



**Government
of South Australia**

Department of the Premier & Cabinet

REVIEW OF THE OFFICE FOR THE COMMISSIONER FOR PUBLIC EMPLOYMENT

JUNE 2004

Table of Contents

Chapter	Page
EXECUTIVE SUMMARY	4
1 Introduction	5
1.1 Review Team.....	5
1.2 Terms of Reference.....	5
1.3 Process for Preparation of the Report	6
2 General Observations.....	7
2.1 Recent trends in the Public Sector	7
2.2 Critical Issues Facing the Public Sector.....	7
2.3 The Employment Framework.....	8
2.3.1 Role of the Commissioner for Public Employment	9
2.3.2 Role of the Chief Executives	10
2.4 Role of the Office for the Commissioner for Public Employment	10
2.5 Comparisons with other Jurisdictions	12
2.6 The Challenges Ahead	13
3 The Governance Framework.....	15
3.1 Role of the Premier.....	15
3.2 Employment and Remuneration Committee	16
3.3 Chief Executive, Department of the Premier and Cabinet	17
3.4 Commissioner for Public Employment	17
3.5 Office of Human Capital Development	18
4 Functions of the Office of Human Capital Development.....	19
4.1 Becoming an employer of first choice.....	19
4.2 A renewed strategic focus	20
4.3 Monitoring and reviewing personnel management practices	21
4.4 Size of the Office.....	22
4.5 Providing advice on personnel management issues	22
4.6 Public Sector Induction	24
4.7 Entry Level Recruitment	25
4.8 Developing and issuing directions and guidelines on personnel management	25
5 General Government Employment Practices.....	27
5.1 Performance Appraisal for Chief Executives	27
5.2 Executive Recruitment	29
5.3 Non-Executive Recruitment	31
5.4 Workforce Management	33
5.5 Appeals Against Administrative Decisions	34
6 Building Capacity in Human Capital Management	36
6.1 Performance Appraisal	36
6.2 HR Capacity in Administrative Units.....	36
6.3 Leadership Development	38

6.4	Employee Mobility	38
6.5	Improved Management of Excess Employees	40
7	Appendices.....	42
	Appendix 1: Summary of Recommendations	42
	Appendix 2: List of Parties Consulted in the Preparation of the Report	46
	Appendix 3: Public Service Act 1999 (Section 10 - APS Values)	50
	Appendix 4: Arrangements in other jurisdictions.....	51
	Appendix 5: Summary of PSM Act Determinations & Commissioner's Circulars	58
	Appendix 6: Recruitment Charts	61

EXECUTIVE SUMMARY

This Report has been commissioned as part of a strategy to address concerns that the Public Service is slow to implement government policy and, in particular, its existing human resource management systems may be contributing to this apparent tardiness.

The Commissioner for Public Employment and the Office for the Commissioner for Public Employment are entrusted with the responsibility of being the State Government's human resource advisors.

The State Government faces a number of challenges over the next five to ten years. Of significance, in the context of this Review, is the ageing profile of the Public Sector and the need to redesign and update human resource management practices in the Sector.

The recommendations of the Report are based on the following themes:

- the Public Sector needs to become a values-based, independent and adaptive institution which is an employer of first choice
- the State Government needs to champion the Public Sector and overtly lift the profile of human resource management within the Sector
- the systems of employment between the government and its employees should, as much as possible, be flexible, simplified and standardised
- Chief Executives of Administrative Units should be empowered to fully manage their business and staff, with associated accountability and governance systems
- the Commissioner for Public Employment needs to be the protector of institutionalised merit principles and responsible for the monitoring of those principles
- the organisation that supports the Commissioner for Public Employment needs to be independent of the Department of the Premier and Cabinet and focused on strategic whole-of-government human resource management issues
- a commitment to performance management as the key to successful implementation of government objectives and continuous improvement.

The recommendations contained in this report are designed to address a number of significant risks that are confronting the South Australian Public Sector. There is a long history of these matters being raised with governments, with few substantive reforms being implemented. It is time to make a step forward in a series of necessary reforms that are required for the sector to become responsive and adaptive in the future.

Without strategic intervention, the Public Sector will face a substantial reduction in its capacity and capability to respond to the needs of government. A central agency, devoted to human resource management, must:

- position the Public Sector as an employer of first choice
- be strategically focused
- monitor and review human resource management issues across the sector.

A summary of recommendations is presented in *Appendix 1*.

1 Introduction

1.1 Review Team

In March 2004, the Premier commissioned a review of the Office for the Commissioner for Public Employment (OCPE). Philip Speakman and Rod Payze undertook the Review with assistance from staff from a range of Administrative Units who were seconded to the Department of the Premier and Cabinet, namely:

- James Burston
- Helen Doyle
- Ian Phillips
- Andrea Roberts.

A Reference Group provided broad direction for the Review, comprising:

- Steve Marshall, Chief Executive, Department of Education and Children's Services (Chair)
- Robert Freeman, Chief Executive, Department of Water, Land and Biodiversity Conservation
- Bill Cossey, Acting Chief Executive, Department of Justice
- Brett Rowse, Deputy Under-Treasurer, Department of Treasury and Finance
- John Bastian, Member, Economic Development Board.

In preparing this report, the Review acknowledges cooperation and support from:

- Jeff Walsh, Commissioner for Public Employment
- Jan Andrews, Deputy Commissioner for Public Employment
- staff of the OCPE.

1.2 Terms of Reference

The delivery of the Office for the Commissioner for Public Employment's (OCPE) functions are to be reviewed.

- 1) *Investigate the arrangements under the Public Sector Management Act in South Australia for the delivery of OCPE's functions including those for:*
 - i) *developing and issuing directions and guidelines on personnel management*
 - ii) *providing advice on personnel management issues*
 - iii) *monitoring and reviewing personnel management practices*
 - iv) *making determinations on appointments to positions*
 - v) *conducting reviews of personnel management practices*
 - vi) *investigating or assisting in the investigation of matters in connection with the conduct or discipline of employees.*

Particular attention should be paid to recruitment and employee development processes and OCPE's role in change management and structural change processes, including transfer of employees. The workforce relations functions in DAIS are not included.

In addition, the Review should consider the extent to which powers are delegated to Administrative Units and the conditions on which they are issued.

- 2) *Consider arrangements in other governments and the private sector for delivery of human resources policies to identify scope for improved arrangements in South Australia.*
- 3) *Recommend changes which will lead to more effective and efficient human resource management for a contemporary Public Sector, including identification of roles that should continue to be performed by OCPE, those that should change and those that could be more effectively performed elsewhere (either through delegations or transfer to another body, such as the new Public Sector Reform Unit).*

1.3 Process for Preparation of the Report

In preparing this report, information was sourced from:

- interviews with key stakeholders (eg Chief Executives of Administrative Units, Chairpersons of the Economic Development Board and the Social Inclusion Unit)
- interviews with the Commissioner for Public Employment and staff of the OCPE
- liaison with the Commissioner's counterpart in a number of other jurisdictions in Australia
- literature research and reviews of the arrangements in overseas jurisdictions (eg Canada, New Zealand and the United Kingdom)
- workshops with senior managers from a number of Administrative Units.

This review was undertaken during the period May - June 2004. The recommendations made in this report were developed as a result of analysis of:

- qualitative data provided by the contributing parties
- existing published quantitative data and internal records.

Whilst this Review addresses the broad employment framework of the Public Sector, it does not address the broader issue of efficient delivery of government services and responsiveness to community expectations.

A list of parties who contributed to the Review is presented in *Appendix 2*.

2 General Observations

2.1 Recent trends in the Public Sector

South Australia's Public Sector has undergone considerable change over the last ten to fifteen years. There has been a significant reduction in the total number of employees and outsourcing of certain functions and services, aimed at achieving greater efficiency and flexibility in government. The business of government and the role of the Public Sector have changed such that it is unlikely the Public Sector will return to its previous proportions. Achieving more with less necessitates a confident, well-skilled and cohesive Public Sector with a 'can do' attitude¹.

The Economic Development Board observed:

...the number of State public servants has fallen from 97,000 FTEs in 1992 to 69,770 FTEs in 2002 and this significant downsizing has not always resulted in greater degree of efficiency and effectiveness in the delivery of public services.²

There has been a demand for improved Public Sector governance in line with trends for improved corporate governance in the private sector. Governments are increasingly demanding a more responsive Public Sector that adapts and implements policy quickly and efficiently.

2.2 Critical Issues Facing the Public Sector

The Public Sector has a pronounced demographic imbalance, namely:

- the median age of the SA Public Sector is 43.6 years
- the median age for ongoing employees in Administrative Units is 45.4 years
- in 2010, approximately 47% of the workforce of Administrative Units will be more than 55 years in age.

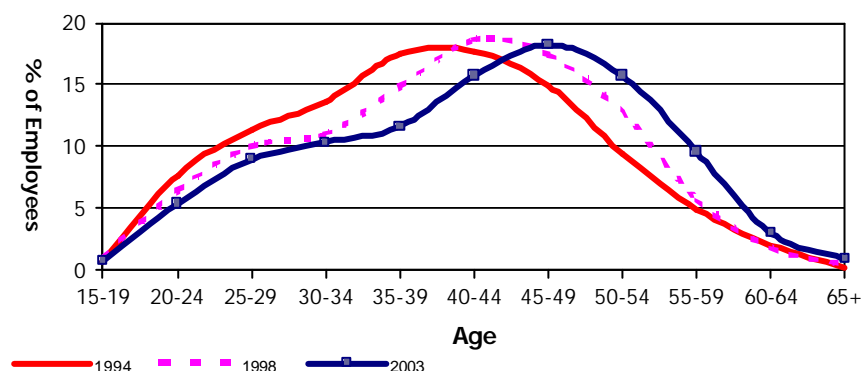


Figure 1: Age Profile of the South Australia Public Sector Workforce at Five year Intervals June 1994, June 1998 and June 2003

¹ J.Fahey, G Crafter, R Payze 'Public Sector responsiveness in the 21st Century: A review of South Australian Processes' May 2002

² Economic Development Board 'A Framework for Economic Development in South Australia Our Future. Our Decision' May 2003

In the next five to ten years, there will be a significant retirement of employees, which will result in the loss of a disproportionate body of corporate knowledge and skill from the Public Sector. Without strategic intervention, the Public Sector will face a substantial reduction in its capacity and capability to respond to the needs of government.

Over recent years, the Public Sector has allowed its investment in human capital to wain in light of a tighter fiscal environment. Consequently, there has been a diminution of:

- the level of experience and skill in human resource management in Administrative Units
- investment in training and development
- its capacity to respond quickly to a rapidly changing environment.

2.3 The Employment Framework

The *Public Sector Management Act 1995* (PSM Act):

- defines the aims and standards of the Public Sector
- establishes the South Australian Public Service
- sets the structure and governance systems, plus workforce management procedures, for the Public Service.

The PSM Act distinguishes between the Public Sector and the Public Service. Not all of the provisions of the PSM Act apply to the Public Sector, however, all Public Sector employees are required to observe the general Public Sector aims and standards (Part 2 of the PSM Act).

The South Australian Public Sector is comprised of:

- 19 Administrative Units, employing approximately 48,000 employees (the 'Public Service')³ - this figure includes around 30,000 employees who are not Public Servants but are employed under various specialist pieces of legislation (eg teachers and police). Consequently, there are approximately 18,000 Public Servants.
- 86 other Public Sector organisations, employing around 37,000 employees (comprised of public corporations, other statutory bodies established under individual Acts of Parliament, and organisations which are under control of government).

As at June 2003, the Public Sector comprised approximately 85,500 employees, representing 12.1% of all persons employed within South Australia at that time.

The governance structure for the Public Service, set out in the PSM Act, is established through Administrative Units, their Chief Executives and the Commissioner for Public Employment. The Act provides the framework for appointments to the Public Service and the determination of general employment conditions and arrangements.

³ South Australian Public Sector Workforce Information at June 2003

The fundamental problem with the PSM Act relates to the distinction between the Public Sector and the Public Service. This creates a number of anomalies and inconsistencies which give rise to many of the problems identified in this Report. Examples of this include the:

- lack of authority of Chief Executives in the Public Service in relation to the termination of employment (as discussed in Chapter 6 of this Report)
- number of administrative appeal mechanisms and their disparate operation across employee groups (as discussed in Chapter 5 of this Report)
- inability for Public Servants to appeal a termination decision by the Governor, which is in contrast to the many Public Sector employees who have access to the unfair dismissal provisions of the *Industrial and Employee Relations Act 1994* (as discussed in Chapter 5 of this Report).

Whilst it was not envisaged in the Terms of Reference that amendment to the PSM Act would be necessary, a number of recommendations will require legislative change in order to be implemented effectively. The PSM Act should be the fundamental building block of a contemporary Public Sector. It is timely for a review of the legislation to ensure it continues to be progressive.

The values of the Public Sector are stated in various sections in the PSM Act and the Code of Conduct. Recent changes have strengthened honesty and accountability provisions of the PSM Act, particularly relating to the duty of Administrative Units to report:

- unauthorised interests in Administrative Units
- involvement in unauthorised transactions
- conflict of interest.

These provisions apply broadly to public sector employees and members of advisory bodies.

One of the important recommendations in this review is the need for the development of a values-based culture. These values should be clearly particularised in the PSM Act, as is the case in section 10 of the *Commonwealth Public Service Act 1999*, which is presented in *Appendix 3*.

