Enduring Challenges and New Developments in Public Human Resource Management: Australia as an Example of International Experience

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Abstract

Australia has its own unique institutional arrangements within which its civil services operate, yet its experience in public sector human resource management over the last forty years or so has much in common with that of many other Western democracies, including the U.S.

It faces enduring challenges such as the relationship between politics and administration while its approach to public management has evolved from traditional Weberian administration through new public management to a much more complex, open and networked system. While the role of government in society has not radically changed, the way in which that role has been exercised has changed significantly.

Government employees represent a smaller proportion of the workforce, what they do and the skills they have have changed dramatically, internal arrangements to foster ethics and to manage staff are different today, new approaches have been adopted to compensate and motivate employees, the diversity of employees has widened and the place of HRM in agencies' strategic management processes has ebbed and waned. In each of these areas, HR managers in Australia today face difficult questions about future directions. Most of these will be familiar to HR managers in other countries.

SECTION ONE: BACKGROUND, ENDURING CHALLENGES AND CHANGING CONTEXTS

Some Australian Background

The Commonwealth of Australia was established on 1 January 1901 by British law. The Constitution was developed over the previous twenty years through a series of conventions, and drew consciously from both the U.K. and the U.S., as well as Canada. It incorporates a broadly U.K.-style parliamentary system. Australia also adopted from the beginning the U.K. approach to separating politics from administration, with a merit-based civil service based on the 1854 Northcote-Trevelyan Report (Northcote and Trevelyan 1854). The Constitution provides for a federal structure with many similarities to U.S. arrangements, including an elected Senate based on state representatives. The powers of the national government are specified in the Constitution, the intention being to constrain its role; the six states have sovereignty in all other areas (there are now also two territories with broadly similar responsibilities).

In practice, over the next 100 years the role of government has widened and the power of the national government in Australia has increased very substantially. Nonetheless, over 75 per cent of public sector employees are employed by state and territory governments which continue to manage most service

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delivery - schools, hospitals, public transport, and police. Local government plays a limited role in Australia, with about 10 per cent of all public sector employees, these being mostly involved in property services (local planning, roads, storm water, garbage collection etc) and some community services (such as local libraries). The national government has about 15 per cent of public sector employees, but it also collects the vast majority (about 80 per cent) of government revenue and uses this to play a significant role in most sectors including health, education and welfare as well as in traditional areas of federal responsibilities such as the national economy, defence, trade and social security.

Enduring Challenges

While contexts change over the years, two of the enduring challenges in public administration in Australia, as elsewhere, are the relationship between politics and administration, and the balance between the respective roles of government, the market and civil society. Old debates on these get refreshed and reframed as new technologies and new ways of doing business are introduced. Concepts of merit, non-partisanship, impartiality, professionalism and anonymity in the public service are inevitably re-calibrated in the light of modern communications and the corresponding professionalization of politics, and the continuing obligations of the civil service to be responsive to the elected government and to be publicly accountable. Similarly, the classic concepts of the role of government in liberal market economies, such as allocation, (re)distribution and stability (Musgrave and Musgrave 1980), involving the delivery of public goods and addressing market failures as well as protecting the poor and dampening the impact of economic cycles on unemployment and inflation, all require rethinking with technological change, and social developments including globalisation and demographic change.

There are also enduring challenges in public sector HR management including the identification of the size and skills required in the public sector, the values, ethics and leadership needed to foster the workforce culture we need, compensation and motivation arrangements that not only attract and retain the people we need but encourage high level individual and organisational performance, the desired representativeness and diversity of the public sector workforce, and the place of HRM in top level public sector management. Each of these also require continuing review as the context changes.

The Changing P.A. Context over the Last 40 Years

The broad approach to public administration is continually evolving as circumstances change. It is now possible to discern paradigm shifts over the last forty years, though it is not so easy to identify more recent patterns.

In Australia, the 1976 Royal Commission into Australian Government Administration (RCAGA 1976, also known as the Coombs Report) marks the beginning of a significant paradigm shift away from what might be termed ‘traditional administration’. That approach relied heavily on detailed rules and processes, and involved firm hierarchies and central controls; public service was a lifetime career and the public sector was dominated by Anglo-Saxon men; and the public service had almost a monopoly in advising government and delivering government programs. It was a Weberian bureaucratic model.

The Coombs Report questioned the appropriateness of this approach in the 1970s and proposed three key directions for reform: more responsiveness to the elected government, a stronger focus on efficiency and performance, and a better reflection of Australian society within the public service. The traditional public service was seen to be too reliant on its own expertise and experience and not

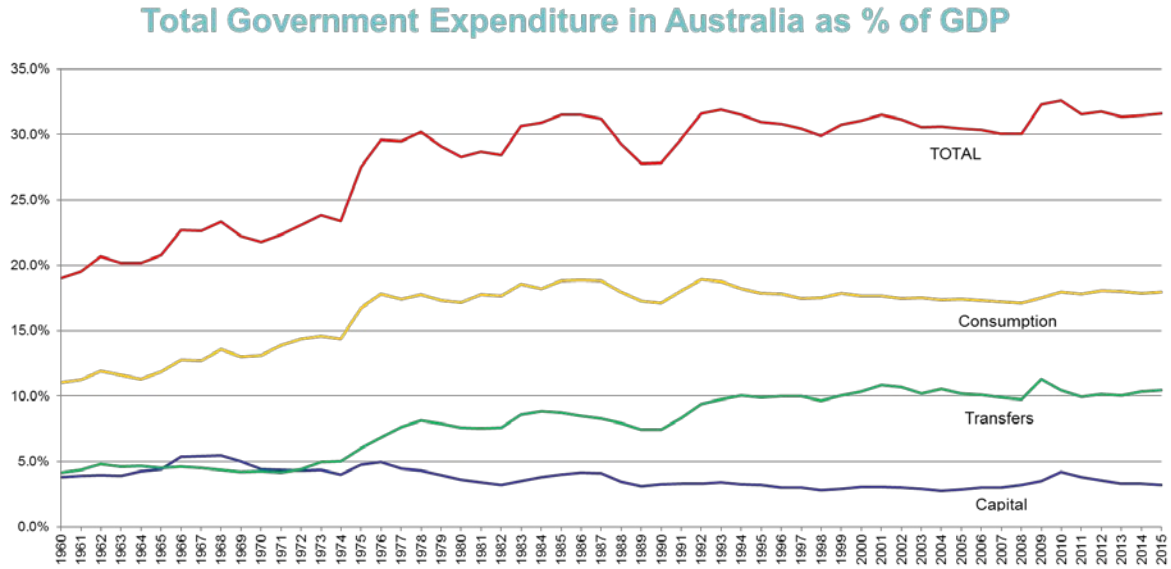
sufficiently responsive to changes in society as reflected in the shifting policy views of society's elected representatives; the focus on rules and hierarchies was not conducive to efficient management and the achievement of program objectives; and the service itself was too isolated from society, offering limited opportunities for women, Indigenous Australians, people from non-English speaking backgrounds and people with a disability.

