



**Community and Public Sector Union
Submission:**

Independent Review of the APS

June 2018

Introduction

The CPSU welcomes the opportunity to make an initial submission to the independent Review of the Australian Public Service (APS).

The Community and Public Sector Union (CPSU) represents the people working in the Australian Public Service. We are committed to providing a strong voice for our members in key public policy and political debates.

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.

Public services are a cornerstone of society. All Australians rely on the work of the APS daily and because of this the community supports strong and effective public services that meet their needs. Public services should be user friendly, available everywhere and have enough staff who have access to the necessary technology to do their jobs.

However, 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 and outsourcing have eroded the Australian Public Service's ability to deliver fair outcomes for Australians.

The Government has cut 14,000 APS jobs and imposed an average staffing level cap, meaning a move away from direct employment and an increased use of contractors, consultants and labour hire. Essential skills are being lost, and the capacity and capability of the APS is being hollowed out. Government funding is being squandered on expensive external providers, often with no direct accountability and a lack of transparency. In most cases this work would be done better, more efficiently and more effectively by directly employed staff.

There are significant, additional submissions on that the CPSU has previously submitted to parliamentary inquiries. These have been included as attachments in this submission.

Further engagement with the Review

This is an initial submission from the CPSU and we look forward to further engagement with the Review.

The CPSU is currently surveying APS members and staff to inform a further, more detailed supplementary submission to the APS Review. This further submission will include comments on our concerns with the limited scope of the Terms of Reference for the APS Review.

We note that at this stage, the submission process is the only mechanism for formal engagement with the review. We submit that it is essential that the Review panel create further opportunities for formal engagement, including opportunities for further submissions.

APS capability to meet core responsibilities and deliver functions

The CPSU's submission to the Joint Committee on Public Accounts and Audit's (JCPAA) inquiry based on Auditor General's report No.19 (2017-18) provides a careful examination of the increased use of consultancy and non-consultancy services in the APS and the drivers for its use. The submission to the JCPAA is available at <https://www.aph.gov.au/DocumentStore.ashx?id=6886139f-418d-4d8c-851f-4305b370aee8&subId=564011> and is commended to you as Attachment A to this submission.

Job cuts - The Government's slashing of 14,044 APS jobs between 2013 and 2017 is identified as a key driver for the rise in consultancy expenditure and the number of consultancies for the provision of specialised and professional skills. The CPSU submits these changes give rise to the capability gap created by deep cuts to the APS, and also makes observations on the false economy of public service cuts – as the work of professional APS employees is being replaced by expensive external providers.

ASL cap - A key driver for the increased use of non-consultancy services in the APS is the average staffing level (ASL) cap introduced by the Coalition Government as part of the 2015-16 Budget to keep general government sector employment levels (excluding military and reserves) at or below 2006-07 levels (167,596).¹ The practical effect of the ASL cap is while agencies have the funding, including new program funding, to hire additional staff, the cap is forcing them to avoid any direct employment of additional staff and instead engage casuals, hire contractors and use labour hire to do work normally performed by permanent APS employees. The submission provides examples of the impacts of the cap including in DSS, ATO, AWM, CDPP, DHS, AIHW, AIATSIS, DoD, DHA and NDIA. Importantly the Productivity Commission has recommended the Government remove the cap in NDIA which is still building institutional expertise and capability.

Effects on APS capability and capacity – The observation has already been made of the false economy of public service cuts – as the work of professional APS employees is replaced by expensive external providers. However, the other hidden trade-offs are the loss of specialist capability and service delivery experience. The submission provides case studies of DHS, DIBP and ABS to illustrate how the professional and technical capacity of agencies is eroding with decisions to outsource core functions.

A transparent and accountable APS that performs and engages with risk

The CPSU's submission to the Independent Review into the Public Governance, Performance and Accountability Act and Rule outlined the need for enhanced reporting to provide the public greater accountability and transparency, improved performance information through involving staff and a better engagement with risk. The submission is available at https://www.cpsu.org.au/system/files/cpsu_submission_to_pgpa_act_review.pdf and is commended to you as Attachment B to this submission.

Reporting on non-APS employment and executive remuneration -There needs to be enhanced reporting on the use of contractors and consultants and executive remuneration in annual reports. There should be consistent service-wide obligations on agencies to report expenditure and the number of non-APS employees (inclusive of contractors, consultants and labour hire) as part of the total entities' workforce in annual reports. Agencies should also include executive remuneration comparisons with the rest of the APS workforce including compared to the average and minimum incomes in their agency.