2.3.1 Role of the Commissioner for Public Employment

Section 22 of the PSM Act outlines the functions of the Commissioner for Public Employment. The independent statutory position maintains an oversight of the human resource management practices in the Public Service. The position also sets standards for the Public Sector.

The functions of the Commissioner for Public Employment include:

- developing directions and guidelines relating to personnel management matters in the Public Service

- providing advice on personnel management issues
- monitoring and reviewing personnel management and industrial relations practices
- making binding determinations as to the cases or classes of cases in which selection processes will not be required to be conducted for appointments to positions in the Public Service
- conducting reviews of personnel management or industrial relations practices as required by the Minister or on the Commissioner's own initiative
- investigating or assisting in the investigation of matters in connection with the conduct or discipline of employees
- performing any other functions assigned to the Commissioner under this Act or by the Minister.

The Commissioner may delegate many of these functions.

2.3.2 Role of the Chief Executives

The Governor, on advice from the Premier, appoints Chief Executives to efficiently manage the Administrative Units of the Public Service. They are appointed on a contract with the Premier, for a period of up to five years with various terms and conditions of employment, including performance appraisal.

Chief Executives are responsible to their respective Ministers for the:

- effective management of the Administrative Unit and the conduct of its employees
- the attainment of performance standards set by the Minister
- achieving the general aims of the Public Sector (which includes responsiveness, flexible responsive system design, valuing people, effective and efficient management of resources and continuous improvement)
- ensuring that the Administrative Unit contributes to the attainment of the government's objectives consistent with legislative requirements.

The Chief Executives have many delegated human resource powers from the Commissioner for Public Employment.

2.4 Role of the Office for the Commissioner for Public Employment

The Commissioner for Public Employment is supported by the Office for the Commissioner for Public Employment (OCPE). The PSM Act, however, does not specify that there must be an Office for the Commissioner for Public Employment.

The OCPE budget for 2003-04 is \$9.738 million, comprising 53.9 FTEs⁴. A further 10 FTEs are seconded to the OCPE, with their positions funded by their respective Administrative Units.

The principle roles of the OCPE are to:

- provide leadership in human resource management throughout the Public Sector
- protect the integrity of the Public Sector and improve the capability of its workforce.

The OCPE has four units, which undertake the following functions:

Workforce Management

- Public Sector workforce strategies
- Public Sector workforce planning
- information management, monitoring and reporting
- policy and advice on the PSM Act, Regulations and Commissioner's PSM Act Determinations
- Public Sector redeployment policy and coordination (including management of the Unattached Unit)
- separation policy and coordination
- notice of job vacancies and external job advertisement coordination and
- grievance investigation and resolution.

Workforce Development

- Public Sector workforce capability development
- Public Sector graduate recruitment
- Indigenous scholarships
- Aboriginal Consultancy Project
- Public Sector performance management
- diversity, ethics and values
- competency frameworks.

Strategic Advice

- executive employment and remuneration policy and advice
- coordinates Ministerial staff appointment and employment conditions
- consultancy services on Public Sector organisational design, operational review and classification

⁴ OCPE Budget information provided by OCPE for the 2003/2004 financial year.

- equity and diversity policy and advice (including the Indigenous Employment Strategy)
- manages relationship agreements with agencies.

Corporate Support

- support for the Commissioner
- administrative, human resources, financial, information technology and communication coordination support for the Office
- a comprehensive information and reference service for OCPE, DPC, Department of Treasury and Finance and for Public Sector Management Program students.

2.5 Comparisons with other Jurisdictions

Details of OCPE equivalents interstate and their respective responsibilities are set out in *Appendix 4*.

There appear to be two basic approaches, namely:

- OCPE equivalents in Victoria, Western Australia and Tasmania have a strong focus on monitoring and auditing of human resource management and employment practices. In these jurisdictions, the respective Department of the Premier and Cabinet usually undertakes issues such as workforce planning and training and development.
- OCPE equivalents in ACT, NSW, QLD and the Australian Government are responsible for defining the strategic policy framework and/or implementing a range of key initiatives, which may include some monitoring aspects.

In all jurisdictions, there has been a general trend toward the empowerment of chief executives to fully manage their organisations, offset with countervailing accountability and auditing mechanisms.

In Australia, direct comparisons across jurisdictions are difficult due to incompatible structural arrangements and methods of data collection. For example, in Victoria the number of Public Service employees does not include education and health sector employees. In South Australia, however, the Public Service includes teachers and police. Notwithstanding these disparities, the OCPE appears to have more employees relative to the size of the Public Service to which it relates⁵. This is illustrated in Figure 2.

⁵ Comparisons with other jurisdictions are difficult as the employees contained in the description of the Public Service varies. However, even taking into account the variations between jurisdictions, it appears that the South Australian OCPE is relatively large.

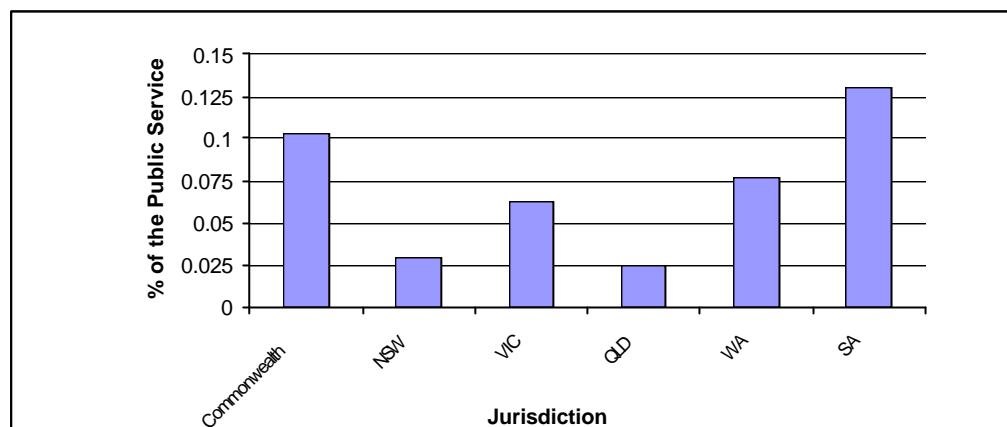


Figure 2: OCPE Equivalent as a Percentage of the Relevant Public Service

The review considered a number of overseas jurisdictions. In the United Kingdom, Canada and New Zealand significant Public Sector human resource management reforms are being implemented regarding:

- accountability and governance
- performance management
- competency based employment systems
- enhanced training and development programs
- administrative dispute resolution.

The purpose of these reforms is to establish a more responsive Public Sector that is capable of quickly implementing the changing policy demands of Government.

Further details regarding each of these jurisdictions are presented in *Appendix 4*.

The recommendations contained in this report incorporate the key features of other jurisdictions, both in Australia and overseas.

2.6 The Challenges Ahead

Increasingly, the Public Sector is required to implement whole-of-government policy that cuts across the traditional portfolio boundaries. It necessitates a Public Sector with the following traits:

- professional
- accountable
- independent
- frank and fearless
- collaborative
- multi skilled
- flexible

- responsive
- continuously improving
- cooperative
- strategically focused
- outcome driven.

A risk analysis⁶ identified five significant risks facing the Public Sector in the next five to ten years, namely:

- inadequate governance and accountability frameworks
- continuation of the current Public Sector human resource management practices
- insufficient Public Sector employees in key areas
- an imbalance in the skills of the Public Sector necessary to meet its future obligations
- inflexible employment systems

All of these risks have significant negative consequences and a high probability of occurrence.

Implementation of the recommendations contained in this report will reduce the negative consequences and likelihood of the risks identified and lay the foundation for a future South Australian Public Sector, which is responsive and adaptive to the ever-changing landscape. It will ensure that the sector is a value-based organisation that contributes to South Australia by providing services that are both highly valued by the public and the government of the day.

The Public Sector must be viewed by employees as an 'employer of choice' and respected in the community for its impartial advice. The recommendations of this report will serve to strengthen the Public Sector and lead to a robust and independent contributor to the South Australian community.

⁶ Undertaken pursuant to South Australian Risk Management Policy Statement (September 2003) and Australian and New Zealand Standards 4360/99

3 The Governance Framework

The Public Sector is experiencing difficulty in the timely implementation of State Government policy and in its response to the critical issues of the day. It appears the vigour and vitality of the implementation of new policies is being lost because of the structural inertia of the Public Sector.

The Review acknowledges that government services are being adequately delivered at the present time. The Review believes, however, that significant improvements leading to enhanced efficiencies, can still be achieved.

The Economic Development Board (EDB) recognised the important contribution that the Public Sector plays in developing the State's potential and highlighted the urgent need to redress the systemic structural, managerial and cultural deficiencies in this key sector.

Earlier calls for reform and reinvigoration of the Public Sector have not been implemented in their entirety. The successful implementation of the State Strategic Plan rests upon an energised and refreshed Public Sector.

Reform of the Public Sector must be addressed. A deliberate and explicit strategy is required to rejuvenate the Public Sector and to fashion a culture that is positive, creative and less risk adverse. It will require an injection of new talent at all levels and the creation of a strong and robust values-based culture.

3.1 Role of the Premier

RECOMMENDATION 1 The Premier should continue to champion the role and value of the Public Sector.

The rejuvenation of the Public Sector requires the wholehearted commitment of the State Government. It is essential that the imprimatur for reform of the Public Sector comes with an appropriate level of authority within the State Government. The reforms recommended in this Review can only succeed if accompanied by decisive leadership from the Premier of South Australia.

The Fahey review stated:

'it is important for the Premier, as the leader of the Public Sector, to take every opportunity to reaffirm the fundamental role and value of the Public Sector'.

The Review strongly supports this proposition.

The Premier has already taken the lead as the champion of the Public Sector through commissioning this Review. The involvement of the Premier will signify to all South Australians the importance and urgency of reform.

3.2 Employment and Remuneration Committee

RECOMMENDATION 2 The Premier should establish a Cabinet Committee, entitled *Employment and Remuneration Committee*, to determine recruitment levels and remuneration policy for the Public Sector.

The Public Sector needs consistency in remuneration policies to ensure that South Australia is well placed to attract the best employees. Owing to the highly competitive labour market, any remuneration policy must ensure that employment in the South Australian Public Sector is attractive on a national basis.

Through various Determinations, the Commissioner has set the employment and remuneration policy for the Public Sector, including for executives. This has resulted in a degree of consistency across the Administrative Units. The prescriptive nature of these Determinations has, however, been a source of tension between the Commissioner and Chief Executives of Administrative Units. In relation to executives, it has furnished a belief within the OCPE that it is 'the gate-keeper', protecting the State of a blowout in executive recruitment and remuneration. Such an arrangement, however, does not represent sound governance.

Pursuant to section 10(c) of the PSM Act, the Premier is responsible for determining remuneration and other benefits for Chief Executives as part of their contract of employment. The State Government should have sole responsibility for determining broad recruitment and remuneration policy for the Public Sector, which covers executive and non-executive employees.

The Review recommends that the proposed Employment and Remuneration Committee be comprised of the Premier, the Treasurer and the Minister for Industrial Relations, with appropriate support from their respective Chief Executives and the Commissioner for Public Employment. The role of the Committee would be to:

- formulate a consistent, whole-of-government employment and remuneration framework
- determine remuneration arrangements for Chief Executives
- set broad parameters for the employment of executives, including appropriate pay ranges
- ensure consistency in remuneration and adherence to merit and equity principles across the Public Sector.

The role of the Commissioner for Public Employment would be to monitor compliance with the policies set by the Employment and Remuneration Committee and to provide advice on the Public Sector employment framework as required (refer to *Recommendation 17*).

3.3 Chief Executive, Department of the Premier and Cabinet

RECOMMENDATION 3 The Chief Executive, Department of the Premier and Cabinet (DPC), should be responsible for the implementation of whole-of-government policies and initiatives.

As outlined above, the rejuvenation of the Public Sector will require vigorous leadership and the championing of both the role and value of the Public Sector in a market based, democratic society.

The Chief Executive of DPC should complement the actions of the Premier in the ongoing development of the Public Sector.

In addition, the role of the Chief Executive, DPC, should include:

- leading and monitoring implementation of whole-of-government policies and programs (eg the State Strategic Plan)
- facilitating the development of a whole-of-government culture across the Administrative Units
- assisting in the annual performance appraisal of Chief Executives (as outlined in *Recommendation 16*).

It is recommended that the Chief Executive, DPC, as the State's most senior public servant, be given the imprimatur to champion the reforms recommended in this Review and provide strong and robust leadership of the Senior Management Council.

3.4 Commissioner for Public Employment

RECOMMENDATION 4 Retain the statutory role of Commissioner for Public Employment.

The Review received widespread support for the retention of the statutory role of the Commissioner for Public Employment, pursuant to section 19 of the PSM Act. There is a clear need for the Commissioner to actively and enthusiastically promote the principles of merit and equity, as well as champion the creation of a strong, robust, values-driven culture in the Public Sector. The Commissioner should report directly to the Premier.

3.5 Office of Human Capital Development

RECOMMENDATION 5 Create a new Administrative Unit entitled the *Office of Human Capital Development (OHCD)* to support the express powers of the Commissioner for Public Employment.

