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Background

Employment in central government under the main General Employment Framework (GEF):¹

2009: 162 009 employees
2011: 166 252 employees

Total employment in the general government sector as a percentage of labour force (2010):[†]

15.5%

Central human resources management body:

Australian Public Service Commission

Government production costs (2010)^{††}



Government centralisation (2008)^{††}



Type of recruitment system (2010)

Career based: Australia (blue square), OECD33 (blue diamond)
Position based: Australia (blue square), OECD33 (blue diamond)

Legal Framework

<p>GEF covers all employees: Yes</p> <p>GEF includes fixed-term contracts: Yes</p> <p>Private law applicable in public sector: No</p>	<p>Employment in the Australian public sector is regulated by the Public Service Act 1999, operating under the broader legislation of the Fair Work Act 2009 which governs both public and private sectors. The legislation allows non-ongoing and casual employment in the public sector. There is no distinction between the public and private sector regarding the rights to unionise and strike, which all staff are granted subject to restrictions under the <i>Fair Work Act 2009</i> (FW Act). Both sectors are entitled to some funding of pensions and there are no guarantees in favour of life-long employment.</p>	<p>distinction between the public and private sector regarding the rights to unionise and strike, which all staff are granted subject to restrictions under the <i>Fair Work Act 2009</i> (FW Act). Both sectors are entitled to some funding of pensions and there are no guarantees in favour of life-long employment.</p>																					
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Composition of Employment

Central government employment (2011)¹

Total employment under GEF: 166 252 employees

Part-time employment: 26 165 employees

Part-time is defined as any employee who works less than 35 hours per week.

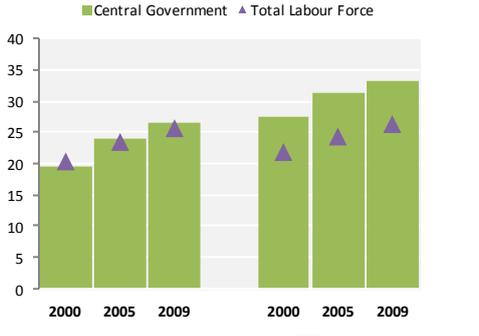
Gender in central government (2011)¹

Female participation in central government workforce: 65 768 employees

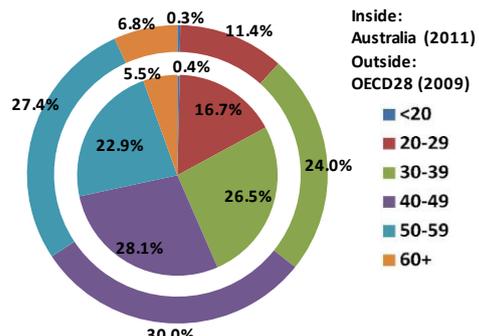
Share of top and middle positions who are women: 51.0%

¹ Data are for core ministries and agencies of central/federal governments

Percentage of employees aged 50 years or older in central government and total labour force (2000, 2005 and 2009)*



Age structure of central government



The age composition of the Australian public sector is relatively young compared to other OECD countries. Employees under the age of 30 account for 17.0% of the public sector workforce, significantly above the OECD average of 11.7%. In addition, employees over the age of 50 account for 28.4% of the public sector workforce, well below the OECD average of 34.3%. The percentage of employees over the age of 50 has been increasing in both the public sector and total labour force, which is consistent with an ageing population dynamic and the overall trend among OECD countries. The presence of women in top and middle management positions, 51.0% in 2011, is significantly higher than the average for reporting OECD countries of 34.7% in 2009.

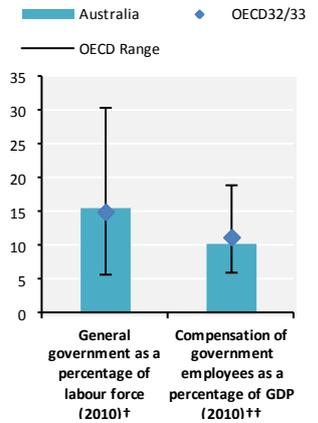
Public Sector Restructuring

Australia is one of 27 OECD countries who have taken action to reduce central government employment, Australia being the most recent country to implement such policies. General government sector employment (excluding public corporations) as a percentage of the labour force in Australia, 15.5% in 2010, is very close to the OECD average of 15.1%. In addition, compensation of government employees as a percentage of GDP, 10.1% in 2010, is below the OECD average of 11.3%. The GEF includes provision for dismissal of open-term employees for the purpose of restructuring, with the employee receiving an allowance. Agency heads carry the responsibility of managing resources and restructuring is not necessarily driven by central government. In this respect, current policies to increase the efficiency dividend and impose other savings measures may have a significant effect on public service resourcing but outcomes will vary across agencies.~ In addition, a cap on the size of the Senior Executive Service (SES) is currently in place until December 2016.