Performance framework – agencies should provide performance information that is relevant, reliable and complete. There should also be a general obligation to involve frontline staff in developing and monitoring performance information. Staff are uniquely placed to provide input into how public services can be improved and ameliorate risk when addressing the complex issues faced.

Risk management – developing a culture that engages effectively with risk requires appropriate learning and development opportunities and a supportive performance and management culture for employees. There needs to be recognition that innovation and engaging with risk

¹ Commonwealth of Australia (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

involves the possibility of failure. Performance management processes should not be applied punitively or else it will lead to a risk adverse workforce and limit innovation.

APS preparedness to deploy technology and data to drive improvement

The CPSU's submission to the Senate Inquiry into the Digital Delivery of Government Services explains how government service standards are not meeting community expectations and that the implementation of technological and digital solutions have been driven by budgetary pressures. The submission to the Senate inquiry is available at <https://www.aph.gov.au/DocumentStore.ashx?id=4e33fe02-379d-47b9-87f3-92ca41cab7b5&subId=560895> and is commended to you as Attachment C to this submission.

Digital transformation - Too often digital transformation is seen simply as a means to cut costs and respond to budgetary pressures. The CPSU submits there is tendency by government and agencies to reap savings upfront, before they have been realised, or, even worse, to turn funds earmarked for reinvestment into revenue savings.

The practice of realising savings ahead of service delivery and ICT changes being embedded is a key barrier to achieving effective digital delivery of government services. This has been exacerbated by a reliance on external contractors that has created critical issues with capability and cost.

The submission outlines that providing world class digital services should be the Government's goal and it requires rebuilding internal capacity and providing associated funding.

Modern APS – an employer of choice

The CPSU's submission to the Senate Select Committee on the Future of Work and Workers outlines how the current Commonwealth Government, as an employer, has not sought to make the APS an attractive place to work for skilled employees who want to develop innovative policy solutions to the complex challenges the nation faces and deliver essential public services to the community. Instead, it has engaged in a deliberate effort to decrease permanent employment and increase insecure employment, with implications for accountability and the quality of services. The Government's restrictive wages policy has suppressed wages for APS workers while also having a negative macroeconomic impact.

The submission to the Senate Select Committee is available at <https://www.aph.gov.au/DocumentStore.ashx?id=2b084af0-61d0-46cc-9f3d-260033a57cf7&subId=564120> and is commended to you as Attachment D to this submission.

Insecure work - There has been a concerning increase recently in the number of Australian Public Service agencies making use of 'casuals', outsourcing and labour hire contractors to perform work previously undertaken by permanent public servants. The Commonwealth Government is increasingly relying on these methods to engage workers at the expense of quality, permanent jobs. The reality is that public service workplaces today include people working for a number of different entities or organisations, sub-contractors and labour hire firms – all working side by side. The result is permanent public servants now work alongside insecure workers who receive vastly disparate pay and conditions but perform very similar work. There is little to no transparency about how extensive the increased use of contractors, consultants and labour hire workers is in the APS and the conditions on which they are engaged.

Accountability and the quality of services – The increase in outsourcing has major implications for both the accountability of and quality of services. The nature and extent of accountability and transparency distinguishes 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.² Public accountability and transparency are eroded if services are no longer delivered by public servants.

Wage suppression – The Government’s 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 2018.³ Public servants care deeply about the service they provide to the Australian community and they want to work positively and effectively with agencies to develop and improve those services. The value of their service is denigrated by a harsh bargaining approach as employees are effectively being shut out.

The wages policy also directly contributes to low wages growth for the rest of the Australian workforce. This Government has previously acknowledged the role that its wages policy has in the broader economy, stating that *“the public sector is a large employer – its wage outcomes have a macroeconomic effect.”*⁴

Conclusion

The CPSU believes the Government’s review of the APS to be important for the future direction of the APS.

The Review should act as a catalyst for action to repair the Government’s damaging policy decisions, setting a path for good government with a strong and well-resourced Australian Public Service to better support our democracy, serve our communities, and inspire public servants of the current decade and the next to want to contribute to public purpose.

² 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

³ Australian Public Service Commission (2018, 6 February). Workplace Bargaining Policy 2018. Retrieved from <http://www.apsc.gov.au/priorities/workplace-relations/bargaining-policy-2018>

⁴ 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>