



EMBEDDING THE APS VALUES

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ISBN 0 9751014 1 2

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An Australian Public Service Commission Publication

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FOREWORD

The Australian Public Service (APS) is a vital institution within Australia's democratic system of government. It is responsible for ensuring the elected government is supported by professional, apolitical advice and for implementing government policies and programs impartially and effectively, and it is openly accountable for its actions. APS employees should be confident about their role and their responsibilities.

Under the *Public Service Act 1999* (PS Act) Agency Heads have all the powers of employers, and it is the APS Values (and the Code of Conduct) which provide the broader framework for the APS as a whole. The arrangement provides the flexibility necessary for the Service to be able to meet different responsibilities and to address change effectively and innovatively. It relies, however, on agencies and employees understanding clearly the APS Values, and their shared roles and responsibilities as part of the institution that is the APS.

The APS Values are in law. All APS employees are bound to uphold them. Agency Heads and members of the Senior Executive Service (SES) are also required to promote them. The Public Service Commissioner is responsible for evaluating the extent to which agencies incorporate and uphold the Values, and for evaluating the adequacy of systems and procedures in agencies for ensuring compliance with the Code of Conduct.

Implicit in this legal framework is that the APS Values are not just rhetoric or statements of aspiration, but are required to be deeply embedded into agency systems, procedures and culture. And this APS culture exists across all the different APS agencies with their different functional responsibilities and priorities, and associated agency culture.

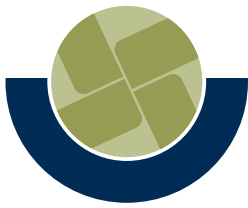
The key to confident government administration, according to a recent international conference of the Commonwealth Association for Public Administration and Management, is to have deeply embedded democratic values. That is exactly what is intended by the APS Values set out in our PS Act.

This guide is aimed at helping Agency Heads and senior executives to embed the APS Values in their organisations. It is based on the practical experience of six agencies, and on international evidence about values-based management. It provides a simple way of explaining the Values in terms of relationships and behaviours, sets out how the Values can be promoted, managed and assured, and argues that this should be done in a holistic way in agencies, whatever their particular business responsibilities. I am particularly grateful to Robert Cornall, Terry Gallagher, Ken Matthews, Ric Smith (and earlier Allan Hawke), Dennis Trewin, Sue Vardon and their agencies for their substantial contribution to this guide.

The lessons learned from the studies of the six agencies have been illustrated in case studies in a second volume to the guide. Where possible, the effectiveness of the measures in the case studies has been tested with employees through focus groups and interviews.

A parallel document, *APS Values and Code of Conduct in Practice—A guide to official conduct for APS employees and Agency Heads*, is directed towards APS employees at large, as well as their Agency Heads, to provide guidance on the practical application of the Values. This is not intended to be a set of detailed rules, but to provide support for employees to make considered decisions consistent with the Values and the Code of Conduct, particularly when difficult ethical dilemmas arise.

Our employees need to be capable of recognising ethical dilemmas and making considered judgements based on the APS Values and Code of Conduct. The Department of Health and Ageing introduced a program for its employees a few years ago, entitled *The Fork in the Road Café*, which encourages employees, when faced with difficult judgements, to stop and talk to respected colleagues, discover precedents, legal factors and available guidelines, and make a considered decision, taking all relevant information into account. Programs such as these are



very valuable. The APS Commission is proposing to develop this approach by preparing a toolkit to help agencies to build their own programs that will guide all employees in workplace discussion of values and ethics.

These two guides should also be read in conjunction with the APS Commission publication, *Values in the Australian Public Service*, which provides Agency Heads, and agency employees more generally, with advice and guidance on how each of the Values might be applied under the legislative framework. It sets out the provisions of the Public Service Commissioner's Directions 1999, describes the principles behind each Value and provides indicators to assist agencies in applying the Values and Directions.

A S Podger
Public Service Commissioner



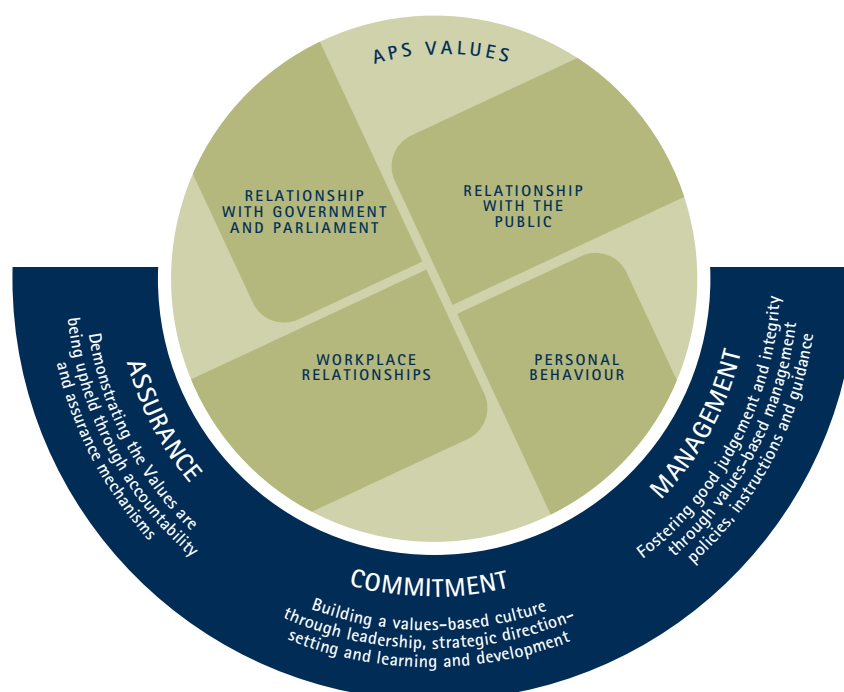
OVERALL FRAMEWORK



Embedding the Australian Public Service (APS) Values into the culture of an agency requires action at two levels:

- grouping the Values—a simple clarification by the Public Service Commissioner of the Values so that they can be more easily explained to APS employees across the Service, and
- promoting and upholding the Values—a holistic approach by each agency to build the robust management environment necessary to promote and uphold the Values, and to inspire public trust and organisational performance.

The APS Values Framework



Building a fair and robust environment to inspire public trust, give APS employees confidence and improve organisational performance.

GROUPING THE VALUES

Values-based management is about relationships and behaviours. It means developing and sustaining a culture of trust based on a clear understanding of roles and responsibilities. It underpins the governance structure when authority is devolved, and flexible, innovative management is needed. Control is maintained through confidence in the way decisions will be taken, rather than through detailed rules and instructions.

The APS Values can usefully be grouped according to the key relationships and behaviours they affect:

- (a) the relationship between the APS and the government and the parliament
- (b) the relationship between the APS and the public
- (c) relationships in the workplace
- (d) personal behaviours.



These relationships and behaviours effectively define the APS as an institution in Australia's democratic system. The APS is apolitical and professional, responsive to the elected government and openly accountable to the government, the parliament and the public; it is impartial in its dealings with the public; employment decisions are based on merit; and it has the highest ethical standards. APS employees are different from other employees providing services in the marketplace, in that they exercise authority on behalf of the government and the parliament, and act for the public. The public rightly expects high performance and high standards of personal behaviour.

PROMOTING AND UPHOLDING THE VALUES

There are three supporting elements at the base of the framework—commitment, management and assurance—that are key to the successful integration of the APS Values into an agency and to transforming the APS Values into daily decision making and behaviour. In a best practice agency they can be summarised as follows:

- **Commitment** is provided by guidance from leaders and managers who have the highest standards of behaviour and role-model the APS Values. They make clear expected standards of conduct and build trust with employees. The APS Values are integrated into strategic direction setting and induction activities. 'How to live them' is promulgated through learning and development activities, especially leadership development.
- **Management** is provided by 'hardwiring' the APS Values into management policies, instructions and guidance that are consciously communicated and accessible to everyone who needs them. Policies, instructions and guidance are coordinated so that the APS Values are part of day-to-day decision making and activity.
- **Assurance** is provided by effectively using accountability and control mechanisms such as the Code of Conduct, fraud control and risk assessment strategies and contract management arrangements. Employees are comfortable with reporting wrongdoing; suspected breaches of the Code of Conduct are investigated fairly and reasonably; and sanctions have substance and are respected by employees. Quality assurance mechanisms, such as staff and client surveys, are used to monitor adherence to the APS Values throughout the agency and to improve agency practice.

The framework is specific to the APS, but draws on and adapts international experience and work undertaken by the Organisation for Economic Cooperation and Development (OECD 1997). It is influenced by the approaches taken to embedding the APS Values by the six agencies that contributed to this guide. The broad conclusions drawn from these sources are:

- A strategic and integrated approach is required to promote and maintain a values-based culture within an organisation. Such an approach requires effective leadership which establishes a fair and robust values-based culture with complementary learning and development strategies. It also requires hardwiring of the Values into instructions and guidance and effective control and assurance systems.
- Leadership is critical to inspiring and motivating employees not only to achieve organisational outcomes but also to engage with the expected values and behaviours.
- To foster and sustain a culture based on the APS Values, agencies need to guide and work with their people so that employees are aware of the APS Values and Code of Conduct and develop good judgement in applying them to their everyday duties.

Elements of the framework are illustrated by drawing on many of the case studies that are set out more fully in a second volume to this guide.



THE IMPORTANCE OF VALUES-BASED MANAGEMENT

There is now broad interest in values-based management and recognition that, properly implemented, it offers organisations a framework of relations and behaviours within which they can drive different business tasks and respond quickly to changing circumstances. At the same time, a values-based framework has been shown to build public trust in an organisation's activities, increasing its overall effectiveness.

The APS Values have been designed to suit the specific business needs of the APS. They set a framework of enduring principles of good public administration while giving agencies the capacity to manage a wide range of functions and respond to environmental factors. According to the final explanatory memorandum for the Public Service Bill 1999, the Values are designed to:

- provide the philosophical underpinning for the APS
- reflect public expectations of the relationship between public servants and the government, parliament and the Australian community
- articulate the culture and operating ethos of the APS
- support and inform the Public Service Commissioner's Directions issued under the authority of the Act.

The Values framework represents a risk management approach, replacing the risk-averse approach of central prescription. It is responsive to the APS institutional framework and is sufficiently robust to direct the behaviour of all employees.

The Values themselves support longer-term organisational capability development while allowing decision-makers more flexibility. They also assist in increasing employee commitment and performance. They help shape an ethical culture that can enhance and continue the high standards of conduct that are the hallmark of the APS and they continue to underpin the public interest aspects of APS employment.

GROUPING THE VALUES

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As mentioned, values-based management is about relationships and behaviours. For the APS, it is about our relationships with the government and the parliament, our relationship with the public, relationships in the workplace, and personal behaviours.

While some of the Values set out in the PS Act could readily be mapped into more than one of the four groups, the following categorisation should prove useful and appropriate on most occasions when the Values are being explained to staff or stakeholders.

KEY VALUES: RELATIONSHIP WITH THE GOVERNMENT AND THE 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.

KEY VALUES: 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.

KEY VALUES: 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 recognises and utilises 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 their 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.

KEY VALUES: PERSONAL BEHAVIOUR IN THE APS

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.

APS employees will be aware that the APS Values, when applied in the real world of public service, should, of course, have meaning in more than one relationship. For example, impartiality is a Value that applies both in relations with government and in relations with the public. This grouping of the APS Values is simply an aid to examining the nature, extent and interaction of the matters which the Values cover.

While all the Values must be respected, there is no hierarchy whereby one Value is subordinate to another. The Values need to be read together as too much weight on one may conflict with another.



APS AS AN INSTITUTION

The Values also reflect the role of the APS as an institution in Australia's democratic system of government. Various Values within each of the groups reflect the core principles of public administration that have applied in Westminster systems of government for over a hundred years:

- the apolitical nature of the APS (s. 10(1)(a) of the PS Act)
- accountability within the framework of Ministerial responsibility to the Government, the Parliament and the Australian public (s. 10(1)(e) of the PS Act)
- responsiveness to the elected Government (s. 10(1)(f) of the PS Act)
- impartial, as well as fair, effective and courteous service (s. 10(1)(g) of the PS Act)
- the merit principle governing employment decisions (s. 10(1)(b) of the PS Act)
- the highest ethical standards (s. 10(1)(d) of the PS Act).

Each of these Values is critical to the role and responsibilities of the APS. They complement each other in defining the professional behaviour expected of public servants. They are also supported by the provisions in the Code of Conduct.

Further guidance on each of the groups of Values, together with related good practice material from the agency studies, is provided in Section 4 of this guide.

AGENCY VALUES

Most agencies that participated in the project, like many APS agencies, have developed and are actively promoting their own values, principles or behaviours to reflect and support the way in which their agency functions. Some employees are well aware of these agency-specific values, behaviours or principles and their impact on their work, but are less familiar with the APS Values and Code of Conduct and the bottom-line nature of their legal responsibilities. All APS employees are required under the Code of Conduct, set out in section 13 of the PS Act, to behave at all times in a way which upholds the APS Values.

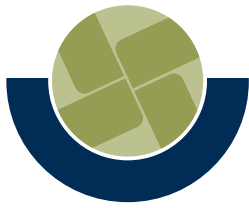
It is important that any agency-specific values, principles or behaviours do not detract from staff knowledge and maintenance of all the APS Values. In particular, they should not be seen as displacing the APS Values or the agency's identity as part of the APS.

