040908\(1\).pdf](http://www.deloitte.com/dtt/cda/doc/content/dtt_ps_onesizefitsfew_040908(1).pdf)

72 Miguel Carrasco and Peter Goss (2014, 6 June). Digital Government: Turning the Rhetoric into Reality. Boston Consulting Group. Retrieved from <https://www.bcg.com/en-au/publications/2014/public-sector-center-consumer-customer-insight-digital-government-turning-rhetoric-into-reality.aspx>

73 The Mandarin (2018, 1 February). Keenan lays out priorities for modernising APS. Retrieved from <https://www.themandarin.com.au/87988-keenan-lays-priorities-modernising-aps/>

74 Andrew Tillett (2018, 8 April) MyGov digital take-up saves taxpayers \$250m, Michael Keenan says. Australian Financial Review <https://www.afr.com/news/mygov-digital-take-up-saves-taxpayers-250m-michael-keenan-says-20180408-h0yhq2>

pursued when it results in strong negative outcomes. The effect of a digital efficiency in one place needs to be off-set against increased problems it may cause elsewhere.”

This is not an opposition to greater digital uptake but as one member explained:

While I accept that self-service options are helpful for some of our customers, and free up staff, there need to be more options for those who do not have the necessary skills and knowledge to access these services. The government has reduced access to assistance to an almost non-existent level for those unable to use self-service.

The CPSU notes the Government’s goal that by 2025 Australia will be one of the top three digital governments in world⁷⁵ but that will require significantly more investment and a change in thinking about digital transformation.

The thinking shaping the use of technology in the APS is short-term and focused on cost reductions. It is not about what the future of public service should look like, current approaches are missing vital opportunities to build a public service which supplies best practice for people and the community incorporating gains from technology and the benefits of human-focussed service delivery. The implementation of technological and digital solutions is considered by CPSU members to be reactionary, have zero planning, and occurring at an ad-hoc basis without consultation with the experts who do the work – Australian public servants.

One member explained that the *“expected efficiency gains are put into practice before the gains are actually being demonstrated. For example, cut staff numbers based on technology that is yet to be introduced and once delivered if it doesn't deliver the gains expected it leaves staff with unsustainable workloads. Shuffling of work from one department to another to meet KPI's.”*

The robodebt debacle in the Department of Human Services provides a good example of what can go wrong. The Department was warned by staff that automated data matching would lead to incorrect debts, but they were ignored. The robodebt debacle highlighted the importance of frontline service delivery staff in understanding what was going on as they were not properly or considerately consulted prior to its implementation.

While the Department of Human Services had used data-matching and undertaken debt recovery in the past, the use of data matching to “correct” records during the review process and calculation of debts was new. Although the data matching might appear to be similar to what was done previously, the vastly increased scale of OCI and reduction in individual human assessment means that small errors or omissions had a much more significant effect. It shows that automating decision making without oversight by experienced staff, can lead to massive impacts on society, particularly those who are reliant on support from the social security system.

⁷⁵ Stephen Easton (2018, 12 June) ‘Australia will be one of the top three digital governments in the world’. The Mandarin. Retrieved from <https://www.themandarin.com.au/94179-australia-will-be-one-of-the-top-three-digital-governments-in-world/>

Staff concerns were ignored because the decision was driven by a focus on savings. Previous Budget papers have projected billions in savings over the forward estimate from automation. The 2015-16 MYEFO included measures to use income data matching.⁷⁶ Additional budget measures for income data matching in MYEFO 2015-16 estimated savings of \$1.3 billion from 1 July 2016.⁷⁷ The 2016-17 MYEFO extended and expanded these measures, estimating savings of \$3.7 billion from the expansion of fraud prevention and debt recovery capability.⁷⁸

Automation cannot be introduced without human oversight. The push to automate all aspects of the review and complaint processes only created more confusion and undermined public trust in our systems. It also reduces people's access to natural justice. Algorithms and the use of big data to make decisions are not without problems. Algorithms are often opaque, are not neutral and can reflect and reinforce existing human biases that have been built in and that ends up shaping how algorithms operate.⁷⁹ There is an added danger when scale and secrecy are added.⁸⁰ This is an issue that will only grow and there needs to be far more scrutiny of and transparency with algorithms.⁸¹

An ongoing examination of the social impact of algorithms should be considered in Australia. This can only be done with the presence of a clear vision and plan of what the APS will look like and how technology will help Australia achieve that. This requires properly resourced human oversight of all compliance programs to guarantee the community can be confident there are no major issues. All agencies should independently review their use of algorithms and the policy issues that arise, involving frontline staff and indeed the people using the services. These independent taskforces should develop recommendations addressing when and how algorithms should be made public, how to assess whether they are biased and the impact of such bias.

Recommendation 15: The Commonwealth uses the digital transformation agenda to improve the quality of services by directly employing, upskilling and building public sector technical capacity and improving transparency and accountability rather than cost-cut.

Recommendation 16: The Commonwealth ensures properly resourced human oversight of all APS compliance programs, so the community can be confident that any issues raised with people are legitimate and accurate.

76 Australian Government (2015, May). 2015-16 Budget Paper No.2: Budget Measures, Part 2: Expense Measures. Retrieved from http://www.budget.gov.au/2015-16/content/bp2/html/bp2_expense-15.htm

77 Australian Government (2015, December). 2015-16 Mid-Year Economic and Fiscal Outlook. Retrieved from http://budget.gov.au/2015-16/content/myefo/html/11_appendix_a_expense.htm

78 Australian Government (2016, December). 2016-17 Mid-Year Economic and Fiscal Outlook. Retrieved from <http://www.budget.gov.au/2016-17/content/myefo/html/>

79 Cathy O'Neil (2017, 16 July). How can we stop algorithms telling lies? The Guardian. Retrieved from <https://www.theguardian.com/technology/2017/jul/16/how-can-we-stop-algorithms-telling-lies>

80 Cathy O'Neil (2016, 1 September). How algorithms rule our working lives. The Guardian. Retrieved from <https://www.theguardian.com/science/2016/sep/01/how-algorithms-rule-our-working-lives>

81 Cathy O'Neil (2017, 7 August). Why We Need Accountable Algorithms. Cato Unbound. Retrieved from <https://www.cato-unbound.org/2017/08/07/cathy-oneil/why-we-need-accountable-algorithms>

Recommendation 17: Ongoing, independent processes for examining the social impact of algorithms used by the Commonwealth must be established that involve frontline line staff. This requires properly resourced human oversight of all APS compliance programs, so the community can be confident that any issues raised with people are legitimate and accurate.

Innovation for the public good

There needs to be a broad discussion about public sector innovation that includes staff, and those who benefit from public services and public policy.