The Coombs Report was not suddenly adopted, but it did mark a shift already underway that accelerated over the following decade and more. The new paradigm of the 1980s and 1990s became known as New Public Management and its Australian version bears many similarities to, but also some important differences from, the reforms in other Anglo-American countries over this period. In Australia, NPM was often termed 'managerialism' (Nethercote 1989) or, less pejoratively, 'management for results' (Keating 1989). The key attributes were:

- devolution of management authority;
- stronger accountability for results;
- firmer direction by the elected government which set the policy and program objectives and the results to be achieved;
- wider use of private sector management approaches such as corporate planning, performance management and accrual accounting; and
- a gradual increase in the role of markets via outsourcing, commercialisation and privatisation.

NPM in Australia had little if any ideological content though it did reflect an emphasis on efficiency and the use of economic ideas and levers. It had bipartisan support, each side of politics seeing the developments as ways to better achieve their (often different) policy objectives (or 'results'). The overall size of government in Australia, as measured by government expenditure as a share of GDP, did not shrink over these decades (Figure 1) but the way government did its business shifted very significantly, from 'providing' to 'purchasing' and by new and very different forms of regulation.

Figure 1: Total Government Expenditure in Australia as % of GDP, 1980-2015



Source: ABS 2016

Notwithstanding evidence of significant improvements in efficiency and effectiveness resulting from NPM, by the early 2000s serious limitations of the approach became evident. Despite the ostensible emphasis on devolution, NPM remained hierarchical, being dependent upon principal-agent arrangements and strict definitions of objectives and targets. Its focus on each agency and each program also constrained cooperation and joint effort, which was essential for many complex public policy issues ('wicked' problems). Despite improved 'customer focus', accountability remained primarily 'upwards' to management, ministers and the parliament rather than 'downwards' and 'outwards' to the community.

The subsequent adjustments are often now termed 'New Public Governance' (NPG) (Edwards 2002). They have not involved any wholesale rejection of NPM, but more a range of modifications – some softening NPM's hard edges, others extending NPM's shift away from public sector monopolies. The key attributes of NPG in Australia are:

- wider use of networks across and beyond government;
- partnerships involving collaboration and not just competition and strict purchaser/provider;
- horizontal rather than vertical management (the Australian term is 'whole-of-government');
- downwards and outwards accountability as well as upwards accountability; and
- increased interest in addressing complex problems such as social exclusion, environmental concerns, Indigenous well-being.

These have led both to some winding back of devolution in order to achieve more coordination and 'connected government' (MAC 2004), and to further increases in the use of non-government organisations to deliver public services particularly the use of NGOs for disability, employment and health-related services through partnership agreements.

While both NPM and NPG approaches remain extant, there are some signs of possible new developments. We are yet to see any significant reverse to what some Europeans (eg Pollitt and Bouckart 2011) call 'neo-Weberian' governance based on re-building the role and capability of the public sector, but there is new interest in the capability of the public service and of stewardship by its leaders. Public service and financial management legislation has been substantially re-written in the last five years (PoA 2013a and 2013b). In part this is in response to evidence of capability loss over the last 20 years (APSC 2011) in such areas as strategic policy advising and HRM professionalism, and of reduced application of some of the better management techniques developed under NPM such as corporate planning and program evaluation. But there is also renewed interest in investing in technology and skills to improve program delivery and efficiency.

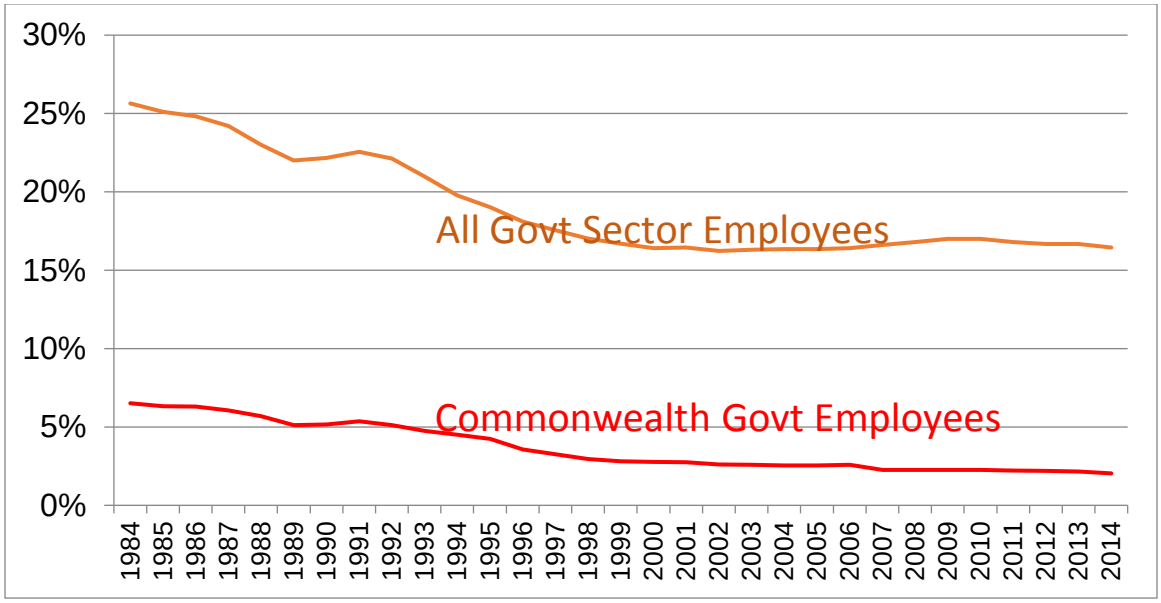
Another possible emerging development is in 'experimentalism' (Sabel and Simon 2011), involving more systematic approaches to the use of devolution and experimentation to identify and disseminate effective ways to address complex issues and to inform the decision-makers, including the legislature, so that policy can be suitably refined. This has yet to take hold, but there are signs of interest in such areas as disability services and Indigenous employment and welfare.