There are often business grounds for focusing on a subset of the APS Values, for example:

- to highlight particular areas that are crucial to an agency's business
- as a short-term measure to focus on new behaviours or to remedy a defect in organisational performance.

To ensure that the agency values reinforce the APS Values and will not prejudice employees' understanding of their obligations towards the APS Values, agencies should draw on the grouping of the APS Values, and cross reference agency values to the APS Values. For example, a service delivery agency might highlight values relating to relations with the public (e.g. customer or client focus), but should not ignore its important relations with the government and the parliament. Similarly, a central policy agency might highlight values relating to relations with the government and the parliament, but should not ignore the importance of merit in its workplace relations.

Alternatively, agency-specific principles and behaviours should not be represented as 'values', and their status should be clearly distinguished from the statutory APS Values.



GROUPING THE VALUES

Where an agency promotes its own agency-specific principles or behaviours, an explanation of the relationship between those and the APS Values would be useful when presenting agency-specific materials to employees and possibly other stakeholders. This would help to reinforce the APS Values and the responsibilities that accompany them.

Agencies should, of course, avoid agency-specific principles or behaviours that may conflict, or create confusion, with the intent and purpose of the APS Values and Code of Conduct.

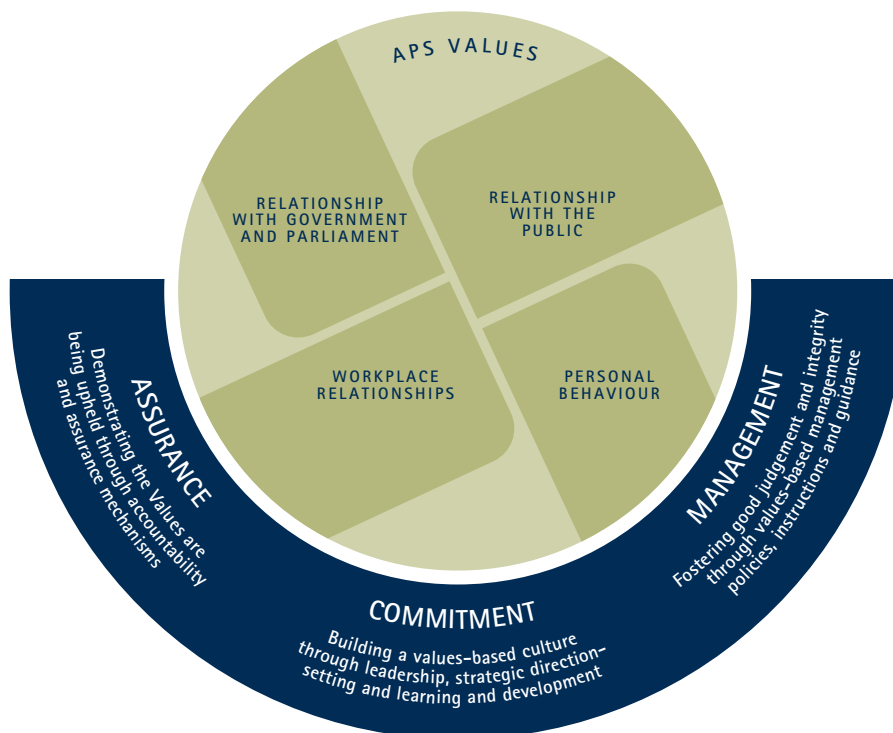
PROMOTING AND UPHOLDING THE VALUES

3





The APS Values Framework



Building a fair and robust environment to inspire public trust, give APS employees confidence and improve organisational performance.

Promoting and upholding the Values requires commitment from the top reflected throughout the organisation, management processes and systems that at all times reinforce the Values, and assurance arrangements that demonstrate how the Values are being upheld and identify any areas of weakness that need to be addressed.

The following sets out for each of these three elements useful questions to help agencies identify the various components involved, followed by examples of good practice amongst the six agencies studied that might help agencies review and improve their approach.

COMMITMENT: GOOD PRACTICE QUESTIONS, PRINCIPLES AND APPROACHES

- In what ways do senior leaders demonstrate visible and strong commitment to the APS Values?
- How do senior leaders encourage employees to raise questions about ethical dilemmas?
- How is it ensured that employees know they will not be victimised for raising ethical issues?
- How do senior leaders communicate to employees that conduct consistent with the APS Values and Code of Conduct is expected and that misconduct will not be tolerated?
- Are the Values integrated with strategic direction setting to allow values-based decision making to cascade through planning and performance frameworks at all levels?

- Do learning and development programs aimed at leaders and managers include guidance on modelling the APS Values and their responsibilities to staff, and training in coaching and mentoring for values-based decision making?
- Is information about the APS Values and the Code of Conduct included in induction programs?
- How are APS employees informed about the standards of conduct expected of them?
- Are there learning and development programs available to all employees that address their responsibilities under the APS Values and Code of Conduct and handling tensions inherent in the APS Values, develop skills for ethical analysis and reasoning and provide sources of guidance and direction?



LEADERSHIP

The leaders whom we admire the most help to revitalise our shared beliefs and values. They have always spent a proportion of their time teaching the value framework. (Gardner 1990: 14)

The most effective way of undermining the Values is for senior managers to silently contradict them through their personal behaviour. The most effective way of building the Values into organisational culture is by both making them explicit and explicitly putting them into practice. This means raising awareness of and role-modelling the Values. Promoting the Values is described in section 35 of the PS Act as one of the key roles of the Senior Executive Service (SES). Agency Heads are bound by section 12 of the PS Act to promote and uphold the APS Values.

MAKING CLEAR THAT CONDUCT CONSISTENT WITH THE APS VALUES IS EXPECTED

In the Department of Transport and Regional Services (DOTARS) newly promoted and newly engaged SES employees are addressed by the Secretary soon after their promotion or engagement in the department. The Secretary's presentation includes a discussion about personal conduct, during which he sets out his threshold expectation that SES employees will model the Values and act consistently with ethics-driven behaviour. During this and other presentations to the department, the Secretary sets the standard and defines what a values-based agency means in practice. He makes it clear that, in embracing the Values and the Code of Conduct, the aim has been to develop a culture in which people can perform at their best. In this way a line is drawn between the agency's cultural objective, the legislative reality and individual decision making, so that the logic of each reinforces the other.

The Secretary also provides employees with six-monthly oral reports on departmental achievements and challenges, creating a shared understanding of what needs to be achieved. Special emphasis is given to linking a values-driven ethical culture with individual behaviour, and highlighting that legal, ethical conduct is a key standard by which the department will be judged.

While it is important to be clear about the behaviours that reflect the Values, judgement is critical to applying the Values in changing circumstances. One of the most important ways of fostering sound judgement is to encourage discussion and disclosure about ethical dilemmas. Employees should be comfortable raising questions about ethics openly with supervisors, subordinates and peers.

ENCOURAGING DISCUSSION AND BUILDING COMMITMENT TO THE APS VALUES

At DOTARS, the Secretary has made it clear in discussions with staff at all levels that it is appropriate to talk about values and ethics and that successful organisations of the future will need to feel comfortable with raising ethical issues and questions, and confident in confronting

CASE STUDY 1



them. For this reason discussions are focused on new issues as they arise case by case.

In order to build the commitment of DOTARS' employees to the Values, the leadership approach is formalised through agreement making. All SES employees acknowledge the APS Values and DOTARS' values explicitly by means of a signature for each set of values in their Australian workplace agreements (AWAs). Similarly, DOTARS' certified agreement commits the parties to providing a working environment that encourages behaviours that accord with the APS Values and departmental values. In order to close the loop, its reward and recognition schemes are correspondingly sensitive to such behaviours.

DEALING APPROPRIATELY AND EFFECTIVELY WITH MISCONDUCT

DOTARS has sought to achieve a balance between a trust-based approach to its management arrangements, founded on values, and a prescriptive approach. The Secretary and senior leaders in DOTARS make clear to employees the intention to deal appropriately and effectively with misconduct at all levels. To help ensure that misconduct action does not fail because of procedural deficiencies, DOTARS has focused on making its guidelines on the process to be followed in cases of suspected breaches to the Code of Conduct clear and easy to read and understand.

STRATEGIC DIRECTION SETTING

Values and principles are as important as outcomes and outputs. Outcomes and outputs may be achieved in the short term without values and principles but not in the medium term. (Management Advisory Committee 2001: 49)

A high-level approach to demonstrating commitment to the Values is to integrate the Values with strategic direction setting, so that incentives and processes that lead to outcomes are aligned with the Values. Such an approach allows a cascading of values-based decision making through planning and performance frameworks at all levels. The aim is to ensure that the application of the Values is not compartmentalised, but fully integrated into an agency's culture, so that separate elements are both consistent and mutually reinforcing.

The Department of Defence (Defence) Renewal process was based on three priority themes and, critically, their interaction:

- a better alignment with the government's strategic direction
- clearer accountability for results
- a leadership culture.

New ways of working in Defence and the defining and shaping of the new leadership culture could not have been effectively achieved without beginning with the Government's policy directions for Defence, and ending with desired behaviours in the performance management framework.

LEARNING AND DEVELOPMENT

To ensure values are ingrained in the daily work of employees, organisations must continually train and offer follow-up sessions including interactive discussion with upper management (Corporate Leadership Council 2001a: 10).

The OECD advises that communication and training can do much to ensure that public servants internalise basic values, understand ethical issues and develop the judgement and skills needed to deal appropriately with ethical problems (OECD 1997). The most enduring and effective form of communication is the modelling of the Values by the Agency Head and senior managers. Other forms of learning and development that provide either more formal or operational advice will take on additional relevance and importance to employees to the extent that they

CASE STUDY 2

correspond with the observed behaviour of senior managers. For this reason it is important that the APS Values are incorporated into all leadership development programs.

INDUCTION

In the Attorney-General's Department (AGD) the induction process ensures that new staff are aware at an early stage that the department attaches importance to the APS Values. The process consists of the provision of an information booklet and related documentation that accompanies the letter offering employment, an intranet-based new employees' program which is accessed during the first weeks of employment, and a morning tea hosted by the Secretary for new employees.

Documentation provided in an offer of employment includes a copy of the Values, the Code of Conduct, and extracts from the Crimes Act, and advice to recruits that they should familiarise themselves with these. Recruits are asked to certify their agreement to the contents of the offer of employment, including that they have read and understood statements setting out the Values, the Code of Conduct and extracts of other related legislation. The intranet package includes a section dealing with the establishment and maintenance of appropriate ethical standards and further reinforcing the APS Values and their application to all employees in AGD.

Importantly, the APS Values are presented as an integrated package early on so that employees have an understanding of the total framework within which the APS works. For example, there is information on the department's Service Charter and its relationship to the delivery of services fairly, effectively, impartially and courteously to clients. The package also consists of detailed information promoting programs relating to equity and workplace diversity. The inclusion of a morning tea hosted by the Secretary provides an opportunity for senior management to give life and meaning to the written and electronic advice.

GUIDANCE AND DIRECTION

Centrelink has developed an expectations statement that aims to help all employees meet the required standard of conduct and performance by informing them of:

- the APS Values and Code of Conduct
- privacy, confidentiality and conflict of interest requirements
- requirements in relation to attendance, dress and appearance, harassment, official identification and duty of care
- team leader and employee responsibilities
- Centrelink's shared behaviours.

The *Expectations Statement* provides directions on how Centrelink employees should interact with customers, client departments and each other. It is accompanied by a firm commitment from the Agency Head to support and respect each person who works in Centrelink.

SENIOR MANAGEMENT PRESENTATIONS

The Australian Statistician at the Australian Bureau of Statistics (ABS) regularly addresses staff (particularly new recruits) on, among other things, the APS Values and the ABS Corporate Plan, including the ABS Principles and mutual obligations. The intention is to demonstrate senior management support for and leadership in promoting the APS Values, as well as to set ABS corporate messages and information into the broader context of employees' roles and obligations as public servants. In seeking a solution to the need to ensure that these important



CASE STUDY 3

CASE STUDY 4

CASE STUDY 5



COMMITMENT

CASE STUDY 6

corporate messages reach all employees nationally at appropriate times, without being dependent on the Australian Statistician's availability, a series of professionally produced topical videos has been developed which can be delivered directly to employees at their desktop. The first video produced was of an interview on the APS Values with the Public Service Commissioner. ABS staff can also 'tune in' to live broadcasts as well as replay 'live' or pre-recorded video presentations at a time which suits their availability.

PERSONAL DEVELOPMENT

DOTARS has introduced a corporate citizenship program, Leading in DOTARS, for all staff. It focuses on ethics, values, leadership and emotional intelligence as part of its move toward a high-performance culture and sets these in the context of the APS Values and DOTARS' values. Leading in DOTARS is the foundation component of the department's leadership agenda. It seeks to maximise the capacity of staff at all levels to lead and focuses on behaviours the department seeks to foster to achieve its objectives. It also develops awareness of the changing management and policy directions of the department to encourage creativity and wider participation in corporate affairs.

ETHICS AWARENESS

On occasions in the course of an APS employee's duties, dilemmas may arise and employees may need to make difficult decisions. Agencies should have processes that enable employees to recognise such dilemmas and make considered ethical judgements. The Department of Health and Ageing introduced an ethics awareness program for all staff a few years ago entitled *The Fork in the Road Café*, which includes a 'Hypothetical' video. The program encourages staff, when faced with ethical dilemmas, to stop and talk to respected colleagues, discover precedents, legal factors and any available guidelines, and make a considered decision taking all relevant information into account.

