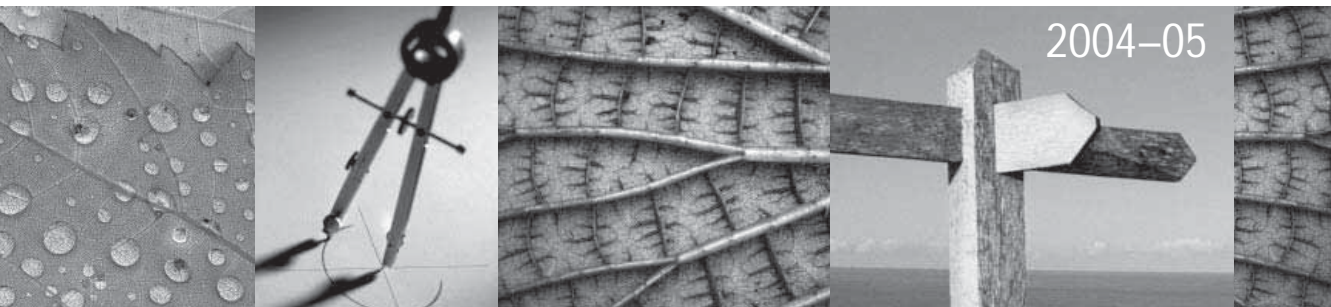




Australian Government
Australian Public Service Commission

State of the Service Report

2004-05



State of the Service Series 2004-05

Leadership, learning and development in the APS

The capability of the APS to deliver policy and programme outcomes is central to the effectiveness of government and the wellbeing of Australian society. The Values provide a framework within which the policy and programme work of the APS is undertaken, and a key Value is that the APS has leadership of the highest quality. This chapter concentrates on developments aimed at improving APS capability through leadership, learning and development to ensure the APS can deliver business outcomes now and into the future.

The chapter begins by examining how leadership capabilities are being developed throughout the APS and then looks more broadly at learning and development across the APS.

Leadership

Effective leadership is critical to the public service's identity and its public image. However, the pathways to senior leadership in the APS have changed markedly in the last decade, mainly in response to the departure of large numbers of baby boomers who have reached an age when they can access their superannuation benefits. The loss of senior staff is likely to continue as the 70% of current SES employees and 55% of existing EL2 employees now aged 45 or over retire. This group will need to be progressively replaced over the next five to ten years and beyond.

The next generation of senior APS leaders will typically have advanced to management levels more quickly and have worked in fewer agencies than did their predecessors. There are also growing numbers of mature entrants to the APS who are experienced in other sectors, but may lack grounding in government processes. This pattern of lateral recruitment is likely to continue, given the removal of superannuation constraints and other barriers to moving in and out of the APS at varying career points.¹

¹ Management Advisory Committee 2005, *Managing and Sustaining the APS Workforce*, Commonwealth of Australia, Canberra.

The identification of future leaders and the design of leadership development programmes are both critical to leadership development. International research shows that many countries are developing or have developed methods for identifying future leaders, in addition to leadership development programmes, to ensure they have the required public sector leadership capability into the future. The examples below show two different approaches being taken in Canada and the United Kingdom.

Accelerated leadership development in Canada

The Canadian Government's *Accelerated Executive Development* programme aims to identify middle managers who have the potential for senior leadership and to accelerate their development and career advancement.

The selection process for the programme is rigorous, with reference checks, performance assessments and completion by applicants of a 'self-report'.

Applicants' readiness to participate in the programme is assessed on the basis of their proficiency in the leadership competencies for senior executives.

These are: cognitive capacity, creativity, behavioural flexibility, interpersonal relations, personality, self-confidence, and ethics and values. Applicants are also assessed against additional competencies that they are expected to develop through the programme. These are: 'visioning', action management, teamwork, communication and stamina and/or stress resistance.

international evidence

Fast Stream—UK Civil Service

The UK Civil Service's longstanding *Fast Stream* programme aims to rapidly develop talented graduates, selected on the basis of their potential to reach the Senior Civil Service, and equip them with the expertise and knowledge they need to undertake the most senior roles in the civil service.

