

An Analysis of Changes to the Australian Public Service under the Coalition Government 1996-2001

Alexa Turner

Discussion Paper No.89

September 2001

ISBN:0 7315 3432 8

ISSN:10302190

This paper is a revised version of a Policy Analysis Report presented as part of the requirements for a Master in Public Policy, Australian National University.

TABLE OF CONTENTS

EXECUTIVE SUMMARY	4
INTRODUCTION	4
DEFINITION OF THE APS	5
DATA ON THE APS	5
THE LEGACY OF THE APS UNDER LABOR	5
COALITION POLICY ON THE APS 1996 - 2001	7
MEASURABLE OUTPUTS	7
HOW HAS THE APS CHANGED?.....	9
ROLE OF THE UNIONS	9
SIZE OF THE APS	10
RELIANCE ON ONGOING STAFF	12
ACCESS TO APS EMPLOYMENT.....	14
APS MOBILITY	16
POLICY IMPLEMENTATION: SUCCESS OR FAILURE?	16
BIBLIOGRAPHY	19

List of Tables

Table 1: APS Staff by Employment Category 30 June 1991 to 30 June 2000

Table 2: Engagements and Separations of Ongoing Employees Financial Year Ending 1991-2000

Table 3: Engagements and Promotions of Ongoing Employees 1996-97 to 1999-00

Table 4: Mobility within the APS 1996-97 to 1999-00

Executive Summary

This report considers the changes in the size and composition of the Australian Public Service (APS) during the Coalition government 1996-2001 as an example of whole of government policy implementation. The report explores whether the Coalition government has successfully implemented its APS policy by addressing the following questions. How has the Coalition changed the APS? Do these changes reflect Coalition policy and goals? How do these changes relate to APS outcomes under previous Labor governments?

The report describes the Howard government's vision for the APS and, through a critical consideration of its policy statements on the APS (media releases, speeches, parliamentary debate and legislation), distils the outcomes and five measurable outputs sought by the Coalition, namely to:

- decrease the role of unions in the APS
- decrease the size of the APS
- decrease the reliance on ongoing staff in the APS
- increase labour market access to APS employment
- increase staff mobility within the APS.

Using statistical data on the APS (from the Public Service and Merit Protection Commission and the Australian Bureau of Statistics), the report concludes that the Coalition has succeeded in achieving the first four outputs, but has been less successful in achieving the fifth output, increased staff mobility. The report demonstrates that the most of the changes to the APS sought by the Howard government were a continuation of trends evident under the previous Labor governments. In conclusion, the report explores the difficulties associated with evaluations of public sector reforms.

Introduction

The Coalition Government has made a number of public statements about the need for changes in the size and composition of the Australian Public Service (APS) and has introduced a variety of legislative and policy initiatives in order to achieve these changes.

This report assesses what changes have occurred and whether they reflect the Howard government's policy directions. It outlines the main features of the Coalition APS policy and initiatives in order to address the following questions: how has the APS changed, are these changes consistent with the intended outcomes of Coalition policy and how do these initiatives and outcomes relate to APS outcomes under previous Labor governments? The analysis will provide insights into the effects of Coalition policy on the composition of the APS and an historical context for these changes.

The Coalition's position on the APS and its efforts to change the APS is an example of whole of government policy implementation. Within this framework, the report considers the difficulties surrounding policy implementation and how to measure success or failure.

Definition of the APS

The Commonwealth public sector includes staff employed in Commonwealth-owned companies, statutory authorities and government business enterprises as well as APS staff. The APS, a fraction of the Commonwealth public sector, is defined as all government employees who are employed under the authority of the *Public Service Act* whether as ongoing or non-ongoing (temporary) staff. Departments and agencies which employ staff under the *Public Service Act* are listed in full in the annual Public Service and Merit Protection Commission *Statistical Bulletin*. Departments and agencies often use other forms of employment, such as contracts, and in these situations the employment authority is not the *Public Service Act*. Persons who are not employed under the *Public Service Act*, such as contractors, even if they work in Commonwealth departments and agencies that employ other staff under the *Public Service Act*, are not included in APS statistics.

This report is about the APS, and the changes it has undergone and the government policies directed to changing its size and composition. Where relevant the report notes the impact of changes in APS coverage. These changes often involve the transfer of employees from APS employment (under the *Public Service Act*) to other forms of Commonwealth public sector employment (not under the *Public Service Act*). Except for coverage changes the non-APS forms of Commonwealth employment are not examined. The reason for this is that Coalition government, and, to a large extent, previous Labor governments, have focussed their attention on the APS, rather than total Commonwealth public sector employment.

Data on the APS

This report uses statistical information compiled by the Public Service and Merit Protection Commission (PSMPC) and its predecessors. Comparisons over time of data on the APS are not straight forward, but it is possible to use the data to identify trends. The first difficulty is that there have been a number of data collection systems used to determine the size and composition of the APS over the past 15 years or so. Second, the categories measured and the concepts used have changed over time. Third, previously published data is sometimes revised in later publications as a result of audits and system improvements. Given this situation, the report identifies the limitations of particular data and possible impacts on conclusions and, where possible, uses data from the most recent publications.

