

Restoring the APS

ACTU Submission to the review of the Australian Public Service

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Introduction

The Australian Council of Trade Unions (ACTU) welcomes the opportunity to provide a submission to this inquiry. The ACTU is the peak body of the Australian union movement and the largest and most representative body of Australian workers. The Australian Public Service has a vital role in supporting robust and effective Government administration and rightfully holds a position of great value in Australian society. A strong and effective public service is crucial for the good governance upon which our society relies.

All Australians, either directly or indirectly, rely on the fact that public services and administration is delivered effectively and efficiently by a strong public service. In order for these services to be delivered, in a way that meets the public's needs, we need to ensure that the public service is well-staffed and resourced, has access to needed technology and is supported to work effectively. A well-trained, well-staffed public service is not only important for service delivery, it has substantial positive economic and social benefits for the wider economy such as higher levels of labour market participation, a greater feeling of community and higher social outcomes for disadvantaged Australians. A strong, well-resourced APS is crucial.

Sadly, this is not the situation we find ourselves in. This government has cut 14,000 APS jobs and imposed an average staffing level cap, which has resulted in a move away from direct employment and an increased use of consultants, contractors and labour hire. This has directly acted to reduce APS capacity - essential skills and the staff who have them are lost. Of equal concern is the growth in the amount of public money being lavished on external providers who are not democratically accountable and often lack transparency. In most cases this work would be done better, more efficiently and more effectively by directly employed staff.

This Government's ideological commitment to 'small government' has caused real damage to the capacity and capability of the APS to support good government. Years of budget cuts and outsourcing have eroded the Australian Public Service's ability to deliver outcomes for Australians. That this government has now commenced a review of the APS, after deliberately acting to weaken the APS and denigrate public servants, is the height of irony. That the government will use this review as yet another opportunity to weaken the APS is a significant concern, especially as it is largely their actions, and those of previous conservative governments, that have done the most to undermine the effectiveness of the APS.

This short submission will provide high level commentary on issues which we believe the review should focus. For more detail, the ACTU commends and supports the submissions by the Community and Public Sector Union (CPSU) to the review.

Structure of the review

Prior to our discussion of substantive issues, the ACTU wishes to express its disappointment with the current structure of this review. The short-term nature of the public engagement period and the lack of any real attempt to create ongoing engagement with the community on the importance and value of public services is, we believe, a grave error. Public services and the APS are public goods and it is only through effective engagement with the public that the review will be able to gain an accurate view of this reality. More public-facing inquiries such as the recent *People's Inquiry into Privatisation* have shown the great value Australians place on their public

services and the public servants that deliver and administer them. The ACTU has already expressed its concerns that this review is dominated by pro-big business and pro-privatisation voices. Limited ongoing public consultation and input will only exacerbate this issue.

Erosion of APS core capabilities

This review must focus on the clearest issue currently facing the APS – the erosion of its core capabilities. Much has been made of the argument that the APS is no longer able to deliver on its policy development, programme design and delivery roles effectively. However, to the extent that there may be any substance to these arguments it is far more important that the review has a clear idea of how and why this situation has come about. Simply put, the APS has lost some of these capabilities due to a concerted and deliberate attempt by government to undermine the effectiveness of the APS. This has been achieved through two key strategies.

- **Job cuts** - The Government's slashing of 14,000 jobs between 2013 and 2017 is as a key driver for the rise in the number of consultancies for the provision of specialised and professional skills. These deep cuts have given rise to capability loss as consultancies are used to fill the gaps created. Jobs once done by public servants are now done by external consultants at a much greater cost, robbing the APS of institutional knowledge and skills as well as calling into question the value of the job cuts in the first place.
- **ASL cap** – Driving the increased use of non-consultancy services in the APS is the average staffing level (ASL) cap introduced by the Coalition Government as part of the 2015-16 Budget to keep general government sector employment levels (excluding military and reserves) at or below 2006-07 levels (167,596).¹ The practical effect of the ASL cap is while agencies have the funding, including new program funding, to hire additional staff, the cap is forcing them to avoid any direct employment of additional staff and instead engage casuals, hire contractors and use labour hire to do work normally performed by permanent APS employees. This robs departments of institutional knowledge and skills and denies them the long-term opportunity to build those capabilities.

The effect of these strategies is that the APS has experienced a significant loss of knowledge and skills in the form of job losses and at the same time has seen its ability to permanently employ new staff effectively removed – hamstringing attempts to rebuild organisational capacity. It should hardly be surprising in this context that the APS has experienced some overall loss of capability. It is no accident and it is not due to a flaw in the APS concept – it is a deliberate outcome pursued by those who currently control APS funding. To reverse this trend, the use of consultants and the outright privatisation of currently APS-delivered services must be halted and the APS allowed the re-build its capacity.