The APS Commission is proposing to develop a toolkit to guide all APS employees, particularly managers, on workplace discussion on values and ethics. It is envisaged that the toolkit will include examples of the range of judgements and dilemmas faced by employees in broad areas of activity. The kit will look at the considerations and issues that need to be taken into account in reaching decisions consistent with the APS Values.

MANAGEMENT: GOOD PRACTICE QUESTIONS, PRINCIPLES AND APPROACHES



- How do management policies and practices reflect the APS Values and Code of Conduct?
- Are all instructions and guidance to employees, including chief executive instructions, people management rules and guidance, and advice on communications with ministers' offices and the media, consistent with and supportive of the APS Values and Code of Conduct?
- Is a commitment to the APS Values and Code of Conduct set out in key corporate documents such as the corporate plan, service/client charters and workplace agreements?
- How is it ensured that the APS Values and Code of Conduct are integrated into the performance management framework?
- Are relevant legislation and rules clearly set out in instructions and guidance to employees?
- Where written instructions and guidance create latitude for decision making is reference made to the APS Values and Code of Conduct?
- Do instructions, advice and guidance actively encourage day-to-day observance of the APS Values and Code of Conduct?
- Are instructions, advice and guidance aimed at all employees easily accessible? Is there good cross-referencing and, if this is made available electronically, good key word search facilities?

From the first interview to the last day of work, employees should be constantly reminded that core values form the basis for every decision the company makes. (Lencioni 2002: 117)

Management policies, instructions and guidance play an important part in creating an environment conducive to behaviour that is consistent with the APS Values and Code of Conduct. If day-to-day management of the APS does not reflect the Values and Code of Conduct employees may see them as dead letters.

The APS Values and Code of Conduct need to be integrated into management policies, guidance and instructions. This approach is consistent with overseas research into private sector organisations, which suggests that there is a requirement for fit or correspondence between an organisation's guidance systems taken as a whole and the expectation inherent in values. It is also consistent with advice from the OECD that integrity measures should not be a distinct activity, but rather an integral part of all management systems in which they provide complementary support for the overall management environment (OECD 2000).

MANAGEMENT POLICIES

Management policies should have due regard to the relevant APS Values. Information management and financial management policies, for example, are likely to address issues which require or overlap with values-based decision making, from appropriate use of Internet access to conflict of interest issues associated with procurement or contract management.

People management and related policies and strategies also intersect with particular Values. For example, Values relating to merit, equity and a career-based service will be especially relevant to succession management policies. Values relating to communication, consultation and cooperation and input from employees together with equity and a career-based service will be important to policies on the re-assignment of duties.



Articulating a commitment to the Values in key corporate documents (such as corporate plans, service/client charters, Australian workplace agreements (AWAs) and certified agreements) helps to demonstrate that an agency takes them seriously. Some agencies in the study have included a commitment to the APS Values in their corporate plans (the Insolvency and Trustee Service Australia (ITSA) and DOTARS), future directions (Centrelink), and in certified agreements and AWAs (DOTARS, AGD and Defence). In DOTARS, commitment to the APS Values and the department's values is further articulated in other corporate documents, and the staff survey is used to monitor the place of values within its working culture and governance environment.

CERTIFIED AGREEMENTS

DOTARS has structured its certified agreement to set out eight objectives for the agreement, including how they are to be achieved. The description includes many of the principles contained in those APS Values relating to workplace relationships, such as equity, diversity, communication, consultation, cooperation, fairness and flexibility.

PEOPLE MANAGEMENT

The ABS has chosen to head each chapter of its *Manual of Personnel Management* with the relevant APS Value(s). This provides a useful signal to employees, particularly if it can be extended to integrating the Values and the Code of Conduct within each chapter, to help them understand the instructions that the chapter contains and to guide decision making.

PERFORMANCE MANAGEMENT

Managing performance is a requirement under the APS Values. The government's policy guidelines for agreement making also require that remuneration outcomes should be linked to higher productivity and performance.

The 2001 Management Advisory Committee report, *Performance Management in the Australian Public Service: A Strategic Framework*, advised that performance management was fundamentally an important tool that could help agencies improve organisational capability, meet broad organisational objectives, and deliver high-quality policy advice and program administration to government.

The report summarised the success factors for performance management as:

- alignment—within a values-based framework that takes account of the organisational culture and business objectives
- credibility—applying across the organisation, and seen as fair, transparent and rigorous
- integration—integrating organisational objectives with the performance of teams and individuals.

The report also identified an increasing emphasis on the need for a balanced performance management system that takes account of both the outputs delivered and the leadership behaviours and organisational values displayed. This supports the view of the Corporate Leadership Council and others that it is not enough just to make values clear during recruitment and re-enforce them during training: organisations need to link them to performance management and related compensation so that employees and executives are held accountable for practising the values (Corporate Leadership Council 2001b). In the APS, values expressed in performance management systems should continue to be based on and complement the APS Values.

ITSA'S PERFORMANCE MANAGEMENT SCHEME

In ITSA's performance management scheme indicators for the APS Values and Code of Conduct are included within one of the capabilities at each classification. The scheme is designed around ITSA's generic capabilities. The organisation is of the view that the use of generic capabilities in performance management ensures that expectations about professional behaviour and conduct are clearly and consistently articulated throughout ITSA. Features of the scheme include:

- simple documentation
- links to organisational outcomes
- a focus on development
- use of a reviewing officer
- reporting aggregate information on ratings.

ITSA employees are encouraged to identify the key accountabilities of their role based on information in the business plan and other corporate documents. The system also encourages employees to identify development needs related to their current role and longer-term career goals. Individual development needs identified through this process are collated at a branch level and national level to determine the trends in employee development requirements and to help identify training priorities. This information is also linked to other people management processes such as workforce planning and succession planning.

MANAGEMENT INSTRUCTIONS AND GUIDANCE

The current APS environment allows for a significant degree of managerial discretion. Public servants at all levels are more frequently expected to make principled judgements within broad guidelines. This does not mean there is no role for rules and controls in agencies. For example, legislative requirements, agency rules and strong controls will be reflected in guidelines about managing programs and contracts. Where there is scope for discretion, however, the APS Values are able to guide employees to the preferable decision. Chief executive instructions (CEIs) serve as the vehicle for decision making at both levels.

CHIEF EXECUTIVE INSTRUCTIONS

The Secretary of the Attorney-General's Department, as Chief Executive Officer, fully revised the department's CEIs in January 2002. They replaced the previous instructions, which were difficult for some employees to understand, with a set that is more user-friendly, relevant, current, and practical. In many cases rules have been replaced with clearly stated principles. This has made the guidelines more accessible to all employees rather than only those with sufficient specialist knowledge.

It is also important that employees are informed of, and can easily access, the legislation, rules and policies that apply to them. The revised AGD CEIs contain electronic links to relevant legislation, other policies and reference material, thus making it as easy as possible to access all the information needed to undertake a particular task or make a particular decision.

Guidance on the design, development and maintenance of CEIs is contained in the companion volume to this guide.

In summary, while ensuring that policies and guidance accord with and promote the APS Values and Code of Conduct, agencies should also make their management policies, instructions and guidelines comprehensive, current, accessible and user friendly so that employees will use them.

Management policies, instructions and guidelines that are grounded in the APS Values and Code of Conduct will reinforce the commitment and assurance elements of the APS Values Framework.



CASE STUDY 7

CASE STUDY 8



ASSURANCE

ASSURANCE: GOOD PRACTICE QUESTIONS, PRINCIPLES AND APPROACHES

- What measures are in place to ensure that internal control systems, such as internal audit, fraud control strategies and risk assessment, are functioning and effective?
- How is it ensured that the agency's procedures for determining whether an employee has breached the Code of Conduct are effective? How is it ensured that sanctions for breaches of the Code of Conduct are reasonable and have regard to relevant legal principles? How is it ensured that there is broad consistency of decision making with respect to sanctions across the agency?
- How is it ensured that employees are encouraged to expose wrongdoing without fear of victimisation and are aware of agency whistleblowing procedures?
- How are decision making review systems (both internal and external) used to provide systematic feedback on agency systems and procedures and their consistent support of the Values?
- How is it ensured that employees are aware of the agency's review of action scheme? How is it ensured that employees are informed of their review rights, including how to seek a review?
- How are customer (or client) and staff surveys used to assess how the agency is upholding the APS Values?
- How is it ensured that tenderers, contractors and suppliers understand what is expected of them and the APS employees they have contact with, in terms of the APS Values and Code of Conduct, and the standards of behaviour they should exhibit when tendering for a contract and in delivering their contractual obligations? How are these expectations enforced?
- How is it ensured that records are created and maintained that meet accountability requirements (including compliance with legislation), business needs and community expectations?
- Subject to any limitation required by legislation, how is it ensured that decision making processes are transparent and open to public scrutiny?
- How is adherence to the APS Values and Code of Conduct monitored within standard corporate reporting and management information systems?

In an environment where rules and prescription have been reduced, accountability and assurance mechanisms gain in importance. Service-wide and agency-specific accountability and assurance mechanisms can be used to good effect to sustain compliance with the APS Values and Code of Conduct.

CONTROLS

Accountability mechanisms play a major role in an ethics infrastructure by providing a clear management framework, supported by reporting and review capacities and, if necessary, investigation. (OECD 1997: 9)

Control mechanisms underpin accountability by ensuring that management processes operate as designed without irregularities, fraud and other misconduct. For example:

- The Commonwealth Fraud Control Guidelines, issued under the Financial Management and Accountability Regulations, require agencies to establish a comprehensive fraud control program that covers prevention, detection, investigation and reporting strategies. Agency Heads are accountable to their ministers for fraud control within their agencies in line with their responsibilities under the *Financial Management and Accountability Act 1997* (the FMA Act). Agencies are required to prepare fraud risk assessments and fraud control plans and are responsible for investigating routine or minor instances of fraud.
- The FMA Act requires chief executives to establish and maintain an audit committee for their agency. The functions and responsibilities of an agency's audit committee include approval of internal annual and strategic audits; the review of all audit reports including dissemination of good practices; the provision of advice to chief executives on matters arising from internal or external audits and on preparing and reviewing financial statements.
- The Auditor-General, through the Australian National Audit Office (ANAO), provides an independent review of the performance and accountability of agencies. The Auditor-General is empowered by the *Auditor-General's Act 1997* to conduct performance audits within agencies and audit their financial statements in accordance with the FMA Act.
- The APS Code of Conduct sets out the standards of conduct required of APS employees. Agencies are able to impose sanctions under the PS Act where it has been found that an employee has breached the Code of Conduct. (See below.)

The range of control mechanisms available to APS agencies can provide a robust framework for preventing fraud and other misconduct. But agencies need to monitor how control mechanisms are operating in practice so that they remain effective while allowing for flexible management and discretion. This calls for day-to-day vigilance by managers as well as attention to ANAO financial and performance audits on the effectiveness of financial controls, including performance of internal audit processes.

CODE OF CONDUCT CONTROLS

Employees need to know and adopt the standards of conduct required by the Code of Conduct, the PS Regulations and any supplementary conduct requirements within an agency. They also need to know the consequences of breaching the Code of Conduct and be confident that their agency will address suspected breaches in a timely, vigorous and systematic way and in a manner consistent with relevant legal principles. Employees should be aware of and have access to the agency's procedures for determining whether an employee has breached the Code of Conduct.

Where it is found that an employee has breached the Code of Conduct, an appropriate sanction may need to be imposed. Consistency of approach in applying sanctions within an agency is necessary if the process is to be fair and seen to be fair. While each case needs to be treated on its merits, misconduct action should be seen to be even-handed. The threat of sanctions will only act as a deterrent where they are seen as having substance and have the respect of employees.

Agencies should ensure that employees involved in managing suspected breaches of the Code of Conduct and making decisions on the imposition of sanctions are equipped with, or have access to, the appropriate skills and training to perform these roles. They should also be fully briefed on, and have an understanding of, the procedures for determining breaches of the Code of Conduct in their agency.





ASSURANCE

CASE STUDY 9

CASE STUDY 10

MANAGING SUSPECTED BREACHES OF THE APS CODE OF CONDUCT

AGD has developed procedures that give clear directions to managers and decision-makers about determining and managing breaches of the Code of Conduct. In terms of good practice, the procedures contain a clear statement of policy objectives and operating principles. The responsibilities and accountabilities of all employees, and managers and decision makers in particular, are clearly set out. There is a statement of the general principles for handling suspected breaches of the Code of Conduct. The statement includes the principles of procedural fairness and equity and other principles consistent with APS Values. There are also indicative time frames for case management. There is guidance on issues to be considered in deciding whether to instigate a formal investigation into a suspected breach of the Code of Conduct or take some other less formal action. Record-keeping responsibilities are also stated clearly.

As a means of ensuring consistency of approach in managing breaches of the Code of Conduct, the ABS limits the number of people involved in the management of the determinative process, including the application of sanctions. Once it has been determined that misconduct action should proceed, suspected breaches of the Code of Conduct are normally managed centrally in the ABS through the relevant corporate service area in the national and regional offices. Decisions in relation to sanctions are made by a senior executive in the Corporate Services Division, a regional director or the Australian Statistician.