SECTION TWO: HRM IMPLICATIONS AND DEVELOPMENTS

A Workforce Implications and Developments

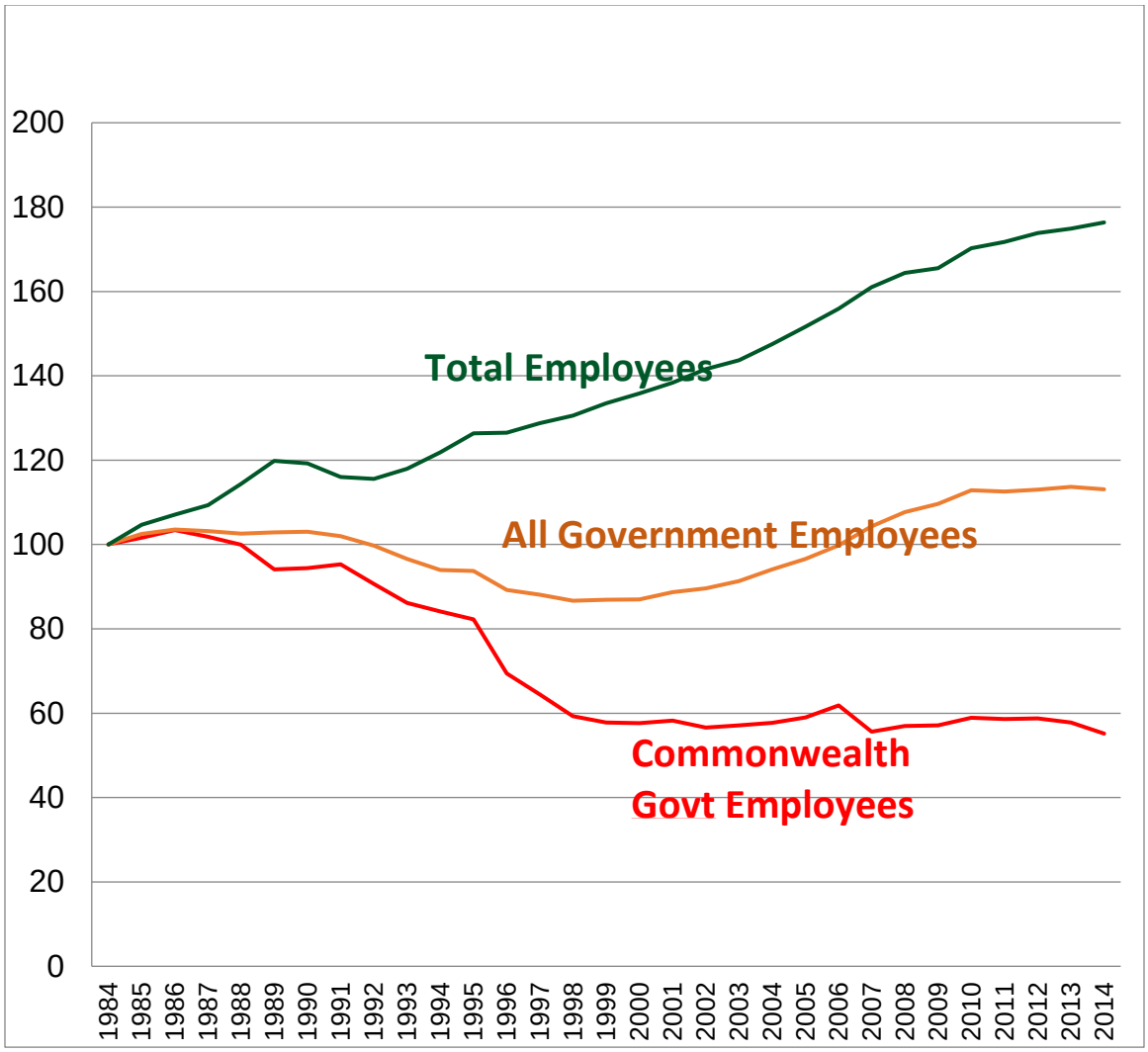
While Figure 1 shows government spending as a proportion of GDP is largely unchanged, the numbers of public sector workers as a proportion of the workforce has dropped significantly over the last 40 years (see Figures 2 and 3).

Figure 2: Public Sector Employment as % of Total Australian Employment



Source: ABS 2015

Figure 3: Index of Employment Growth in Australia - Public Sector and Total Employees



Source: ABS 2015

Much more starkly, the skills and qualifications of public sector workers have changed enormously. Table 1 sets out the classification profile of the Australian Public Service (the national government civil service), using the classification categories now in place (starting at APS1 and moving up to APS6 followed by middle managers (Executive Levels) and the Senior Executive Service.

Table 1: Australian Public Service Classification Profile 1980-2015

Classification level	1980 (approx.)	1994	2001	2015
APS 1-2 (or below)	68%	28%	12%	6%
APS 3-4	13%	30%	39%	34%
APS 5-6	10%	26%	29%	34%
Executive levels	8%	15%	18%	25%
Senior executives	1%	1%	1.4%	1.6%

Source: APSC 2015

In 1980, more than two thirds of all the APS were in the lowest classification levels that now apply – there were then many more classification categories at and below these levels such as for typists, data entry staff, administrative assistants and technical officers; these now make up only 6 per cent of the APS. The APS is now much more 'multi-skilled', technology having replaced a wide range of technically qualified support staff. The pattern is very similar in the other Australian jurisdictions. The shift reflects the enormous impact of technology on the workforce generally, the move towards a graduate-based public sector and, to a lesser degree, the shift under NPM and NPG to outsourcing, commercialisation and partnering.

There has also been a significant increase in public sector workforce mobility, with increased lateral recruitment into middle and senior management jobs and greater use of temporary ('non-ongoing') and part-time staff. The majority of senior executives, however, are still career public servants, and the level of turnover at lower classification levels has not increased all that much (it has always been quite substantial).