Contrary to characterisations, it is often the public sector, not the private sector drives research and innovation that makes significant improvements to society. As Mariana Mazzucato points out:

The high risk and serendipitous characteristic of the innovation process is one of the main reasons why profit maximising companies will invest less in basic research and more in applied research, because of the greater and more immediate returns from the latter. Investment in basic research is a typical example of a 'market failure' where the market alone would not produce enough basic research so the government must step in.⁸²

Mazzucato also makes the point that the metrics used to measure the contribution of the public sector and the obsession of making governments 'more efficient' and to emulate the private sector are harmful to innovation. If the focus is on price, the interest will be in projects with fast paybacks rather than proposals that bring a helpful long-term perspective to a problem, consider all sides of an issue (not just profitability), spend the necessary funds (borrow if required) and add public value.⁸³

The APS does innovate but its capacity is restricted by a lack of funding and the model that is applied. That innovation creates public value but there is focus on savings rather creating public value. For the APS to be broad and effective at innovation, it requires capital and resources to be able to innovate.

The impact of the 2014 Budget cuts provides a clear example that show that properly resourced APS is needed to drive innovation. When those resources are cut back, research and innovation suffer and the community is the loser in the long-run. In our submission to the Senate Standing Committees on Economics inquiry into Australia's Innovation System, the CPSU outlined how these cuts affected innovation. A few examples are provided below:

⁸² Mariana Mazzucato (2011, June). The Entrepreneurial State. Demos. Retrieved from

https://www.demos.co.uk/files/Entrepreneurial_State_-_web.pdf

⁸³ Mariana Mazzucato (2018, 24 May) Capitalism's greatest weakness? It confuses price with value. World Economic Forum. Retrieved from <https://www.weforum.org/agenda/2018/05/capitalisms-greatest-weakness-it-confuses-price-with-value/>

Case Study: ABS

The ABS collects data through a variety of sources including direct surveys of business and households for other Government agencies as well as a variety of stakeholders in the private sector. The data is used by the private and public sectors for a range of purposes – for example, to assess the health of the economy as indicated by building approvals in the housing sector, retail trade indicators, the consumer price index, and household expenditure. The data collected by the ABS is used extensively in research, by academia, unions, business and government.

The ABS had to substantially modify the detail and frequency of science and research data collections. This will have an impact both on the work done in other research work, on capabilities across the government, and in the private sector.

A good example is the regular labour force survey data. There has been a growing chorus that have raised questions about the accuracy of data collection since the methodology changed in 2014.⁸⁴ Due to a lack of resources there was a failure to do a parallel survey using the old methodology to gauge the impact of the adjustments.⁸⁵ Labour force survey data is used by government and the private sector to track how the economy is going and changing.

Case Study: BOM

The Bureau of Meteorology (BoM) is Australia's national weather, climate and water agency. Through regular forecasts, warnings, monitoring and advice spanning the Australian region and Antarctic territory, BoM provides one of the most fundamental and widely used services of government. BoM operations and services are underpinned by the research BoM staff do in science and environment areas - observational, meteorological, hydrological and oceanographic.⁸⁶

Members reported significant cuts to research including into climate (seasonal) forecasting and weather systems development. Members raised concerns about cuts affecting the weather observation network and data collection that forms the basis of much of the research work undertaken by scientists and researchers.

Cuts to the observation program had a flow on effect to the data available for research and have wide implications for our ability to understand extreme weather events as current weather cannot be adequately diagnosed from actual observations. It meant weather forecasters spend more time on operational forecasting, decreasing the opportunity for research on local weather phenomena. Yet, seasonal forecasting is consistently identified by stakeholders as an area that improvement is needed in, and this is now barely funded. This has implications for

⁸⁴ Neal Woolrich (2016, 18 February). Jobs data unreliable, recent employment surge unbelievable say economists. ABC News Online Retrieved from <http://www.abc.net.au/news/2016-02-17/jobs-data-unreliable-as-unemployment-likely-to-be-steady/7176814>

⁸⁵ Jacob Greber (2015, 14 October) Former ABS head says employment data 'not worth paper they're written on'. Australian Financial Review. Retrieved from <https://www.afr.com/news/economy/former-abs-head-says-employment-data-not-worth-paper-theyre-written-on-20151014-qk8syh>

⁸⁶ Bureau of Meteorology (2018). About Us. Retrieved from <http://www.bom.gov.au/inside/index.shtml?ref=hdr>

the quality of local weather forecasting with potential losses felt by users of the forecasts (such as the aviation industry, SES, fire agencies, farmers).

The opportunities lost with cuts will place Australian communities at increased risk of climate impacts and reduce the resilience of Australian economic activity. There are continued calls from the private sector for improved seasonal forecasting systems, and improved seasonal forecasting and decision making systems have been shown to add billions of dollars to the Australian community. However, this remains very underfunded, and, in such a vital area to the economy, our future capacity is in jeopardy with key staff now being lost as a result of cutbacks.

Case Study: Geoscience Australia

Geoscience Australia members reported that a raft of research areas had funding cut including offshore petroleum engineering advice, geophysical data acquisition and processing, marine mammal research and marine bioregion research. More specifically:

- In marine research, members reported that research ‘answering questions to do with interaction of industry on marine mammals and the management of marine reserves is on hold and 10 years of work has been thrown away’.
- The number of geophysical datasets acquired and processed was reduced by approximately 20 per cent per annum. Without data acquisition, science cannot test hypotheses and advance knowledge and yet these reductions mean that explorers will have to wait 20 per cent longer to access data to assist with their exploration programs, meaning finding resources will take longer. New methods to utilise geophysical datasets will be longer in their gestation, testing and delivery to key clients in Australian industry.
- Further along the research chain, members reported that staff cuts have resulted in data compilation and interpretation are lagging more and more behind acquisition. Slower work in this area means lost opportunities as further work is based on old data & so therefore lower quality. In some areas, interpretive reports were no longer be undertaken with only basic data released.
- Cutting expert advice on how offshore petroleum resources are managed in an engineering sense leads to potential waste of resources. A less transparent process in offshore environmental regulation means we are left in the dark on what companies are doing and have little opportunity to comment.

Recommendation 18: The pivotal role of the public sector in fostering innovation that the economy relies on should be recognised. Funding arrangements and policies should provide a secure base for the expansion in science and innovation activities, not enable cuts that lead to lost opportunities.

G. The public service needs the skills and expertise to deliver on the needs of the community

Deskilling

The reliance on outsourcing has also hollowed out the APS meaning that it often does not have the necessary skills and expertise.