Anticipated reforms' effect on employment level: Decrease

Implemented changes in employment levels affecting more than 50% of ministries/agencies since 2000:

- Discretionary hiring / dismissal
- Contracting out
- Delegation to other public or semi-public organisations
- Reorganisation / restructuring



Organisation of HR Management

Decentralisation of HR Management (2010)

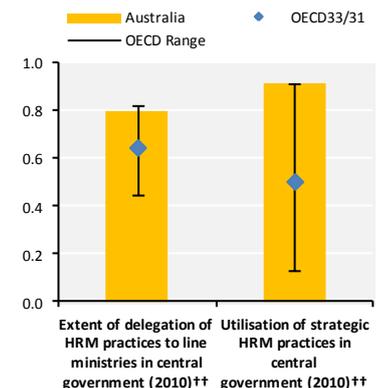
Central HRM unit:	Australian Public Service Commission
Role:	Coordination only
Location:	Dedicated ministry/organisation
Responsibilities:	<ul style="list-style-type: none"> • Provide leadership and guidance • Provide advice on legal framework • Transmit public service values • Promote diversity
Personnel, budget and pay delegation:	<ul style="list-style-type: none"> • Management of pay systems, budget allocation and the distribution of posts is delegated to ministries. • Performance related pay is managed at the unit/team level.
Classification, recruitment and dismissal delegation:	<ul style="list-style-type: none"> • Some latitude is given to ministries in managing post classification systems and employment duration. • Ministries are responsible for recruitment, career management and all forms of dismissal. • Units/teams are responsible for recruitment and career management.
Employment conditions delegation:	<ul style="list-style-type: none"> • Some latitude is given to ministries in managing the code of conduct and equal opportunity issues. • Ministries manage working conditions and performance appraisal systems.

Strategic HR Management

Existence of HRM accountability framework for managers:	Yes, and HRM is fully linked to strategic objectives
HRM targets feed performance assessments:	Yes
Regular HRM assessment of ministries and departments:	Yes
Framework requires top & middle management to plan and report on:	<ul style="list-style-type: none"> • Compliance with HR rules & targets for employment and pay • Effectiveness of strategic workforce planning efforts • Workforce strategies to close competency gaps • Participation in whole of central government initiatives • General people management
Forward planning use:	Yes, with framework design left to discretion of different organizations.
Forward-planning horizon:	2-3 years
Key aspects explicitly considered in forward planning:	<ul style="list-style-type: none"> • New issues in policy delivery • Civil service demographics • Possibilities for relocating staff • Efficiency savings (for example, through e-government)

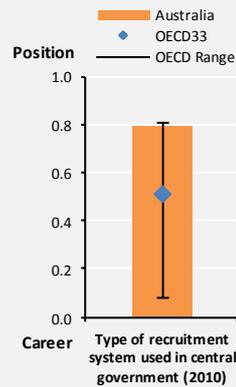
Australia has a very high level of delegation of HRM practices to line ministries and the utilisation of strategic HRM practices is higher than any other OECD country. Regarding HRM delegation, there are limited aspects in which the central HRM unit sets and applies policies, primarily workplace relations and senior executive staffing matters. Most of the responsibility lies with ministries. Overall, delegation measures have led to a broadly comparable framework within ministries, but with significant differences

between them. Regarding strategic HRM practices, regular assessments of ministries' HRM capacity are done, HRM targets are considered in performance assessment, and forward planning that considers a range of aspects is utilised. The only scope for expansion is through the formalisation of a systematic workforce planning process across the whole of government and to consider outsourcing possibilities in forward planning.