The Legacy of the APS under Labor

The APS, as an organisation, has been far from static since 1983. The changes implemented by the Howard government need to be placed in the context of significant and continuous change since the early 1980s. As the Prime Minister, John Howard noted in 1997:

Change [in the APS] did not start in March 1996 [the election of the Howard government]. I have commented on several occasions that the public service I found in 1996 was, in many of its operations, markedly improved on the service I had known in the 1970s and early 1980s (1998: 4).

According to the Management Advisory Board (MAB), the major elements of the reform framework under the Labor governments in the 1980s and 1990s included: a regrouping of activities into fewer, larger portfolios; major budgetary reforms; a Financial Management Improvement Program (FMIP); various commercial reforms; revised senior management arrangements; a range of personnel management reforms; and reform to classification structures and working arrangements through industrial negotiations in major pay cases (MAB 1993: 7-9).

An evaluation of a decade of reform to the APS under Labor governments concluded that:

Many of the activities in the Commonwealth public sector are being performed more efficiently and effectively than was the case, say, ten years ago. Much of this improvement is attributable to the broad suite of reforms, both individually and collectively, introduced in a progressive manner since 1983-and the FMIP has been a prominent contributor. In some cases the improvements are directly attributable to the reforms; in others the value of the reforms has been indirect, in that they permitted other changes to take place (Task Force on Management Improvement 1993: 29)

Between 1983 and 1996 Labor governments introduced a number of initiatives that impacted on the role and size of the APS, as well as, the demographics of the APS. These initiatives included technological change with a significant reduction of clerical and processing tasks, streamlining of job classifications and employment streams (in 1987 for clerical and support staff and in 1988-90 for professional, technical and blue collar workers), devolution of responsibility to individual agencies and line managers, introduction of performance based pay and individual agency terms and conditions, and the transfer of functions to other Commonwealth bodies and the private sector (PSMPC 2000b: 54).

As a result, under Labor, the size of the APS decreased from 173,444 as at 30 June 1985 (PSMPC 2000b: 55) to 140,829 as at 30 June 1996 (PSMPC 2000a: 12). The trend to recruit staff above the base grade was well established by 1992-93.

In 1992-93 over half the appointments were above base grade (Public Service Commission 1995: 8).

The growth in executive level staff (previously these staff were classified as senior officer grade (SOG) A, B and C) - and the decline in the number of lower level staff were also evident (Public Service Commission 1995: 11). By 1995 there was also a clear trend of increasing external recruitment of senior staff, notwithstanding the fact that most recruitment to senior levels was still the result of internal promotions.

Between 1983-84 and 1993-94 the proportion of the intake of senior staff by appointment increased from 4% to 16% for SOG C, from 6% to 13% for SOG B, and from 2% to 12% for SES Band 1 officers (Public Service Commission 1995: 17).

These reforms mirrored the managerialist and the economic rationalist public sector reforms implemented in other western societies in the 1980s and 1990s. As Self notes this 'minimum government model' was implemented internationally through the following common methods:

- Drastic reductions in the numbers of full-time public servants, brought about by privatisation, contracting-out and continuous political pressure to cut numbers...
- Reduction of [job] security [for public servants]...
- Managerial devolution from central agencies to line departments and again down to hived-off executive agencies...
- Spreading politicisation
- Introduction of financial incentives into the public service...(Self 1999: 104-105).

Thus, by the time the Coalition assumed power in March 1996, the APS had undergone substantial reform under 13 years of Labor governments, reforms heavily influenced by the new public management agenda.

Coalition Policy on the APS 1996 - 2001

A review of Coalition statements on the APS indicates that the broad outcomes sought by Howard government are:

- a public service that costs less to run;
- an APS employment and industrial relations framework that closely resembles the rest of the workforce; and
- a public service focussed on managing contracts, developing policy and administering legislation and regulation frameworks and less on direct service delivery and managing staff.

In order to achieve their APS outcomes, the Howard Government introduced the *Workplace Relations Act 1996*, replaced the *Public Service Act 1922* with the *Public Service Act 1999* and APS-wide enterprise bargaining with individual and agency level bargaining arrangements, promoted the contestability of APS functions, benchmarking of costs and competitive tendering and contracting, and transferred functions to the private sector, voluntary/welfare sector and other non-APS Commonwealth employment (for example, information technology, employment services and parliamentary staff respectively).

This report evaluates the Coalition policy on the APS in terms of its effectiveness, rather than appropriateness or efficiency and, therefore, focuses on the outcomes and outputs achieved and not on overall costs. In particular, it focuses on those aspects of APS Coalition policy that can be measured since:

Outputs can often be measured, but outcomes may be elusive. It can take years for the effects of a policy to become clear (Bridgman & Davis 2000: 130).

Measurable Outputs

The Minister responsible for the APS suggested that the Howard government perceived the problems of the APS to be directed related to the Service's relatively high rates of union membership:

A very centralised, highly unionised and conservative workplace has through Government opening the way and your efforts - been transformed (Kemp 1998b).

According to then Public Service Commissioner

It [the APS] is likely to be smaller, focusing on policy development, the administration of legislation and oversight of the delivery of government services (Shergold 1996b).