The Commissioner for Public Employment requires appropriate resources in order to effectively implement the express functions of the position, pursuant to section 22 of the PSM Act. A focused, high calibre organisation must support the Commissioner.

The Review believes that an independent Administrative Unit must support the independent Commissioner. Presently, the OCPE must vie against other divisions of DPC for the allocation of resources. Having the OCPE as a division of DPC creates a perception that the functions of the Office may not be autonomous. In addition, the name of the Office is narrow in its focus and it does not clearly and effectively portray its functions and authority.

It is recommended that the OCPE be superseded by a new Administrative Unit, entitled *Office of Human Capital Development (OHCD)*. The new name will signify the strategic focus upon leadership and development of the Public Sector's most valuable resource, its employees. The functions and size of the Office are discussed in detail in Chapter 4.

RECOMMENDATION 6 The Commissioner for Public Employment shall perform the functions of Chief Executive, *Office of Human Capital Development (OHCD)*.

The Review believes that in addition to the functions expressed in section 22 of the PSM Act, the Commissioner shall perform the role of Chief Executive, OHCD. Such an arrangement would ensure clear lines of accountability in the administration of the PSM Act. The Chief Executive would report directly to the Premier. This will increase the status, authority and presence of the role of the Commissioner across the Public Sector.

4 Functions of the Office of Human Capital Development

The OHCD must provide leadership in the modernisation of the Public Sector by encouraging innovation and best practice in Public Sector management. This will require OHCD to be at the forefront of Public Sector management theory and practice, with a significant capacity in research, analysis and policy development. This new Administrative Unit must:

- position the Public Sector as an employer of first choice
- be strategically focused
- monitor and review human resource management issues across the sector.

4.1 Becoming an employer of first choice

RECOMMENDATION 7 The Commissioner for Public Employment, through the OHCD, should promote the Public Sector as an employer of first choice.

The Public Sector has lost its mantle as an employer-of-choice. It does not present an attractive image to many prospective employees.

Existing efforts to promote employment in the Public Sector as an attractive career opportunity have been ad hoc, inconsistent and uncoordinated. As a whole, the Public Sector needs to rebuild its reputation as an efficient, effective and highly skilled workforce. In order to build the necessary capacity to address complex public administration issues, a future Public Sector must be regarded by prospective employees as an employer-of-choice.

The Review notes recent changes to the PSM Act that strengthen honesty and accountability requirements of employees, including changes to the employee conduct standards. This is a positive step forward.

The South Australian Public Sector must establish itself as an exemplary manager with a values-driven culture. To achieve this, the Commissioner for Public Employment and the OHCD must vigorously promote the aims and standards, pursuant to Part 2 of the PSM Act, to all internal and external stakeholders.

It is proposed that OHCD undertake regular communication campaigns to:

- market the Public Sector to potential future employees, for example through career expos and promotional activities to schools, universities and other places of learning
- generate greater understanding in the community as to the role of the Public Sector in a democratic, market-based economy.

Neither the Commissioner nor the OHCD can achieve this Recommendation on their own. It requires a commitment from the State Government, Chief Executives, and all Public Sector employees.

4.2 A renewed strategic focus

RECOMMENDATION 8 The OHCD to focus upon strategic research and analysis leading to policy development and high-level human resource management advice.

Currently, the OCPE is too involved in an array of 'day-to-day' operational human resource management matters. A number of submissions were provided to the Review regarding the OCPE's excessive involvement in areas such as executive recruitment and employment, external advertising of vacant positions, redeployment and Targeted Voluntary Separation Packages (TVSPs).

The work program of the OCPE does not instil confidence that it is adequately addressing the key human resource management issues of the day (for example, strategic workforce planning, ageing of the workforce, monitoring and reporting, and Public Sector reform).

The OCPE must reposition itself as an enabling organisation, which assists the Public Sector in meeting the changing demands of government.

The core functions of the OHCD should be:

- strategic advice and policy development underpinned by rigorous research and analysis
- providing assistance in the appointment of Chief Executives
- monitoring human capital management in agencies
- whole-of-government human capital development including development of standards and guidelines, training and development needs analysis, development of competency standards and the maintenance of a training provider registry
- whole-of-government graduate recruitment
- the appointment of an Authority to manage grievances and disputes.

With a renewed customer focus on providing strategic advice on best practice human resource management, a central library service should be maintained in the OHCD. All Public Sector employees should have access to this service to assist them in building human resource capacity across their respective Administrative Units.

4.3 Monitoring and reviewing personnel management practices

RECOMMENDATION 9 The OHCD should enhance its capacity to regularly monitor and review human resource management practices.

The OCPE's current monitoring and reviewing practices include:

- an annual *South Australian Public Sector Workforce Information Report*, which provides information on the structure, size, composition and trends of the sector
- OCPE's Annual Report
- ad hoc surveys such as the *2003 Workplace Perspectives Survey* to determine the 'health' of the sector.

The OCPE does not appear to undertake any systematic monitoring of the observance of the personnel management standards or guidelines issued by the Commissioner. The Commissioner does not use sanctions, including suspension of delegations, to reprimand Administrative Units for any failure to adhere to the Determinations.

Monitoring and reviewing of trends in the Public Sector is undertaken passively through gathering statistics and generating reports. There is no clear linkage between data collected and policy development. Furthermore, insufficient resources are assigned to addressing some of the most significant issues facing the Public Sector (i.e. one ASO3 is assigned to strategic workforce planning / ageing workforce).

The OHCD must improve its capacity to effectively monitor and review personnel management practices. The account management model, described in *Recommendation 12*, will assist in the implementation of this recommendation.

The OHCD must also ensure that its monitoring and evaluation techniques are statistically valid and robust. The OHCD has a clear opportunity to support Administrative Units in long-term workforce planning.

To enact this recommendation, the OHCD should retain a pool of high calibre staff to undertake 'climate surveys' and other census, interpret data, develop strategies and monitor compliance with the Determinations and statutory obligations.

Consideration should be given to interstate models where monitoring is a key responsibility of the equivalent OCPE. For example, a key function of the Victorian Office of Public Employment is to promote, monitor and report annually upon the application of the public sector conduct and employment principles.

In Western Australian, the Office of the Public Sector Standards Commissioner undertakes agency audits and sector-wide thematic reviews to monitor compliance. The Commissioner is also required to report on compliance with human resource principles and standards and ethical principles and codes.

Implementation of this recommendation will ensure effective compliance with the merit-based principles as defined in the PSM Act.

4.4 Size of the Office

RECOMMENDATION 10 Resource the OHCD to undertake the key functions recommended in the Report.

To reflect the more strategic focus of the OHCD, there is considerable scope for a reduction of the size of the OCPE. As discussed in chapter 2.5, the OCPE is relatively large as compared to its counterpart in other Australian jurisdictions.

To undertake the aforementioned functions, the OHCD should comprise of approximately 20-30 highly skilled and motivated staff. In addition, specialist staff could be seconded on a short-term basis to implement specific projects and programs. The Department of the Premier and Cabinet should continue to provide corporate services (eg payroll and IT) to the OHCD.

4.5 Providing advice on personnel management issues

RECOMMENDATION 11 The OHCD must adopt a strong customer service culture.

The Review heard that the quality of advice from the OCPE was narrow in focus and couched in terms of minimizing risk to government. Administrative Units are seeking advice that contains a range of options and an assessment of any of the associated consequences, with the responsibility for determining a course of action resting with the Chief Executive of the Administrative Unit.

Workforce Development was considered to provide customer service by actively listening to customers and targeting services to address the areas of customer need. In contrast, Workforce Management was considered unresponsive to customer needs and seen by many as a hindrance.

In order to achieve a customer-focused service, the new OHCD must adopt a continuous improvement model in service delivery, including appropriate monitoring mechanisms. The account management model, described in *Recommendation 12*, will assist in improving the customer service culture in the new OHCD.

RECOMMENDATION 12 The OHCD to implement an 'account management' model to improve communication and collaboration with Administrative Units.

The OCPE's current level of interaction and communication with agencies is ad hoc. The OCPE is not good at communicating its strategies to key personnel and the broader Public Sector. In most instances, the formation of ongoing relationships with staff from OCPE is dependent on the relevant agency personnel initiating and maintaining contact. This results in the ineffective promulgation of the good programs and practices developed by OCPE.

In some cases, there is no personal contact between Administrative Units and OCPE personnel. Many staff in the Administrative Units simply do not know whom to contact in OCPE. Consequently, the Commissioner and Deputy Commissioner field a distractingly large number of direct enquiries. A single point of contact would be beneficial for all parties.

The OCPE does not have the capacity to garner an in-depth knowledge of the core business needs of Administrative Units. Consequently, the advice provided by the OCPE can be viewed as lacking in depth and quality. The phrase *'they don't understand our business'* was encountered by the Review on a regular basis.

It is envisaged that the 'account manager' would be responsible for 3-4 Administrative Units. The key functions of the account manager could include:

- acting as the first point of contact in OHCD for all advice
- providing clear lines of communication for the promulgation of Commissioner's Determinations, standards and guidelines
- identifying stakeholder needs in relation to human capital development.

A comparison can be drawn with Department of Treasury and Finance, whereby, each Administrative Unit has an account manager who acts as the first point of contact on all financial matters. These officers have an in-depth knowledge of the Administrative Unit for which they are responsible and can provide authoritative advice as required. The Cabinet Office, DPC, employs a similar model with respect to Cabinet matters.

The proposed account manager positions would need to be staffed by senior, highly skilled human resource practitioners who possess a broad range of experience.

The benefits of this approach include:

- a more proactive role for the OHCD in establishing and maintaining relationships with Administrative Units
- streamlining and improving communication between all Administrative Units and the OHCD
- more effective promulgation of Determinations and other initiatives
- enabling the Commissioner more time to focus on high level issues.

The OHCD should develop a communication strategy to ensure the most effective mechanism and format is adopted to communicate with all stakeholders in the Public Sector.

4.6 Public Sector Induction

RECOMMENDATION 13 The OHCD shall develop a professional induction program for all new recruits to the Public Sector, with refresher courses provided on an ongoing basis.

Currently, the induction of new Public Sector employees is ad hoc. Generally, induction programs tend to be focused on matters that are specific to an Administrative Unit and to the position itself, rather than whole-of-government matters.

The Fahey Review noted that a significant number of Public Sector employees did not appreciate the broader aspects associated with their employment in the sector. In particular, there was a limited appreciation of the ethics, the standards of behaviour, the principles that underlying Public Sector management and the interface with the political processes of government.

Recommendation 101 of the Fahey Review stated that:

'the Commissioner for Public Employment ensure that all new Public Sector employees are inducted within a consistent framework'.

A number of documents are available outlining the requirements of employees, for example, the *Code of Conduct for South Australian Public Employees* and the *Guideline on Ethical Conduct*. These documents, however, have tended to merely gather dust on the bookshelf.

The OCPE should be commended for implementing the SA Public Service Graduate Development Program.

The Review believes there is clear need for OHCD to facilitate a whole-of-government induction program to engender an *esprit de corp.* in the Public Sector. The induction program should address the values, ethics and standards of behaviour applying to the sector. This program would not replace agency-specific induction programs. All existing employees should be given similar complementary training and refresher courses which are provided on an ongoing basis.

4.7 Entry Level Recruitment

RECOMMENDATION 14 The OHCD shall facilitate whole-of-government entry-level recruitment and retention programs.

The demographic profile of the Public Sector needs urgent redress on a whole-of-government basis. Without a strategic and coordinated recruitment program, the Public Sector will continue to be deprived of high quality employees that are essential to ensure a skilled, dynamic and responsive sector. Yet, there is intense competition from the private sector and other public sectors for graduates and other entry-level recruits, which will necessitate targeted recruitment programs in shortage areas.

To its credit, the OCPE has implemented a range of initiatives to redress the demographic profile of the Public Sector, including the Graduate Recruitment Program. These initiatives should continue. However, whilst the program achieved its recruitment objectives, it is important to improve on the retention rate to ensure that the Public Sector has the skills for the future. Some graduates have been seen merely as 'cheap labour'. As for long-term workforce planning for the Public Sector, Chief Executives must give due regard to the formal appraisal and retention of graduates.

The Commissioner has a clear role in promoting the Public Service as an employer-of-choice, offering a diverse range of exciting and rewarding career opportunities in an organisation renowned for its values-based culture.

The role of the OHCD should be to:

- place appropriate advertisements
- receive and acknowledge application packages
- process applicants' details into a database and distributing the database to Public Sector agencies

Administrative Units should be responsible for short-listing, interviewing and selecting applicants.

This recommendation will ensure a coordinated approach and greater efficiencies in whole-of-government recruitment and ensure the Public Sector is consistently marketed as an employer-of-first-choice.

4.8 Developing and issuing directions and guidelines on personnel management

RECOMMENDATION 15 Review the number of Determinations and their prescriptive tenor.

Pursuant to sections 22 and 30 of the PSM Act, the Commissioner can issue directions and make binding Determinations. In recent years, the Commissioner has rationalised the number (and extent) of the Determinations,

from almost 100 to 30. Notwithstanding this rationalisation, however, there is still widespread concern about the large array of Determinations, as well as their prescriptive nature. An inventory of Determinations and circulars is presented in *Appendix 5*.