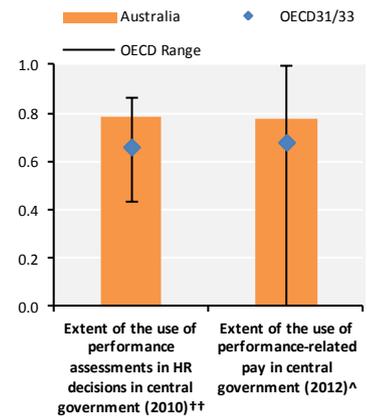


HR Management Practice

RECRUITMENT: Posts in the Australian Public Service (APS) are allocated via direct application with an interview process and most posts are open to external applicants. Overall, the recruitment system used is substantially more position oriented than the OECD average and lies in the upper region of the range. Most vacancies are open to external recruitment, with selection panels, and in some cases recruitment firms, being used. The APS has measures in place to promote the recruitment of Indigenous Australians and people with a disability. These include a preferential selection in designated positions, the use of a disability employment service provider and special cadetships and traineeships aimed at promoting the recruitment of Indigenous Australians. Agency heads are required to report annually on the effectiveness and outcomes of their workplace diversity programs, and to ensure that their programs are reviewed at least every four years.



PERFORMANCE: The extent of the use of performance assessments in HR decisions in Australia is substantially greater than the OECD average. Formalised performance assessments are mandatory for all employees under the GEF and take the form of a meeting with, and written feedback from, the immediate superior every six months. Assessment is of importance for remuneration decisions and an extensive range of performance criteria is used, including timeliness of activities and outputs, output quality, cost effectiveness of work, values and improvement of competencies. In addition, Australia's use of performance-related pay (PRP) is close to the OECD average. PRP is used for most central government employees and most commonly takes the form of performance-based permanent pay increments. One-off performance bonuses are used less frequently. The maximum proportion of base salary that PRP can represent depends on the particular agreement, but is typically between 2% and 12%.



PAY SETTING: Base pay and bonuses are determined through decentralised negotiation and are not indexed to other variables. Seniority based pay is not used, but the employee's previous salary is taken into account when taking on a new position. Work content is the most important factor to determine base salary, after which performance, seniority and relevant experience are also considered.

Most important factors to determine base salary	Top Management	Middle Management	Professionals	Secretarial Level	Technical Support
Educational qualification	○	○	○	○	-
Job content	●	●	●	●	-
Ministry	●	○	○	○	-
Performance	●	●	●	●	-
Age	○	○	○	○	-
Seniority in the position	●	●	●	●	-
Relevant experience	●	●	●	●	-

● Key importance ● Somewhat important ○ Not at all important

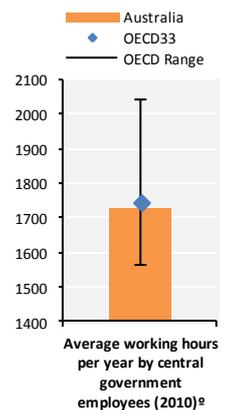
PROMOTIONS: Legislation requires that recruitment decisions such as promotions be based on the relevant merit of candidates. The factors to be considered are not defined in legislation. Agency heads are required to establish a workplace diversity program that values diversity and promotes equity in employment. There are no formal restrictions to grades or hierarchical levels, selection panels are systematically used and there is some use of assessment centres.

MOBILITY: Mobility between APS agencies/ departments has varied over the past ten years with periods of stability, growth and decline. Work has been completed to improve the publicity of available opportunities through enhancements to the APSJobs site. More information on mobility principles is available at: <http://www.apsc.gov.au/learn/employee-mobility/employee-mobility-principles-for-advancing-professional-development>. Work is progressing to establish frameworks to support employee mobility initiatives between Commonwealth, State and Territory jurisdictions. Mobility outside of the public service is accepted but not promoted in any particular way.

TRAINING: APS investment in learning and development is significant. In the 2011-12 State of the Service Report, 83% of employees reported spending time in formal training and education during the last 12 months. Over a quarter of employees (29%) reported spending between three and five days in learning and development, while a further 27% reported 6 days or more. Strategies to enhance the APS's current and future leadership capability are being implemented as an important theme in APS-wide reform.

WORK CONDITIONS: Yearly average working hours in Australia, 1 730 hours in 2010, are very close to the OECD average of 1 745. Fewer annual holidays per year mostly offset shorter weekly working hours. The median absence rate across the APS in 2010-11 was 11.1 days per employee. Workplace absence covers five categories: sick leave, carer's leave, compensation leave, types of miscellaneous or other leave, and unauthorised absence. Agencies have implemented a broad range of strategies to help manage workplace absences.