WHISTLEBLOWING

Internal reporting systems which allow for the making and management of internal complaints and provide protection and confidentiality for those who provide information concerning irregularities in the workplace are a valuable risk reduction tool which is, regrettably, widely misunderstood. They are valuable because they enhance the capacity of management to find out quickly what is happening that should not be happening. (O'Keefe 1999)

The PS Act and the Public Service Regulations establish a scheme for the reporting of alleged breaches of the Code of Conduct—a whistleblowing scheme. This broadly based scheme provides protection from victimisation and discrimination for APS employees who report breaches of the Code of Conduct. It encourages reporting of mismanagement and corruption in the APS and is part of the accountability framework. The purpose of the scheme is to encourage employees to expose wrongdoing without fear of victimisation. It is important to raise awareness of the whistleblowing scheme and to ensure that the scheme is accessible and easy to use.

The scheme may operate at both an informal and formal level. Informally, staff should feel confident that they can raise issues of concern directly with supervisors or other senior managers outside of the whistleblowing scheme. Formally, agencies must have a process outside of the line management through which staff may report alleged breaches of the Code of Conduct. Such reports may also be made to the Public Service Commissioner or the Merit Protection Commissioner, who may investigate, usually where it is inappropriate for the matter to be investigated within the agency concerned.

Gaining the confidence of those considering reporting inappropriate conduct is an essential part of any whistleblowing scheme. If employees are not confident that the scheme will ensure the investigation of their disclosure and their own protection, then they will not make disclosures and the scheme will not be used.

ENCOURAGING EMPLOYEES TO REPORT WRONGDOING

In support of a culture in which employees are encouraged to report wrongdoing, Defence has established a whistleblower hotline to enable whistleblower reports to be made by telephone and to enable employees to seek information about how the scheme works in practice on an

anonymous, confidential and no commitment basis. The hotline provides employees with an opportunity to understand how the department may handle a disclosure. It also provides an additional means for concerns to be raised by employees who may not be confident with raising concerns through other avenues. The hotline is staffed during business hours, and an answering service is available at all other times. People using the hotline service may elect to remain anonymous and, if so, they are advised about how this will affect the handling of their report.



DECISION REVIEW SYSTEMS

Decision review systems offer agencies the opportunity for systematic feedback not only on compliance with relevant legislative requirements, but also on the capacity of the decision makers consistently to meet their obligations towards the Values and to handle the discretionary judgements allowed by the delegations they exercise.

In most program areas, agencies have internal processes for reviewing decisions, as well as external arrangements under administrative law. External review processes that can be usefully monitored for feedback include ANAO audits and Ombudsman reviews. Feedback both from significant individual cases and from statistical reports can be used to identify weaknesses in service delivery and in training of staff. Apart from specific aspects of program management, this feedback can also help to identify broader issues about the relationship APS employees are demonstrating towards the public, or about their understanding of accountability requirements, and so on.

The PS Act and the Public Service Regulations also establish a review of action scheme. The scheme allows employees who are not SES employees to seek redress when they believe that an action taken in relation to their employment was either unfair or unreasonable. In addition to resolving employee concerns with employment decisions and actions, the scheme can be used by Agency Heads to identify areas where APS Values relating to workplace relationships are not being applied as well as they could be. Raising awareness of the scheme and providing appropriate support to employees who choose to seek reviews of decisions about their employment helps to develop a relationship of trust between employees and management.

RAISING AWARENESS OF THE REVIEW OF ACTION SCHEME

The ABS aims to manage its review of action scheme in a manner that ensures employees are generally aware of the scheme and are reminded of their review rights from time to time without, at the same time, stimulating a grievance mentality. Information about the review of action scheme is provided in internal procedures on resolving workplace issues, which are available on the ABS intranet. Awareness is also raised through induction programs and manager development programs. Where it applies, employees are also reminded of the scheme from time to time in relation to decisions taken about them as employees—for example, in relation to Code of Conduct action. Managers are also encouraged to provide reasons for decisions affecting employees, and independent advice is available for employees from ABS's People Management Advisory Unit.

CASE STUDY 11

CLIENT AND STAFF SURVEYS

Sound ethics management not only sets standards of behaviour but also monitors compliance with these standards. (OECD 2000: 4)

Client and staff surveys are key tools in gaining information about the confidence clients and staff have in the integrity of the organisation, and also about the overall culture of an organisation.



CASE STUDY 12

CLIENT SURVEYS

ITSA uses a number of methods to consult and communicate with clients. These include the conduct of a client opinion survey every two years by an independent consultant designed with assistance from client focus groups. Regular conduct of a client opinion survey based on key indicators of service attributes allows for the tracking of trends and benchmarking of service performance. More importantly, it gathers clients' views on developments in business and the community to inform ITSA about emerging issues and changing client needs for planning purposes. It also highlights concerns about how services are being delivered, any fall off in service standards and the strength of ITSA's relationships.

STAFF SURVEYS

Defence has developed a range of surveys to seek staff views and monitor their needs. As well as providing valuable information to develop the internal services and support to enable people to perform at their best, the surveys are used to identify emerging problems in the workplace, including adherence to the Values. The department is committed to analysing responses from these surveys and adopting processes for addressing employee concerns and reviewing systemic issues.

For example, the department's attitude survey completed in 2001 revealed that a significant proportion of civilian employees did not agree that employment decisions were based on merit. In response to this feedback the department started an external evaluation of how the merit Value was being applied in employment decisions. The purpose of the evaluation was to discover how the Value was being upheld and to develop proposals to improve, as necessary, the application of merit in employment decisions.

The Department of Transport and Regional Services conducts a staff survey every two years. The department has designed its successive surveys to provide longitudinal data as well as comparative data with other government and non-government organisations.

Consistent with the focus of its survey instruments on values, the Secretary convenes all-staff meetings to provide open and transparent feedback on the survey findings. These meetings are complemented by similar open and transparent feedback at divisional and lower levels.

These practices are designed to build confidence among members of staff that their feedback in the surveys are understood and are being acted upon.

Agencies can also draw on employee (and agency) surveys conducted for the Public Service Commissioner's *State of the Service Report*, which may also provide guidance on the relative performance of the agency, and the confidence of the agency's staff relative to that of APS employees in general.

CONTRACTUAL ARRANGEMENTS

Contractual arrangements are also a form of assurance. An important part of recent public service reforms has been to bring the specialist skills and knowledge of the private sector and community to bear in delivering the outcomes required of the public service through contractual arrangements.

Increased contracting with the private sector and community organisations has also introduced new levels of complexity and risk to public service agencies and presented challenges for accountability. The OECD suggests that given the increasing interaction between the public and private sectors more attention should be placed on public service values, and the role of contracts in requiring external partners to observe them (OECD 1998). The APS Commission's *APS Values and Code of Conduct in Practice—A guide to official conduct for APS employees and*

Agency Heads provides guidance on the matters for agencies to consider when seeking to apply the Values and the Code of Conduct to contractual arrangements.

DEVELOPING A COMMON UNDERSTANDING OF APPROPRIATE BEHAVIOUR WITH INDUSTRY

Defence has worked to develop a common understanding of appropriate behaviour with the industries with which it transacts business. In 1998 Defence developed a statement, *Defence and Industry: an ethical relationship*, providing guidelines for ethical behaviour appropriate to its business dealings. The document also serves to raise staff awareness of the issues involved, and is a practical recognition of the aims of both industry and Defence, the constraints affecting each, and their mutual obligations. In recognition of the actual role it plays in guiding ongoing relations with industry, the statement is being reviewed.

Responsibility for contracting is devolved within Defence, but the Contracting Policy and Operations Branch of the Defence Materiel Organisation has developed a suite of contracting templates, many of which are used across the portfolio. In particular, it has developed a clause designed to ensure that employees cannot be employed by contractors for a period of 12 months where they have been engaged in:

- the preparation or management of a contract
- the selection of the contractor
- the performance or activity to which the contract relates.

ATTACHING THE APS VALUES AND CODE OF CONDUCT TO CONTRACTS

The APS Commission attaches the APS Values and Code of Conduct in full to its own contracts and uses a standard clause:

The Consultant acknowledges that it is aware of and understands the APS Values and Code of Conduct as set out in [...] and agrees to provide the Consultancy Services in a manner consistent with that awareness and understanding, including ensuring that Key Personnel conduct themselves in accordance with the APS Values and Code of Conduct.

ACCOUNTABILITY AND TRANSPARENCY

Record keeping is an essential enabler in any organisation's corporate governance and critical to accountability. Just as for other governance elements such as financial management or audit, it needs to be strategically and professionally managed. (ANAO 2002: 11)

Control mechanisms and transparency are closely related. Transparency of process and decision making acts as a preventative measure against misconduct. If transparency of process and decision making, and good record keeping are normal practice in an agency, then it becomes more difficult to commit fraud or other misconduct and similarly such conduct is much easier to detect.

Some guidance on good practice in keeping records is set out in the APS Commission's publication, *APS Values and Code of Conduct in Practice—A guide to official conduct for APS employees and Agency Heads*.





RECORD KEEPING IN CENTRELINK

Centrelink recognises the link between good record keeping practices and its commitment to providing excellent service delivery to clients and customers while also meeting its obligations for accountability and transparency in the public forum. For this reason, Centrelink is undertaking the following initiatives to support good record keeping practices:

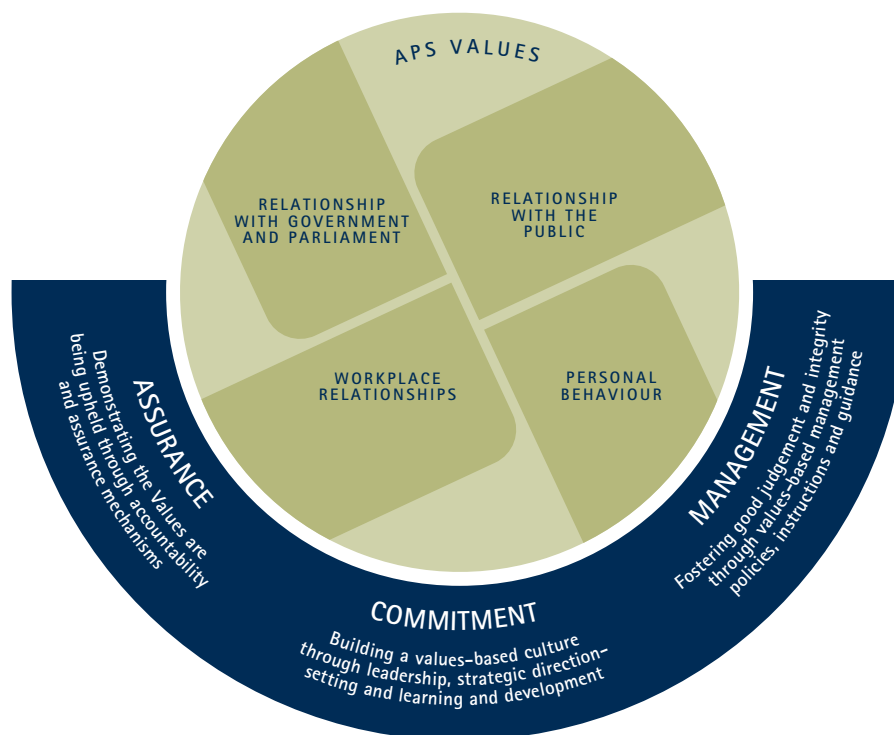
- **E-mail management**—reinforcing with employees that because e-mail is often used as part of a business process, it must be captured as part of the appropriate record. Without an enterprise wide electronic document management and record keeping application at present, Centrelink prompts staff as part of the email transmission process to consider the value of an email and where appropriate print and commit the email to a corporate registered paper record.
- **Getting It Right Strategy**—aimed at improving the accuracy and efficiency of Centrelink's customer service. This strategy has a core element which relates to ensuring that appropriate information is captured into the customer record.
- **Induction process**—employees joining Centrelink will receive information relating to their responsibilities towards record keeping. The recently released National Archives publication *Keep the knowledge—Make a Record!* will form a significant part of this content.
- **Internal audit reviews**—as part of its approach for effective governance and compliance with relevant statutory requirements, Centrelink identifies and monitors issues relating to record keeping. National managers are accountable for ensuring action is taken to address any adverse findings.
- **IT Refresh**—a deliverable of this major project is the identification and implementation of an electronic document management and record keeping solution. This important element of IT Refresh recognises the challenges that most, if not all, government agencies face in dealing with ever increasing volumes of electronic information that are required to be managed as part of the record keeping process. Centrelink is committed to using the National Archives designing and implementing record keeping systems (DIRKS) methodology to ensure best fit with functional requirements. Centrelink recognises the need for strategies to be implemented prior to the electronic document management and record keeping solution in order to assist with the cultural change process. Specific strategies include:
 - development of a consistent approach to the management of electronic drives in terms of structure and naming conventions
 - where possible the minimisation of duplication
 - the greater use of currently available collaborative tools also to minimise further duplication of content
 - the inclusion of file numbers in shared drive structures to assist employees with identifying relevant paper records as well as providing a visible reminder that information worth retaining in such drives will be necessary for retention as part of the corporate record
 - further work to develop information relating to record keeping responsibilities that is relevant to various teams across Centrelink.

EMBEDDING PARTICULAR VALUES AND GROUPS OF VALUES

4



The APS Values Framework



Building a fair and robust environment to inspire public trust, give APS employees confidence and improve organisational performance.

Section 2 set out a useful grouping of the APS Values according to key relationships and behaviours that might assist APS employees to understand the Values, and agencies to ensure the Values can be embedded into systems and procedures and the overall culture of the APS.

This section identifies some particular examples of good practice in promoting and upholding each of these groups of Values, and some individual Values. As mentioned, some Values could be mapped to more than one group, and this section refers to some of these interactions.