Shergold also predicted that, as well as smaller, the APS was to be a less permanent public sector workforce (1996a). Minister Kemp also envisaged a smaller APS supplemented by fixed term contractors or non-ongoing (temporary) employees.

Future governments will continue to depend on the contribution of elite public administrators to provide advice, implement legislation and oversight program delivery... Probably they will work alongside colleagues recruited for shorter periods from private sector businesses or community organisations (Kemp 1997a).

A consistent theme in Coalition statements on the composition of the APS is the need to challenge the view that the APS is a career for life and to increase mobility within and to and from the APS.

They will not be obliged to choose a career for life: nor should they expect one. The APS of the future will benefit from increased mobility not only within the Service, but from movement in and out of the State public services, the private and non-profit sectors and academia (Reith 1996d).

The fundamental basis of a career service lies in its ongoing values, not in its regulations and processes...Public servants of the future will need to adapt to the changing environment to remain relevant. They will need to broaden their skills and experience both through development opportunities and through mobility, whether this is mobility within the Commonwealth sector, to the state public service, to the private sector or to the voluntary welfare sector (Kemp 1999a).

Lifetime security of tenure has not been a feature in the APS of recent years, and it certainly can't be in the future for a public service that seeks to serve and be part of a mobile and flexible Australian community (Moore-Wilton 2000).

In summary, the outputs that can be measured of the Coalition's policy on the APS can be summarised as to:

- decrease the role of unions in the APS;
- decrease the size of Service;
- decrease the reliance on ongoing staff in the APS;
- increase labour market access to APS employment; and
- increase staff mobility within the APS.

The report examines each of the Howard government's five measurable outputs for the APS in detail in the sections below.

How Has the APS Changed?

Role of the Unions

While Coalition policy on the APS is an extension of the policies pursued by Labor in the 1980s and 1990s and reflects the overseas trends of the minimum government model, there are significant differences between the policies in relation to the role of unions in the APS, and these differences had consequences for their respective enterprise bargaining arrangements.

Enterprise bargaining arrangements began under a Labor government in 1991. The Labor government and the unions reached a service-wide agreement in 1992, the *APS Agreement 1992-1994* (later extended to 1995) and, subsequently, a further service-wide agreement, the *APS Enterprise Agreement 1995-96*. Under both agreements, there was scope, although circumscribed, for individual agency agreements. The main point of contention in these negotiations was the government's push toward agency-based enterprise agreements, funded by agency specific productivity measures, with scope for differential pay and conditions outcomes. The unions favoured service-wide agreements, funded through the budget process, and based on a set of common productivity measures implemented across the APS (Yates 1998: 83-85).

Following their election in 1996, the Coalition sought to reduce the bargaining power of the unions or, in their terms, to encourage more direct relations between employers and employees by promoting a 'freedom of association' policy across the Australian workforce, including within the APS. This focus on direct employer/employee relations in the workplace is a major distinguishing feature of the APS Coalition policy compared to previous Labor policies.

The proportion of workers who are union members has declined in Australia over the past 40 years. In the recent past, it has declined from 46% in 1986 to 31% in 1996 and to 25% in 2000 (Australian Bureau of Statistics (ABS) 1997 and 2000). Figures are not separately available for the percentage of APS workers who are union members, however, ABS statistics on all public sector workers (Commonwealth, State/Territory and Local government including government authorities and business enterprises such as Australia Post and Telstra) show that, in 1990, 67% were union members (ABS 1997). By 1996 only 55% were union members and in 2000 the proportion of union members had fallen to 47% (ABS 1997 and 2001).

Declines in union membership is the result of a number of factors, however, the increased participation of women in the workforce and the increasing number of casual and part-time jobs have had an impact. Women and workers in non-permanent and part-time jobs are less likely to have union membership compared with men and those in permanent jobs. Changes to the numbers employed in the various sectors of workforce has also had an impact since union membership varies significantly across employment sectors.

[In August 2000] across industries, trade union membership ranged from 5.4% in agriculture, forestry and fishing, to 53.1% in electricity, gas and water supply (ABS 2001).

The Howard government has implemented policies that specifically seek to discourage union membership in the APS, such as, the introduction of restricted access for unions to APS workplaces and the threat to stop deductions of union fees from salary processing. However, it is not clear whether such actions have had any impact on membership levels, given the consistent declines experienced across the workforce, as well as in the public sector as a whole, over the past 15 years or so.

The Howard government has, however, been successful in decreasing the role of the unions in the APS in relation to enterprise bargaining. First, it broke the monopoly of the APS unions as bargaining agents in the enterprise bargaining process. While most APS agency agreements still involve the relevant unions, significant numbers of agreements are made without union involvement.

There are currently 100 certified agreements operating within the APS at 12 April 2001. The second round of agreement making is well advanced, with 84 agreements certified covering around 100500 of the 111000 APS staff. Of these, 35 are made directly with employees ... (Department of Employment, Workplace Relations and Small Business (DEWRSB) 2001).

Second, the Howard government ceased APS-wide agreements. The bargaining unit for all APS enterprise agreements under the Coalition government is either the APS agency or, for an increasing number, the individual employee.