In reviewing these developments, a number of important questions come to mind for today's HRM professionals and PA analysts and advisers:

A (1) Should and will the preference for the private sector (including NGOs) to deliver public services continue?

- Is competition delivering the claimed efficiencies and meeting desired outcomes or have we passed the point of diminishing returns?
- What must the public sector do to regain public confidence in the quality and efficiency of the services it provides?
- How should the public sector partner with the private sector to get the best results?

A (2) Has multi-skilling and our emphasis on graduates gone too far?

- Have we placed obstacles in the way of some groups' ability to gain public sector jobs?

A (3) Have we allowed too much 'classification creep'?

- Did the reduction in lower level jobs really justify the increase at the top end?
- Would efficiency be improved if senior staff had more junior staff to perform routine tasks?

A (4) Where will new technology next impact the skills profile required?

- Will employees at middle levels, including professionals, be affected by the next wave of ITC developments?
- What new skills are needed to take advantage of this technology?

B Ethics and Leadership

The PA shift under NPM, and continuing under NPG, from an emphasis on rules and processes to an emphasis on results, was accompanied by a parallel change of approach towards promoting ethical behaviour and towards the style of leadership in the public sector.

The focus on 'ends' never meant ignoring 'means'. But it took some time before a satisfactory way of promoting ethical behaviour in the absence of detailed rules and processes was defined and articulated. This involved identifying core principles, or the 'values' that should shape public service behaviour. The reduced emphasis on rules and processes also demanded changes in management behaviour, from strict hierarchical command and obey to 'leadership' where authority is exercised by personal example and shared power, and by influence rather than control.

These ideas, promoted internationally for the private sector as well as the public sector, were explored in some depth in Australia in the 1990s and reviewed further in the 2000s. Four key principles were included in new financial management legislation in 1997 (efficient, effective, economical and ethical) and 15 APS Values were enshrined in the new Public Service Act 1999 (PoA 1997; PoA 1999). The latter represented a compromise between the political parties and were widely acknowledged as somewhat cumbersome, but the APS Commission addressed this weakness by placing the values into four groups, emphasising their role in shaping relationships and behaviours through 'values-based management' and highlighting the unique public service approach within each group. Table 2 sets out the legislated values under these four groups (APSC 2003a).

Table 2: APS 1999 Values according to Relationships and Behaviours

Relationship with Government and Parliament

- The APS is apolitical, performing its functions in an impartial and professional manner
- The APS is openly accountable for its actions, within the framework of ministerial responsibility to the Government, the Parliament and the Australian public
- 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

Relationship with the Public

- The APS delivers services fairly, effectively, impartially and courteously to the Australian public and is sensitive to the diversity of the Australian public
- The APS provides a reasonable opportunity to all eligible members of the community to apply for APS employment

Workplace Relationships

- The APS is a public service in which employment decisions are based on merit
- The APS provides a workplace that is free from discrimination and recognizes and utilizes the diversity of the Australian community it serves
- The APS establishes workplace relations that value communication, consultation, cooperation and input from employees on matters that affect the workplace
- The APS provides a fair, flexible, safe and rewarding workplace
- The APS focuses on achieving results and managing performance
- The APS promotes equity in employment
- The APS provides a fair system of review of decisions taken in respect of APS employees

Personal Behaviour

- The APS has the highest ethical standards
- The APS has leadership of the highest quality
- The APS is a career-based service to enhance the effectiveness and cohesion of Australia's democratic system of government

Source: APSC 2003a

More recently, the legislation has been amended to simplify the values and make them more widely known and readily understood. Those relating to workplace relations, including merit, are now in separate 'Employment Principles'. The core APS Values are publicised by the pneumonic 'I CARE' (Table 3).

Table 3: APS Values in the Public Service Amendment Act 2013

Impartial

- The APS is apolitical and provides the Government with advice that is frank, honest, timely and based on the best available evidence

Committed to service

- The APS is professional, objective, innovative and efficient, and works cooperatively to achieve the best results for the Australian community and the Government

Accountable

- The APS is open and accountable to the Australian community under the law and within the framework of Ministerial responsibility

Respectful

- The APS respects all people, including their rights and their heritage

Ethical

- The APS demonstrates leadership, is trustworthy, and acts with integrity, in all that it does

Source: PoA 2013

While the legislation and directions under it spell out what each of these values entails, I remain disappointed that the grouping previously developed has been lost as that had highlighted the unique roles and responsibilities of the civil service and included its historic emphasis on merit (which is now no longer a 'value' but included amongst separate 'employment principles').

Leadership has also been defined for the Australian public service through the development of the capabilities required. These have been used since the early 2000s as selection criteria for the SES and for development purposes. What is particularly significant is the verbs which are used to describe each of the capabilities (Table 4).

Table 4: Senior Executive Leadership Capability Framework

Shaping strategic thinking
Cultivating productive working relationships
Communicating with influence
Exemplifying personal drive and integrity
Achieving results

Source: APSC 2000

While no longer used systematically for selection purposes, this framework and the associated documentation is still widely used for career development purposes.

The articulation and promotion of values and leadership capabilities has raised a number of practical questions that are still being debated in Australia:

C (1) How to address the problem of rhetoric disguising reality?
- What is the best way to embed the values into public service culture?
- How should leadership capabilities be married with hard-nosed management and technical skills?
- How should ethical competence be taught?

C (2) How far can third parties (contractors etc) be expected to reflect public sector values?
- Do we use third parties precisely because they are not subject to the processes that underpin public sector values?
- What are the implications for contracts and agreements of the different values that are central to for-profit and not-for-profit private organisations?

C Compensation, classification and motivation

The demand for more management flexibility to achieve results more efficiently led to a series of changes in the way pay and conditions of government employees were funded and set in Australia.

Initially, steps were taken in the 1980s to aggregate appropriations for administrative expenses, allowing agency managers to shift resources between different administrative items, including between employee salaries and expenses such as travel and training and development. Then centrally funded and delivered services such as property, cars and publishing were subject to user charges, the funding being redirected through agencies which could then review the level and mix of resources they needed. They subsequently also demanded power to choose providers which in time often led to commercialisation and privatisation (APSC 2003b).