THE APS AND ITS RELATIONSHIP WITH THE GOVERNMENT AND THE PARLIAMENT

KEY VALUES

- 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

Other Values relevant to our relationship with government and the parliament include requirements in relation to merit-based employment decisions, achieving results, delivering services effectively and impartially and having the highest ethical standards.

OTHER OBLIGATIONS

In addition, there are a number of obligations for APS employees under the Code of Conduct to guide relationships with government and the parliament. These include requirements to:

- act with care and diligence
- comply with all applicable Australian laws
- maintain appropriate confidentiality about dealings that the employee has with any Minister or Minister's member of staff
- use Commonwealth resources in a proper manner
- not make improper use of inside information, or duties, status, power or authority, to gain a benefit
- comply with any other conduct requirement that is prescribed by the regulations.

One of the major themes of the Coombs royal commission back in the 1970s was that the public service was not responsive enough to the elected government. I note that Prime Minister Howard in mid-1996 when he released the then values for the service made a comment about how much he appreciated the shift from when he had previously been a minister in the responsiveness of the service and its working relationships with ministers' offices.

I think behind the scenes what has been happening is, while the service has indeed become more responsive to the elected government, as it should have been, the relationship has become more complicated, partly I suspect because of the increased pressures of communications in the modern world and the media that require ministers to have more support in their being able to respond immediately to anything and everything and the role of the Service being to provide depth and a longer-term perspective in the interaction. That interaction has become more complicated. (Podger 2002a)

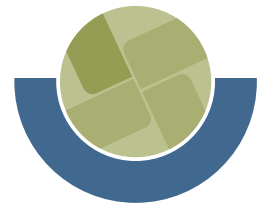
RELATIONS WITH MINISTERS AND THEIR OFFICES

Building and maintaining a constructive relationship with ministers and their offices is a key responsibility of APS employees. Consistently working to the APS Values is crucial to such a relationship, as are a sound appreciation of the respective roles, and a spirit of cooperation and good communication. For the most part, these Values complement each other and should be considered together. There are times, however, when a balance needs to be made between them. No one Value should be pursued to the point of clear conflict with another.

GUIDANCE ON HIGH QUALITY ADVICE

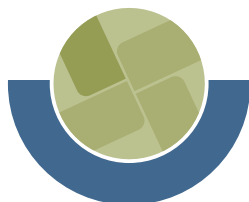
DOTARS' publication, General Principles for the Preparation of High Quality Advice to Ministers, is made available to ministers and all staff. The guidance supplements departmental standards and performance measures outlined in the relevant portfolio budget statements and includes advice about a number of matters such as:

- content that provides frank, honest, comprehensive and accurate advice
- standards of presentation and timeliness



RELATIONSHIP WITH
GOVERNMENT AND PARLIAMENT

CASE STUDY 13



RELATIONSHIP WITH
GOVERNMENT AND PARLIAMENT

- the handling of internal and external consultation
- record keeping
- clearance processes for briefing material
- direction that briefs and other advice should be addressed to the relevant minister rather than to ministerial advisers.

The department's Executive Board, which meets fortnightly, addresses the Values in practical terms and in relation to particular situations. Discussion and dialogue with employees about requirements for serving ministers occur as issues arise.

The department's Ministerial Liaison Unit provides a quality assurance and coordination role for written material to and from ministers' offices. Feedback from ministers is primarily through annotation on the brief itself, supplemented by a formal rating system completed by ministerial advisers. There are regular meetings with ministers during sitting periods to discuss policy issues and the working relationship between the department and ministers' offices. There are also regular meetings with departmental liaison officers.

LEARNING AND DEVELOPMENT PROGRAMS

DOTARS has integrated departmental requirements for serving ministers into relevant learning and development programs. The groundwork for this is the *Secretary's Statement of Future Skills Requirements*, which identifies governance, accountability and legal awareness as core skills, as are policy development and program delivery. DOTARS' Graduate Development Program ensures that graduates understand the professional role of the APS. The program is designed around the APS Values and also provides an opportunity for graduates to meet ministers. The broad-based Leading in DOTARS program focuses on good corporate citizenship and includes a session on ethics and the APS Values, with a case study on serving ministers. It also provides awareness of the department's changing management and policy directions. The department's Policy Development Program also includes a segment on relationships with ministers and discusses in some detail the proper way to conduct business and advise government.

COMPLIANCE WITH THE LAW

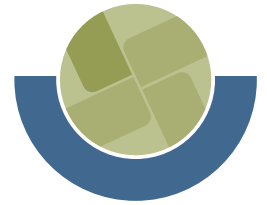
DOTARS makes available to ministers and employees the *Legislation Directory* that is updated regularly. *The Legislation Directory*:

- provides an overview of each of the 112 pieces of portfolio legislation
- summarises each Act's intended purpose, the ministers' roles and responsibilities
- provides details of any reporting requirements
- identifies a designated departmental division and contact officer so that accountability arrangements within the department are clear.

PARLIAMENTARY ACCOUNTABILITY

Public servants help ministers fulfil their accountability obligations by providing parliament with information about the factual and technical background to policies and their administration. They should help explain government policies and decisions although they are not to reveal policy advice given. APS employees should always look to maintain the trust of both ministers and the parliament in their professionalism.

While broad guidance is available on appearing before parliamentary committees¹, practical experience can be of great assistance in helping APS employees to be effectively accountable to the parliament. The APS Commission, with support from AGD, the Department of the Prime Minister and Cabinet and the Clerk of the Senate, provides regular training for SES employees on the legal and practical aspects of the obligations of APS employees appearing before the parliament. All SES employees should attend such training. In some agencies graduate and other training programs incorporate attendance at Senate Estimates proceedings.



RELATIONSHIP WITH
GOVERNMENT AND PARLIAMENT

TRAINING

Centrelink has established a Moot Senate Estimates process. The exercise involves establishing a hearing room just like the ones in Parliament House and allocating the roles of senators, the minister and the CEO to the SES and managers. A simulation hearing is conducted. Participants rely on *Hansard* reports and Senate Estimates briefs prepared for the executive to make the exercise as realistic as possible. The simulation exercise helps staff to understand the accountability framework in which they operate, including the requirement to account for the effective, efficient and ethical use of resources.

CASE STUDY 14

IMPARTIAL ADMINISTRATION

APS employees are required to implement legislation in a non-partisan way and to administer policies impartially.

RELEASING STATISTICS

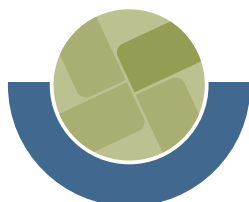
The ABS's commitment to providing and maintaining a statistical service of quality and integrity is demonstrated in a number of ways. In particular, the statistical system is a transparent system. Dates for the release of all statistics are set and publicised in advance. The ABS decides what to publish, and then does so in ways which explain and inform, without advocating a particular position.

In releasing statistics, the ABS adheres to long-established principles that results of statistical collections should be made available as soon as practicable and should be available to all users at the same time. Pre-embargo access to statistics is limited to relevant ministers and their departments under publicly known and strictly controlled arrangements. The ABS ensures equal opportunity of access to statistics by the community, business and governments through releasing statistical results on its website, through public libraries and in the media.

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Service delivery issues are addressed in the next section.

¹ Available in the Government's *Guidelines for Official Witnesses before Parliamentary Committees and Related Matters* (November 1989)



RELATIONSHIP WITH THE PUBLIC

THE APS AND ITS RELATIONSHIP WITH THE PUBLIC

KEY VALUES

- 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.

Other Values relevant to our relationship with the public include the apolitical role of the APS and the requirement to perform functions in an impartial and professional manner, being openly accountable for our actions and having the highest ethical standards.

OTHER OBLIGATIONS

In addition there are a number of obligations for APS employees under the Code of Conduct to guide our relationship with the public. These include the requirements to:

- behave honestly and with integrity
 - act with care and diligence
 - treat everyone with respect and courtesy, and without harassment
 - comply with all applicable Australian laws
 - disclose and take reasonable steps to avoid any conflict of interest
 - not make improper use of inside information, or duties, status, power or authority, to gain a benefit
 - behave in a way that upholds the APS values and the integrity and good reputation of the APS.
-

Delivery of quality service that represents value for money is central to the way the APS does business. Government reforms have heightened the public's expectations of the APS in terms of its capacity to provide services that are relevant, responsive, accessible, cost-effective, equitably delivered and generally of high quality.

Having a high-performing and client-focused culture requires a strategic approach to seeking information from, and providing information to, customers. It also requires a commitment to a focus on the services being delivered, systems and processes to measure and assess performance, and performance improvement.

CLIENT SERVICE

Centrelink makes a great effort to listen to its customers not only through traditional mechanisms such as consultative groups and through the monitoring of complaints, but also through regular customer surveys by market research companies and through Value Creation workshops. These are structured forums where Centrelink staff can hear the values and concerns of their customers and sometimes their representatives.

The Centrelink commitment to quality customer service is also reflected in its focus on the customer. There is a chief customer officer in the organisation who leads the development of the Customer Experience Management Strategy. There is widespread use of the word 'customer' in corporate designs, and employees wear name badges to establish a more personalised

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approach and to assist with accountability. Customer service is a key feature of Centrelink's recruitment, selection and performance assessment processes.

In 1997, as part of its *More Time for Business Statement*, the government introduced service charters for all departments and agencies that deal with the public. The charters were seen as a strong performance and accountability tool as they focus on customer service outcomes. The principles for client service charters were further reviewed in 2000, at which time agencies were asked to consider a range of new matters when either developing or revising their charters. A number of these were related to diversity and accessibility issues such as:

- the needs of clients in rural, remote and regional areas
- the needs of people with disabilities
- the needs of those who speak languages other than English
- the Values expressed in the PS Act
- the principles expressed in the *Charter of Public Service in a Culturally Diverse Society*.

DIVERSITY AND ACCESSIBILITY

Centrelink is working toward making services more accessible to the public, in particular by providing access points that are self-help facilities for customers in rural, regional and remote areas. Customers have access to dedicated phones, faxes and photocopiers, brochures and forms to help conduct their business with Centrelink.

In terms of being sensitive to the diversity of the Australian public, Centrelink has the Multicultural Service Strategy focused on developing ways to meet the ongoing and future needs of customers from non-English backgrounds with multicultural service officers who are primarily responsible for forging links with migrant and refugee communities. The organisation also has strategies to help engage the Indigenous community, such as the *Statement of Centrelink's Commitment to Reconciliation*, its Indigenous Servicing Strategy and the Indigenous Employees' Action Plan.

Centrelink is also committed to recruiting with the objective of achieving an employee profile that reflects the community profile. Among strategies adopted to meet this objective are the inclusion of workplace diversity principles into contract arrangements with outsourced providers of recruitment services and the inclusion of targets for specific diversity groups.

STAKEHOLDER ENGAGEMENT

In addition to services to customers, consultation and engagement with stakeholders continues to grow in importance. Greater involvement of the public as citizens and customers has increased in priority because of increased expectations among a better informed and connected public, and because technology is facilitating more effective engagement. People are more attuned to government policy making and more interested in contributing to such processes. In this environment the APS needs to develop systems and processes to understand the different values and perspectives of stakeholders and clients.

INDUSTRY LIAISON

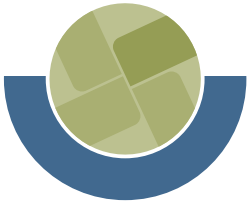
ITSA identified a need to work more closely with professional client groups in order to keep pace with the needs of clients and changes in the systems of credit. The agency achieved this by:

- holding the six-monthly Bankruptcy Reform Consultation Forum
- consulting with representatives of professional groups at the local level



RELATIONSHIP WITH THE PUBLIC

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RELATIONSHIP WITH THE PUBLIC

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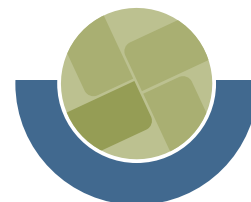
- developing, with practitioners, national standards for bankruptcy administration
- distributing regularly a journal containing information from within the organisation and from private insolvency practitioners
- conducting independent client opinion surveys every two years
- developing a service charter and recording and analysing complaints about service.

ITSA found that through this range of consultation and communication strategies it was able to assess and review periodically the effectiveness of its advice to government, taking account of the views of stakeholders while addressing several key indicators of successful service delivery.

COMMUNITY ENGAGEMENT

Centrelink has developed software that local managers can use to record details of meetings between Centrelink staff, business and community leaders. Centrelink has also developed local and other partnerships (for example, with universities, hospitals and local community groups and leaders) and increased involvement with special needs groups. These complement its service charter and systematic feedback from formal decision-review systems.

THE APS AND WORKPLACE RELATIONSHIPS



WORKPLACE RELATIONSHIPS

KEY VALUES

- 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 recognises and utilises 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 their 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.

Other Values relevant to relationships within the workplace in the APS include having high ethical standards and high quality leadership, as well as a career-based service and community access to APS vacancies.

OTHER OBLIGATIONS

In addition there are a number of obligations for APS employees under the Code of Conduct that guide relationships in the workplace. These include the requirement to:

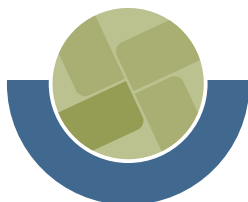
- act with care and diligence
- treat everyone with respect and courtesy, and without harassment
- comply with any reasonable and lawful direction
- behave in a way that upholds the APS Values and the integrity and good reputation of the APS.