...a DEWRSB survey conducted mid January 2001 indicated that there were in excess of 5500 AWAs [Australian Workplace Agreements] operating in the APS, covering more than 1500 Senior Executive Service employees and around 4,000 other employees (DEWRSB 2001).

Size of the APS

Table 1: APS Staff by Employment Category 30 June 1991 to 30 June 2000

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Ongoing	139325	141620	141726	140144	127920	126370	116554	105579	96180	100335
% Change		-1.6	+0.1	-1.1	-8.7	-1.2	-7.8	-9.4	-8.9	+4.3
Non-paid*	11153	10307	8832	9754	9379	8818	8265	6676	n/a	n/a
Non-Ongoing	22549	21295	22642	18573	16147	14459	15034	12477	11826	10619
% Non-Ongoing	13.2	15.2	13.8	11.7	11.2	10.3	11.4	10.6	10.9	9.6
Total	161874	162915	164368	158717	144067	140829	131588	118056	108006	110954
% Change		+0.6	+0.9	-3.4	-9.2	-2.2	-6.6	-10.3	-8.5	+2.7

Source: *APS Statistical Bulletin 1999-00* except for numbers of unpaid staff which are from the *APS Statistical Bulletin 1997-98*. There are variations in the numbers of temporary and permanent staff and total staff between these two sources.

* non-paid staff includes staff on various forms of unpaid leave

Table 1 covers the period 1990-91 to 1999-2000 and, as it was published by the PSMPC in 2000, contains the most accurate historical data. This decade of data provides useful comparisons between the outcomes achieved under Labor and Coalition governments. While the PSMPC has published data for the earlier years under a Labor government (1983-1990), the figures are not readily comparable due to changes in collection methods and the revision of more recent figures as a result of system improvements and audits.

Table 1 indicates that the total number of APS employees (and the number of ongoing staff) grew slightly in 1992 and 1993, declined each year from 158,717 in 1994 to 108,006 in 1999 and grew slightly to 110,954 in 2000. This shows that the Coalition has been successful in decreasing the total number of APS staff in three of the four years it has been in office.

While the total number of APS staff seems to be a relatively straight forward measurement concept, the decision, after 1997-98, not to count the number of unpaid staff presents a somewhat inflated view of total APS staffing resources. Likewise, the decision not to apply a weighting factor for part-time staff presents a slightly inflated view of the APS staff numbers. The PSMPC has consistently used a headcount approach to part-time staff, and therefore, comparisons over time are not at issue. The inflation due to the headcount approach would not be significant as the number of part-time staff in the APS is relatively small, less than 6% compared with the Australian workforce average of about 25%.

The data in Table 1 indicates that decreases in APS staffing under the Coalition were a continuation of a trend under the previous Labor governments. Examining the years when there were large decreases it is apparent that bulk of the decrease was in ongoing staff:

- in 1994-95, under Labor, there was an 8.7% decrease in ongoing staff and a 9.2 % decrease in total staff;
- in 1997-98, under the Coalition, there was a 9.4% decrease in ongoing staff and a 10.3% decrease in total staff; and
- in 1998-99, under the Coalition, there was an 8.9% decrease in ongoing staff and an 8.5% decrease in total staff.

The declining APS numbers from 1994 to 1999 reflects changes in APS coverage, decreased appointments (or engagements) and increased separations.

Table 2: Engagements and Separations of Ongoing Employees Financial Year Ending 1991-2000

Year	Engagements	All Separations*	Retrenchments	% Retrenchments
1991	13986	9380	745	7.9
1992	9894	7362	721	9.8
1993	9280	8582	1241	14.5
1994	9418	10046	1559	15.5
1995	7454	12066	2559	21.2
1996	8147	8932	1887	21.1
1997	5699	15035	9931	66.1
1998	6208	15796	9885	62.6
1999	7957	13106	8300	63.3
2000	11799	7671	2657	34.6

Source: *APS Statistical Bulletin 1999-00* pages 44 and 55

* All Separations includes age retirement, invalidity retirement, resignations, mobility, death and other.

As shown in Table 2 there was a large increase in separations in 1994 and 1995 (under a Labor government), a decrease in separations in 1996 and a marked increase in separations in 1997-1999 and a decrease in 2000. Under the Coalition government almost two thirds of separations were retrenchments in 1997 and over 60% in 1998 and 1999.

By contrast, the mechanisms under which Labor decreased the size of APS were due, in the main, to 'natural' attrition and coverage changes. Decreases in the size of the APS were largely the result of coverage changes in the period 1984-85 to 1993-94 (State of the Service 2000: 55). From July 1988 to June 1996 there were 5095 additions and 25,276 reductions to the APS, a net loss of 20,181. From July 1996 to June 2000 there were 26 additions and 3467 reductions to the APS, a net loss of 3441. Large reductions include: repatriation hospital staff (5529) in 1992-93 to 1994-95, ACT government (7,238) in 1994-95, Employment National (718) in 1997-98 and Parliamentary staff (1046) in 1999-00.

The number of retrenchments is also indicative of the number of jobs moved from the APS to the private sector. The figures indicate that Coalition met its stated aim of moving jobs from the public to the private sector.