The recommendations in this report may render some Determinations as obsolete. All Determinations should be reviewed having regard to the recommendations of this report, with a critical assessment of their continuing relevance, reducing their level of prescription and ensuring they reflect industry best practice.

The Determinations must embody and reflect Public Sector workforce policies and the personnel management standards of the PSM Act. Determinations should set the broad strategic framework while enabling Chief Executives the flexibility to meet their Administrative Units' needs. The OHCD must undertake appropriate monitoring to ensure the compliance of Determinations by the Administrative Units.

The Review recognises that in some instances, the difficulty is not the Determinations *per se*. Rather, some Administrative Units with less experienced human resource personnel, are relying on outdated rules-based documentation to support their human resource practices. There is a need to improve the human resource capability of human resource units and managers across the board. This matter is addressed in *Recommendation 26*.

5 General Government Employment Practices

The Review strongly endorses the philosophy of performance appraisal. It is the foundation stone of good personnel management practice. Despite the clear benefits of regular performance appraisal and numerous attempts in the past decade to introduce it to the Public Sector, its adoption remains patchy. To fulfil its potential, the Public Sector must embrace performance management, which commences with the Chief Executives and is championed by the Premier.

5.1 Performance Appraisal for Chief Executives

RECOMMENDATION 16 The Premier to undertake an annual performance appraisal with the Chief Executive of each Administrative Unit.

Pursuant to section 10 of the PSM Act, Chief Executives are contractually obliged to meet performance standards set by the Premier, in consultation with the Minister responsible for the Administrative Unit. In practice, however, the adoption of a formal performance appraisal process between Ministers and their Chief Executive(s) has not been uniformly adopted across the Public Service. A number of Chief Executives stated that their respective Ministers preferred regular but informal discussions.

The Review believes that without the involvement of the Premier, the uptake of performance management will continue to languish in the Public Sector. The failure to establish a culture of performance appraisal will jeopardise many of the reforms identified in this Report and undermine the Public Sector's ability to deliver on the State Strategic plan.

The Review recommends that the performance appraisal of Chief Executives must be based upon (1) performance management and (2) certification of performance. Such an approach would mirror that utilised by the Public Service in Victoria, the Australian Government and the South Australian Water Corporation. The most attractive features from these systems are:

- the preparation of a formal performance appraisal report
- the active role of the Premier, DPC and the Commissioner for Public Employment
- certification of performance.

Presently, Chief Executives do not provide certification regarding their Administrative Unit's compliance with statutory obligations for the management of human resources. This is in contrast with the annual certifications regarding finance and occupational health, safety and welfare⁷.

⁷ Workplace Safety Management in the Public Sector 2004-2006 – Implementation Plan

Performance Management

The Review strongly endorses the recognition of performance appraisal pursuant to section 10 of the PSM Act. It is recommended that, on an annual basis, the Premier, in consultation with the respective Minister, establish for each Chief Executive, a series of specific and measurable goals concerning the implementation of:

- the State Strategic Plan
- other whole-of-government policies
- portfolio priorities.

The Premier would review the performance of Chief Executives against the goals and objectives for the preceding year. In doing so, the Premier may seek input from the:

- relevant Minister (regarding portfolio outcomes)
- Chief Executive, DPC (regarding whole-of-government objectives)
- Under Treasurer, Department of Treasury & Finance (regarding budgetary outcomes)
- Commissioner for Public Employment (regarding human resource management)
- Chief Executive, Department for Administrative and Information Services (regarding occupational health, safety and welfare).

The process of performance appraisal must be explicit and transparent to all parties. It must take into account the training and development needs of each Chief Executive. This may involve training opportunities to bolster skill suites and enhance long-term career development.

Following the performance review, the Premier may wish to consider that for:

- satisfactory performance – a range of rewards including recognition, development opportunities and remuneration enhancement
- unsatisfactory performance – a range of sanctions including formal rebuke, remuneration loss, withdrawal of delegations and termination of employment
- other measures as deemed appropriate.

The issue of performance-based remuneration for Public Servants remains a highly contested notion. The Review recommends that the focus of the State Government should be to firstly embed a culture of performance management in the Public Sector.

Certification of Performance

Certification of performance regarding human resource management will ensure a higher degree of accountability by Chief Executives. It is recommended that, on an annual basis, Chief Executives will provide a report to the Chief Executive, DPC, certifying compliance with statutory obligations in relation to:

- Human Resource Management
- Occupational, Health, Safety and Welfare
- Financial Management

The Commissioner would monitor compliance and the enabling performance management system, which would inform the Performance Appraisal Report. This could be facilitated through the Account Manager relationship (see *Recommendation 12*).

5.2 Executive Recruitment

RECOMMENDATION 17 The Chief Executive shall be responsible and accountable for the recruitment and remuneration of all employees, including executives, to their respective Administrative Unit

There is a compelling need to rejuvenate the Public Sector. Yet, the processes for both executive and non-executive selection and remuneration are cumbersome, convoluted and time consuming. Executive recruitment processes are a source of tension between the OCPE and Chief Executives. Presently, pursuant to Determination 1, *Executive Employment*, a Chief Executive requires the approval of the Commissioner to:

- create a position
- appoint an individual to a position
- appoint an individual to a position without merit based selection
- increase remuneration above the 'indicative' level
- amend the position title
- assign executives or non executives within an Administrative Unit to executive level positions for a period greater than six months
- provide of a non-standard vehicle
- amendment to the classification of an executive (ExB – ExF)
- terminate an executive contract.

These issues are presented diagrammatically in *Appendix 6*.

All Chief Executives believe that Determination 1 constrains their autonomy to recruit and remunerate employees to their respective Administrative Units. The view of Chief Executives is encapsulated in the comment:

'I am responsible for a multi-million dollar budget, yet I can't give an employee a \$5,000 pay rise. What's more, I have to seek permission to recruit members of my executive team.'

Further, OCPE was found to be:

- rule bound and process driven
- unduly involved in operational issues.

A reconciliation of roles is needed to address the differing perspectives. There must be a balance between Chief Executives seeking greater autonomy in appointing executives and government budgetary limitations.

The OCPE believes that, if left to their own devices, Chief Executives would preside over a blowout in the number of executives appointed and their associated cost. New South Wales is cited as an example where the number and cost of executives increased significantly when Chief Executives were fully empowered to make these decisions. The formation of the proposed Employment and Remuneration Committee would mitigate this risk.

Examples were also furnished to the Review, which indicated that on occasions, the process for executive recruitment has been protracted. Considering the highly competitive nature of the employment market, it is critical that all selection processes be conducted in the most professional manner. Given the compelling need to rejuvenate itself, the Public Sector can ill afford to lose high quality candidates as a result of the poor management of the selection process.

The implementation of this recommendation will:

- ensure that Chief Executives are fully accountable for the recruitment and remuneration of all employees within their respective Administrative Units, subject to the policies determined by the Employment and Remuneration Committee
- ensure that Chief Executives are accountable for the professional standing of selection processes and panels.

RECOMMENDATION 18 All executives to be employed on an ongoing contract of employment, which has a clear focus on performance management.

Employees are entitled to security of employment, subject to the position being available and the proper discharge of duties by the employee. Any contract of employment should be based upon a framework of robust performance management, with the identification of clear goals and sanctions for poor performance.

Pursuant to section 34 of the PSM Act, a person may be appointed as an executive for a period up to five years, with a right of 'fall back' to their previous position should their executive contract not be extended.

The Review recommends that executives should be appointed with an ongoing contract of employment. The contract should include clear and unambiguous performance objectives and an appropriate termination clause for unsatisfactory performance. The performance of the executive should be assessed annually through a rigorous performance appraisal process against these objectives. The executive would have rights to appeal any dismissal under the unfair dismissal provisions of the *Industrial and Employee Relations Act 1994*.

The Review recommends that this be applied to all new executive appointments and at the time of renewal of existing appointments.

Implementation of this recommendation will:

- align the Public Service with present day employment practices and community expectations
- lead to improved performance and output from executives
- improve the flexibility of Administrative Units, enabling the reconfiguration of their business units in response to current and future demands.

5.3 Non-Executive Recruitment

RECOMMENDATION 19 Upgrade the Classification Standards to reflect a contemporary Public Sector.

In 1991, the Commissioner issued a suite of Classification Standards, which outlined the agreed remuneration structures and processes for fixing remuneration levels. These Standards, which constitute a Determination pursuant to Section 30(1) of the PSM Act, currently comprise four volumes. Since their issue, only minor amendments have been instituted.

The Classification Standards system is moribund and redundant. It is a significant causal factor to the human capital management issues confronting the Public Service. Although there are four major streams (administrative, professional, operational and technical), approximately 70% of employees are now covered by the Administrative Services stream.

The rigid classification system and its rules pertaining to remuneration has resulted in:

- cumbersome and unwieldy Job and Person Specifications
- the fostering of a culture of job demarcation, which hampers flexibility and mobility in the Public Sector
- an environment where managers are unable to appropriately reward the contribution of their staff, particularly those with specialist technical knowledge

- a culture that achieves recruitment outcomes with disregard to the merit principle.

The Classification System must be overhauled as a matter of urgency, which may require additional resources.

RECOMMENDATION 20 All recruitment and selection processes to utilise competency-based Position Description.

Currently, the Job and Person Specifications, which form the basis of the selection of employees to the Public Service, is based upon outdated Position Information Descriptions (PIDs). The PIDs, which comprise part of the aforementioned Classification Standards, are obsolete and moribund.

Job and Person Specifications, which form the basis of the recruitment process, are often written in a manner to achieve a predetermined outcome, thereby subverting the principle of selection on merit. Furthermore, they are often written in a manner that encourages job demarcation, thereby conspiring against a culture of mobility and flexibility.

The Commissioner and the OCPE are, however, to be commended for the formulation of 'competency frameworks' for executive and middle level positions. Competency frameworks have been used in the recent recruitment process for the Department for Families and Communities. This reform should be continued to ensure a competency framework exists for all positions. In turn, all recruitment and selection processes must be based upon competency based Job and Person Specifications.

The advantages of implementing this recommendation would be:

- minimum competency standards are entrenched across in the sector
- improved flexibility and mobility
- increased professionalism within the Public Sector.

RECOMMENDATION 21 All vacancies (of duration of greater than 12 months) to be advertised in the external media.

The Public Service has a profound demographic imbalance, which is a result of the cumulative impact of the policy decisions of previous governments. This imbalance has profound implications for the provision of high quality and timely advice to the government of the day and the implementation of its policies. It is imperative to boost the Public Sector's capability and capacity through the recruitment process.

Accordingly, the Review believes that all positions, of duration of more than 12 months, must be advertised in the external media. In doing so, the State Government can be confident that all endeavours have been made to ensure that the best person is recruited to the position. The Commissioner should be commended for the recent developments in this area.

To enact this recommendation, the OHCD would engage a service provider to undertake the advertisement of all positions in both the print and web based media. The arrangements would be similar for that currently used in relation to 'non-campaign' advertising. This arrangement would not, however, preclude Chief Executives from utilising specialist personnel recruitment companies for executive or senior non-executive positions, as they deem appropriate.

The implementation of this recommendation would:

- redress the Public Sector's demographic imbalance
- ensure a steady stream of 'new blood' into the Public Sector
- improve mobility between the private and Public Sectors.

5.4 Workforce Management

RECOMMENDATION 22 Amend the PSM Act to ensure consistency between the Public Sector and the Public Service in relation to dismissal provisions and appeals processes.

Pursuant to Part 8 of the PSM Act, there are several processes that can lead to the termination of employment:

- conduct and discipline
- excess employment
- mental incapacity
- unsatisfactory performance.

For Public Service employees, the final step in terminating the employment of an individual requires the assent of the Governor. This provision does not apply to the Public Sector at large, thereby creating unnecessary complexity and inequity between the employment rights of Public Servants as compared to other Public Sector employees.

The Review believes that the involvement of the Governor in the Public Service issues (such as termination) is an unnecessary encumbrance on the Chief Executive of an Administrative Unit.

The PSM Act provides its own appeals mechanism, which does not include a right of appeal to the *Industrial and Employee Relations Act 1994*. Public Servants should have the same rights as other Public Sector employees in relation to the unfair dismissal provisions under the *Industrial and Employee Relations Act 1994*.

It is important to offset the Review's recommendations that empower Chief Executives in relation to termination of employment by enabling employees to seek redress under the unfair dismissal provisions of the *Industrial and Employee Relations Act 1995*.

The implementation of this recommendation will lead to uniformity and simplification in employment arrangements across the Public Sector.

RECOMMENDATION 23 The Commissioner for Public Employment should formulate strategic whole-of-government policies and guidelines in relation to workforce management.

Pursuant to Part 8 of the PSM Act, a range of inquiries can be undertaken in relation to conduct and discipline. Two key concerns were raised, namely:

- the disparity in the capability and capacity of Chief Executives and their delegates in carrying out inquiries
- inconsistencies in the application of sanctions.

The Chief Executive (or delegate) must have the requisite competency to undertake investigations. Early intervention by Chief Executives will also assist in the resolutions of cases and help avoid costly and protracted appeal processes.

The Commissioner should provide specialist advice to Chief Executives and publish practical guidelines and facilitate training sessions for Administrative Units in relation to the application of best practice dispute resolution mechanisms.