Deskilling associated with budget cuts and outsourcing not only affects service delivery and ICT capability but also the quality of policymaking and regulatory oversight. Former Treasury Secretary Ken Henry and the Secretary of Prime Minister and Cabinet Martin Parkinson have both warned that the abilities and corporate memory of the public service have been dangerously degraded. Henry has stated that *"many departments have lost the capacity to develop policy; but not just that, they have lost their memory."* Parkinson has stated that the erosion of public service independence and the lack of experience to draw on have led to a *"decline in the quality of advice and an erosion of capability."*⁸⁷ Similarly, Laura Tingle has noted that the erosion of policymaking capacity has had a little-recognised but devastating effect, leaving public service without an institutional memory of its own, and neither influence nor the capacity to provide a ballast to short-term politics.

Recent comments from Terry Moran echo this, Moran stating that the domestic policy bureaucracy has been "eroded and corrupted" and that there is a "learned institutional stupidity". He noted that the answer to any problem is the same: market mechanisms and outsourcing.⁸⁸

The erosion of the public service's capability to provide strategic policy advice is particularly concerning as it affects a government's ability to plan and tackle the long-term challenges Australia faces such as an economy in transition, ageing population, revenue shortfalls and adaptation to climate change. The public service needs the capacity to ensure a just transition and solutions to these challenges.

As one member stated, *"Being able to give frank and fearless advice - and be valued for it - would help government avoid some of the damage that poor policy/implementation has on reputation and quality of service delivery."*

Furthermore, the separation of policy, regulation and service delivery functions has significant implications for government. If a Department solely become a contract manager it becomes disconnected from direct service delivery and is removed from understanding best practice, as well as the challenges and pitfalls. The result is that the capacity of the Department to understand and respond to 'on the ground' challenges are significantly eroded, affecting policy development. The erosion of capability means that there is a high risk that the public sector designs and develops

87 Laura Tingle (2015, December). Political amnesia: How we forgot to government. Quarterly Essay. p.29

88 David Donaldson (2018, 17 July). Commonwealth 'all thumbs' on social policy, says former top public servant. The Mandarin. Retrieved from <https://www.themandarin.com.au/95918-commonwealth-all-thumbs-on-social-policy-says-former-top-public-servant/>

associated policy in a vacuum, without a working understanding of how service delivery operates to achieve lasting outcomes.

One example provided by member was that the separation had led to the 'dumbing down of work' where roles are broken into task categories, removing tasks requiring integrated and higher-order skill sets, reducing each role into a single function, which must be repeated endlessly, factory production-line style. The member explained:

I'm talking about the roles of APS policy officer/program manager/grant manager, which 5 years ago were integrated. Now, all a grant manager needs is skills to push buttons in the grants hub IT system. Meanwhile recipients of grants are now expected to talk to the machine, or to a call centre contract worker who knows nothing about the grant program, the specific grant, or the grant management IT system, and is therefore incompetent to provide useful information or assistance. Which leads to frustration and confusion, ensures that program managers don't know what's going on 'on the ground' with funded activities, and delays identification of problems and finding solutions. This is what happens when you de-integrate systems (systems disintegrate).

As Terry Moran argued in his IPAA Victoria Fellows' Oration, "reinvesting in policy memory and capability, encouraging frank advice, and improving service delivery know-how is the way forward if the APS is to think for itself and be the crucible for reform that it can and must be for Australia to thrive."⁸⁹

Case Study: ATO

Budget cuts have affected the ability of agencies to ensure compliance with Australia's laws. In submissions to the Corporate Tax Avoidance inquiry, the CPSU outlined how these cuts have significantly impacted the ability of the ATO to detect and deal with tax avoidance and ensure tax compliance.⁹⁰ The audit team, responsible for enforcing the tax compliance of individuals and multinational companies was hit particularly hard by these cuts.

Members reported fewer audits were being conducted (impacting negatively on revenue), and there was reluctance to review and/or audit larger and more complex entities. Though there was an increase in staffing since the 2016-17 Budget, it has not reversed the significant cuts experienced over the last few years. Members strongly express that current levels of resourcing and staffing are inadequate to tackle corporate tax avoidance.

Case Study: ASIC

ASIC provides another case study of what happens. In the 2014-15 Budget, cuts of \$120.1m over five years to ASIC were announced in addition to the imposition of an efficiency dividend of \$47m over four years. The cuts for the 2014-15 financial year alone were \$44 million, or around 12 per cent of ASIC's budget.

89 Terry Moran AC. (2017, 21 November). 'Back in the Game' IPAA Victoria Fellows' Oration. Retrieved from <https://cpd.org.au/wp-content/uploads/2017/11/Terry-Moran-AC-IPAA-Victoria-Oration-21-November-2017.pdf>

90 Submissions to Corporate Tax Avoidance Senate Inquiry (2015), Tax White Paper (2015), Commonwealth Pre-Budget Consultation (2015-16, 2016-2017, 2017-2018).

ASIC had warned that the cuts would result in a substantial reduction of proactive surveillance and earlier this year revealed that it had scaled back activities aimed at uncovering corporate wrongdoing. Consequently, ASIC's chief of operations confirmed a scaling back of proactive surveillance where investigators target as-yet unreported corporate misbehaviour to enable ASIC to focus on its legislative requirement to register and regulate companies. While the Budget cuts to ASIC were reversed, the revelations of the Banking Royal Commission highlighted the impact of cutting funding and staffing to our regulators.

Case Study: The Department of Agriculture and Water Resources.

The CPSU has previously raised concerns to Government about impact of budgetary pressures and the move to risk-based interventions on biosecurity.

The 2008 Beale Review found sustainable funding of the biosecurity system was needed to address emerging risks and priorities, stating that “the consequences of continuing to under-resource the biosecurity system could be severe.”⁹¹

In November 2013 the Department of Agriculture announced that as a result of budget pressures and the risk of ongoing budget deficits, significant changes had to be made to their operations. This included ‘prioritising’ the work of the Department by discontinuing functions and activities that are deemed lower priority and reducing staff numbers.⁹²

Biosecurity staffing levels fell between 2010-11 and 2015-16. The sustained loss of staff and increasing workloads over time has an impact. Over the period of 2009-10 to 2016-17, the workload for staff has increased significantly. A comparison of 2009-10 and 2016-17 Departmental Annual Report information on the scale of biosecurity tasks shows an increase in both clearances and a significant decline in seizures.

Throughout we have argued that industry self-regulation has inherent risks that need to be carefully balanced by appropriate and ongoing levels of public funding to support a strong framework of government inspection and oversight.

Decisions by Government to cut funding to the Department that result in fewer inspections by Departmental biosecurity officers along with trying to save money via industry self-regulation lead to a weakened biosecurity regime. It has led to incidents such as the outbreak of white spot in Queensland.⁹³

As one member stated “implementation of “risk-based intervention” for cargo entering Australia - began about 5 years ago with a significant decrease in inspections of cargo containers, and we have seen increased incursions since. e.g. varroa mite, BMSB, Aedes aegyptii.”