Reliance on Ongoing Staff

Data collection on non-ongoing employees prior to the introduction of the Australian Public Service Employment Data system (APSED) in 1999 was based on snapshot survey information from payroll data. Only temporary employees as at a certain date in June were counted. There was, therefore, scope in the pre 1999-2000 data collections for agencies and departments to manipulate the number of temporary staff on the census date. In most cases, this would result in an underestimate of temporary employees. This has implications for the consideration of trends of the ratio between ongoing and non-ongoing (temporary) staff.

The PSMPC itself noted the APS may have relied more heavily on temporary employees that the official figures indicate due to another data collection error. In an audit of the Continuous Record of Personnel (CRP), the source of APS data prior to the introduction of APSED,

...a large number of records were found where non-ongoing employees had been recorded as ongoing...This led to a recalculation for the June 1999 number of ongoing employees from 101,442 (reported in last year's Bulletin) to 96,180. It was not possible to undertake an audit of earlier years' data but it can be assumed that there was an overestimate, which cannot be quantified, of ongoing employees in those years (PSMPC 2000a: 1).

Table 1 indicates that the percentage of temporary staff has not changed markedly under the Coalition government. The PSMPC suggests that a partial explanation for this trend may be the increased use of contractors and hirees (employees of labour hire firms contracted to provide staff to APS departments and agencies) in preference to temporary employees under the *Public Service Act* (2000b: 44). Given that data on contractors and hirees is not collected, this theory cannot be tested. Certainly the impact of new arrangements for temporary employees under the *Public Service Act 1999* passed in late 1999 would not be evident in the 1999-2000 data. Indeed, Minister Kemp warned that if the more flexible temporary employment provisions of the new *Public Service Act* were not agreed to

...we will see a growing move away from employment under the *Public Service Act* in favour of the use of employment agency staff and independent contractors (1999b).

The fact that temporary employees are generally employed at lower classifications than ongoing employees has been cited as evidence that 'concerns about the 'casualisation' of the APS, at least as far as it refers to people employed under the PS Act, may be overstated' (PSMPC 2000b). What remains unclear is whether there is an increased reliance on other forms of employment such as hirees, contractors and consultants.

In his study of the number and cost of consultancies in the Commonwealth during the period 1983-1994 Howard found a "pervasive and consistently strong" upward trend in number and cost of consultancies commissioned by departments' (1996: 75). He also compared reported consultancies with data on expenditure on in-house staff for the years 1988-89 to 1993-94. A strong pattern emerged: most departments and agencies had consistent increases in the consultancy-to-salary expenditure ratio. He suggested that within the APS environment of fiscal restraint under Labor governments (for example, the annual efficiency dividend deduction from Total Running Costs) encouraged managers to use consultancies rather than APS employees (Howard 1996: 82). In the period 1994 -1999 Hawker notes that expenditure on consultancies in the APS rose to a high of 169 million dollars in 1995-96, decreased in the next year and grew steadily in the following two years to a level of 154 million dollars in 1998-99 (2001: 61).

A study, like Howard's, of the APS consultancy-to-salary expenditure ratio for the years after 1994 is beyond the scope of this report due to its complexity. In order to investigate the situation completely, such a study would now need to take into account expenditure on contractors and hirees, given the presumed increased reliance on contractors and hirees since the early 1990s. At this time, there is no official data on the extent of the use of contractors and hirees within the APS and the data provided on consultants is itself problematic. Indeed the PSMPC itself has noted the paucity of information available on contractors, consultants and hirees and the problems of definition in relation to the information provided in departmental annual reports on consultant usage.

Much of the information on hirees is anecdotal, since there is little reliable data on their overall use, partly because of the ongoing confusion about the differences between agency hirees, consultants and non-ongoing employees recruited through employment firms (PSMPC 2000b).

While it may not be possible to quantify the use of contractors and hirees, there has been no suggestion from the Howard government that there is any need to reduce the numbers or the cost of these forms of employment. Indeed the Coalition's continued emphasis on the need to closely monitor the size of the APS, combined with haphazard data collection systems on these alternative forms of public sector employment, suggests that the overall cost and numbers of consultants, contractors and hirees has not diminished and is likely to have risen during the Howard government.

Access to APS Employment

The Coalition government also sought to open up opportunities for those in the non-government sector to work in the government sector. During 1997 to 1999 the number of engagements (that is, external recruitment) was at its lowest level for the decade. In 1999-00, the opportunities for external recruitment increased with the highest number of engagements by far since 1990-91. To investigate this aspect further, the report considers engagements in relation to advancements or promotions - that is, the total opportunity for access to APS employment.

Table 3 compares the total number of engagements (external recruitment) to the total number of jobs available (calculated as the sum of engagements and promotions). Table 3 indicates that the APS experienced a significant increase in the proportion of external recruitment during 1999-00, 53% from an average in the three previous years of around 38%. It is, perhaps, significant that this increase occurred during the only year of growth in the size of the APS under the Coalition government.