The recommendation would enable a level of uniformity with respect to process and outcomes, more expeditious handling of investigations whilst leaving the primary responsibility and accountability with the Chief Executive of the respective Administrative Unit.

5.5 Appeals Against Administrative Decisions

RECOMMENDATION 24 Establish a single authority to hear appeals against promotion and administrative decisions by Chief Executives.

The Review is aware of concerns in relation to the efficacy of the tribunal system, which is established under the PSM Act. Presently, some Chief Executives may be subject to multiple avenues for instigating grievance appeals. For example, the Department of Education and Children's Services (DECS) has staff employed under the:

- PSM Act
- *Education Act 1972*
- *Children's Services Act 1985*
- common law.

Each basis for employment has its own individual grievance handling mechanisms. The grounds upon which an appeal can be lodged vary between the four classes of employees.

The Review has recommended that Chief Executives be granted full responsibility and accountability for the management of human resources within their respective Administrative Units. Appropriate safeguards must be instituted, however, to ensure that the issues of grievance handling, natural justice, merit and equity are applied uniformly across the Public Sector.

The Public Sector Reform Unit (PSRU) should give consideration to amending the PSM Act to create a single authority (eg an Administrative Appeals Authority) to ensure a uniform mechanism for dealing with grievance issues pertaining to promotion and administrative appeals. Reference should be given to the models such as *Public Service Act 1999* (Commonwealth), the South Australian Police Complaints Authority and the South Australian Ombudsman.

The implementation of this recommendation will:

- improve uniformity and consistency across in the Public Sector in relation to appeal processes
- safeguard natural justice, merit and equity.

6 Building Capacity in Human Capital Management

6.1 Performance Appraisal

RECOMMENDATION 25 Establish a strong culture of performance management across the Public Sector.

The *2003 Workplace Perspectives Survey* found that:

- 50% of employees had a performance management discussion with their supervisor in the last 12 months
- 26% had not had a performance management discussion at all
- 51% did not believe that their manager was committed to the performance development process.

These findings support similar issues raised in both the EDB and Fahey Reports. The Review concurs with these findings – the adoption of performance appraisal across the Public Sector is patchy.

The reforms recommended in this Report are predicated upon the creation and fostering of a strong culture of performance management. Appropriate accountability measures must be put in place to support continuous improvement and a focus on the achievement of whole-of-government goals.

In recognition of the importance of performance management, the Commissioner produced Determination 10, *Managed Performance*, which establishes a framework for performance management within the Public Service. In addition, the Commissioner has developed a suite of tools, which comprise the 'performance management supermarket'. Of its own, these noteworthy developments will not, however, be sufficient to nurture a culture of performance appraisal across the sector.

Performance feedback is an integral component, not a substitute, for sound human resource management practice. The creation of a performance-based culture necessitates, however, the implementation of mandatory, competency-based training for all employees in performance management.

6.2 HR Capacity in Administrative Units

RECOMMENDATION 26 Chief Executives to inject appropriate resources to boost the skills and capacity of their respective HR units.

The deficiencies of both the current Determinations and the OCPE are compounded and exacerbated by a decline in the resourcing and capacity of human resource units within Administrative Units. The unwieldy and prescriptive procedure for employment to a non-executive position, expressed in Determination 2, *Recruitment and Employment of Non-Executive Employees*, is shown diagrammatically in *Appendix 6*.

Those Administrative Units with less experienced human resource personnel have, by default, become overly reliant upon outdated rules-based documents to support their human resource practices. Accordingly, there is a tendency for the human resource units of these Administrative Units to be overly rule bound, process driven (e.g. 'ticking the boxes') and risk averse.

Chief Executives have championed the need for significant reforms to the OCPE to deliver improvements in workforce flexibility and mobility. Chief Executives need to match these aspirations with appropriate resourcing and rejuvenation of their respective Human Resource units.

RECOMMENDATION 27 Chief Executives to improve the skills of all managers in relation to human capital development, in particular performance management, through certified training programs and coaching.

The *2003 Workplace Perspectives Survey* identified a range of deficiencies in the capacity of managers pertaining to human capital development. These skill deficiencies will adversely impact upon a number of key recommendations in this Review, including recruitment, performance management, plus grievance and appeals processes.

It is not possible to overstate the importance of developing the human capital development skills of all managers. The rejuvenation of the Public Sector will be dependant upon the actions of all employees. This task needs to be addressed with vigor by all Chief Executives.

RECOMMENDATION 28 Regularly rotate staff between OHCD and Administrative Units.

The human resource capacity of Administrative Units has diminished over the past twenty years. At the same time however, human resource issues have become more complex. The recommendations of this Review are predicated on the development of a close working relationship between the OCHD and Administrative Units.

To complement the aforementioned recommendations, the Review proposes that OHCD staff be rotated periodically to Administrative Units to ensure:

- ongoing transfer of human resource knowledge, experience and skill across the Public Sector
- improving human resource capacity and capability throughout the Public Sector
- more effective dissemination of information into an organisation
- mentoring of less experienced human resource personnel
- capturing valuable training and development opportunities for human resource staff.

6.3 Leadership Development

RECOMMENDATION 29 Chief Executives to institute accelerated leadership development programs for high calibre, middle and senior level employees.

The demographic imbalance confronting the Public Sector clearly illustrates critical personnel shortages (in particular, the 29 – 40 age bracket), which has profound implications for the ready supply of middle to senior level managers. It will not be possible, or desirable, for the Public Sector to address all its personnel issues through external recruitment. In addition, there does not appear to be any systematic approach within Administrative Units to remedy this situation.

Cognisant of the critical gaps in the training profile of Administrative Units, the OCPE has funded a number of training initiatives (e.g. placements on the Australian Public Sector Leaders Summits, the Public Sector Management Program, Leadership SA, and hosting the SAVVY website). The Commissioner and the OCPE should be commended for these initiatives.

More needs to be done - an accelerated leadership development program is required. The Public Sector must demonstrate an enhanced commitment, with a commensurate level of expenditure, to the training and development of its high calibre staff. Chief Executives and the Commissioner must be jointly accountable for actively building the leadership capacity of the Public Sector.

The OHCD should continue to facilitate a suite of leadership programs, which focus on whole-of-government issues. Administrative Units should fully fund the participation of their staff in leadership programs brokered by the OHCD, with positions being offered on a competitive basis, at the discretion of the respective Chief Executives.

The implementation of this recommendation will improve:

- the management and leadership skills in the Public Sector
- the level of recognition and reward for high calibre staff
- workplace productivity.

6.4 Employee Mobility

RECOMMENDATION 30 Enhance staff mobility between and within Administrative Units.

Increasingly, there is a need for whole-of-government approaches (i.e. joined-up-government) to redress the many complex public administration issues of the day. The limited mobility of staff, both between and within Administrative Units, is seriously degrading the efficacy of the Public Sector. Both the Fahey and the EDB Reports and feedback from Chief Executives support this view. There is a clear need to improve staff mobility at all classification levels.

A range of cultural issues (e.g. a redundant job classification system, narrow Job and Person Specifications, a rigid adherence to positions, negative sentiment toward working in 'central agencies', plus covert resistance from some managers) have engendered a 'silo' mentality within Administrative Units.

To combat this issue, the OCPE has instituted the Executive Mobility Program. Presently, only five Administrative Units are participating in the Program, which indicates either a lack of commitment to the notion of mobility or inherent deficiencies in the Program.

The Commissioner and Chief Executives should further their endeavour to implement processes that accommodate, encourage and reward a culture of employee mobility. This will create an environment that fosters innovation, collaboration and leadership.

RECOMMENDATION 31 OHCD to facilitate the development and implementation of a staff exchange program between the Public Sector and (1) private sector, (2) local government, (3) other State Governments and (4) the Australian Government.

The limited mobility of staff within the Public Sector is matched with a similar lack of mobility between the sector and with the private sector and other government sectors. Consistent with both the Fahey and EDB Reports, the Review believes that this lack of mobility is degrading the efficacy of the Public Sector. To improve both the advice to the State Government and the implementation of its policy, it is essential to broaden the outlook and experience of Public Sector staff.

To complement *Recommendation 30*, a program of secondments and staff exchanges should be established with the private sector, Local, State and Federal Governments. The OCPE has initiated a pilot program to this effect. The OHCD should facilitate the expansion and widespread adoption of a mobility program with the private sector and other government sectors.

The rules associated with the definition of 'continuous service' in superannuation schemes may be inadvertently inhibiting the mobility of Public Sector employees. There is a need to ensure that the rules pertaining to the preservation of superannuation entitlements are amended to enhance the flexibility of the workforce.

The advantages of implementing *Recommendations 30 and 31* are:

- enhancing interaction and cooperation between Administrative Units, thereby engendering an *esprit de corp.* within the Public Sector
- development of a pool of highly skilled staff that could be rapidly reassigned to address critical issues of the day
- improved advice to the State Government and the more effective implementation of its policy.

6.5 Improved Management of Excess Employees

RECOMMENDATION 32 All non-executive excess employees to receive a maximum of twelve months of intensive case management, after which they are discharged from the Public Sector with a Targeted Separation Package (TSP).

All excess employees deserve the right to be treated with dignity and respect. The current management of excess employees is both highly ineffective for the Administrative Unit and personally demeaning to the individual concerned. Excess employees represent a significant opportunity cost to government. The process to terminate the employment of an excess employee is onerous, convoluted and time consuming (taking a number of months to complete).

The requirement of the Chief Executive to seek the assent of the Governor in the termination of employment for an excess employee is a further unnecessary diminution and curtailment of the authority of Chief Executives to effectively manage their workforce.

The placement of 'unassigned executives' within the OCPE, however, fosters a culture whereby Chief Executives are not fully accountable for their human resource management practices. The Review is aware that, in some instances, rather than confront poor performance, attempts are made to 'offload' poorly performing employees as 'excess employees'.

Private and Public Sector organisations continually need to refresh their business structure to reflect changes in the operating environment. To remain relevant and adaptive to change, the Public Sector must have the capacity to effectively tailor its workforce to meet current and future challenges. These views are supported by the Fahey and EBD reports. Flexibility in recruitment must be matched with improved mechanisms for releasing excess employees from the Public Sector. Chief Executives must be responsible and accountable for all employees in their Administrative Unit.

Excess employees must be provided with active and intensive case management for a twelve-month period. If, at the expiry of twelve months, the employee has not been able to find work within the Public Sector (or private sector), the employee should be discharged from the Public Sector with a Targeted Separation Package. Chief Executives must be responsible for ensuring appropriate case management services are provided to an excess employee. The management of excess employees must be part of the Chief Executive's annual performance appraisal.

The penalty clauses associated with state government superannuation schemes may be inadvertently inhibiting the management of excess employees. The penalty provisions for the 'pension' and 'lump sum' superannuation schemes can be calculated at up to 80% of the final salary. It is essential to ensure the superannuation entitlements are not unduly impacting upon the management of excess employees.

The advantages of implementing this recommendation include:

- providing meaningful career assistance to excess employees
- improved psychological welfare for excess employees
- ensuring that both the Chief Executive and the excess employee use their best endeavours to seek meaningful alternative employment
- minimising the opportunity cost to government, thereby enabling those funds currently expended on excess employees to be assigned to more productive uses
- improving the flexibility and responsiveness of Administrative Units in implementing workforce change.

7 Appendices

Appendix 1: Summary of Recommendations

No.	Recommendation	Terms of Reference	Chapter	Time-frame (months)	Comments
1	The Premier should continue to champion the role and value of the Public Sector.	2, 3	3.1	3	
2	The Premier should establish a Cabinet Committee, entitled <i>Employment and Remuneration Committee</i> , to determine recruitment levels and remuneration policy for the Public Sector.	3	3.2	3	
3	The Chief Executive, Department of the Premier and Cabinet (DPC), should be responsible for the implementation of whole-of-government policies and initiatives.	3	3.3	3	
4	Retain the statutory role of Commissioner for Public Employment.	2, 3	3.4	3	
5	Create a new Administrative Unit entitled the <i>Office of Human Capital Development</i> (OHCD) to support the express powers of the Commissioner for Public Employment.	1, 2, 3	3.5	3	
6	The Commissioner for Public Employment shall perform the functions of Chief Executive, Office of Human Capital Development (OHCD).	1, 2, 3	3.6	3	
7	The Commissioner for Public Employment, through the OHCD, should promote the Public Sector as an employer of first choice.	1, 2, 3	4.1	3	

No.	Recommendation	Terms of Reference	Chapter	Time-frame (months)	Comments
8	The OHCD to focus upon strategic research and analysis leading to policy development and high-level human resource management advice.	1, 2, 3	4.2	6	
9	The OHCD should enhance its capacity to monitor and review human resource management practices on a regular basis.	1, 2, 3	4.3	6	
10	Resource OHCD to undertake the key functions recommended in the Report.	1(ii)	4.4	6	
11	The OHCD must adopt a strong customer service culture.	1(i)	4.5	12	
12	The OHCD to implement an 'account management' model to improve communication and collaboration with Administrative Units.	1(ii)	4.5	6	
13	The OHCD shall develop a professional induction program for all new recruits to the Public Sector, with refresher courses provided on an ongoing basis.	1(iii), 1(iv), 1(v)	4.6	6	
14	The OHCD shall facilitate whole-of-government entry-level recruitment and retention programs.	2, 3	4.7	12	
15	Review the number of Determinations and their prescriptive tenor.	2, 3	4.8	12	
16	The Premier to undertake an annual performance appraisal with the Chief Executive of each Administrative Unit.	2, 3	5.1	6	
17	The Chief Executive shall be responsible and accountable for the recruitment and remuneration of all employees, including executives, to their respective Administrative Unit	1, 2, 3	5.2	3	