In a broadly similar way, while superannuation continued to be based on defined benefit, pay-as-you-go arrangements, the assessed premiums were charged to agencies so that they were responsible for their employees' total remuneration. This also allowed agencies to assess directly the relative costs of in-house provision of services and contracting out. The high premiums for the defined benefit schemes led to increased pressure to reform public sector superannuation over the following twenty years, shifting it progressively to defined contribution schemes (there was already some pressure to move in this direction as the defined benefit schemes constrained mobility between the public service and other sectors and tended to penalise women).

In the late 1980s, first steps were taken towards devolution of pay and conditions in an attempt to drive greater productivity and performance. The steps were also consistent with the Labor Government's broader industrial relations reforms to replace collective bargaining with enterprise-based bargaining which required more careful consideration of productivity. Public service pay increases became subject to agency-level negotiations within tightly capped administrative budgets. Agencies could choose to trade off certain conditions for pay increases, and agencies were encouraged to experiment with private sector ideas such as performance pay, particularly for more senior staff. Devolution of pay and classification was extended very substantially in the late 1990s under the then Conservative Government, with the new Public Service Act confirming that agency heads had all the powers of an employer, including over pay and classification, subject only to budgets, centrally-determined classification principles and Government pay policy. There were some examples of genuine productivity-

improving innovations, such as Centrelink's 'virtual vocational training college' and its formal approach to career management, but most agencies negotiated narrowly-defined productivity offsets with limited if any long-term advantages.

While most agencies retained the classification structure developed in the 1980s, some varied the structure, many applied new approaches to career progression within the structure (often effectively combining levels) and most ended up with their own unique pay levels and sets of conditions. In general, emphasis has been given to pay over conditions, and conditions have been reduced.

By 2010, a new Labor Government had accepted that such variations were not justified on efficiency grounds, they inhibited mobility and they made very difficult restructuring across agencies (Advisory Group on Reform of Australian Government Administration 2010). But unscrambling the egg has proven to be very hard; significant differences remain eight years after that Government came into office (Table 5).

Table 5: Base salary variations in the Australian Public Service 2015

Classification	Salary at P5 $	Median Salary $	Salary at P95 $	P5-P95 range % of median
Graduate	53,652	60,158	69,456	26.3
APS1	39,144	47,736	49,697	22.1
APS2	48,525	54,588	56,435	14.5
APS3	55,511	61,512	62,560	11.5
APS4	62,493	69,239	70,144	11.1
APS5	69,395	74,451	76,624	9.7
APS6	78,842	86,923	90,890	13.9
EL1	101,278	108,382	115,778	13.4
EL2	122,032	133,905	151,097	21.7
SES1	159,125	181,006	215,662	31.2
SES2	208,711	232,644	277,897	29.7
SES3	275,000	312,000	380,692	33.9

Source: APSC 2016

As in the labour market generally, the public sector industrial relations changes not only focused on increased labour market flexibility and productivity but, in doing so, reduced considerably the role and power of the unions. Agencies could negotiate directly with their staff, though most large agencies chose to work with the union(s) representatives amongst their staff. But agencies were very firmly constrained by their budgets and by Government policies to contain pay increases, leaving little room for union (or staff) negotiations. Over the last six years, these constraints have been tighter under both Labor and Conservative governments than previously, finally causing serious industrial unrest and reinvigorating the key public sector union. Nonetheless, we are yet to see serious disruption to public services (the most serious to date has caused only modest delays in getting through immigration and customs at international airports on a few days of industrial action).

There is widespread disillusion within the Australian public sector about the way pay and classification are set. Notwithstanding a degree of re-centralisation over the last decade, wide variations continue unrelated to any genuine difference in productivity. The centralised processes seem to be driven only by

budget considerations and ideological disregard for public servants, not any genuine study of attraction, development and retention of required skills or of labour market demand and supply.

My own suspicion is that a more evidence-based approach would not lead to pay increases across the public service, but may well lead to more differentiation according to skills and experience, with some pay rates increasing, other reducing over time and with a considerable shift in the classification profile.

The experimentation with performance pay in Australia was largely a failure. The experimentation in the late 1980s led to mandated arrangements for senior executives in the 1990s and widespread application at other levels, particularly amongst middle managers. Staff surveys demonstrated wide dissatisfaction with the systems put into place, particularly about fairness and the impact on teamwork (APSC 2004). Agencies that invested heavily to address those concerns to ensure consistency and a reasonable degree of objectivity questioned whether the costs involved were worth the benefits gained in terms of genuine improvements in organisational performance. Some chose to continue the practice, but most have looked to remove performance pay. For agency heads themselves, concerns were expressed about the tendency for political factors to displace genuine performance factors in assessing performance bonuses (Podger 2007).

Legacy programs still involve performance bonuses in some agencies, and conservative ministers and their appointees still occasionally express the desire for the public sector to follow private sector practice in this and other respects, but most agencies now give more emphasis to performance feedback and individual personal development rather than manage formal performance pay regimes. A continuing challenge, however, is the management of under-performance. Particularly in the absence of formal performance appraisal systems, this is proving very hard to manage.

Despite more than thirty years of increased permeability between the public and private sectors, and of flirting with private sector ideas within the public sector (and continuing advocacy to do so by some), there are signs of interest in other ways of motivating public sector employees. ‘Public service motivation’ is not yet a widely used term in Australia (but see Taylor 2008), but the opportunity to contribute to society remains a selling point in advertising for new staff. Altruism, and the ‘buzz’ of involvement in public policy and public service delivery may also help to explain the degree of personal commitment and effort demonstrated by data on hours of work by public servants and evidence of increased strategic investment in training and development to improve career opportunities, and to put more effort into promoting improved work-life balance (APSC 2011) and embracing diversity (see further below). These may rely in part on keeping relevant public service conditions despite the long trend to reduce them.

The key questions now for future compensation, classification and motivation of public sector employees in Australia are:

D (1) How far should pay and classification, and related matters, be devolved?
D (2) How can we ensure compensation properly supports attraction and retention requirements (and not political factors)?
D (3) How important are public service conditions, and not just pay, to attraction, retention and performance?
D (4) What role does, and can, public service motivation play in attraction, development and retention in a world of more permeability between the public and private sectors?