Table 3: Engagements and Promotions of Ongoing Employees 1996-97 to 1999-2000

Year ending 30 June	Engagements	Promotions	Total	% Engagements
1996-97	5699	9775	15474	36.8
1997-98	6208	9446	15654	39.7
1998-99	7957	13106	21063	37.8
1999-00	11799	10297	22096	53.4

Source: *APS Statistical Bulletin* 1999-00 page 44 for data on engagements and *APS Statistical Bulletin* 1996-97, 1997-98, 1998-99, and 1999-00 for data on promotions

However, a closer look at engagements and separations also indicates the uneven impacts of engagements and separations across the APS and the small number of (large) departments and agencies which account for most of these movements. For example,

In 1999-00:

- Australian Taxation Office (ATO) accounted for over one-quarter of all engagements;
- Defence, Centrelink and Family and Community Services accounted for another third of all engagements; and
- The following five agencies accounted for two-thirds of all retrenchments: Centrelink, Defence, Finance and Administration (DOFA), Agriculture, Fisheries and Forestry Australia (AFFA), Health and Aged Care.

In 1998-99:

- Defence, Centrelink and the ATO accounted for 44.5% of all appointments; and
- The following five agencies accounted for 79.2% of all retrenchments: Centrelink, Defence, ATO, Education, Training and Youth Affairs (DETYA) and DOFA.

In 1997-98:

- Centrelink, Defence and the ATO accounted for 48.1% of all appointments; and
- The following five agencies accounted for 71.6% of all retrenchments: DETYA, DOFA, Defence, ATO and Centrelink.

In 1996-97:

- the largest decreases in employee numbers occurred in Employment, Education, Training and Youth Affairs, Administrative Services and Defence.

This concentration of movements into and out of the APS in a small number of relatively large departments and agencies, as illustrated above, indicates that the impact of the Howard government policies on the APS has not been evenly spread across the APS. In other words, most APS departments and agencies would not have had large inflows and outflows of staff, even proportional to their size. Therefore,

most APS organisations would not have experienced high turnover of staff and external recruitment and the perceived benefits from these organisational processes. This concentration suggests that the impact of the Howard government policies on opening up opportunities for employment in the APS has, in general, been limited to those few large organisations with high numbers of engagements, such as, Defence, Centrelink and the Australian Taxation Office.

APS Mobility

As well access to APS employment, the Coalition sought to improve mobility within the APS. According to a 1997 study, mobility in the APS declined from 17.2% in 1987-88 to 14.3% in 1996-97. Lateral mobility (or transfers) increased from 2.6% to 6.4% and promotions (or advancements) declined from 14.6 to 7.9% (PSMPC 1998c). The study found that the highest internal mobility was in service delivery agencies and the highest external mobility in central coordinating agencies. It also found that mobility generally decreased as classification and age increased.

Table 4: Mobility within the APS 1996-97 to 1999-00

Year	Advancements within agencies	Advancements from/to other agencies	Transfers from/to other agencies
1996-97	8918	857	3587
1997-98	8330	1116	2208
1998-99	10173	1014	2309
1999-00	9238	1059	700

Source: *APS Statistical Bulletin 1996-97, 1997-98, 1998-99 and 1999-00*

The data in Table 4 indicates that there has been little, if any, improvement in APS mobility over the four years of Coalition government. There has been some improvement in advancements but a sharp decline in the number of transfers during the Howard government. As a rule, APS departments and agencies still obtain new people through engagements (and by definition these are people outside the APS) rather than recruit staff from other APS agencies either by transfer or on an advancement basis. This is not to say that mobility does not exist in APS, but that it exists largely within, and not across, agencies. Moreover, there is large variation in the mobility rates between agencies.

...in some cases, mobility from or into an agency is almost non-existent. Mobility rates for the APS as a whole are, therefore, a balancing of agencies with high and low rates of mobility (PSMPC 1998c).

Policy Implementation: Success or Failure?

The overriding outcome sought by the Coalition (and probably shared by all federal governments) is an APS that costs less and works better. The Coalition then defined the processes to be undertaken to improve the APS and the outputs sought. While none of the outputs sought are detailed quantitative targets, this report identifies five measurable outputs and tested them against the outputs achieved.

It is clear that the Coalition government has had some success in shaping the APS during the past five years. The Howard government has decreased the size of the

APS, increased external recruitment and decreased reliance on ongoing staff in the APS through retrenchments and outsourcing. Both of these processes have moved thousands of jobs from the APS to the private sector, one of the government's stated aims. The Howard government has not been successful at increasing mobility within the APS.

It is also clear that the trend towards a smaller APS, increased external recruitment and the transfer of functions from the APS was evident under the previous Labor governments in the 1980s and 1990s. The report has also highlighted the problems of data collected on the APS, particularly the lack of data on outsourced APS employment using hirees and contractors. It is interesting to speculate on why it is that this data is not collected and used to measure the success of the Coalition government's APS policies.

While the report has demonstrated that the Howard government has met most of its measurable outputs in terms of shaping the APS, it remains to be seen if the Howard government's APS policy reforms have resulted in an APS that costs less and works better. Indeed, measuring the success of the Coalition government's APS policy in terms of its measurable outputs has some serious limitations as an evaluation methodology.