No.	Recommendation	Terms of Reference	Chapter	Time-frame (months)	Comments
18	All executives to be employed on an ongoing contract of employment, which has a clear focus on performance management.	1, 2, 3	5.2	12	May require legislative reform of PSM Act to implement recommended model.
19	Upgrade the Classification Standards to reflect a contemporary Public Sector.	2, 3	5.3	18	
20	All recruitment and selection processes to utilise competency-based Position Description.	1, 2, 3	5.3	12	
21	All vacancies (of duration of greater than 12 months) to be advertised in the external media.	1, 2, 3	5.3	3	
22	Amend the PSM Act to ensure consistency between the Public Sector and the Public Service in relation to dismissal provisions and appeals processes.	1(vi), 2, 3	5.4	18	Requires legislative reform of PSM Act to be successful
23	The Commissioner for Public Employment should formulate strategic whole-of-government policies and guidelines in relation to workforce management.	1(ii), 2, 3	5.4	6	
24	Establish a single authority to hear appeals against promotion and administrative decisions by Chief Executives.	1(vi), 2, 3	5.5	18	Requires legislative reform of a number of Acts to be successful
25	Establish a strong culture of performance management across the Public Sector.	2, 3	6.1	18	
26	Chief Executives to inject appropriate resources to boost the skills and capacity of their respective HR units.	2, 3	6.2	18	
27	Chief Executives to improve the skills of all managers in relation to human capital development, in particular performance management, through certified training programs and coaching.	3	6.2	24	
28	Regularly rotate staff between OHCD and Administrative Units.	3	6.2.1	24	

Appendix 1: Summary of Recommendations

No.	Recommendation	Terms of Reference	Chapter	Time-frame (months)	Comments
29	Chief Executives to institute accelerated leadership development programs for high calibre, middle and senior level employees.	3	6.3	12	
30	Enhance staff mobility between and within Administrative Units.	2, 3	6.4	12	
31	OHCD to facilitate the development and implementation of a staff exchange program between the Public Sector and (1) private sector, (2) local government, (3) other State Governments and (4) the Australian Government.	2, 3	6.4	12	
32	All non-executive excess employees to receive a maximum of twelve months of intensive case management, after which they are discharged from the Public Sector with a Targeted Separation Package (TSP).	2, 3	6.5	12	

Appendix 2: List of Parties Consulted in the Preparation of the Report

INTERVIEWEES		
Name	Title	Department/Agency
Andrews, Jan	Deputy Commissioner	OCPE
Barnett, Meg	Director, Human Resource Development	OCPE
Bastian, John	Member (OCPE Review Reference Group)	Economic Development Board
Baxter, Ken	Former Adviser to Vic and SA Governments	TFG International Pty Ltd
Birch, Jim	Chief Executive	Human Services
Black, Greg	Chief Executive	Further Education Employment Science Technology
Boxhall, Graham	Director, Workforce Management	OCPE
Brawley, Judith	Manager, Corporate Support & Projects	OCPE
Cambridge, John	Former Chief Executive	Industry & Trade (Retired)
Cappo, David (Monsignor)	Chair	Social Inclusion Board
Case, Paul	Chief Executive Former Commissioner	Administrative & Information Services OCPE (currently responsible for Industrial Relations)
Christopher, Peter	Chief Industrial Officer	Public Service Association
Cossey, Bill	Acting Chief Executive (OCPE Review Reference Group)	Justice
De Crespigny, Robert	Chair, Economic Development Board	Economic Development Board
Devine, Lisa	Senior Project Officer	OCPE
Dziadosz, Tania	Manager, HRD Strategies	OCPE
Fletcher, Robert	Executive Adviser	Environment & Heritage
Foreman, Graham	Former Chief Executive Former Commissioner	Administrative & Information Services OCPE
Fraser, Peter	Research Officer	Public Service Association
Freeman, Robert	Chief Executive (OCPE Review Reference Group)	Water Land Biodiversity Conservation
French, Anne	Manager, PSM Act Policy & Advice	OCPE
Garrand, Raymond	Chief Executive Officer	Trade & Economic Development
Green, Alan	Organisational Consultant	OCPE
Grimes, Paul	Deputy Under Treasurer	Treasury & Finance
Groemer, Christine	Manager, HRD Strategies	OCPE

INTERVIEWEES		
Name	Title	Department/Agency
Haines, Stephen	Former Chief Executive	Trade Economic Development
Hallion, Jim	Chief Executive	Primary Industries & Resources
Holmes, Allan	Chief Executive	Environment & Heritage
Howe, Anne	Chief Executive	SA Water
Hunter, Rachel	Former Public Service Commissioner	Office of Public Service Merit & Equity, Queensland Government
Janssan, Rick	Director, Business Services	Environment & Heritage
Knight, Geoff	Executive Director, Corporate	Primary Industries & Resources
Kowalick, Ian	Former Chief Executive Former Commissioner	Premier & Cabinet OCPE
Lennon, Kate	Chief Executive	Families & Communities
MacPherson, Ken	Auditor General	Auditor Generals
Marshall, Steven	Chief Executive (<i>Chair - OCPE Review Reference Group</i>)	Education Children's Services
McCann, Warren	Chief Executive	Dept Premier Cabinet
McMahon, Jan	Secretary	Public Service Association
O'Loughlin, Tim	Chief Executive	Transport & Urban Planning
Oerman, Chris	Director, Corporate Services	Transport & Urban Planning
O'Farrell, George	Acting Public Service Commissioner	Office of Public Service Merit & Equity, Queensland Government
Oxlad, Lindsay	President	Public Service Association
Rowse, Brett	Deputy Under Treasurer (<i>OCPE Review Reference Group</i>)	Treasury & Finance
Salway, Peter	Commissioner of Public Employment	OPE Victoria
Stephens, Kate	Manager Employee Relations	Administrative & Information
Travers, David	Special Project Director	OCPE
Walsh, Jeff	Commissioner	OCPE
Weatherill (Hon), Jay	Minister	Families & Communities, Housing, Ageing and Disability
Wright (Hon), Michael	Minister	Administrative Services, Industrial Relations , Recreation, Sport and Racing , Gambling
Wright, Brenton	Interim Executive Director	Public Sector Reform Unit
Wright, Jim	Under Treasurer	Treasury & Finance

WORKSHOP ATTENDEES		
Date	Name	Department/Agency
(1) 31/05/04	Alexander, Peter	Environment & Heritage
(1) 31/05/04	Caust, Margie	Premier & Cabinet
(1) 31/05/04	Cinnamond, Bill	Treasury & Finance
(1) 31/05/04	Coughlin, Steve	Planning SA
(1) 31/05/04	Dennis, Ray	Premier & Cabinet
(1) 31/05/04	Lewkowicz, John	Premier & Cabinet
(1) 31/05/04	Stratford, Gary	Education Children's Services
(1) 31/05/04	Walker, Mike	Treasury & Finance
(2) 31/05/04	Forrest, Simon	Attorney Generals
(2) 31/05/04	Hlipala, Liz	Human Services
(2) 31/05/04	Ince, Rosemary	Premier & Cabinet
(2) 31/05/04	Leaman, Greg	Environment & Heritage
(2) 31/05/04	Maquire, Jerome	Attorney Generals
(2) 31/05/04	O'Flaherty, John	Treasury & Finance
(2) 31/05/04	Stringer, Lyn	Water Land and Biodiversity Conservation
(2) 31/05/04	Walker, Rod	Transport & Urban Planning
(3) 04/06/04	Baker, Bronwyn	Transport & Urban Planning
(3) 04/06/04	Cerason, Julian	Primary Industries & Resources
(3) 04/06/04	Cowling, Garry	Human Services
(3) 04/06/04	Ellis, Jan	Education Children's Services
(3) 04/06/04	Kendall, Alison	Premier & Cabinet
(3) 04/06/04	Keough, John	Administrative & Information Systems
(3) 04/06/04	King, Sue	Attorney Generals
(3) 04/06/04	McManus, Shoana	Environment & Heritage
(3) 04/06/04	Mills, Carol	Administrative & Information Systems
(3) 04/06/04	Waters, Karen	SAPOL

Appendix 2: List of Parties Consulted in the Preparation of the Report

WRITTEN SUBMISSIONS RECEIVED			
No.	Name	Title	Department/Agency
1	-	International Education Services Staff	Education & Children's Services
2	Anonymous	-	-
3	Bailey, Martin	Senior Project Officer	Human Services
4	Birch, Jim	Chief Executive	Human Services
5	Boisvert, Dennis	Market Research Officer	Transport & Urban Planning
6	Bosio, Anne	Principal Policy Officer	Further Education, Employment, Science & Technology
7	Burrows, Eleonore	Senior Procurement Project Officer	Transport & Urban Planning
8	Cogdell, Ian	Managing Director	Cognition Associates Pty Ltd
9	Cooper, Barry	Doctor (Soils Pathologist Nematology)	Primary Industries And Resources
10	Ellis, Carol	Human Resources Officer	Environment & Heritage
11	Flannery, Tim	Director	SA Museum
12	Fuhlbohm, Tim	Senior Ranger	Environment & Heritage
13	Gilmore, Hamish	Director	Legal Services Commission of SA
14	Hains, Stephen	Chief Executive Officer	Trade & Economic Development
15	Llewellyn, Dani	Project Manager	Further Education, Employment, Science & Technology
16	Martland, Rob	-	SAPOL
17	McColl, Kim	Manager, Customer Relations	Administrative & Information Service
18	McMahon, Jan	General Secretary	Public Service Association of SA Inc
19	Miller, Barry	A/Chief Executive	Administrative & Information Service
20	Miller, Jillian	Superintendent, Aboriginal Education	Education & Children's Services
21	Moore, Brian	Senior Planner	Environment & Heritage
22	Pengelly, Ann	Senior Policy Officer	Human Services
23	Preece, Gaye	Senior Project Officer	Transport & Urban Planning
24	Saville, Carol	Principal Consultant	Transport & Urban Planning
25	Sloan, Deborah	Supervising Technical Officer	Transport & Urban Planning
26	Sofia, Santo	Business Support Manager	Transport & Urban Planning
27	Stevens, Craig	Senior Solicitor	Crown Solicitor's Office
28	Walker, Gregory	Doctor (Soils Pathologist Nematology)	Primary Industries & Resources
29	Walsh, Jeff	Commissioner for Public Employment	OCPE
30	Warneke, Lee	Major Project Coordinator	Education & Children's Services
31	Wilson, Tom	Principal Consultant	Transport & Urban Planning
32	Zacharin, Will	Director, Fisheries	Primary Industries & Resources

Appendix 3: Public Service Act 1999 (Section 10 - APS Values)

1) The APS Values are as follows:

- (a) the APS is apolitical, performing its functions in an impartial and professional manner;
- (b) the APS is a public service in which employment decisions are based on merit;
- (c) the APS provides a workplace that is free from discrimination and recognises and utilises the diversity of the Australian community it serves;
- (d) the APS has the highest ethical standards;
- (e) the APS is openly accountable for its actions, within the framework of Ministerial responsibility to the Government, the Parliament and the Australian public;
- (f) the APS is responsive to the Government in providing frank, honest, comprehensive, accurate and timely advice and in implementing the Government's policies and programs;
- (g) the APS delivers services fairly, effectively, impartially and courteously to the Australian public and is sensitive to the diversity of the Australian public;
- (h) the APS has leadership of the highest quality;
- (i) the APS establishes workplace relations that value communication, consultation, co-operation and input from employees on matters that affect their workplace;
- (j) the APS provides a fair, flexible, safe and rewarding workplace;
- (k) the APS focuses on achieving results and managing performance;
- (l) the APS promotes equity in employment;
- (m) the APS provides a reasonable opportunity to all eligible members of the community to apply for APS employment;
- (n) the APS is a career-based service to enhance the effectiveness and cohesion of Australia's democratic system of government;
- (o) the APS provides a fair system of review of decisions taken in respect of APS employees.

2) For the purposes of paragraph (1)(b), a decision relating to engagement or promotion is based on merit if:

- (a) an assessment is made of the relative suitability of the candidates for the duties, using a competitive selection process; and
- (b) the assessment is based on the relationship between the candidates' work-related qualities and the work-related qualities genuinely required for the duties; and
- (c) the assessment focuses on the relative capacity of the candidates to achieve outcomes related to the duties; and
- (d) the assessment is the primary consideration in making the decision.

Appendix 4: Arrangements in other jurisdictions

Interstate Comparisons

This table has been developed from information sourced from the Internet, the Office for the Commissioner for Public Employment and meetings with equivalent Commissioners in Victoria, Queensland and the Commonwealth. Direct comparisons across jurisdictions are difficult due to incompatible structural arrangements and methods of data collection. The information contained in this table is therefore intended as a guide only.