Number of regular working hours per week: ^g	37.5
Average number of annual leave days per year: ^g	20
Average number of bank (public) holidays per year: ^g	10
Total number of hours worked per year: ^g	1 730



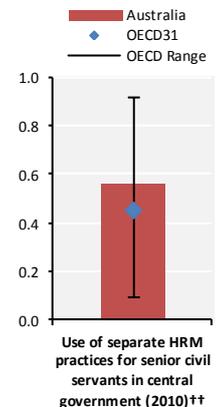
Senior Management

The APS considers senior civil servants (SCS) as a separate group with a centrally defined skills profile. Department Secretaries are appointed by the Prime Minister for up to five years and can be moved or terminated at the Prime Minister's discretion. APS agency heads are appointed by the Governor-General (on the advice of the government) or by the relevant Minister for the term specified in the enabling legislation. Department Secretaries and APS agency heads are not APS employees.

The management level below the APS Agency Head, the Senior Executive Service (SES), represents the senior leadership group and directly supports agency heads in

achieving the goals of the agency. SES employees are APS employees, employed under the Public Service Act 1999. All SES positions are open to external recruitment and the Public Service Commissioner is represented on all recruitment panels—the final decision is binding.

Amendments to the legislation are currently before parliament. These include: a revised statement of the roles and responsibilities of Secretaries; changes to arrangements for the appointment and termination of employment for Secretaries; and revised provisions relating to the role and functions of the Public Service Commissioner.



Industrial Relations

Under the Fair Work Act 2009 (FW Act) enterprise agreements must include consultation provisions and employee representatives are commonly consulted on a range of issues including base salary/social benefits, remuneration and performance pay, and work conditions. The extent of consultation with unions varies, reflecting different consultation provisions in enterprise agreements. Civil service unions are not publicly funded in Australia. The right to unionise and to strike are granted to all public service employees, though the right to strike

is subject to some restrictions under the FW Act. Development of the employment framework, code of conduct, right to strike/minimum service and government restructuring is all undertaken centrally. Negotiation of base salary, work conditions, additional remuneration and performance pay are all delegated to departments/branches, whilst the introduction of new management tools is negotiated at both central and delegated levels.

Reforms

- The FW Act removed the option for individual agreements governing terms and conditions for non-managerial staff. The focus of the system is now on the bargaining of terms and conditions through collective agreements between government agencies and employees and their representatives, with individual flexibility arrangements possible through these agreements. The current policy framework for bargaining seeks to provide stronger and more comprehensive guidance to increase commonality of terms, conditions and salary levels across Australian central government employment. Progress has been made towards harmonising employment terms and conditions across the central government public sector. Work continues in determining the desirability and extent of further harmonisation in this area.
- In 2011-12, a comprehensive examination of the existing classification arrangements was completed. The review identified continued support for the current classification structure; however, improved practical guidance and tools to better support agencies in managing classification arrangements will be applied.
- Departmental Secretaries agreed in early 2012 to establish a Diversity Council as a high level body to focus on ways to improve the diversity of the public service workforce, particularly for Indigenous Australians and people with disability, as these groups are significantly under-represented in the Australian public service.

Challenges

- Operating in a constrained fiscal environment – e.g. through the imposition of an additional efficiency dividend for the 2012-2013 financial year and other savings measures.
- Developing adaptive leadership capability.
- Developing enhanced capacity to work in the Asian Century.
- Increasing workforce participation of disadvantaged groups, particularly people with disabilities and Indigenous Australians.
- Improving performance management governance, systems, practices and capabilities.

Sources

Unless indicated otherwise, all data are sourced from OECD (2010), *Survey on Strategic Human Resources Management in Central/Federal Governments*, unpublished.

* Data for Total Labour Force from OECD *Labour Force Statistics Database*; data for Central Government from OECD (2011), *Government at a Glance 2011*.

† Data from International Labour Organization (ILO) *LABORSTA Database* and OECD *National Accounts Statistics*. See Methodological Note.

†† OECD (2011), *Government at a Glance 2011*, OECD Publishing, Paris.

~ OECD (2012), *Restoring Public Finances 2012 Update*, OECD Publishing, Paris.

° OECD (2010), *Survey on the Compensation of Employees in Central/Federal Governments*, unpublished.

^ OECD (2012), *Rewarding Performance in the Public Sector: Performance-related Pay in OECD Countries*, unpublished.

Further Reading

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OECD (2011), *Public Servants as Partners for Growth: Toward a Stronger, Leaner and More Equitable Workforce*, OECD Publishing, Paris.

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