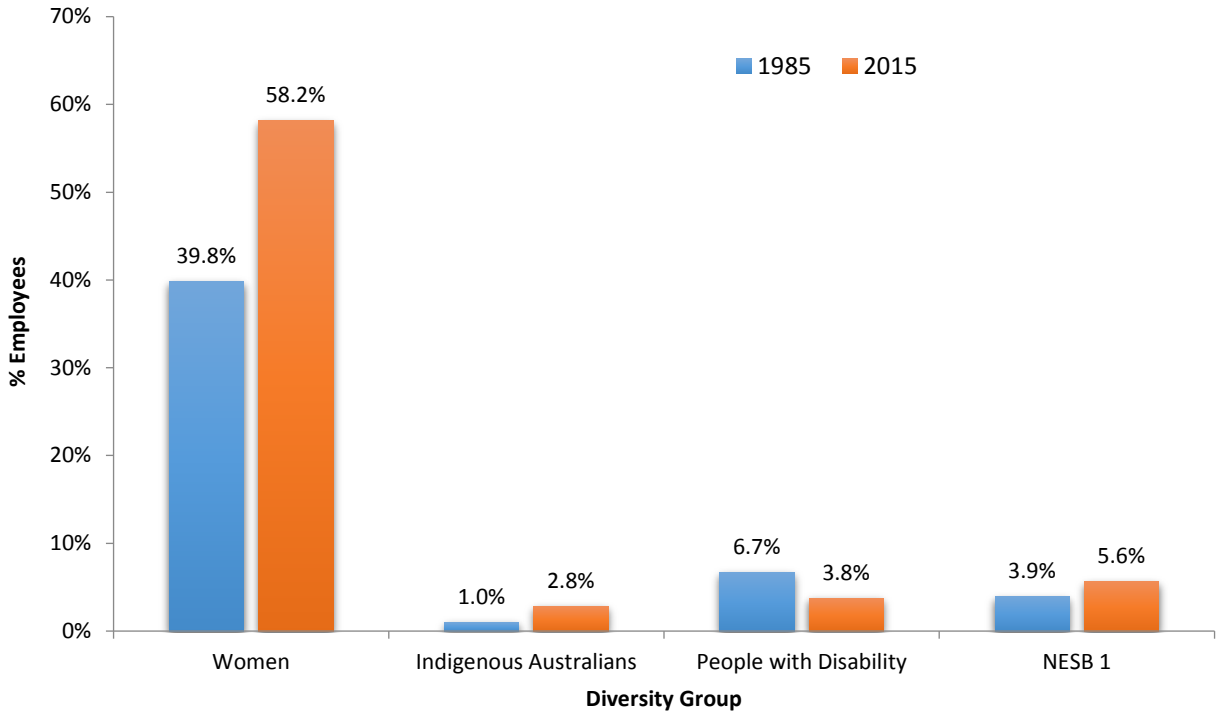
D (5) What is the best way to reward performance and to manage under-performance? Can performance pay help, and under what conditions?

D Diversity

The emphasis in the 1978 Coombs Report on improving the representativeness of the public service reflected broader social debates and trends at the time, particularly about the role of women in society and the rights of Indigenous Australians.

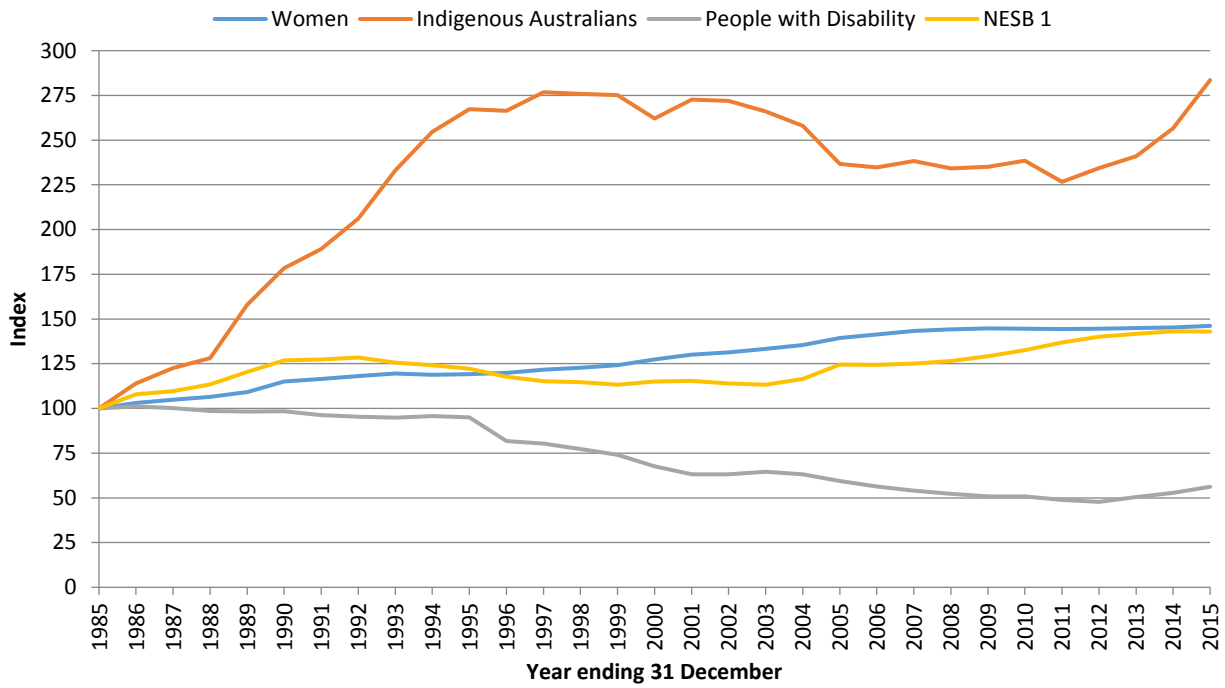
There has in fact been significant progress in the representation of women and Indigenous people in the Australian Public Service though challenges remain. The story for the other priority diversity groups (people with a disability and those from a non-English speaking background) is far more mixed. Figure 4 shows the proportion in 1986 and in 2015, while Figure 5 presents the change in population since 1985 as an index.