	Commonwealth	NSW	VIC	QLD	WA	SA	TAS	NT	ACT
Size of Public Sector⁸	-	282,900 FTEs	196,500 FTEs	200,000 FTEs	91,500 FTEs	71,300 FTEs	20,200 FTEs	14,500 FTEs	18,800 employees
Size of Public Service⁹	131,700 employees	236,400 FTEs	29,000 FTEs (excludes teachers & health)	154,400 FTEs	40,000 FTEs	41,400 FTEs (includes teachers, police)	-	-	16,900 employees
Legislative provision for Commissioner's role	Yes – Public Service Commissioner (also a Merit Protection Commissioner)	No but Public Employment Office (PEO) prescribed	Yes – Commissioner for Public Employment	Yes – Public Service Commissioner	Yes – Commissioner for Public Sector Standards	Yes – Commissioner for Public Employment	Yes – State Service Commissioner	Yes – Commissioner for Public Employment	Yes (but not required) – Commissioner for Public Administration
OCPE Equivalent	Australian Public Service Commission (stand-alone)	Public Employment Office (division of DPC)	Office of Public Employment (OPE) (portfolio agency of DPC)	Office of Public Service Merit and Equity (stand-alone with admin support from DPC)	Office of the Public Sector Standards Commissioner (OPSSC) (stand-alone) – set and monitor Public Sector standards	Office for the Commissioner for Public Employment (division of DPC)	Office of the State Service Commissioner (OSSC) (division of DPC)	Office of the Commissioner of Public Employment (stand-alone)	Industrial Relations and Public Sector Management Group (within Chief Minister's Department)
Size of Office¹⁰	136 \$27.7 m ¹¹	70	18 \$2.3m	38 \$6.4m	31 \$3.2m	54 (+10 externally funded) \$9.7m	8	48 \$5m	
Other relevant units			Office for Workforce Development (OWD) (within		State Administration and Public Sector Management Unit (within DPC)		Strategic policy role and industrial relations role has been delegated to		

⁸ As at June 2003, except NSW, which is at 2002.

⁹ As at June 2003, except NSW, which is at 2002.

¹⁰ As at June 2003

¹¹ Includes \$12.1m revenue for services provided.

DPC = Department of Premier and Cabinet or equivalent
FTE = Full time Equivalent staff

Appendix 4: Arrangements in other jurisdictions

	Commonwealth	NSW	VIC	QLD	WA	SA	TAS	NT	ACT
			DPC) 20 employees		40 employees		the head of DPC. 15 employees		
Functions of OCPE equivalents	Strategic policy framework setting and selective initiatives or processes	Strategic policy framework setting and selective initiatives or processes	Monitoring	Strategic policy framework setting and selective initiatives or processes	Monitoring	Strategic policy framework setting and selective initiatives or processes	Monitoring	Strategic policy framework setting and selective initiatives or processes	Strategic policy framework setting and selective initiatives or processes
<i>Executive Employment</i>	v - (reps on panels & tick-off on process)	v - (D-G of DPC approves increase in no. of executives)	v - (for GBES and statutory authorities)	v - (reps on panels, recommend overall executive numbers and levels for depts)	v - (independent advice on CE selection and reappointment)	v - (reps on panels, responsible for recruitment, remuneration, employment)			v - (develop policy, support the ACT Remuneration Tribunal)
<i>Workforce Planning</i>	X - Agencies	v	X - OWD	v	X - DPC	v	X - DPC	v	X
<i>Guidelines on selection, appointment, promotion, redeployment and separation</i>	v	v	X - OWD	v for executives	v & DPC	v	X - DPC	v	v
<i>Industrial Relations</i>	X – Agencies	v	X - Clth	X – Department of Industrial Relations	X - Department of Consumer and Employment Protection	X - Department of Administrative and Information Services	X - DPC	v	v
<i>Ethics, code of conduct, performance managements, discipline</i>	v	v	X - Agencies	v	v	v	X - DPC	v	v
<i>Human resource development</i>	X - Agencies	v	X - Agencies	X – Department of Industrial Relations	X – DPC	v	X - DPC	v	v
<i>Protection of Merit and Equity</i>	v	v	v	v	v	v	v	v	v
<i>Monitoring and reporting</i>	v	X	v	X	v	v	v	v	Some

X = OCPE equivalent organisation does not undertake activity or responsibility

v = OCPE equivalent organisation undertakes activity or responsibility

Overseas Comparisons

The recommendations in the OCPE Review are in line with similar reforms that are being undertaken in United Kingdom, New Zealand and Canada.

1. United Kingdom

Topics covered:

- **performance management**
- **accountability**

Over the last two decades various reforms of the Civil Service have been undertaken in order to 'open up' government and 'speed up' services. These reforms have included:

- establishing 'next step' agencies, outside the normal statutory regulations;
- empowering agencies to undertake recruitment and pay setting
- ministers appointing up to two special advisors on pay terms outside normal civil service restrictions.

Some of these reforms led to concerns about 'politicisation' of the Public Sector and the disparity of constraints and conditions for staff appointed under disparate arrangements.

In May 2003 a major review paper "**Whither the Public Service**"¹² addressed performance management of Chief Executives. This included the establishment of a performance plan that had two aspects:

- main delivery objectives
- development of organisational capacity and personal capacity.

In May or June each year Chief Executives would be expected to account for their achievements against the plan.

2. New Zealand:

Topics covered:

- **performance management**
- **accountability**
- **competency based systems**

In 2001 the NZ Government reviewed the State sector. The Committee identified four priority areas for improvement:

- integrated service delivery
- fragmentation and alignment in the State sector
- people and culture
- central agency leadership.

¹² Winstone, W, Research Paper 03/49, House of Commons Library, Whither the Civil Service?

The Public Sector Training Organisation (PSTO) was established to promote improvements in the quality of training of employees in State sector organisations. PSTO:

- sets standards for the Public Sector by matching internal competencies to national standards
- registers unit standards and qualifications on the National Qualifications Framework.

The OCPE review recommendations concerning creating a competent and high performing Public Sector via the creation of a Human Capital Management unit are supported by the New Zealand approach.

A report, "**Whither Accountability**"¹³, published in September 2003 analysed the accountability arrangements in the New Zealand Public Service and suggested changes to "incentive" to change future behaviour.

There are now standard contracts for executives, which include a clause permitting performance payments. It also specifies performance reviews, there is an attached job description to each contract.

Ministers set the broad agenda for departments, which are, increasingly, translated into a Statement of Intent agreed between Minister and Chief Executive.

The Commissioner on behalf of the responsible Minister reviews the performance of each chief executive, in terms of their:

- achievement of results and
- investment in organisational capability,.

The Commissioner then reports to the responsible Minister

Canada

Topics covered:

- *performance management*
- *competency based systems*
- *training of the Public Sector*
- *dispute resolution*
- *accountability*

Canada has undertaken changes to foster and competent a high performing Public Sector by enacting a number of pieces of legislation.

The new Public Service Employment Act, will delegate increased responsibilities for staffing to the equivalent of chief executives. They will have the authority and responsibility to appoint executives, determine learning and developmental requirements, provide awards, set standards of discipline demote, discipline and terminate employees.

¹³ Anderson B, Dovey L, Working Paper No. 18, Whither Accountability?, State Services Commission

Managers will have the opportunity to develop performance standards and measurement processes, to use alternative dispute resolution systems, and to become involved in the negotiation of Essential Service Agreements.

All of these activities will be subject to Treasury Board Secretariat directives. The Treasury Board is a cabinet committee, which manages the government's financial, personnel, and administrative responsibilities and the secretariat is the office that supports these activities and sets policy in these areas.

Safeguarding the integrity of the appointment process will become the Public Service Commission's (PSC) primary focus, while its direct involvement in delivering services in resource operations, learning programs and recourse programs and recourse activities diminishes.

The Canada School of Public Service has been established to provide core learning for employees at all levels, including a curriculum focused on public administration, Public Sector management and leadership development.

The Canadian Public Service Commission (PSC) has created a framework that deputy heads will report by on an annual basis. The PSC report to parliament on their own performance against strategic key performance targets.

Overseas Comparison of Functions

Commissioner Title of position	UNITED KINGDOM Civil Service Commissioners	CANADA Public Service Commissioner	NEW ZEALAND State Service Commissioner
Commissioner responsibilities	<ul style="list-style-type: none"> ▪ Determine on alleged breaches of the code 	<ul style="list-style-type: none"> ▪ Authority to make appointments but delegates to deputy heads ▪ Audit and report on delegated authority ▪ Audit role currently being re-established following 1998 constriction ▪ PSC report annually on health system ▪ PSC report annually on their performance against strategic priorities ▪ Special report at any time ▪ May prevent or revoke appointments made by deputy heads or delegates ▪ May revoke delegations 	<ol style="list-style-type: none"> 1. CE of State Services Commission responsible for capability and performance 2. As the holder of a statutory office the Commissioner: <ul style="list-style-type: none"> ▪ appoints and employs Public Service execs ▪ reviews CE performance on behalf of their Minister ▪ sets standards of ethics and integrity ▪ investigates and reports on matters relating to departmental performance ▪ promote personnel management and equal employment ▪ develops a senior executive service ▪ advises on structure and allocation of function ▪ negotiate collective employment conditions (now delegated to CEs).
Coverage of responsibilities	<ul style="list-style-type: none"> ▪ The home civil service -excludes next step agencies, foreign service, civil service of Northern Ireland 	<ul style="list-style-type: none"> ▪ Public Service only 	<ul style="list-style-type: none"> ▪ Public service rather than whole Public Sector but there is a move to align the crown sector
Employer of public servants	<ul style="list-style-type: none"> ▪ Civil servants are servants of the Crown in effect government. 	<ul style="list-style-type: none"> ▪ Treasury Board Secretariat is employer of core Public Service 	<ul style="list-style-type: none"> ▪ State Service Commissioner
Annual report	<ul style="list-style-type: none"> ▪ To parliament 	<ul style="list-style-type: none"> ▪ To Parliament by PSC on health of the staffing system in the PS 	<ul style="list-style-type: none"> ▪ To parliament on the health of the Public Service
Who sets mandated employment standards, HR rules	<ul style="list-style-type: none"> ▪ Appears to be departments 	<ul style="list-style-type: none"> ▪ Treasury Board 	<ul style="list-style-type: none"> ▪ Commissioners office develops overarching HR framework
Sets code of conduct	Yes	Yes	Yes
Protects merit principle	Yes	Yes but Public Service Commission focus	Yes

Appendix 4: Arrangements in other jurisdictions

Commissioner Title of position	UNITED KINGDOM Civil Service Commissioners	CANADA Public Service Commissioner	NEW ZEALAND State Service Commissioner
Related organisations	<ul style="list-style-type: none"> ▪ Head of the Home Civil Service is also Cabinet Secretary. Has set up 6 units of reform within the Corporate Development Group of the Cabinet Office ▪ Permanent Secretary remuneration committee 	<ul style="list-style-type: none"> ▪ Treasury Board Secretariat is a Cabinet committee, which manages government's financial, personnel and administrative responsibilities. Treasury Board contains an HR Management Office ▪ Canada school of Public Service – training ▪ Public Sector HR Management Agency of Canada – development programs ▪ Public Service Staffing Tribunal – Appeals ▪ Leadership Network part of the Treasury Board Secretariat ▪ Task Force on modernising HRM ▪ Canadian Centre for Management development ▪ HR Resources Council of HR leaders who set strategic direction on behalf of heads of HR ▪ PS Advisory Council (Unions, federal organisations, the PSC, Deputy Ministers, Equity groups) 	<ul style="list-style-type: none"> ▪ Public Sector Training Organisation registering unit standards and qualifications on the National Qualifications Framework ▪ Change Implementation Advisory Group, assist in implementing the review of the centre
Legislation involved	<ul style="list-style-type: none"> ▪ No Civil Service Act as yet, a Code of Conduct for civil servants 	<ul style="list-style-type: none"> ▪ Public Service Modernisation Act and: ▪ PS Employment Act ▪ PS Labour Relations Act ▪ the Financial Administration Act ▪ the Canadian Centre for Management Development Act ▪ Employment Equity Act ▪ Public Sector Compensation Act ▪ Public Service Staff Relations Act 	<ul style="list-style-type: none"> ▪ Employment Relations Act 2000 ▪ Public Sector Act 1988
CE responsibility	<ul style="list-style-type: none"> ▪ Performance plan containing ▪ Main delivery objectives ▪ What they are doing to develop capacity of the organisation and their own capacity 	<ul style="list-style-type: none"> ▪ Will be appointment of execs ▪ Report against PS Commission set framework annually ▪ Demote, discipline and dismiss subject to TBS directives 	<ul style="list-style-type: none"> ▪ Carry out business of department ▪ Good conduct and management of department ▪ Good employer ▪ Appoint Executives ▪ Seek dismissal with Commissioner's approval
Agency responsibility	<ul style="list-style-type: none"> ▪ Recruitment, pay setting 	<ul style="list-style-type: none"> ▪ Line managers have appointment authority 	<ul style="list-style-type: none"> ▪ Appointed by agencies who are delegates of the Commissioner