91 Roger Beale AO, Dr Jeff Fairbrother AM, Andrew Inglis AM, David Trebeck (2008, 30 September). One Biosecurity: a working partnership – The independent review of Australia's quarantine and biosecurity arrangements report to the Australian Government.

92 Community and Public Sector Union (2014, January). Submission to the 2014-2015 Commonwealth Budget, Community and Public Sector Union

93 Ben Doherty (2017, 7 January). White spot disease: prawn farmers say import ban too late. The Guardian. Retrieved from <https://www.theguardian.com/australia-news/2017/jan/07/white-spot-disease-prawn-farmers-say-import-ban-too-late>

Case Study: ICT

Decades of outsourcing and contracting out has left the APS overly reliant on external ICT vendors and contractors – creating critical issues with capability and cost. There is a widespread view that staff have inadequate access to information, decision making and expertise in an environment.

Outsourcing as a driver of deskilling is not a new nor novel finding. The 2008 Gershon Report recommended a reduction in the use of external contractors in favour of building internal APS capacity.

The over reliance on external advice carries substantial risks for agencies. Paul Shetler noted, “*Too frequently, we actually ask vendors to tell us what they think we should buy.*” It is a point that rings true from the 2016 Census failures, where it seems clear that the ABS did not have the expertise to assess the quality or suitability of the advice and products from their external supplier.

Crises such as the so-called ‘Robo debt debacle’ not only undermine the public’s faith in these institutions – they are also a reflection of an underlying neglect of these institutions that form the foundations of our community.

Paul Shelter has noted that “*Government is one of the last industries that thinks it can outsource wholesale.*”⁹⁴ Core business should be in-sourced. Dealing with your end users and understanding your end users is your core business.⁹⁵

The CPSU notes that the 2015 APS Census also found a clear gap in capability. The majority of survey respondents indicate that they know their agencies need to make greater progress but feel under-equipped to meet the challenges of digital transformation.⁹⁶ While many used digital technologies in the workplace, they felt there was a lack of any formal digital skills training.⁹⁷

There also needs to be a cap on agency expenditure on consultants and contractors and reinvesting the savings to build APS staff. Steps should be taken to bring in-house any work that has been outsourced, instead use it to rebuild public sector capacity.

The widespread problems with information and communication technology across the public sector highlight the need for upskilling within the public service. There is a pressing need for a re-think and investment in IT systems and platforms as well as the skills and capacity of public service staff.

94 Australian Public Service Commission (2015, 23 October). Digital transformation in the APS. Retrieved from <https://stateoftheservice.apsc.gov.au/2015/10/digital-transformation-in-the-aps/>

95 Stephen Easton (2017, 2 August) Paul Shetler: forget high tech fantasies if you can't answer the phones. The Mandarin. Retrieved from <http://www.themandarin.com.au/82114-shetler-forget-high-tech-fantasies-cant-answer-phones/>

96 Australian Public Service Commission (2015, 23 October). Digital Transformation in the APS. Retrieved from <https://stateoftheservice.apsc.gov.au/2015/10/digital-transformation-in-the-aps/>

97 Australian Public Service Commission (2015, 23 October). Digital Transformation in the APS. Retrieved from <https://stateoftheservice.apsc.gov.au/2015/10/digital-transformation-in-the-aps/>

Recommendation 19: The Commonwealth strengthens the capability of the APS to offer stewardship and frank advice in the public interest by increasing the number of secure permanent jobs in the public service and increased funding.

Recommendation 20: The Commonwealth must ensure a public service that can deliver for the public and the community requires that the APS rebuild internal capacity through:

- a. Identifying public sector work that has been outsourced or contracted out and should now be brought back in house; and
- b. Identifying savings in the use of consultants and contractors, and then reinvesting those savings into rebuilding public sector capacity.

Diversity

The Australian Public Service should reflect the diversity of Australia's population. That diversity should be reflected at all classification levels. A diverse and inclusive APS is not only the right thing to do but benefits the public and the community. As Martin Parkinson has argued, *"the more we reflect the citizens we serve, the more likely we are to create citizen-centric policy that gets better outcomes for Australians."*⁹⁸

While the APS has commendably increased its focus on diversity and inclusion, much more work needs to be done. The APS still does not reflect the diversity of the wider Australian society, is lagging behind other jurisdictions and going backwards in other areas. The focus on diversity needs to include fostering a culture of inclusion among all employees.

Gender

While women comprise 59 per cent of the APS they are clustered at lower levels of the APS and under-represented in the SES at 41.4 per cent.⁹⁹ Women also experience an average gender pay gap of 8.4 per cent, which while lower than that across the community at large, remains a significant concern.¹⁰⁰

The Government has recognised that women are unrepresented at more senior classifications within the APS and released *Balancing the Future: Australian Public Service Gender Equality Strategy 2016–19*. The strategy identified implicit biases and less informal networking opportunities as barriers. It also highlighted that flexible work arrangements are rarely accessed by senior staff and seen as incompatible

98 Martin Parkinson (2017, 8 November). Martin Parkinson: the diversity business case for the APS. The Mandarin. Retrieved from <https://www.themandarin.com.au/85773-martin-parkinson-diversity-business-case-aps/>

99 Australian Public Service Commission (2018) Employment by Gender. Retrieved from <https://www.apsc.gov.au/employment-gender>

100 Australian Public Service Commission (2018, June) 2017 Remuneration Report. Retrieved from <https://www.apsc.gov.au/aps-remuneration-report-2017>

with leadership roles. The strategy recommended that agencies review current roles and adopt a 'flexible by default' approach.¹⁰¹

The CPSU conducted a Gender Equality campaign in 2017 including a survey of women and men working in the APS asking them to rate their agency against the APS Gender Equality Strategy. Key results include:

- 46.8 per cent considered their agency is demonstrating a commitment to workplace change as per the APS Gender Equality Strategy, while 35.1 per cent were unsure and 18.1 per cent considered their agency was not committed.
- 58 per cent of respondents were unsure if their agency had an action plan on gender equality, while 30.9 per cent said yes and 10.7 per cent no.
- '*Take-up of flexible work arrangements*' was the element of the strategy considered most relevant to their agencies, nominated by 58.8 per cent of respondents, followed by '*Driving a supportive and enabling workplace culture*' at 51.1 per cent.
- 30.5 per cent of respondents did not consider that '*Women and men have the same chance for promotion in this agency*'.
- A lack of work-life balance was nominated most highly as the main barrier to women becoming senior leaders, followed closely by masculine culture and practices.
- Only 20 per cent agreed that '*Men are actively encouraged to adopt flexible work arrangements in this organisation*' while more positively, 57 per cent agreed that '*I feel comfortable using the flexible work options that are available to me*'