In addition to the PS Act, agencies and their employees are bound by the provisions of the *Workplace Relations Act 1996* (WR Act), and agreements made under it. Other legislation that affects workplace relations includes the *Racial Discrimination Act 1975*, the *Sex Discrimination Act 1984*, the *Disability Discrimination Act 1992*, the *Human Rights and Equal Opportunity Commission Act 1986* and the *Occupational Health and Safety (Commonwealth Employment) Act 1991*.

MERIT IN SELECTION AND RECRUITMENT

Merit in selection is one of the central pillars of APS employment. The ways in which this principle is managed and applied have evolved over the years. The practical application of merit in selection requires engagement and promotion processes to be in place to ensure that:

- all eligible applicants have a reasonable opportunity to put forward their claims
- the selection process is transparent, and is seen to be applied fairly, to all applicants
- the assessment process is able realistically to match the qualities of the applicants to the qualities genuinely required for the job.



WORKPLACE RELATIONSHIPS

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These requirements, which reflect the APS Values of merit, equity, open access to APS employment and a discrimination-free workplace, are embodied in the PS Act and the Public Service Commissioner's Directions. Recruitment and selection policies and processes in agencies need to meet these legislative requirements and reflect other APS Values where they are relevant. Selection criteria may, for example, require the knowledge, understanding or ability to apply particular APS Values to the extent that they are required for the job.

SELECTION AND RECRUITMENT

DOTARS developed the *Selection and Recruitment Handbook* as part of a package that includes an information kit for applicants and a selection panel kit to help employees to fill jobs successfully and at the right time. The handbook is a user-friendly document directed at employees involved in selection exercises. It articulates the APS Values that relate to selection and recruitment and makes clear the importance of meeting legislative requirements, including the Public Service Commissioner's Directions on merit. A centralised recruitment unit supports the department's approach to educating and guiding employees through the process.

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On ITSA's intranet, guidelines are available for managers and those involved in selection and recruitment processes. Each guideline is a simple to follow reference document that highlights key strategic and workforce planning considerations, reinforces the legislative basis of recruitment in the APS, and outlines each stage of the process from planning to induction of a new employee.

The APS Commission has also issued a guide for line managers to help them in recruitment and selection in a practical way consistent with the Values (*Get it Right—a recruitment kit for managers*).

WORKPLACE DIVERSITY

Workplace diversity is about recognising and valuing the different knowledge, skills, backgrounds and perspectives that people bring to their work, regardless of whether those differences are based on age, gender, ethnicity, social background or other factors. Maximising the benefits of workplace diversity builds organisational capability and helps to achieve business goals and strategic priorities.

Organisations that capitalise on the benefits of workplace diversity create environments where employees are able to contribute fully to the organisation's goals. Such organisations have cultures that reflect the broader Australian community. As such, they are more likely to understand the needs of their customers. The PS Act requires that Agency Heads must establish a workplace diversity program to assist in giving effect to the APS Values.

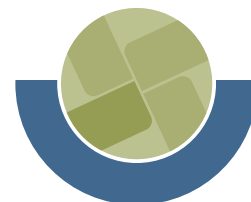
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EQUITY AND DIVERSITY

The Defence Equity Organisation (DEO) was established in 1997 to ensure equity and diversity was implemented throughout Defence. Defence aims to have equity and diversity recognised as essential, and incorporated into its day-to-day business activities. The full support of senior leaders has been critical to implementing equity and diversity policies in Defence. It is traditionally an organisation with low levels of representation from groups that suffer employment-related disadvantage on the basis of gender, indigenous status, race, ethnicity or having a disability.

The DEO developed and manages the department's *Workplace Equity and Diversity Plan 2001–2003* (WEDP). It brings a consolidated approach to equity and diversity that was developed taking into account, in particular, the PS Act, the Commonwealth Disability Strategy and the Charter of Public Service in a Culturally Diverse Society.

As part of the WEDP all Defence personnel are required to participate in annual equity and diversity training by either attending a presentation or completing online training. There are other formal training packages on cultural diversity, sexual orientation, and managing and eliminating unacceptable behaviour and plain English guides on equity and diversity. The department also has a free-call equity advice line that is available seven days a week to employees and their families.



WORKPLACE RELATIONSHIPS

COMMUNICATION, CONSULTATION AND COOPERATION

Communication, consultation and cooperation should be integral to the day-to-day functioning of an agency. They are critical to achieving results and underpin good workplace relationships.

The agreement-making process in the APS is, however, one mechanism through which these ongoing activities become a direct focus as employers engage employees on matters affecting the workplace. In agreement making the government expects APS agencies to lead the way in using the flexibility and opportunities for reform available under the WR Act. The government expects that consultative arrangements will encompass all staff, while focusing on the particular circumstances of an agency in delivering its priority outcomes.

CERTIFIED AGREEMENT

AGD established a workplace relations committee as a consultative forum for its employees to consider its proposed certified agreement. Membership of the committee represented each classification level and included a representative of part-time employees. Committee members attended a one-day training and planning session, facilitated by an external provider, that equipped them with an understanding of the legislative framework, different approaches to agreement-making and an understanding of the principles and dynamics of communication and consultation.

The department used a range of communication methods including an intranet site with an anonymous feedback capability, a newsletter and regular employee information sessions. Additionally, division heads were provided with a briefing paper on all initiatives in the certified agreement and were required to conduct information sessions with their employees before the voting period started. The department reported that the active involvement of senior management was well received by employees and contributed to a feeling of commitment and ownership of the outcome at all levels.

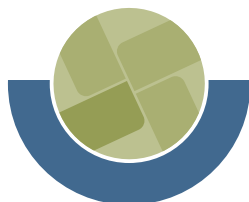
In Defence communication and consultation strategies, developed during the planning stages of each certified agreement, have ensured that employee consultation remains a key component for identifying issues to be addressed. The department uses extensive promotional campaigns to encourage employee awareness of opportunities to contribute, including through the dissemination of printed and electronic information bulletins. Employee views are facilitated through a range of forums, including workshops and seminars, online query options and a certified agreement hotline. The department attributed its strong 'yes' vote for its 2002–03 Agreement to the high level of employee engagement in the development stages.

One of the aims of the DOTARS' certified agreement was to implement mechanisms that enable employees to balance their work and personal lives. This approach was partly instigated as a result of employee responses in a staff survey. To provide flexible working practices the department's certified agreement recognises that, over and above the need to balance work, family and other caring responsibilities, workplace arrangements need to be sufficiently flexible so as not to interfere unduly with the general interests and responsibilities of employees outside work. The agreement encourages a wider range of approaches to these dilemmas and provides the flexibility to accommodate employee needs.

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WORKPLACE RELATIONSHIPS

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STAFF PARTICIPATION

In terms of valuing consultation and communication in areas other than agreement making, ITSA aims to provide a participative work environment that encourages employee input and transparent decision making. The organisation recognises that active involvement of employees in introducing change, including new employment-related policies, contributes to successful implementation and improved organisational effectiveness. The organisation facilitates this through forums that include:

- formal consultative committees
- project teams and cross-branch work groups
- opportunities for all employees to have direct input into developing employment-related policies
- effective communication through e-mail
- a regular employee opinion survey.

ITSA ensures that responses to employee feedback and comments are circulated so that employees have an opportunity to see how their views were taken into account.

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INFORMATION SYSTEM SUPPORT

In 1991, the ABS commenced an organisation-wide office computing project with the goal of creating an electronic working environment of the future. The working environment of the ABS is now underpinned by an organisation-wide information-sharing culture characterised by openness, high levels of trust and a widespread preference for accessing information online. This has enabled the development of a mature and effective approach to facilitating workplace interactions that allow management and employees to readily communicate, consult, provide input and cooperate on all matters that affect the employment relationship.

MANAGING UNDERPERFORMANCE

It is acknowledged that managing underperformance is one of the hardest skills of managers. The 2001 Management Advisory Committee report, *Performance Management in the Australian Public Service: A Strategic Framework*, noted that:

The bottom line is that management's failure to address underperformance in most workplaces, across all sectors, is one of the persistent factors that undermines credibility of performance management systems overall. (Management Advisory Committee 2001: 28)

The report also noted that a number of factors could work against the effective management of poor performance, one of those being the lack of preparedness by managers to take on the issue. It identified credibility as one of the key elements of good practice in the design of an effective performance management system. Credibility is described as engaging and winning the support and confidence of employees through transparency, fairness, simplicity, progressive implementation, Chief Executive Officer and management commitment, reducing the gap between rhetoric and reality and addressing poor performance.

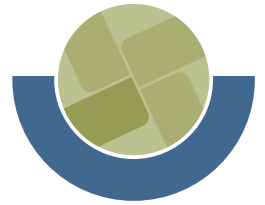
SUPPORT FOR MANAGING UNDERPERFORMANCE

The ABS Performance Management Scheme is designed to improve employees' understanding of their role, their work responsibilities and the performance standards expected of them. It also provides a focus for recognising and improving performance against corporate and work program goals. The scheme is underpinned by guidelines on the performance management

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process, managing underperformance, managing probation, and communicating for better work performance. This package of information is principles-based and clearly sets out the processes involved in performance management in the ABS.

As part of their manager/leadership programs ABS line managers are informed of their responsibilities, including the requirement to ensure that their employees are familiar with, and meet, the required standards of individual performance and conduct. There are clear messages given to all managers that they must take appropriate action should they identify a case of underperformance. The ABS People Management Advisory Unit oversees the management of underperformance processes and provides independent and unbiased advice and support to both the manager and employee involved.



WORKPLACE RELATIONSHIPS



PERSONAL BEHAVIOUR

PERSONAL BEHAVIOUR IN THE APS

KEY VALUES

- 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.

The Values in this grouping bring together the concepts of public service ethical standards and leadership, as well as the concept of the APS as an institution that:

- has a core public interest ethos
- practises and encourages communication and the sharing of knowledge between agencies
- is staffed on a basis that recognises the importance of sustaining core knowledge, expertise, and high standards of professionalism and behaviour.

Although on the face of it this group has less in common than those in previous groups, there are nevertheless links established by themes common either to some or all of these Values, including personal behaviour, and learning and development.

Other Values relevant to these concepts include the apolitical role of the APS and the requirement to perform functions in an impartial and professional manner, being openly accountable for our actions and delivering services fairly, effectively, impartially and courteously.

OTHER OBLIGATIONS

In addition, there are a number of obligations for APS employees under the Code of Conduct that are relevant. These include the requirements to:

- behave honestly and with integrity
 - act with care and diligence
 - treat everyone with respect and courtesy
 - comply with all applicable Australian laws
 - maintain appropriate confidentiality about dealings that the employee has with any Minister or Minister's member of staff
 - use Commonwealth resources in a proper manner
 - disclose, and take reasonable steps to avoid, any conflict of interest
 - not make improper use of inside information, or duties, status, power or authority, to gain a benefit
 - behave in a way that upholds the good reputation of Australia while on duty overseas.
-

ETHICAL STANDARDS

In terms of personal behaviours, we are obliged to have the 'highest ethical standards'. This is a natural consequence of the authority the public, through the Parliament, has vested in us: that authority must be exercised in the most ethical way. In addition, if we can raise our standards, we isolate those at the margins of legality, and make it easier to act against those involved in fraud and corruption. (Podger 2002b)

The ethical standards value is supported by the elements of the Code of Conduct covering personal standards of behaviour such as honesty, integrity, care, diligence, respect and courtesy, and the requirement that APS employees, at all times, behave in a way that upholds the APS Values, and the integrity and good reputation of the service.

Ethical behaviour requires adherence to the law, and agencies need to have readily accessible advice for all their employees on any legal requirements they are likely to face in the workplace. Ethical behaviour also goes beyond specific legal requirements. It requires APS employees to earn and retain the respect of the public in all their official dealings.

PUBLIC TRUST

For the ABS, confidentiality and secrecy of information is not simply a legislative obligation. It is fundamental to ensuring the trust of providers, without which the ABS would not be able to operate effectively or achieve its mission. This is communicated to employees in a number of ways. On joining the ABS, each employee is required to sign the Undertaking of Fidelity and Secrecy. Failure to comply with the undertaking is an indictable offence that can result in either a significant fine or period of imprisonment.

The message about confidentiality and privacy is also reinforced through induction and management training programs. In addition, ABS legislation and related policies, as well as online resources, such as video presentations on topics relevant to data confidentiality, are readily available to all staff through the ABS intranet. These initiatives are backed up by strong physical and information technology security systems and well-defined policies on data retention strategies.

PRIVACY

Centrelink also has a strong privacy culture, reflecting the importance of maintaining public confidence in Centrelink's ability to protect individual privacy. Centrelink ensures that employees are aware of their obligations and responsibilities with respect to privacy and confidentiality in a number of ways. They include a requirement that all new employees sign the Declaration of Privacy/Confidentiality, which is supported by a booklet detailing privacy, confidentiality and security obligations.

The electronic *Privacy Awareness Kit*, which incorporates detailed guidelines on privacy and confidentiality issues for Centrelink employees, is maintained. This kit is featured in the Centrelink National Induction Program as well as in job-ready training.

Other measures include reminding employees regularly of privacy and confidentiality requirements by conducting ongoing privacy awareness sessions for all employees, sending out privacy advices, distributing job aids, privacy training modules and videos, and using screensavers and other screen based messages to promote key privacy issues.

New initiatives and technologies are assessed to ensure that privacy enhancing practices and technologies are implemented and Centrelink has an extensive privacy compliance program. The requirement to maintain the privacy and confidentiality of customer information is included in the Centrelink Customer Charter.

The Department of Health and Ageing, and the APS Commission also have specific instructions in their CEIs on managing conflict of interest, and post-separation employment.