Figure 4: Representation in APS by Diversity Groups, 1985 and 2015



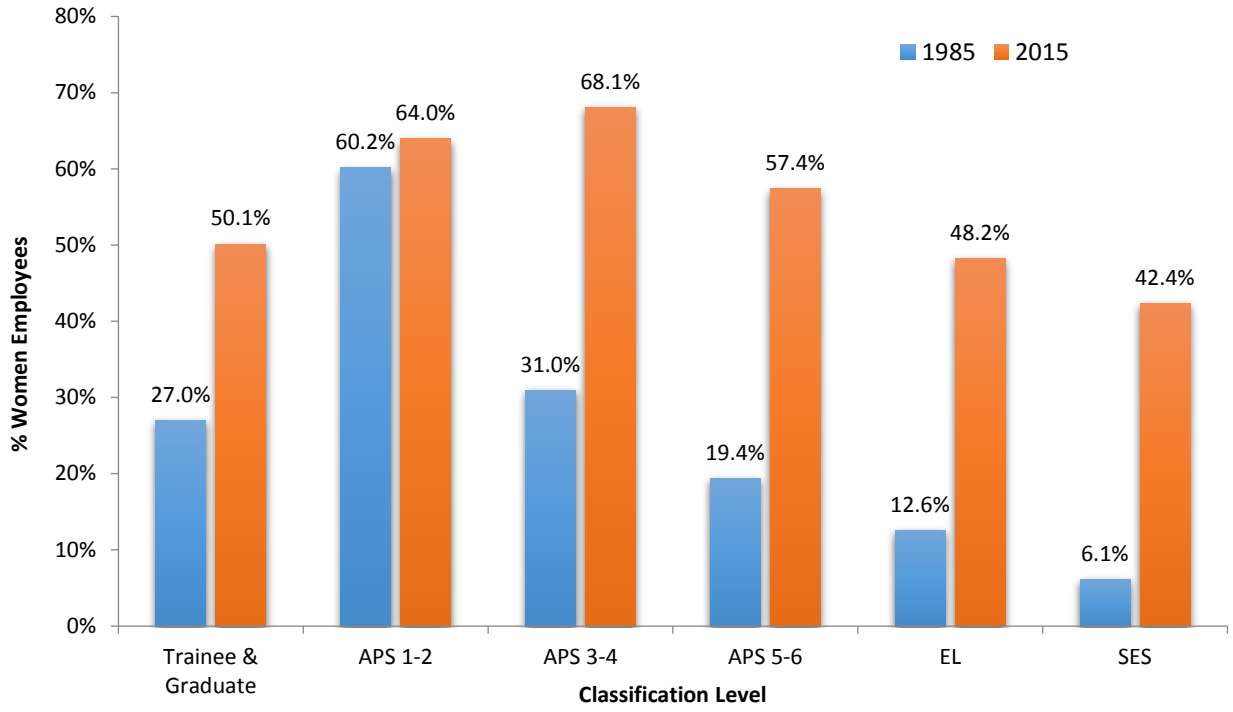
Source: APSC 2015

Figure 5: Change in population (weighted and indexed) for diversity groups, 1985 to 2015 (1985=100)



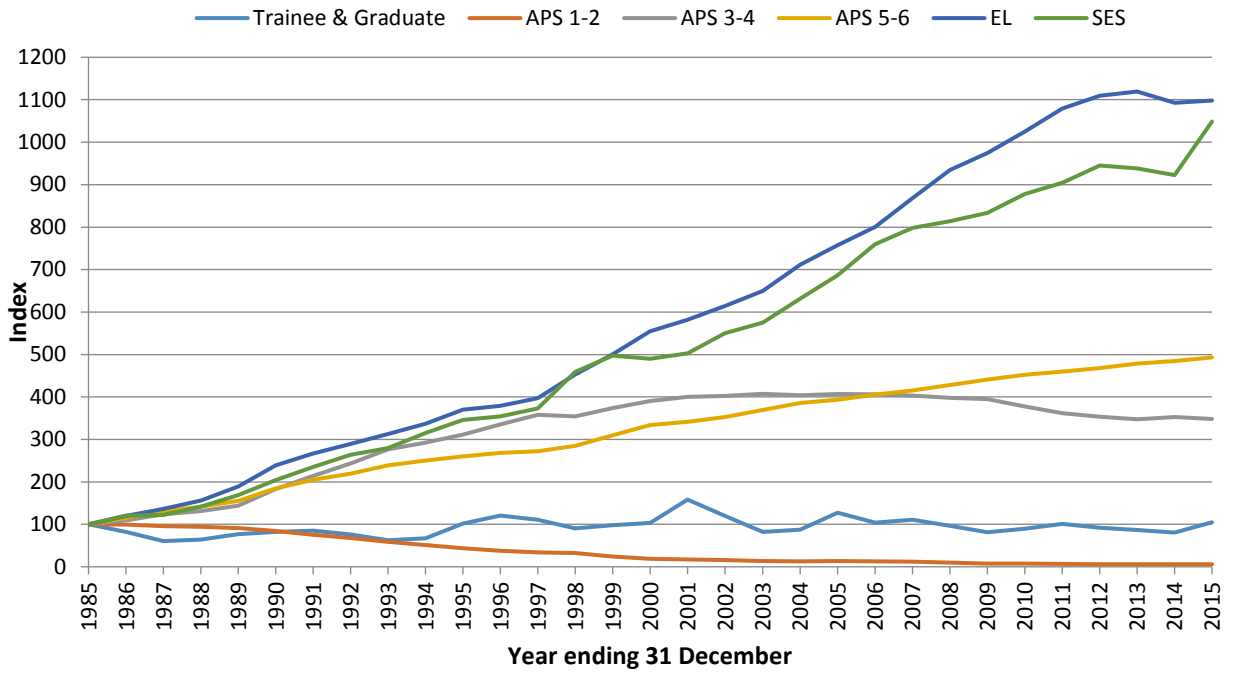
Women now represent 58% of the whole APS, compared to under 40% thirty years ago. In 1986, the vast majority of the women were in the lowest classification levels. While those in the SES are still well below 50% (see Figure 6), the improved representation of women is most marked in the more senior (EL and SES) classifications (see Figure 7).

Figure 6: Representation of women by classification level, 1985 and 2015



Source: APSC 2015

Figure 7: Change in representation (weighted and indexed) of women by classification level between 1985 and 2015 (1985=100)



These improvements have been achieved by concerted effort, not just changes in the supply of well-educated women seeking employment. Equal employment opportunity (EEO) programs were

introduced in the 1980s aimed to invest in the training, development and mentoring of women and to address biases in recruitment and promotion processes. In the face of initial strong resistance from the union, part-time work opportunities were steadily increased across all classification levels. Conditions aimed at supporting female employees were also introduced, including paid and unpaid maternity leave, flexible working hours and access to child care.