CPSU members have also identified the disconnect between the APS Gender Equality Strategy and the Government's approach in bargaining from 2014-17 to reduce current family-friendly working conditions. The Department of Human Services bargaining team wrote in a previous submission:

'Women are 73 per cent of the total workforce of the department. The majority of staff (64 per cent) are employed at the APS3 and APS4 classification and have a salary range of \$56,069 to \$69,239, before tax.² The overwhelming majority (78 per cent) of the department's part-time workers, which make up 34 per cent of the total workforce, are employed at the APS3 and APS4 classification

*A significant majority of DHS staff (70 per cent) earn less than the average Australian wage.'*¹⁰²

101 Australian Public Service Commission (2016). Balancing the future: The Australian Public Service gender equality strategy 2016-19. Retrieved from <https://www.apsc.gov.au/balancing-future-australian-public-service-gender-equality-strategy-2016-19>
102 CPSU Department of Human Services Bargaining Team (2016, 28 October). Submission to Inquiry into the Impact of the Government's Workplace Bargaining Policy and approach to Commonwealth public sector bargaining

In outlining why employees on modest wages had felt forced to reject proposed enterprise agreements, leaving them under a pay freeze for over three years, they noted:

*'Under these cuts, a customer service officer who needs to leave work at 3pm to pick up her children from school, who has worked a 7:30am to 3pm roster for years in order to do this, has no guarantee that she will not be moved to a 9am to 5pm roster without having her preferences or needs considered. A casual staff member, employed as an "irregular or intermittent worker" despite having worked full time hours fulfilling an ongoing requirement for years, will have no control over his hours at all. CPSU members are telling their union they face having to leave their jobs if family-friendly rostering and consultation provisions are taken away.'*¹⁰³

Disability

Nearly one in seven working age Australians have a disability¹⁰⁴ but only four per cent (3.6 per cent) of the APS identifies as having a disability. While this has been an increase on previous years, proportionally, this is significantly lower than 4.2 per cent (5,210) in December 2002 and a bigger drop from 6.6 per cent in 1986.¹⁰⁵

While there is an APS Disability Employment Strategy 2016-2019¹⁰⁶, there are no APS-wide employment targets for people with disability while the state public services do have targets.¹⁰⁷ The organisation Vision 2020 has called for a disability employment target of 7 per cent for the APS by 2023.¹⁰⁸

Aboriginal and Torres Strait Islander workers

The most recent APSC data indicates that 3.3 per cent of the APS identifies as Indigenous,¹⁰⁹ meeting a target of 3 per cent by 2018 set by the Indigenous Affairs Minister, Nigel Scullion, in 2015.¹¹⁰ This is a marked improvement from when Indigenous employment fell to a low of 2.4 per cent in December 2006.¹¹¹ The majority of ongoing Indigenous employees, however, continue to be at lower classification levels and more needs to be done to promote Indigenous employees into senior positions.

103 CPSU Department of Human Services Bargaining Team (2016, 28 October). Submission to Inquiry into the Impact of the Government's Workplace Bargaining Policy and approach to Commonwealth public sector bargaining

104 Australian Bureau of Statistics (2016, 29 April). 4430.0.10.001 - Disability, Ageing and Carers, Australia: First Results, 2015. Retrieved from <http://www.abs.gov.au/ausstats/abs@.nsf/0/56C41FE7A67110C8CA257FA3001D080B?Opendocument>

105 Luke Michael (2018, 26 March) Government Called on to Employ More People With Disability in Public Service. ProBono Australia. Retrieved from <https://probonoaustralia.com.au/news/2018/03/government-called-employ-people-disability-public-service/>

106 Australian Public Service Commission (2016). As One: Australian Public Service Disability Employment Strategy.

Retrieved from <http://www.apsc.gov.au/managing-in-the-aps/disability/as-one-aps-disability-employment-strategy-2016-19>

107 Luke Michael (2018, 26 March) Government Called on to Employ More People With Disability in Public Service. ProBono Australia. Retrieved from <https://probonoaustralia.com.au/news/2018/03/government-called-employ-people-disability-public-service/>

108 Luke Michael (2018, 26 March) Government Called on to Employ More People With Disability in Public Service. ProBono Australia. Retrieved from <https://probonoaustralia.com.au/news/2018/03/government-called-employ-people-disability-public-service/>

109 Australian Public Service Commission (2018). Diversity. Retrieved from <https://apsc.govcms.gov.au/diversity-0>

110 Shalailah Medhora (2015, 11 November). Public service ordered to increase number of Indigenous staff. Guardian Australia. Retrieved from <https://www.theguardian.com/australia-news/2015/nov/11/coalition-reinforces-target-of-3-indigenous-public-servants-by-2018>

111 Data from public access APSEDii dashboard

Retention of Aboriginal and Torres Strait Islander employees would benefit from much greater cultural awareness and cultural competencies in the broader workforce. There is also a need to overcome barriers to Aboriginal and Torres Strait Islanders being promoted to senior positions and into roles outside Indigenous program areas and diversity positions.

Workers from a Non-English Speaking Background

While there have been improvements in diverse representation, the proportion of APS employees from a non-English speaking background in 2017 is the same as it was in 2012 (14.2 per cent).¹¹² Over that same period, Australia has become more culturally diverse, with estimates that less than three in five Australians are from an Anglo-Celtic background.¹¹³ It is clear that more needs to be done to improve the cultural diversity of the Australian Public Service.

Recommendation 21: A diversity strategy and gender equality strategy that ensures that the public service reflects the community should be implemented. This needs to include fostering a culture of inclusion among all employees and a focus on employment and retention strategies for workers suffering disadvantage. Supporting diversity and gender equality should be a key consideration in all Government public service policy.

Employer of choice

CPSU members strongly believe the APS should be an employer of choice to attract the best and brightest to work in the APS.

Government as an employer should be setting a gold standard example - not only meeting minimum standards but going above and beyond to strive for excellence, innovation and best practice as an employer.

Government should adopt modern and progressive work practices and set a high standard and best practice in employee relations and conditions of employment for employers.

The experience over the last few years, however, has been the exact opposite. Government has encouraged insecure work and conducted a harsh approach to enterprise bargaining, with a macro-economic impact of its restrictive wages policy.

112 Australian Public Service Commission (2018). Diversity. Retrieved from <https://apsc.govcms.gov.au/diversity-0>

113 Australian Human Rights Commission (2018, April). Leading for Change: A blueprint for cultural diversity and inclusive leadership revisited. Retrieved from https://www.humanrights.gov.au/sites/default/files/document/publication/Leading_per_cent20for_per_cent20Change_Blueprint2018_FINAL_Web.pdf

Attacks on public sector workers through bargaining

Wage growth has slowed in the Commonwealth in the last 5 years due to the Government's harsh approach to enterprise bargaining, attacking rights and conditions and suppressing wages through its bargaining policy.