PERSONAL BEHAVIOUR

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PERSONAL BEHAVIOUR

CASE STUDY 2

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LEADERSHIP

Perhaps the most critical link to realising the full potential of the APS is the development of its leadership capability. Committed, robust public sector leadership is crucial to making the most of the new framework for the Public Service. Success in this new environment requires leaders who can establish a shared vision and sense of purpose, and inspire, coach and enable their achievement. (Kemp 1998)

The promulgation of the Senior Executive Leadership Capability Framework (SELCF) in 1999 heightened awareness across the APS of the central role of leadership in producing high performing organisations. The SELCF seeks to establish a shared understanding of the critical success factors for performance in APS leadership roles.

BUILDING A LEADERSHIP CULTURE

Recognition by Defence of the need to build a leadership culture that promotes trust and teamwork was reflected in a key theme of the Defence Renewal Program, which was initiated in late 1999. The program is aimed at transforming the way Defence goes about its business and involves a Results through People leadership philosophy. In its first stage the program re-focused and strengthened the leadership culture at SES level and its military equivalents.

New ways of working in Defence, including the defining and shaping of the new leadership culture, could not have been effectively achieved without taking account of the government's policy directions for Defence and integrating desired behaviours with the performance management framework. The development of Defence's People Leadership Model in mid-2000 has seen the emergence of a number of training initiatives for both SES and Executive Level employees.

The Quantum leadership program has been developed for EL APS employees and their military equivalents in the Defence Materiel Organisation. It is designed to help participants review their leadership skills and practices, identify areas for development, understand the organisational context of their outputs, and adopt strategies for workplace implementation of new learning. The content of the Quantum program is broadly consistent with the capabilities of the SELCF, while being focused on the needs at the career transition point for the target audience.

LEARNING AND DEVELOPMENT

The guide, *Building capability: A framework for managing learning and development in the APS*, produced in collaboration between the ANAO and the APS Commission in 2003, advises that efficient and effective achievement of government outcomes by APS agencies depends on the capabilities of their people. It notes that capability building requires a systematic management approach to learning and development as an integral part of workforce planning. The guide also states that learning and development is a key management function for all APS agencies.

The guide identifies seven principles that reflect better practice approaches for managing learning and development in the APS:

- align learning with the business
- integrate learning with human resource and other business processes
- create a learning culture
- provide appropriate learning options
- manage learning effectively
- support application of skills in the workplace
- evaluate learning and development.

STRATEGIC LEARNING AND DEVELOPMENT

Centrelink's approach to learning and development is guided by its National Learning Strategy 2002–2005. The key features of the approach include:

- aligning learning priorities with the business plan
- integrating learning and development with recruitment and other people management strategies
- providing competency-based, accredited training
- developing a career pathways map that plots typical career and qualification pathways across the three Centrelink work streams
- providing structured learning time
- learning through a range of mediums and experiences.



PERSONAL BEHAVIOUR

CASE STUDY 35

INVESTORS IN PEOPLE

DOTARS has recognised that, in order for it to achieve its vision of a high-performing organisation and a great place to work, it needs to have a strong focus on achieving results for stakeholders and clients, and on the development of staff. Its Investors in people (IiP) accreditation is evidence of its commitment to improving performance to achieve business goals through developing people.

An important element in the establishment of a learning culture in DOTARS is the *Secretary's Statement of Future Skills Requirements*. It provides the basis for developing and promoting agency-wide learning and development programs and helps line managers and individuals make choices about appropriate learning and development activities. Other elements include intranet access to a user-friendly self-service learning and development site and a comprehensive Studybank scheme. IiP indicators provide an established process for evaluating learning and development.

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SERVICE-WIDE CONSULTATION, COMMUNICATION AND SHARING OF KNOWLEDGE

We live in an increasingly complex and interdependent environment and there is no doubt that, in recent years, issues have more consistently reached across traditional portfolio boundaries. This trend will continue.

Whole of government approaches, collectively owned by several Ministers, will increasingly become a common response....

Senior Public Servants and their staff will need to find ways to minimise any limitations associated with what could be described as the 'Silo effect'. A methodology for rapid and effective integration of work units from traditionally unrelated departments will need to be further refined to achieve broader government objectives. (Howard 2001)

Different types of government coordination and collaboration have existed for many years, both within and across governments. Within government, a broad range of coordination methods have been employed to cut across organisational boundaries and particular policy perspectives, including the creation of interdepartmental committees and task forces. Increasing interest in integrated, or whole-of- government, approaches in recent years has been driven by factors such as globalisation, budgetary pressures, community expectations and technology.



PERSONAL BEHAVIOUR

CASE STUDY 37

INTEGRATED SERVICE DELIVERY

A significant whole-of-government initiative in recent times was the creation of Centrelink in 1997 to bring together the service delivery networks of several departments. Centrelink meets its accountability requirements through its business partnership agreements with each of the agencies for which it delivers services.

CROSS-AGENCY COOPERATION

A smaller-scale initiative that cuts across organisational boundaries is the arrangement between ITSA and AGD for sharing responsibility for bankruptcy policy. It enables the minister to draw upon the policy development and advising expertise of the portfolio department as well as ITSA's subject matter expertise and its close relations with the industry sector. A formal agreement between ITSA and AGD documents how the policy-sharing arrangements will work.

A number of whole-of-government activities involving cross-agency and cross-jurisdictional participation are now under way. In addition, the Management Advisory Committee is undertaking a project which will identify best practice approaches for effective whole-of-government activities.

SUPPORTING EVIDENCE — RESULTS OF AGENCY STUDIES

5





The six agency studies examined both agency strategies for embedding the Values and employee views of the effectiveness of those strategies.

WHAT EMPLOYEES SAID

Leaders must have the highest standards of integrity.

Leadership is crucial to ensuring that the Values and Code of Conduct are taken seriously.

The SES and other supervisors and managers are expected to set the right example.

Unethical behaviour by leaders and managers would cause employees to consider the Values and Code of Conduct as rhetoric and to lose confidence in them.

Leaders perceived to be modelling the Values are strongly supported.

The Values and Code of Conduct as presented in some corporate documents are not made meaningful by corporate practice.

The relevance of the Values and Code of Conduct to everyday duties is not widely understood.

Some managers and leaders do not seem to be upholding the Values.

The 15 Values are quite long. Some embody more than one concept, are difficult to remember and to put into context...grouping the Values is a useful tool in helping to gain an understanding of the Values and making them relevant—makes the Values come alive.

Conclusions drawn from the studies are that:

- in general, the APS Values are viewed by employees as common sense for the public service and common practice
- leadership is crucial in setting the ethical tone within agencies and is critical to making the Values relevant and visible
- having the Values articulated in key corporate documents is not enough on its own
- there is evidence of good practice in a variety of areas, but there are some perceptions in some agencies that the Values are not being upheld in some areas and are not uniformly understood
- there is no strategic or holistic approach to embedding the Values by any agency in the study.

VALUES ARE COMMON SENSE

Many employees consulted believed that the Values make sense in the context of the work they are required to do. In general, they believed that most people in their respective agencies uphold most of the Values. In particular, some longer-serving employees commented that the Values are not new and the behaviours implied by them had been promoted long before the passage of the new PS Act.

THE NEED FOR STRONG LEADERSHIP

SES employees consulted were, in general, aware of their responsibility to promote and model the Values and the Code of Conduct. They were also conscious that the senior leadership group is responsible for establishing an agency's ethical culture and that leaders must have the highest standards of integrity.



Other employees consulted were strongly of the view that leadership is crucial to ensuring that the Values and Code of Conduct are taken seriously. They expected the SES and other supervisors and managers to set the right example by acting consistently with the requirements of the Values and Code of Conduct. There were suggestions that examples of unethical behaviour by senior agency staff, if not addressed, would cause employees to consider the Values and Code of Conduct as rhetoric and to lose confidence in them. These employees were highly supportive of those leaders they perceived to be modelling the Values.

VALUES IN CORPORATE DOCUMENTS

The agencies took differing approaches to articulating, raising awareness of and committing to the Values and Code of Conduct in their corporate documents. These approaches included references to the Values and Code of Conduct in corporate plans, certified agreements and Australian workplace agreements and strategic directions as well as in management guidelines, particularly people management guidelines.

There were mixed responses from non-SES staff consulted about the effectiveness of these strategies. Some were satisfied that their agency followed through on commitments in corporate documents, whereas others believed that the words stayed on paper and were not always translated into action.

In general, employees believed that having the Values articulated in key corporate documents was not sufficient to gain the commitment of employees to the Values and Code of Conduct. Such a strategy needed to be supported by other actions, in particular the modelling of the Values by senior managers, making the Values relevant to their work and providing a culture and clear systems and procedures that supported employees who raised ethical issues.

GOOD PRACTICE AND EMPLOYEE PERCEPTIONS

Good practice examples of embedding the APS Values and Code of Conduct were identified in each of the agencies. There were, nevertheless, perceptions by some staff in most agencies that there are employees, generally managers and leaders, who are not upholding the Values. Additionally, some employees did not understand either the scope or the application of some of the Values. There were instances where employees had little knowledge of the Values and their application, even though a Value was directly relevant to their work.

APPROACHES TO EMBEDDING THE VALUES

While it was evident that each agency had developed and implemented a range of strategies to promote either particular APS Values or aspects of the Code of Conduct, none had taken a strategic approach to promoting them as a complete package. While there is no legislative requirement for an agency to take such an approach, project conclusions and research strongly support doing so.

SUPPORTING EVIDENCE—
INTERNATIONAL AND AUSTRALIAN EXPERIENCE

6





Since the 1980s, organisations have sought faster response rates, more tailored outputs and increased productivity. Progressively, this search has been linked to calls for increased flexibility in management systems. In the public and private sectors, detailed prescription and instruction-based management have had to be replaced by generalised guidance from management and responsive judgement from employees.

Values provide a flexible and yet comprehensive form of guidance to direct employees' decision making in new and continually changing circumstances. A corporate decision to shift from management by instructions or management by objectives to management by values is associated with the need for managers to become leaders and facilitators and to implement flatter structures. In good practice cases, the increased flexibility that flows from the use of devolved powers is balanced with increased accountability. (Corporate Leadership Council 1998 and 2001a)

Because they can underpin a range of activities, organisational values remain meaningful despite operational and regional differences, and apply across organisational structures. At the same time they are immediately meaningful to each employee, and capable of making sense of diverse activities and behaviours. For this reason a fully integrated values-based framework has an immense capacity to shape the overall culture of an organisation. (Dolan & Garcia 2000)

The guiding values identified by particular organisations can vary considerably for either operational or other reasons, focusing for example on effective service delivery or product innovation. Clearly, there is scope for considerable variation between public and private sector organisational values, just as there is variation in the ways in which organisations use values to underpin their activities. It is critical to note, however, that in the private and the public sectors ethically based values have been shown to have a differential and positive effect on employee performance and commitment.

ETHICS AFFECT PERFORMANCE

International and Australian research links organisational ethics with high levels of employee performance and the capacity to attract and retain staff (Vogl 2001). For example, a recent study of 1500 randomly selected workers from the private and the public sectors in the United States found that more than three-quarters of all employees said that their organisation's concern for ethics and doing the right thing was an important reason why they continued to remain with their current employer.

The study also found that the modelling of ethical behaviour by organisational leaders, supervisors and co-workers was positively related to outcomes such as employees being more satisfied with their organisations overall, and feeling less pressure to commit misconduct. Relatively few differences were found in ethics perceptions between employees in the government, for-profit, and not-for-profit sectors. (Ethics Resource Centre 2000)

Australian research conducted by the Independent Commission Against Corruption (ICAC 1998) found that the ethical tone of an organisation impacts on efficiency and effectiveness, decision making processes, staff commitment and job satisfaction, staff stress and staff turnover. The research also determined that strong, clearly stated values could guide people through choices, so that making ethical decisions was the path of least resistance. On the basis of these findings it was argued that making ethical practices a priority was not just about functioning with integrity or being credible; it was also about optimising the efficient functioning of an organisation.

In a New South Wales-based study of 15 organisations (seven local councils and eight State agencies) an emphasis on ethical behaviour was found to be associated by staff with the perception that the senior executive cared about the organisation. This, in turn, was related to a greater employee respect for the senior executives and direct supervisors, and a feeling of being valued in the organisation. Supervisors who were perceived to care about the



organisation were also perceived as allowing their staff to make their own decisions and, importantly, as encouraging new ideas. (ICAC 2000)

Most recently, Professor Lynn Sharp Paine of the Harvard Business School has pointed to a range of drivers motivating companies around the world to become more attentive to their stakeholders and more concerned about the norms that guide their behaviour. Among the beliefs of the managers and executives she interviewed are that high ethical standards are correlated with better financial performance, building customer trust, and attracting and retaining the best employees. Paine suggests that business ethics need to go hand in hand with a viable economic model because the financial pay-off from ethics is dependent upon a number of factors including the time frame for return on investment, the economic return required and the specific values in question.