One limitation is the lack of appropriate benchmarks and counterfactuals. While the total running costs of the APS at certain points in time would be one such benchmark, comparisons over time would need to take into account different policies operating at particular points in time which impact on the size and composition of the APS. Examples include the introduction of mutual obligation welfare policies, the goods and services tax regime and outsourcing of information technology and employment services.

Comparing the situations pre and post Howard government, even when it is possible to identify and account for the different factors operating at particular points in time, also involves serious methodological difficulties in assigning causes and effects. Are any of the Howard's government's processes or outputs for APS reform causally related to the outcome of providing better government that costs less? And what is the appropriate timeframe for an evaluation of these reforms? Are there short term cost benefits but longer term cost increases, due to the decline of initial savings over time? Another difficulty is that the impact of APS reforms are likely to be experienced differently across departments and agencies - which suggests that an evaluation strategy should also examine the situation in each organisation pre and post Howard government.

Probably the most significant shortcoming of the outputs evaluation approach is that it tends to ignore any unexpected or unintended (especially negative) impacts of the processes undertaken or the outputs achieved and it obscures the ideological foundations of policy decisions. Stewart suggests one such unexpected or unintended impact of a smaller non-career public service, is that the APS will be unable to attract and retain 'principled, concerned and experienced' staff (1998: 3). The loss of

intellectual capital or institutional memory is also a possible long-term outcome of the Coalition's APS policies (Davis 1998).

Evaluating the Coalition's policy on the APS is a complex task and requires a variety of evaluation approaches. This report suggests that the Howard government has, in large part, met the outputs it set in relation to APS reform and that these changes were a continuation of trends evident under the previous Labor governments. Whether or not these outputs will, in fact, result in an APS that costs less and works better, especially over the longer term, is a topic worthy of continuing research.

Bibliography

Australian Bureau of Statistics (1997a) 'Union Membership Down' (media release 6325.0 dated 3 February 1997)

www.abs.gov.au/ausstats/abs%40.ns...9e7b4c5c381ca2568a90013621!OpenDocument

Australian Bureau of Statistics (1997b) 'Trade Union Members, Australia, August 1996 (6325.0 dated 9 February 1997)

www.abs.gov.au/ausstats/abs%40.ns...bcba82c4ef3ca2568a900139344!OpenDocument

Australian Bureau of Statistics (2001) 'Employee Earnings on the Increase' (media release 6310.0 dated 30 March 2001)

www.abs.gov.au/ausstats/abs%40.ns...2a904d0e2dbca256a1e007b093c!OpenDocument

Bridgman, Peter and Davis, Glyn (1998) 'Chapter 11 Evaluation' in *The Australian Policy Handbook* St Leonard's: Allen & Unwin

Davis, Glyn (1998) 'A Future for Public Service? Human Resources Management in a Shrinking Sector' *Canberra Bulletin of Public Administration* 89, August pp 22 -29

Department of Employment, Workplace Relations and Small Business (2001) 'Current Issues in Agreement Making Australian Public Service - last updated 12/04/01'

www.dewrsb.gov.au/wo...essInAgreementMaking/policy/agreeaps.htm

Hansard (1999) Votes and Proceedings, House of Representatives 19 October 1999

Hansard (1999) Parliamentary Debates, Senate 20 October 1999

Hawker, Geoffrey (2001) 'Consultants to the Commonwealth 1995-2000' *Canberra Bulletin of Public Administration* Number 99, March pp 60-63

Howard, John (1998) 'A Healthy Public Service is a Vital Part of Australia's Democratic System of Government' (The Sir Robert Garran Oration, 19 November 1997, Canberra) *Australian Journal of Public Administration* Volume 57, number 1, March, pp 3-11

Howard, Michael (1996) 'A Growth Industry? Use of Consultants Reported by Commonwealth Departments 1974-1994' and 'A Sea Change in Staffing Mode? Commonwealth Departmental Spending on External Consultants and In-House Employees 1998-89 to 1993-94' *Canberra Bulletin of Public Administration* 80, September, pp 62-83

Hughes, OE (1998) 'New Public Management' in *Public Management and Administration* Second edition London: Macmillan pp 59-65

Kemp, David (1997a) 'Building a Career Public Service for the Twenty-First Century' (speech to PSMPC Lunchtime Seminar 15 October 1997)

www.psmpc.gov.au/media/ministerspeech15oct.htm

Kemp, David (1997b) 'Public Administration in the New Democratic State' (address to the 1997 National Conference of the Institute of Public Administration Australia 21 November 1997) www.psmpc.gov.au/media/ministerspeech21nov.htm