The wages policy adopted by the Government for its public sector workforce impacts on the level of wages growth across the wider Australian economy. Low wage growth in the public sector directly contributes to low wages growth for the rest of the Australian workforce. This Government has previously acknowledged the role that its wages policy places in the broader economy, stating that *"the public sector is a large employer – its wage outcomes have a macroeconomic effect."*¹¹⁴

The Government's bargaining policy required removal of existing conditions and rights from agreements, whilst also prohibiting any improvements to existing agreements. This meant agencies were unable to genuinely negotiate and make reasonable offers to resolve bargaining in a timely manner. The Government's ban on 'enhancements' of any conditions meant important conditions like Family and Domestic Violence Leave were off limits for public servants despite the issue being a priority for Government.

In this last round of bargaining we witnessed multiple agencies seeking to remove important family friendly conditions which workers rely on to balance their work and family commitments. For example, in the Department of Human Services, the Government's largest agency, initial offers would have meant working parents in Centrelink, Medicare, Child Support could have been forced to work different hours on different days, including having hours changed while at work. The negative impact this change would have had on working parents with childcare arrangements and school aged children cannot be overstated. CPSU members have said if these cuts were imposed they would have had little option but to give up their jobs.

We also witnessed a strong attack on provisions protecting workers voice, from rights to representation to the capacity to have a say on decisions that would directly affect them.

The bargaining process to ensure that these aggressive cuts to long standing rights and conditions were taken off the table took years and significantly delayed settlements.

The Government's bargaining policy for the APS resulted in long term wage freezes, industrial action in the APS of a scale not seen in 30 years, over 250,000 votes cast against proposed enterprise agreements and an unnecessary drain on public sector resources. The human impact was immense, with many public servants expressing to the Senate Inquiry into Commonwealth bargaining the impact on themselves and their families of being denied a pay rise for over three years.¹¹⁵

114 Australian Public Service (2015, 7 August). Australian Government Public Sector Workplace Bargaining Policy. Retrieved from <http://www.apsc.gov.au/publications-and-media/archive/publications-archive/2014-workplace-bargaining-policy>

115 Community and Public Sector Union (2016, October). Submission to Inquiry into the Impact of the Government's Workplace Bargaining Policy and approach to Commonwealth public sector bargaining. Retrieved from <https://www.cpsu.org.au/resources/cpsu-submission-impact-governments-workplace-bargaining-policy-and-approach-commonwealth>

CPSU members are clear on the negative impact of the Government's industrial relations approach.

- Over nine in ten said that restrictions on consultations and the capacity for workers voices to be heard had a negative or strongly negative impact.
- CPSU members were almost unanimous that suppressing wages and cutting rights and conditions in bargaining and attacks on job security and restrictions protecting job security, with nine in ten saying it had a negative or strongly negative impact.
- Nine in ten said that the ongoing inequality and inconsistency in APS workers' pay and conditions within and across agencies continues to have a negative to strongly negative impact

Prior to this round of Commonwealth bargaining, enterprise agreements expired on 30 June 2014. At the commencement of bargaining, the restrictive wages policy imposed on the APS saw agencies table pay offers as low as 0 per cent and 0.8 per cent p.a. Subsequently a pay cap of 1.5 per cent p.a. was announced, which was revised to 2 per cent p.a. in November 2015, a year and a half after APS enterprise agreements had expired. At this time, 96 per cent of APS employees had had no new enterprise agreement and no pay rise.

Employees across the APS rejected proposed agreements as these reduced existing rights and conditions, while allowing no improvements. In particular the loss of family-friendly conditions for women and people with caring responsibilities was a key concern.¹¹⁶

Major APS agreements (ATO, DHS, and Defence) were not settled until the second half of 2017, with most APS employees waiting over three years for a pay rise. These agreements offered an average of 2 per cent p.a. pay increases over the three years of their operation, with no back pay for the effective wage freeze since bargaining commenced in 2014.

This means that real wages for most APS employees have gone backwards since 2013. From mid-2013 until mid-2016 APS the median base salaries for all APS and EL level employees only rose by an average of 0.6 per cent. In that time CPI increased by 5.5 per cent. From mid-2013 until mid-2017 when major APS agreements were settled, CPI increased by 7.4 per cent.

At the same time, Australian workers have experienced the lowest wage growth on record, with the wage price index ranging from 1.9 per cent to 2.3 per cent between June 2014 and September 2017. Low wage growth has been acknowledged as a significant economic problem and a drag on general demand and government revenue, including by the Treasurer Scott Morrison.¹¹⁷

116 Community and Public Sector Union (2016, October). Submission to Inquiry into the Impact of the Government's Workplace Bargaining Policy and approach to Commonwealth public sector bargaining. Retrieved from <https://www.cpsu.org.au/resources/cpsu-submission-impact-governments-workplace-bargaining-policy-and-approach-commonwealth>

117 Henry Belot and Matthew Doran (2017, 13 March). Low wage growth Australian economy's biggest challenge, Treasurer Scott Morrison says. ABC News. Retrieved from <http://www.abc.net.au/news/2017-03-13/scott-morrison-low-wage-growth-biggest-challenge-economy/8350032>

The 2018-19 Budget assumes that wage growth will suddenly rebound in coming years from the current 2.1 per cent¹¹⁸ to 3.5 percent per year¹¹⁹. The wage growth forecasts of 3.5 per cent are in stark contrast to the 2 per cent wage cap imposed by the Government's Workplace Bargaining Policy 2018.¹²⁰

The RBA Governor Philip Lowe has said that low wages are a key threat to economic growth and has suggested that workers' incomes need to rise¹²¹, and economist Saul Eslake has suggested that a lever available to address low wages is for the government to adjust the approach it takes to wages negotiations with its own employees.¹²²

Recommendation 22: The Commonwealth should be a model employer, negotiating fairly with its employees and their representatives for fair wages and employment conditions. The Turnbull Government's aim to undermine collective bargaining and to pursue individual contracts, evident in its new Workplace Bargaining Policy, must be abandoned.

Recommendation 23: Good faith bargaining at an APS wide level on core terms and conditions, including pay and a pay equity mechanism, should be introduced, with agreements continuing to be made at the Agency level.

Insecure work

In many industries, the idea of a permanent job seems almost non-existent. Non-ongoing employment is also a growing issue in the public service. The rate of non-ongoing employment in the APS has been steadily increasing in the APS. In 2007 there were 11,550 non-ongoing employees in the APS making up 7.4 per cent total APS employment. This number increased to 17,778 (11.4 per cent of all employees) in 2016.