EEO programs were also introduced to improve Indigenous employment. The expansion of programs to improve the health, education, employment and welfare of Aboriginal and Torres Strait Islander people also drove demand to employ Indigenous staff. This was also encouraged during the 1980s and early 1990s as those programs were aimed to support a degree of 'self determination'.

By the early 2000s, the APS employed about the same proportion of Indigenous people as are represented in the Australian population, much higher than in other jurisdictions or in the private sector. Most, however, were employed in agencies, and program areas, devoted to delivering services to Indigenous people. Employment of Indigenous Australians outside these areas remained (and still remains) low.

Figure 5 also shows that, since 2003, Indigenous employment fell as a proportion of the APS for a few years, though there has been renewed improvement since 2012. Analysis by the APS Commission suggests that a significant contributor to the fall was the reduction in jobs at low classification levels which in the past have provided an effective bridge into the APS. Once employed in the APS, Indigenous people do gain promotions at a similar if not better rate than other employees, but the narrowing of the bridge into the APS, as it evolved into a graduate-dominated employer, did have unintended effects. The more recent improvements reflect new trainee programs and related support.

It is evident from Figures 4 and 5 that people with a disability have long had, and continue to have, very serious problems in gaining employment in the APS. It seems likely that a contributing factor has been the shift in skills in demand during the 1980s as a result of technological change. As mentioned earlier, this removed many jobs with narrow technical skills requirements, and led to demand for multi-skilling in the vast majority of positions. A number of jobs suited to people with a disability, such telephonists, disappeared, and agencies did not invest in the additional technology required for people with a disability to exercise multi-skilling. Nor was it common for agencies to re-design workplaces to facilitate opportunities for people with a disability to contribute effectively to a team's overall task. The slight improvement since 2012 shown in Figure 5 suggests some small reversal of the long decline, but it is clear there is a very long way to go.

Questions now for diversity of the public sector workforce include:

E (1) How substantial is the remaining under-representation of women at senior levels? Will the improvements at feeder levels already underway suffice?
E (2) Is the extent of overall feminisation becoming a problem now?
E (3) Why is disability such a difficult obstacle to public sector employment?
E (4) Do we now know what works to improve Indigenous employment, or is Indigenous employment still concentrated too far within Indigenous public service programs?
E (5) Does the shift to a graduate public service entail new problems for the representativeness of the public sector workforce?

E Strategic Role for HRM

While devolution of management responsibilities (both financial and HR) improved the links between management of resources and the achievement of program results, the primary focus of the reforms in the 1980s and 1990s was efficiency and financial management. The former Public Service Board was abolished in 1987 and replaced by a much smaller and less powerful Commission (now named the Australian Public Service Commission (APSC)), and this centre of HRM excellence lost much of its expertise and influence. The Finance Department, in contrast, became more powerful.

Agencies did strengthen their corporate management teams in response to devolution but in most cases the emphasis was on financial management and HRM responsibilities were often allocated to people with program experience but little if any HRM expertise. This emphasis on financial management continued in the 2000s and to the present day, with the widespread use of Chief Financial Officers whose role includes supporting agency heads in strategic planning and risk management. CFOs are usually members of agency executive management teams and are expected to have strong professional accounting skills (if not themselves, in their support teams). Few agencies have developed an equivalent role for HRM.

While outsourcing of various HR activities (e.g. payroll, training and development) in the 1990s has increased efficiency, the management of the outsourcing was mixed. In some cases, including the Department of Finance's case, the outsourcing went too far and removed capacity for any serious consideration of HR issues in agency strategic planning. In other cases, the outsourcing was managed competently but still reduced in-house expertise.

Nonetheless, in the 1980s and 1990s, there was marked improvement in agency strategic planning drawing from private sector experience spearheaded by the Financial Management Improvement Program in the 1980s and an active Management Advisory Board in the 1990s. Plans identifying 'key result areas' and 'critical success factors' for improving agency and program performance, often included HR strategies as well as strategies to improve financial management, communications, stakeholder relations and so on. Such strategic or corporate planning was seen as an essential complement to the NPM focus on 'results', and part of agencies' overall performance management framework (MAC 2001). It ensured agencies considered 'how' as well as 'what' in their management for results.

More recent studies in Australia of the capability of public service agencies have identified a number of common weaknesses (APSC 2009). Amongst these is HRM expertise and the role of HRM in agencies' strategic management. Strategic policy advising is another area of concern, the evidence suggesting that agencies are focusing too much on short-term tactical advice in response to the immediate requirements of ministers. More generally, the strategic planning emphasis of the 1990s and early 2000s seems to have faded.

The identification of these weaknesses has contributed to important changes in both public service and financial management legislation over the last five years. The public service legislation (PoA 2013b) now gives more emphasis to 'stewardship' of the APS, both by agency heads individually and by the collective APS leadership (now called the Secretaries' Board, previously the Management Advisory Committee or Management Advisory Board). The financial management legislation now mandates the development

and publication of corporate plans and sets out the minimum range of matters to be covered by the plans. In addition, there is currently renewed effort to strengthen expertise in HRM and to invest more heavily in such areas as talent management, recognising the central role of HR in agencies' capability.

Amongst the questions arising from this experience over 30 years are the following:

E (1) What needs to be done to re-build HRM expertise across the public sector?
E (2) Does this require a strong centre of excellence for the public service as a whole? Should HRM devolution be wound back?
E (3) What HR functions need to remain in-house?
E (4) Where should HRM sit in the agency hierarchy? Is there an equivalent to the CFO?

Conclusion

Australia's experience of public sector reform has many unique elements but also many that are common to other Western democracies. Many of the drivers – technology, globalisation, better informed public – are the same, and experiences in different countries are quickly exchanged.

Similarly, the impact on public sector HRM has some unique elements, but also many common elements.

This overview focuses on five priority areas of public sector HRM laid out in Steve Condrey's *magnum opus* (Condrey 2010). The questions identified under each, arising from Australia's experience of the last 40 years, may well be relevant today to the US and other developed democracies; some will also be relevant to other countries at an earlier stage of developing their public sector HRM capability.

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