¹ Commonwealth of Australia (2016, May) 2016-17 Budget, Budget Paper No.4 Part 2: Staffing of Agencies. Retrieved from http://budget.gov.au/2016-17/content/bp4/html/09_staff.htm

An innovative and transparent APS

In order for the APS to be able to more effectively engage with risk, there is the need for a number of changes to deliver transparency and accountability. It is only through transparency that the APS will be empowered to innovate and accept risk. The changes required are:

- **Reporting on non-APS employment and executive remuneration** - expanded reporting on the use of contractors and consultants and executive remuneration in annual reports and other documents is needed. Service-wide obligations to report expenditure on and number of non-APS employees as part of the total entities' workforce should be reinstated. Agencies should also include executive remuneration comparisons with the rest of the APS workforce including compared to the average and minimum incomes in their agency.
- **Risk management** – a culture that engages effectively with risk requires appropriate learning and development opportunities and a supportive performance and management culture for employees. There needs to be recognition that failure is a possible outcome when innovating and engaging with risk. Much of the APS's current risk-aversion stems from an unwillingness, on the part of management and government, to try things that may not work out and to attempt to scale-up successful ideas. These attitudes must change. To facilitate this, performance management processes should not be applied punitively, as doing so will lead to a risk adverse workforce and limit innovation.
- **Performance framework** – agencies should provide performance information that is relevant, reliable and complete. There should also be a general obligation to involve frontline staff in developing and monitoring performance. Staff are uniquely placed to provide input into how to ameliorate risk and improve public services.

Building APS technological capability

For the APS to continue to deliver effective and appropriate services that meet the needs of the Australian community, it needs to be empowered to embrace technology. Much of the cause of the current poor state of Australia's digital public services can be attributed to government attitudes to technology spending – that it should only be used to cut costs and that it is better to spend less on a bare-bones system than it is to spend more on a system that can deliver. For digital projects, there is a tendency to bank savings upfront, before they have been realised, or, even worse, to turn funds earmarked for reinvestment into revenue savings. This means that projects often fail due to poor long-term follow-through or are deemed to have failed when the realised savings are lower than projected. The practice of banking savings ahead of service delivery and ICT changes being embedded is a key barrier to achieving effective digital delivery of government services. This has been exacerbated by a reliance on external contractors that has created critical issues with capability and cost. Providing high-quality digital services should be the Government's goal and will only be achieved through a rebuilding of internal capacity and the provision of associated funding.

Restoring the APS as an employer of choice

For the APS to rebuild its capacity, attract skilled and experienced workers and deliver effective public services and administration, it must be a model employer. Employees with the ability to design, implement and deliver innovative policy and digital solutions often have a wide range of

employment options and need to be incentivised to choose the APS. The current government however is not assisting with this. Instead, once again, the government has engaged in a deliberate campaign to undermine secure work in the APS, prevent the hiring of new staff and suppress the wages of public servants. The bargaining policy put in the place by the current government limits wage increases for public servants to barely above inflation. Their approach on workplace relations issues has been negative and focussed on corroding public service working conditions. To restore the APS as an employer of choice, the review should strongly consider recommendations which result in:

- **A reduction in insecure work** -The government is increasingly reliant on insecure work models at the expense of quality, permanent jobs. The reality is that public service workplaces today include people working for a number of different entities or organisations, sub-contractors and labour hire firms – all working side by side. The result is permanent public servants now work alongside insecure workers who receive vastly disparate pay and conditions but perform very similar work. As mentioned earlier, APS staffing caps in many departments have meant that all new staff are employed under such arrangements, greatly disincentivising anyone from beginning or returning to a career in the APS.
- **An end to wage suppression** – The budget’s wage growth forecasts of 3.5 per cent are in stark contrast to the 2 per cent wage cap imposed by the Government’s Workplace Bargaining Policy 2018.² Public servants are passionate and are deeply invested in the service they provide to the Australian community and want to work effectively with agencies to develop and improve the services they deliver. The current wage suppression and the government’s combative approach to workplace relations issues devalues the work done by public servants and ensures that, despite the generally low levels of wage growth nationally, workers who might be interested in APS work are likely to receive higher pay and better conditions in another sector. It should be noted that the APS wages policy also directly contributes to low wages growth for the rest of the Australian workforce.

Conclusion

Despite our concerns about both the motivations of the government in calling for this review and with the make-up of the review itself, the ACTU believes that this review can be a positive opportunity for Australia. If we truly wish to see the APS properly positioned to continue to deliver high-quality public services into the future, we must undo the destructive work done by conservative governments to undermine and weaken the APS and the services it delivers. The public service is likely to face many new challenges in the coming decades as the economy and labour market continue to undergo rapid change. In order to face these challenges properly, the APS must be restored to its former strength, with services being designed and delivered by public servants who are secure in their job and who have the backing from their management and government to find new solutions to new problems.

² Australian Public Service Commission (2018, 6 February). Workplace Bargaining Policy 2018. Retrieved from <http://www.apsc.gov.au/priorities/workplace-relations/bargaining-policy-2018>

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