The number of directly employed non-ongoing workers has declined slightly, to 14,097 (9.4 per cent) as significantly greater use of indirect insecure employment, such as labour hire and contractors, has increased dramatically in the last three years.¹²³ There is no justification for the use of Labour hire in public sector employment. It undermines workers' wages and conditions and costs agencies more than direct employment. Use of Labour hire should be abolished in the public sector.

118 Australian Bureau of Statistics (2018, 16 May). 6345.0 - Wage Price Index, Australia, Mar 2018. Retrieved from www.abs.gov.au/ausstats/abs@.nsf/mf/6345.0

119 Australian Government (2018, May). Budget Paper No. 1 Budget Strategy and Outlook 2018-19. Retrieved from <https://www.budget.gov.au/2018-19/content/bp1/index.html>

120 Australian Public Service Commission (2018, 6 February). Workplace Bargaining Policy 2018. Retrieved from <http://www.apsc.gov.au/priorities/workplace-relations/bargaining-policy-2018>

121 Jacob Greber (2017, 19 June). Workers must demand greater share of pie, says RBA governor Philip Lowe Read. Australian Financial Review. <http://www.afr.com/news/economy/workers-must-demand-greater-share-of-pie-says-rba-governor-philip-low-20170619-gwtxht>

122 Saul Eslake (2017, 4 October). Is faster profit growth essential for a pick-up in wages growth? The Conversation. Retrieved from <https://theconversation.com/is-faster-profit-growth-essential-for-a-pick-up-in-wages-growth-83819>

123 Australian Public Service Commission (2018, March). APS Statistical Bulletin: December 2017. Retrieved from <https://apsc.govcms.gov.au/aps-statistical-bulletin-december-2017>

Fixed-term employment is often used by employers to avoid the costs associated with standard employment conditions like leave and notice of termination. Although the Public Service Act limits the circumstances in which agencies may engage employees on a fixed term or fixed task basis, the CPSU has had many reports of workers on rolling non-ongoing contracts for many years performing core work of the APS.

Casual employment is often used as a tool to limit the employer's obligations, rather than to deal with temporary or intermittent variations in the patterns of work. In the broader workforce over half of all casuals are "permanent casuals" who have been employed in their current job for over a year and over 15 per cent of casuals have been in their job for more than five years.¹²⁴ ABS data shows that more than half of all casual employees would prefer ongoing work.¹²⁵

The use (or misuse) of casual employment in the APS has the effect of undercutting and employee rights and creating insecurity for large numbers of individual workers.

Labour hire as a replacement for permanent APS jobs shifts the risks posed by working life onto the workforce. Instead of fluctuations in workloads and changing priorities of the Government being managed by agencies reorganising their permanent workforce, the burden is put onto employees who face uncertainty about the availability of work. Given that these employees are generally not entitled to leave, the costs associated with illness and other unforeseen events which may prevent the performance of work, are being borne by workers and not the employer.

Labour hire employees are often described as second-class workers, performing the same work as permanent and non-permanent APS employees under inferior working conditions and a lower level of protection in the workplace. Labour hire workers do not enjoy the standard employment entitlements and conditions that attach to direct permanent employment.

Labour hire workers do not enjoy the benefits of the enterprise agreements that govern pay and conditions for the Agency that utilised their services. Instead they are usually engaged on the relevant Award on far inferior conditions. Labour hire workers cannot bargain for a collective agreement with the host employer or participate in bargaining for such an agreement. While labour hire workers can make a collective agreement with the labour hire agency (subject to the practical barriers which attach to their predominantly casual form of engagement), the agency is not the entity that on a day to day basis controls the work that they perform and the conditions under which and location where it will be performed.¹²⁶

Nor do labour hire employees get the benefit of many other entitlements that attach to APS employment such as flexible work arrangements, the ability to apply to APS jobs as an internal applicant and redeployment rights throughout the APS.

124 Australian Bureau of Statistics (2007). Employment Arrangements, Retirement and Superannuation, Cat 6361.0

125 Australian Bureau of Statistics (2010). Measures of Australia's Progress 2010: Casual Employees

126 ACTU (2017). Submission to Inquiry into the Fair Work Amendment (Protecting Vulnerable Workers) Bill 2017

Labour hire workers lack protections around job security and mistreatment. Labour hire engagements typically take the form of a triangular relationship (between the labour hire agency who acts as the employer, a host organisation and a worker) whereby the worker performs work for the host organisation but is employed by the labour hire agency. The standard view is that in the absence of a contract of employment between the worker and host, there is no employment relationship between the two. Further, it has generally rejected the idea that there could be more than one employer. Therefore, the standard view is that labour hire workers cannot make an unfair dismissal claim against a host employer, even where the host employer is the decision maker as to whether the worker will have a continuing job at the workplace or not.¹²⁷

General protections contained in the Fair Work Act 2009 (Cth) adapt poorly to the work situations of labour hire workers because in the main they protect the labour hire agency itself from “adverse action” rather than the workers the agency employs and makes available to workplaces.

Labour hire workers are less inclined to speak up about matters of concern to them as they understand that the decision to request that they no longer be supplied to the workplace can be made by the host employer at any time and may mean they have an uncertain period of time before another host engagement becomes available. The protections that labour hire employees do have against reprisals for speaking up can be hard to enforce given that it can be hard to prove the reason that further work is not made available. Also, workers may not be able to afford the period without an income for the time it takes to enforce those rights which can be significant where Federal Court applications are involved.

There is no good reason these situations should persist whereby two workers can work side by side in the same role yet one has a lesser standard of employment protection or a lower rate of pay. Yet, this is the current picture in the APS with labour hire workers. The CPSU notes there is significant work underway to reform and regulate labour hire workers by state governments, notably in Victoria and Queensland, however there is a distinct lack of action by the Commonwealth government. The CPSU is especially encouraged by reform recommendations such as providing labour hire employees the opportunity to be covered by enterprise agreements applying at a host’s workplace and reforming the labour hire sector, through the introduction sector-specific licensing schemes.¹²⁸

Recommendation 24: Use of labour hire should be abolished in the public sector. Community wide, measures should be taken to ensure that labour hire workers engaged in a workplace, however temporarily, have the same level of industrial protections, pay and conditions as the employees they work with, making it harder for employers to use labour hire arrangements to undermine enterprise agreements and the pay and conditions of its employees.