Paine argues further that the ethical commitments of an organisation should contribute to greater employee engagement and creativity. She reports research showing that:

- trust, helpfulness, and fairness in rewarding creative work are associated with higher levels of work-group activity
- employees are more likely to support management decisions that have been reached through a fair process
- employees are more likely to engage in discretionary behaviour to benefit the organisation if they trust their supervisors to treat them fairly and perceive that the organisation operates fairly
- employees look for integrity, competence and leadership in their bosses
- employees are more likely to take pride and feel ownership in their organisation when they perceive top management to have high credibility and a coherent set of values
- employees are more likely to share knowledge and learn from one another in an environment of mutual trust and respect
- members of an organisation are more likely to share sensitive information when they have trust and confidence in one another
- partnerships between manufacturers and retailers are more profitable when they are based on high levels of mutual trust. (Paine 2003)

THE ROLE OF LEADERSHIP

Because values-based decision making is intended to operate flexibly, values statements and formal codes of conduct are unlikely to have and retain meaning within an organisation if senior management does not actively model them. Indeed, without a supportive organisational leadership and culture, values-based systems can become inoperable. This is confirmed by research, which consistently concludes that the maintenance of a meaningful values-based framework is critically dependent on constant adherence to the values by the organisation and its managers in all actions (Corporate Leadership Council 1998).

Because the CEO is the embodiment of an organisation's values, he or she has to be seen to live them. This is because those who are watching, particularly other senior managers, are likely to do what the CEOs do even if it is in opposition to what the CEOs say. Alignment or misalignment of leadership behaviour and organisational values exerts a powerful influence on the way people behave and on their willingness to embrace new strategies. Researchers have found that the high-performance companies that they studied were instinctively aware of this. CEOs in these companies saw their most important task as ensuring that the values were understood and lived by the top 100 or 200 managers, and that those managers accepted their responsibility for reinforcing the values within the organisation (Goldsmith & Clutterbuck 1998).



Research conducted in Australia (Soutar McNeil & Molster 1994) confirms the findings of international research that the behaviour of managers and in particular senior executives is far more influential on staff behaviour than is formal policy. ICAC notes that this research found that fifty-nine per cent of respondents said they had faced ethical conflict in their workplace in the past five years. The greatest source of this conflict for middle managers was senior management. Another interesting finding was that senior managers perceived informal organisational variables to be the most powerful influences on ethical decision making (ICAC 1998: 22).

While senior managers found informal policies most influential on their behaviour, 'middle managers... perceived formal organisational factors to be critical' to their own decision making (ICAC 1998: 22). In particular, this group relied on the hardwiring of values into procedures and systems when confronted by pressures to conform to organisational behaviour in conflict with their personal beliefs.²

Clearly, differing forms of guidance support different groups of employees at different points in an organisation, especially where organisational leadership and formal values are out of alignment. What this suggests is that consistency in the handling of organisational values is critical, from senior leadership which shapes organisational culture, to a robust ethics infrastructure which supports middle managers in their decision making. Critical elements of such an infrastructure include sound ethics management systems, specific prevention techniques and effective accountability and enforcement mechanisms.

INTEGRATING VALUES IN ORGANISATIONS

Even with leadership support, values need to be managed strategically and be integrated into the work of an organisation for the benefits to be realised. As Goldsmith and Clutterbuck put it:

High performing companies get people to do the right thing with the minimum rules, by having a few, powerful values that drive decision making and thinking. But values on their own are like a flywheel without a shaft—they need to be attached to the engine of the organisation for their power to be released. (Goldsmith & Clutterbuck 1998: 147)

Implementing values is not a discrete activity of individual employees or groups of employees. It should not be seen as the responsibility of either the corporate area, or the discrete areas responsible for particular types of values-based decision making. Values need to be integrated into the agency so that they become second nature for employees. Jack Welch, the former CEO of General Electric, suggests that:

the benefits of core value statements, like most good ideas, do not derive from their benefits or novelty, but rather from the skill with which they are integrated into the organisation's policies and practices. (Corporate Leadership Council 2001a: 10)

Paine also argues strongly for the integration of values into an organisation. She suggests that values are not just a management tool or a special type of management system that runs parallel to other systems:

When we speak of company "values" and "value systems" we are talking about the beliefs, aims, and assumptions that undergird the enterprise and guide its management in developing strategies, structures, processes, and policies. They constitute an organisational "infrastructure" that gives a company its distinctive character and ethos—its moral personality. (Paine 2003: 193)

² Such pressures were found to be most likely to arise in connection with situations involving concealing information/providing information for public scrutiny; lack of concern for the long-term effects of decisions and actions; unfair treatment of individuals (ICAC 1998)



VALUES FOR THE PUBLIC SECTOR

While the link between ethical and effective organisational performance has broad-based relevance, it has been identified as critical to public service organisations. These organisations are paid for by the public; the programs they manage are paid for by the public; the services they provide are public services; and the powers public servants administer are entrusted to them by the public through their government. The government and the public expect their interests to be addressed through the prudent management of government resources and the impartial administration of public policy.

Community notions of what the public interest is and how it is taken into account by the government and the public service manifest in public comment on the integrity, efficiency, accountability and transparency of public administration. These aspects of public administration directly affect community trust in public servants. In turn, that level of trust affects the credibility of democratic governments and, in the long run, the economic viability of national markets. This, as the OECD has observed, is the point at which ethical and efficiency considerations intersect:

Citizens expect public servants to serve the public interest with fairness and to manage public resources properly on a daily basis. Fair and reliable public services inspire public trust and create a favourable environment for businesses, thus contributing to well-functioning markets and economic growth (OECD 2000: 1).

Noting that confidence in government and public institutions in many countries appears to be declining, the OECD points to the questions this raises for their perceived legitimacy. Moreover, it notes that these questions of legitimacy spill over into perceptions of trade and economic reliability, as 'the further development of international economic relations, including trade and investment, demand high recognisable standards of conduct in the public service' (OECD 98: 1). As noted by O'Keefe, this observation is supported by research from the World Bank, which shows that unethical behaviour can cause the growth rate of a country to be 0.5% to 1% lower than in a similar country in which there is ethical behaviour.³

VALUES IN A CHANGING PUBLIC SECTOR

Identifying core values is the first step to establishing a common understanding of the behaviour expected of public office holders. All OECD countries publish a set of core values for guiding their public servants in daily operations. These are drawn from substantially the same sources: social norms, democratic principles and professional ethics. As a result there is considerable commonality between core public service values identified by member countries. They generally include:

- the definitions of values and professional standards to guide personal and professional behaviour covering probity, integrity and responsible financial management
- policies on disclosure of conflicts of interest, use of official confidential information, fairness, equity and merit
- recognition of the multiplicity of duties and respective accountability to the executive government, to public sector employers, to professional bodies and to the broader public interest (James 2003: 98).

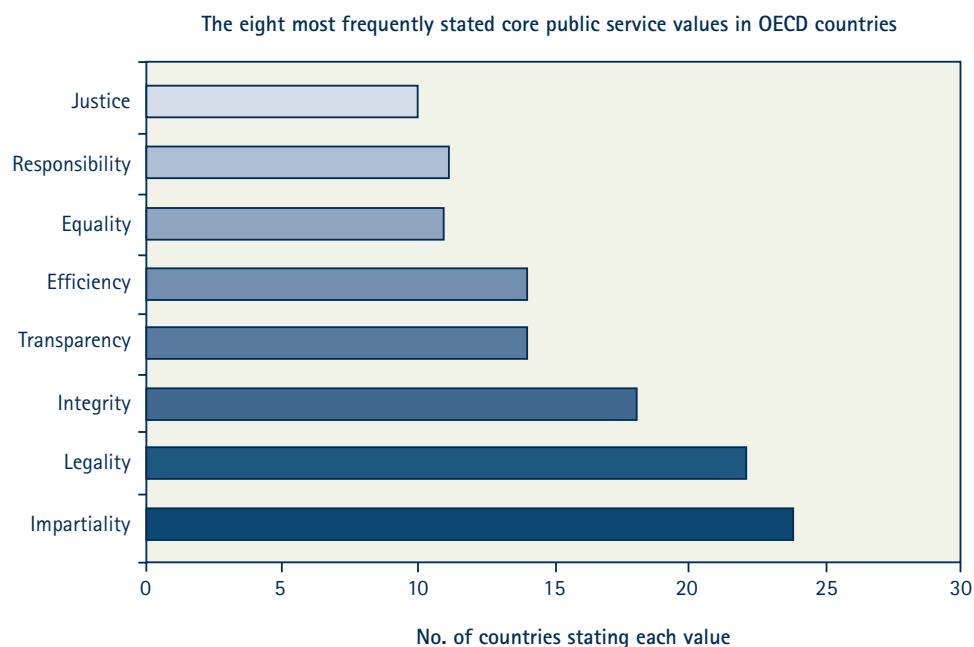
While values such as impartiality, merit selection, equity, high ethical standards and

³ Research based on the Transparency International's Corruption Perception Index shows further that a rise in corruption levels from very low (e.g. Singapore) to very high (e.g. Mexico) is equivalent to raising the marginal tax rate by over 20% (O'Keefe 1999: 27–28).

accountability have been widely regarded as core to the public sector, national public service value sets have been revised in recent years. This revision has been driven by global and technological pressures combining to force governments around the world to be more results-oriented, more flexible and agile, more responsive to customers and government, and more innovative in the use of technology.

Since 1995, more than one-third of OECD countries have updated their core public service values, and further reviews are still being done. This has resulted in new values being added to reflect the increasingly results-based public service culture. In the course of these revisions countries have also chosen to re-emphasise traditional values while giving them a modern context. The eight most commonly stated values in OECD countries are set out in Figure 1.

FIGURE 1



SOURCE: (OECD 2000: 12)

VALUES FOR THE AUSTRALIAN PUBLIC SERVICE

Australia has been no exception to these trends. Since federation, the Australian Public Service has been mindful of the requirement to account for the use of public money and to comply with the values of public service. However, while the required standards of conduct have been clearly set out in legislation since 1900, articulating the Values in their present form was not considered important until the 1980s.

Like other OECD public sectors, state and federal public services then began to reposition themselves to respond to the new environment. This led to an increased focus on service delivery, and on managing for results. The Commonwealth public service downsized, devolved responsibility, increased workplace flexibility and grew a network of outsourced providers and contractors. During this process it acquired the features of a number of governance types—



procedural, corporate and market-oriented (Considine and Lewis 2003). This new environment focused attention on the role of values as a guide to behaviour and decision making.

In Australia as elsewhere, there were arguments that in the changing economic environment public service values should be expanded beyond those traditionally accepted as the basis for an apolitical Service. The first official articulation of the Values was provided in the Management Advisory Board publication, *Building a Better Public Service*:

These values or principles have traditionally stressed the centrality of merit-based staffing, probity and integrity, efficiency, and loyalty to government while providing frank and fearless advice. More recently, additional emphasis has been placed on the need for responsiveness to governments, managing for results and improving accountability. These changes do not imply any retreat from traditional values. Rather, the new and the old should reinforce each other. (Management Advisory Board 1993: 4)

In 1994 the Public Service Act Review Group expressed similar views, believing that a new Public Service Act should be built around these principles and values. The work of the Management Advisory Board and of the Review Group heavily influenced the APS Values articulated in the PS Act five years later.

BALANCED APPLICATION OF THE VALUES

In theory, the APS Values and the Code of Conduct should provide a basis for ongoing continuity and consistency of management for the APS even while it continues to operate in an environment of constantly changing social and political circumstances. In practice, though the framework is stable and likely to remain so, its application is not. While global factors drive the need to achieve efficiency and effectiveness, public sector leadership must drive the need to maintain high levels of ethical conduct. For this reason the OECD advises that governments need to ensure that ethics is placed centre stage in the reform process, along with the goals of economic efficiency and effectiveness. Unless this is done, reliance on values to replace the work formerly done by detailed prescriptive rules exposes the system to risk:

...It is important to ensure that gains in efficiency and effectiveness are not achieved to the detriment of ethical conduct. New ways of carrying out the business of government are creating situations in which public servants need to be highly attuned to ethical issues, and where there may be few guidelines as to how they should act. Reforms involving decentralisation of power to organisations at sub-national level, devolution of responsibility and greater managerial discretion, increased commercialisation of the public sector and a changing public/private sector interface place public servants more frequently in situations involving conflicts of interests or objectives. (OECD 1998: 1)

In Australia as elsewhere, these stresses appear at all operational levels. At a system-wide level, devolution has the potential to undermine effective whole-of-government management. Broadly, it puts at risk the concept of public service as a whole and, with it, notions of the public interest and the values that have traditionally supported it. At an agency level, the *State of the Service Report 2001–02* identified particular risks and pressure points associated with changes in the nature of employment, conflicts of interest, record keeping and fraud prevention and outsourcing. Common tensions that have been identified in personal ethics include:

- divided loyalties between ministers, public service managers and the public
- incompatibility between private ethics and impartial exercise of duties
- private benefits derived from public decisions
- observance of instructions or actions which might compromise due process
- administration of actions which are outside statutory responsibility, or compromise good financial management of a public sector agency (James 2003: 98).



While each of the APS Values is inherently desirable and widely accepted, tensions such as these will inevitably arise in their application. Overemphasis on one Value or group of Values can have the effect of actively undermining others. Further, the intersection of the Values is not stable. Rather, it is subject to stress of ongoing reform, changing circumstances, changing government priorities, and changes of government itself. The appropriate balance between competing alternatives is likely to shift as circumstances change. Consistent and conscious effort may be required to find and continue to find the right balance between Values. In these circumstances organisational leadership is critical to sustaining a workplace culture that supports a values-based public service.

Generally, APS ethics and standards of conduct have been high. However, it is clear that the pressures of the new operating environment and modern management approaches adopted in response to that environment need to be managed deliberately:

the bureaucratic shape of its organisation needs to continue to develop, and the culture that shapes its operation needs to adapt, but through these processes of change it is imperative that its underlying ethos be preserved. (Shergold 2003)



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