Appendix 5: Summary of PSM Act Determinations & Commissioner's Circulars

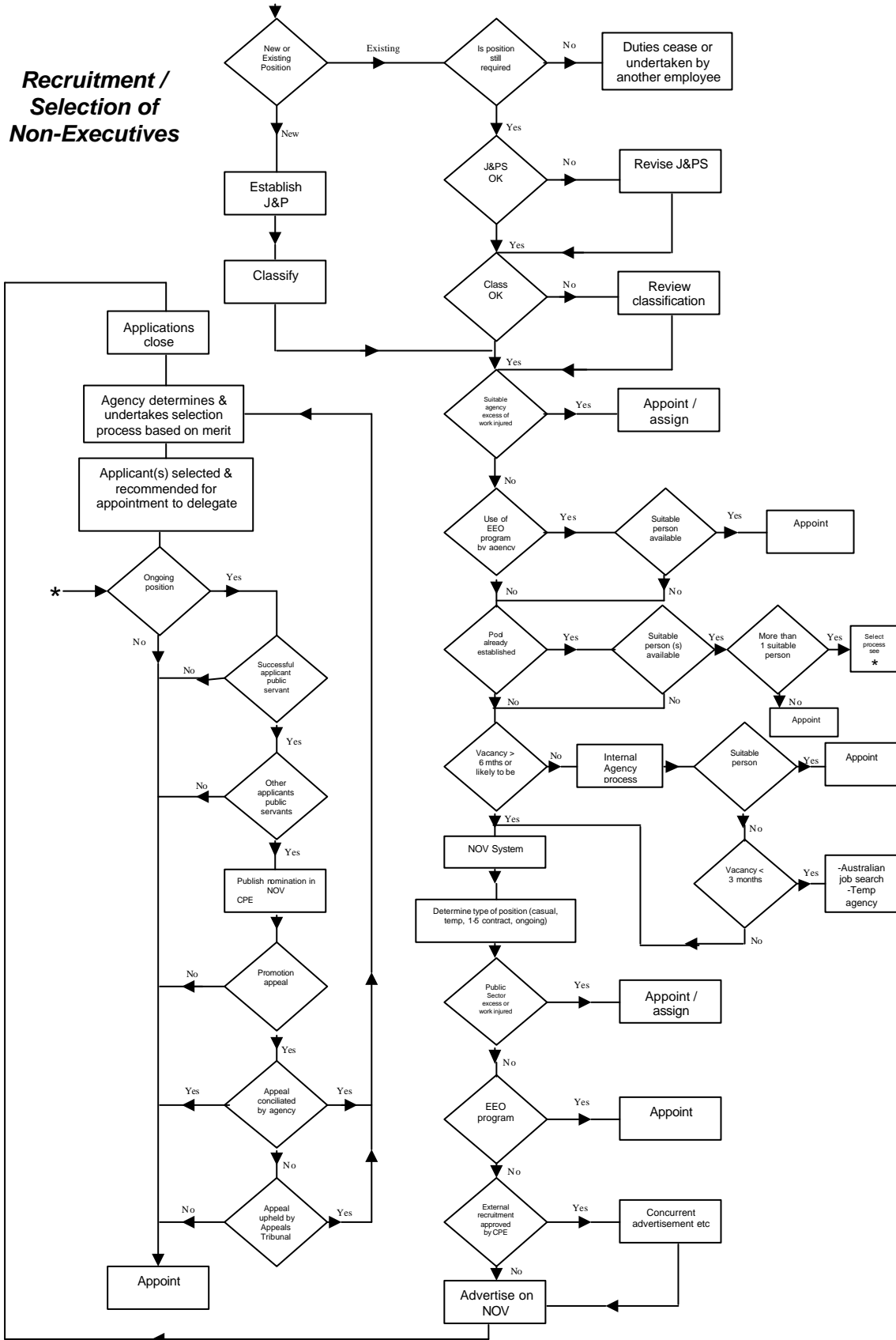
PSM ACT DETERMINATIONS		
No.	Title	Summary
1	Executive Employment (83 pages)	Outlines responsibilities and processes for the recruitment, employment and management of executives.
2	Recruitment & Employment of Non Executive Employees (51 pages)	Relates to recruitment, appointment, assignment and employment of non-executive employees. Outlines delegations of powers from the Commissioner.
3	A Managed Workforce – Redeployment (20 pages)	Outlines processes for the redeployment of excess employees in the South Australian public sector.
4	Targeted Voluntary Separation Package (TVSP) Scheme (50 pages)	The TVSP Scheme exists to assist agencies to meet budget targets by reducing numbers of excess employees.
5	Voluntary Flexible Working Arrangements (29 pages)	Outlines fundamental conditions and procedures for flexible working arrangements that can be used in South Australian public sector to make work places more family-friendly.
6	Leave (100 pages)	Outlines leave entitlements for PSM Act employees. Some parts of this determination apply to other employees as a result of legislation, proclamations of the Governor, awards, industrial and enterprise agreements, custom and practice, and agency policies.
7	A Planned Workforce (22 pages)	Outlines arrangements for providing public sector scholarships to tertiary students and providing paid tertiary work placements.
8	Travel (54 pages)	Addresses use of vehicles, travel within Australia and overseas, travel benefit schemes and the piloting of hired or government owned aircraft by departmental employees.
9	Ethical Conduct (19 pages)	Outlines responsibilities in relation to ethical conduct of public servants and the management of conduct disciplinary processes.
10	Managed Performance (31 pages)	Outlines required approach for the management of performance of employees.
11	Hours of Duty/Overtime/Meal Allowances (15 pages)	Outlines the provisions available in relation to hours of duty, meal allowances and overtime. It also details authority delegated to Chief Executives regarding hours of duty and overtime.
12	Adjustments to Salaries (8 pages)	Sets out prescribed salaries for employees of particular occupational groups, unless those employees are covered by enterprise agreements.
13	Allowances and reimbursements for Employees Stationed in Country Locations (8 pages)	Allowances and reimbursements for employees stationed in country locations.

PSM ACT DETERMINATIONS		
No.	Title	Summary
14	First Aid (5 pages)	Applies to employees appointed as first aid officers at work sites.
19	Relocation Expenses (26 pages)	Establishes criteria for the reimbursement of relocation expenses, actually and necessarily incurred, as result of change in employee's permanent or usual place of headquarters.
20	Allowance for Casual Cashiers and Paying Officers (5 pages)	Pursuant to Sect 30(1)(e) of the PSM Act, an allowance should be paid in certain circumstances to casual cashiers and paying officers where their salary does not exceed the maximum salary of ASO-1 under the clerical officer salary range.
21	Payment of Private Telephone Rental and Official Calls (5 pages)	Details the provisions that are to be applied where employees have been given approval to claim private telephone rental and call charges.
23	Part time Interpreters or Translators Allowance (10 pages)	Outlines the allowance payable to employees who may undertake translating and interpreting duties as part of their employment.
24	Miscellaneous Industrial Provisions (21 pages)	Assists Chief Executives with their obligations in providing a safe and healthy workplace.
25	Industrial Disputes (7 pages)	In the event of industrial disputation which results in work bans and/or work stoppages, procedures contained in this determination must be followed.
26	Salaries Adjustment (Public Offices) Act (5 pages)	Provides the criteria to be applied where an employee no longer occupies a position in an Agency and a retrospective salary/allowance etc payment is applicable.
27	Volunteers in Government Agencies (14 pages)	The purpose is to acknowledge the role of volunteers within Government; enhance the standing of volunteers; identify the responsibilities of agencies and volunteers; identify the rights of volunteers and paid staff; emphasise the importance of maintaining the scope and level of paid employment within the public sector.
28	Job Representatives (12 pages)	The Commissioner for Public Employment accepts the authority and duties of all association's elected representatives as contained their relevant constitution, rules and/or by-laws, in accordance with this Determination.
29	Recovery of overpayments (8 pages)	Provides Chief Executives with the criteria and processes for recovery of overpayments from employees.
30	Management of Working in the Heat (13 pages)	The Government and the United Trades & Labor Council are working together to prevent health and safety problems likely to occur at work because of the effects of heat stress and where possible alleviate discomfort likely to be associated with heat stress.

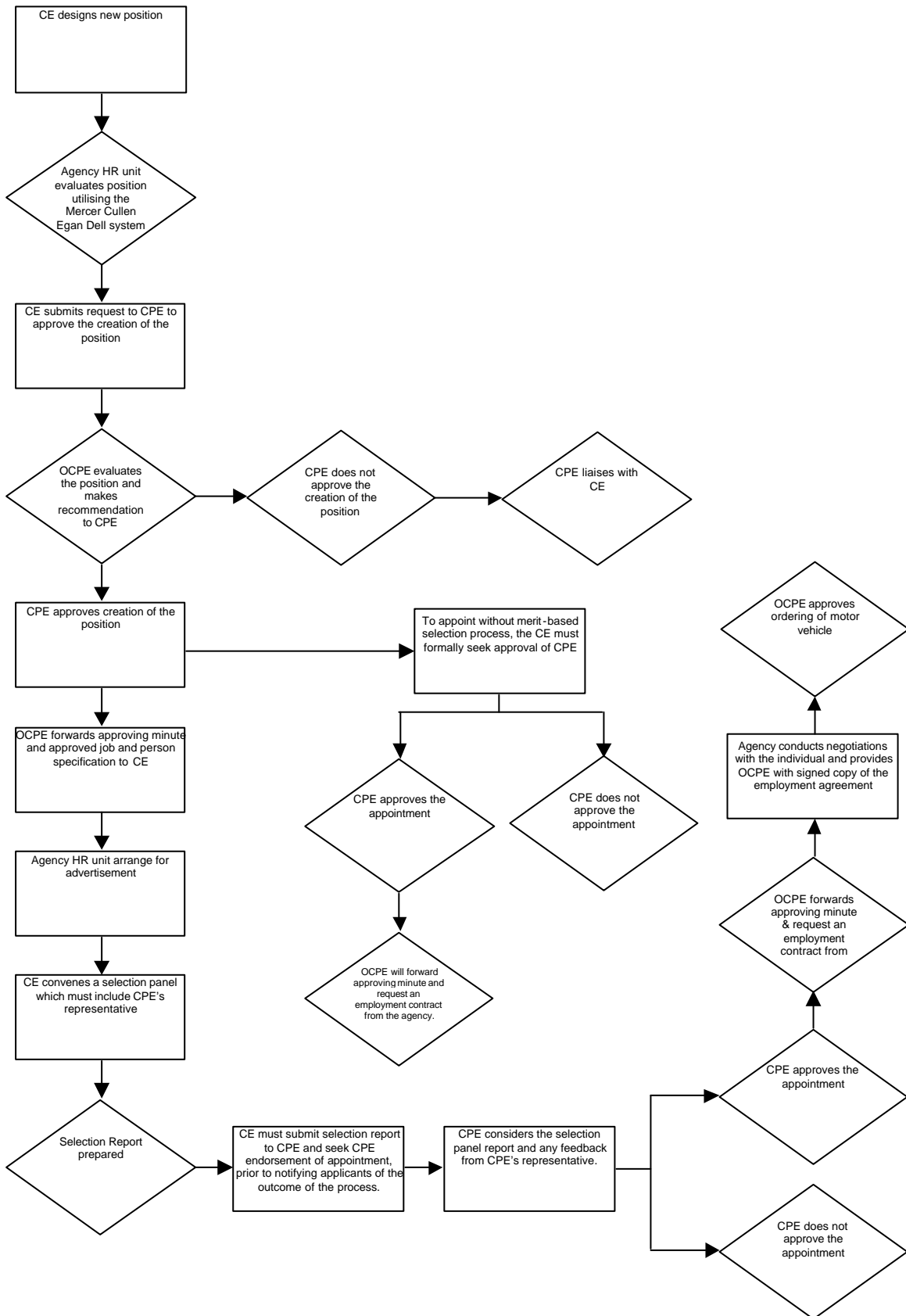
COMMISSIONER'S CIRCULARS		
No.	Title	Summary
15 (2)	Sexual Harassment (15 pages)	Guidelines for the management of sexual harassment issues including legal framework and outlining of responsibilities of Chief Executive Officers. Specific application of the policy to weekly paid employees now included.
26 (1)	Work Experience Programs (3 pages)	Guidelines for Departmental Staff when assessing work experience requests and insurance coverage.
31	Guidelines for Public Servants appearing before Parliamentary Committees (2 pages)	Guidelines and procedures for public servants who are required to appear before various Parliamentary Committees.
43	Evacuations - Legal Liabilities (1 page)	Evacuation procedures are designed to protect all occupants of buildings in case of an emergency and Fire Wardens are not (normally) personally liable for any negligence.
45	Non Cash Pays (1 page)	In accordance with the Restructuring and Efficiency Principle of the State Wage Case decision of March 1987 all remaining cash pays are to be converted to non-cash pays as soon as possible.
52	Employment Outside the Public Service (3 pages)	Information for employees and guidelines for the use of Chief executive Officers and Delegates when considering applications for permission to undertake employment outside the Public Service.
53 (1)	Senior Officer Selection (14 pages)	Outlines respective responsibilities for various aspects of senior staff selection, and provides information on the approach and process to be adopted.
64	Guidelines for Ethical Conduct (28 pages)	An outline of the primary responsibilities, which apply to all public service employees. Commissioner's Circular 64 is issued by the Commissioner as Instructions pursuant to Section 30 Government Management Act and is binding on all employees appointed to the Public Service.
69	Whistleblowers Protection Act (3 pages)	Advice on the Whistleblowers Protection Act.

Appendix 6: Recruitment Charts

Non-Executive Recruitment Chart



Executive Recruitment Chart (1-5 year contract)



Executive Recruitment Chart (short-term assignment)