¹²⁷ *Arcadia v Accenture Australia* (2008) 170 IR 288, *Pettifer v Modec Management Services Pty Ltd* [2016] FWCFB 5243
¹²⁸ Anthony Forsyth (2016) *Victorian Inquiry into the Labour hire Industry and Insecure Work: Final Report*. Melbourne: Industrial Relations Victoria. Retrieved from <http://economicdevelopment.vic.gov.au/inquiry-into-the-labour-hire-industry>

Learning and development

A capable APS requires skilled, professional staff. The Moran Review recognised this and recommended that “every APS employee should undertake learning and development every year aligned with their career goals and capability gaps identified in performance agreements.”¹²⁹ Unfortunately, learning and development are often the first to suffer when budgetary pressures arise.

Three in five CPSU members do not believe the APS has the necessary skills and expertise to fulfil its responsibilities. Many members commented that there is a need for more training.

We need better resourcing for training to ensure staff do have the necessary skills to fulfil its responsibilities and deliver the required services to the public. I had 12 weeks when I entered the public service, training is now 6 weeks. And across agencies consistencies. My role as an objection officer is at an APS4 at child support, where a review officer at Centrelink is an APS6. We review exactly the same decisions, but Centrelink write a paragraph decision, we write a two page decision.

I joined DHS three years ago. I was thrown into Self Service, with no training, and left to fend for myself and educate myself to the best of my ability. I was then given basic Medicare training... this is the only time I have felt capable and confident... I could do this work with pride and efficiency. Then I was thrown into Centrelink work. No training. Learning Modules which in now way can substitute face to face or peer to peer training. I have struggles for the last 18 months and working hard to find employment outside of the Agency. Most of my colleagues feel the same. Yet the message from our Manager is that we are dispensable... we are just a number. The APS is going to suffer long term because of this attitude.

The CPSU’s biennial What Women Want survey, conducted in 2017, found that there continues to be a stark contrast between the availability of learning and development opportunities and the perceived attitude of management. While three quarters (76.9 per cent) of women saying that they believed management is supportive of training, only a quarter of women (26.3 per cent) are satisfied with their current career development opportunities. This is not surprising given that there has been limited training provided in the last year – 12.4 per cent reported that had received no training over that period, and a further 9.5 per cent had received less than a day of training. Just under a quarter (23.3 per cent) of women reported that they had received five or more days of training in the last year.¹³⁰

One in five (17.5 per cent) women applied for and were denied training. For the vast majority of these women (83.4 per cent), the training they applied for was directly related to their current role. Women were asked what reasons were given for training

129 Advisory Group on Reform of Australian Government Administration (2010, March) Ahead of the Game – Blueprint for the Reform of Australian Government Administration

130 Community and Public Sector Union (2018). 2017-18 What Women Want Survey Report. Retrieved from <https://www.cpsu.org.au/resources/what-women-want-report-2018>

being denied. The reasons included it was a decision of management (41.1 per cent), cost of training (31.7 per cent), staffing constraints (30.8 per cent), workload constraints (28.0 per cent) and/or budget pressures (21.8 per cent).¹³¹

The Government needs to provide sufficient resources in the budget for learning and development activities and require each Agency to allocate a minimum amount of their recurrent budget to learning and development to ensure sufficient resources. The Moran Report noted that most private sector employees invest between 3 per cent and 6 per cent of payroll on employee development, whilst in the APS some 48 per cent of Agencies reported spending less than 1 per cent of their annual budget on learning and development.¹³² Establishing a Learning and Development Committee (with CPSU representation) and also providing that all APS employees are entitled to access agreed learning and development opportunities each year are other measures that can be adopted.

Recommendation 25: The Commonwealth provides adequate funding for agencies to invest in training their workforce.

Merit

There has been increasing concerns that the merit-based employment principles of the APS are being eroded. A recent example was the employment of a program manager in the Industry Department using procurement rules, rather via a competitive recruitment round that APS employees could apply for.¹³³

The CPSU also notes the recent State of the Service report findings that APS employees report increased cronyism and green lighting. 5 per cent reported witnessing corrupt behaviour in 2016-2017, a significant increase from the 2.6 per cent who witnessed corruption in 2013-14, and the 3.6 per cent of respondents in 2014-15.¹³⁴ Cronyism was by far the most common form of corruption witnessed, accounting for almost two-thirds of all responses, followed by nepotism (26 per cent), and “green-lighting” (21 per cent), a term for decisions that improperly favour a person or company, or disadvantage another.¹³⁵

CPSU members have reported to their union that concerns about cronyism have increased as the numbers of contractors and consultants has increased – with the concern arising where contractors/consultants are seen to try to increase the numbers of their colleagues in the APS.

131 Community and Public Sector Union (2018). 2017-18 What Women Want Survey Report. Retrieved from <https://www.cpsu.org.au/resources/what-women-want-report-2018>

132 Advisory Group on Reform of Australian Government Administration (2010, March) Ahead of the Game – Blueprint for the Reform of Australian Government Administration

133 Public Eye (2017, 5 December). Job for the boy? The public service is giving up on the merit principle. We'll all regret it. Canberra Times. Retrieved from <http://www.canberratimes.com.au/national/public-service/job-for-the-boy-the-public-service-is-giving-up-on-the-merit-principle-we'll-all-regret-it-20171204-gzyg75.html>

134 Australian Public Service Commission (2018, 8 January). APS Values and the Code of Conduct. Retrieved from <https://stateoftheservice.apsc.gov.au/2018/01/aps-values-code-conduct-2/>

135 Australian Public Service Commission (2018, 8 January). APS Values and the Code of Conduct. Retrieved from <https://stateoftheservice.apsc.gov.au/2018/01/aps-values-code-conduct-2/>

Members have raised concern about the merit process through initiatives such as the creation of talent pools. Problems with nominated talent pools include nepotism, unconscious bias and secrecy. It can make merit selection a formality and can lock out others from opportunities.

A member cited the example of the Department of Environment which has run pilot talent pools since early 2016 that were not widely advertised in the Department. These talent pools have been used to give secondment and apply for other roles. Staff were nominated by division heads to that talent pool. One member commented that:

Nomination to join the talent pool can be perceived as a 'captain's pick' for preferential accelerated advancement, bypassing any merit processes that are fundamental to the APS Employment Principles. That's fine in a private sector organisation where the captain is responsible only to their shareholders, but the risks of nepotism need to be a specific consideration in any public sector adaption of such initiatives. They currently aren't.

While talent pools are not an inherently bad idea, they must need expectations about transparency, integrity and maintain the merit principle.

An improvement may be requiring recommendations from staff "below" them. The CPSU notes the use of 360-degree feedback in NSW Public Service performance framework. It would help minimise the risk of nepotism and ensure those in managerial positions have the skills required.

Recommendation 26: The Commonwealth ensures the merit principle of the Public Service Act is being applied to all recruitment decisions in the APS. Consideration should be given to re-establishing merit as an APS value, rather than just an employment principle.