- Kemp, David (1998a) *Reforming the Public Service to Meet the Global Challenge* (ministerial statement Melbourne 25 February 1998) Canberra: AGPS
- Kemp, David (1998b) 'A High Performance Public Service' (Minister Assisting the Prime Minister for the Public Service: Address to 'Building the Momentum of APS Reform' PSMPC Lunchtime Seminar) www.psmpc.gov.au/media/ministerspeech3aug.htm
- Kemp, David (1999a) 'A New Act for a New Century' (address to mark the commencement of the *Public Service Act 1999*) www.psmpc.gov.au/media/ministerspeech2dec.htm
- Kemp, David (1999b) 'Public Service Bill 1999: Second Reading Speech' (House of Representatives 6 April 1999) www.psmpc.gov.au/media/psbill99second.htm
- Management Advisory Board (1993) *Building a Better Public Service* Canberra: AGPS
- Moore-Wilton, Max (2000) 'Future Challenges for the Australian Public Service - Adjusting to Structural Change in the APS' (presentation 23 November 2000) www.psmpc.gov.au/media/wiltonspeech.htm
- Orchard, Lionel 'Managerialism, Economic Rationalism and Public Sector Reform in Australia: Connections, Divergences, Alternatives' *Australian Journal of Public Administration* Volume 57, number 1, March, pp 19-32
- Public Service Commission (1995) *The Demographic and Classification Profile of the Australian Public Service Trends and Prospects* Canberra: AGPS
- Public Service and Merit Protection Commission (1996a) 'Australian Public Service Statistics Report 1996' www.psmpc.gov.au/publications97/apssa96features1.htm
- Public Service and Merit Protection Commission (1996b) 'Review of the Public Service Act' www.psmpc.gov.au/publications96/apsaactreview.htm
- Public Service and Merit Protection Commission (1997) 'Statistical Overview of the Australian Public Sector' www.psmpc.gov.au/publications97/statistics.htm
- Public Service and Merit Protection Commission (1998a, 1999, 2000a) *Australian Public Service Statistical Bulletin 1997-98, 1998-99, 1999-00*
- Public Service and Merit Protection Commission (1998b) 'An Overview of APS Reforms - What We Are Doing' www.psmpc.gov.au/publications98/apsrefomsoverview.htm
- Public Service and Merit Protection Commission (1998c) 'State of the Service: Mobility in the Australian Public Service - 1997' www.psmpc.gov.au/publications98/mobility.htm
- Public Service and Merit Protection Commission (2000b) *State of the Service Report 1999-00* Canberra: AusInfo
- Public Service and Merit Protection Commission (2000c) *Building Corporate Capability The APS in Transition* Canberra: AusInfo
- Reith, Peter (1996a) 'Federal Government Strategy for Reducing Size of Public Service' (media release 11 April 1996) www.psmpc.gov.au/media/pressrelease11496.htm

- Reith, Peter (1996b) 'Public Service Reform (speech) www.psmpc.gov.au/media/ministerspeech20June.htm
- Reith, Peter (1996c) '2+2=5: Innovative Ways of Organising People The Need for Public Sector Reform' (speech) www.psmpc.gov.au/media/ministerspeech14aug.htm
- Reith, Peter (1996d) 'Towards a Best Practice Australian Public Service - Discussion Paper (released November 1996) www.psmpc.gov.au/publications96/apsreformdiscussionpaper.htm
- Reith, Peter (1996e) 'Building a Better Government' (speech to Public Service and Merit Protection and Department of Industrial Relations Seminar 9 December 1996) www.psmpc.gov.au/media/ministerspeech9dec.htm
- Reith, Peter (1997a) (Keynote Address: Innovations Expo-Conference '97 25 February 1997) www.psmpc.gov.au/media/ministerspeech25feb.htm
- Reith, Peter (1997b) 'Government Approach to Agreement Making in the APS' (press release 5 March 1997) www.psmpc.gov.au/media/ministerrelease5mar.htm
- Reith, Peter (1997c) 'Reform of the Australian Public Service' (press release 13 July 1997) www.psmpc.gov.au/media/ministerrelease13jul.htm
- Self, P (1999) 'The Destructive Quest for Minimum Government' Chapter 4 in *Rolling Back the Market* London: Macmillan pp 99-119
- Shergold, Peter (1996a) 'Future Shocks: Public Administration Over the Next Five Years' (opening address to the Annual Conference of Commonwealth Regional Heads Forum 26-27 July 1996) www.psmpc.gov.au/media/shergoldspeech268july.htm
- Shergold, Peter (1996b) 'Strategies for Building the New Public Sector' (speech 19 September 1996) www.psmpc.gov.au/media/shergoldspeech19sept.htm
- Shergold, Peter (1996c) 'The Globalisation of Public Sector Reform' (speech to Institute of Public Administration (IPAA) Conference 20 November 1996) www.psmpc.gov.au/media/shergoldspeech20nov.htm
- Shergold, Peter (1997a) 'Towards an Innovative Public Service' (speech: edited version of three addresses at the Innovations Expo-Conference on Best Practice in Public Administration 24-25 February 1997) www.psmpc.gov.au/media/shergoldspeechexpo.htm
- Shergold, Peter (1997b) 'A New Public Service Act: The End of the Westminster Tradition?' (speech) www.psmpc.gov.au/media/shergoldspeech8jul.htm
- Stewart, Jenny (1998) 'The End of the Career Service' *Canberra Bulletin of Public Administration* 89, August pp 1-3
- Task Force on Management Improvement (1993) *The Australian Public Service Reformed An Evaluation of a Decade of Management Reform* Canberra: AGPS
- Yates, Bernie (1998) 'Workplace Relations and Agreement Making in the Australian Public Service' *Australian Journal of Public Administration* 57(2) pp 82-90