The selection process for the *Fast Stream* programme is rigorous. In 2004, 25,000 applicants participated in a series of online self-assessment tests, following which 8600 e-applications were lodged. Of these, 467 applicants were successful.

Fast Stream participants are guaranteed a series of intensive job placements. They regularly move between projects and sections within their departments; they also take up postings in other departments and agencies, and may be seconded to Europe or other overseas locations. The programme has three broad streams—for economists, statisticians and generalists.

Existing civil servants can also be nominated for entry into a separate internal *Fast Stream* scheme for generalists.

A range of marketing activities, focused on directing potential applicants to the *Fast Stream* website, are used to position the *Fast Stream* in the graduate recruitment market and to ensure that details of the programme are widely available. The *Fast Stream* took second place in the High Flyers UK Graduate Careers Survey 2004.

The UK Cabinet Office reports that retention rates within the civil service for participants in the *Fast Stream* programme are very high, and the programme is supported by agencies as a means of attracting and retaining some of the best and brightest recruits to the civil service.

international evidence

Identifying future APS leaders

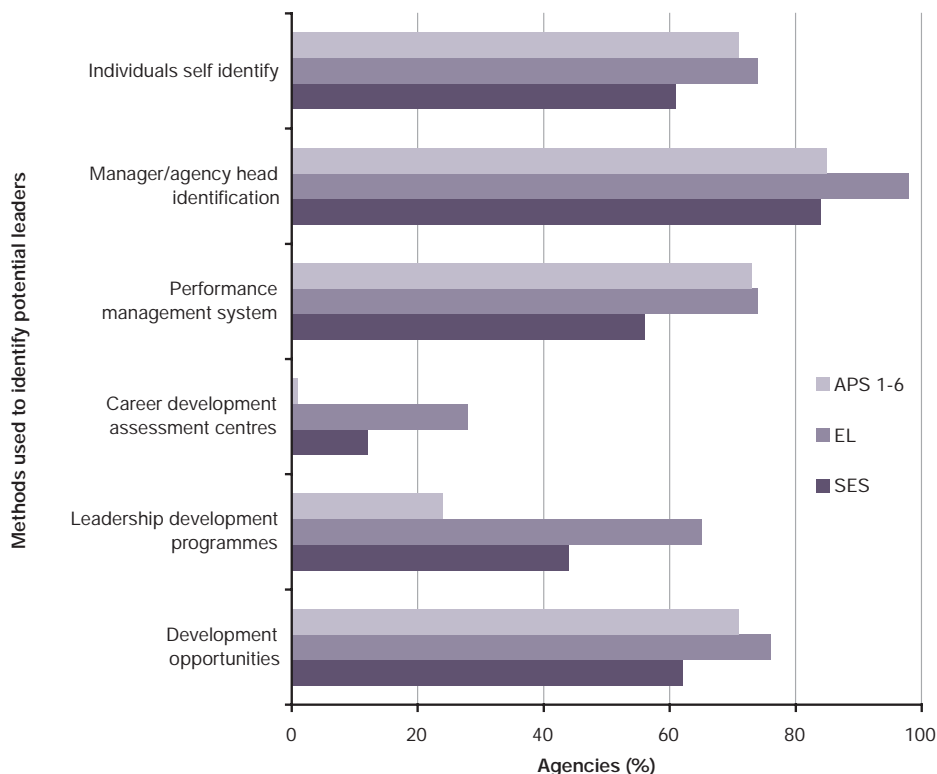
There is a clear imperative for the APS to identify and invest in the development of high potential leaders. One of the major outcomes of the MAC report, *Managing and Sustaining the APS Workforce*, is that all APS agencies will develop systematic approaches to developing potential future leaders, including making use of the emerging APS-wide menu of career development options. The importance of leadership development is also emphasised by MAC in its *Senior Executive Service of the Australian Public Service: One APS–One SES* statement issued in October 2005.²

The identification of a need for a greater APS-wide focus on leadership capabilities and development is consistent with international developments. As highlighted above, for example, both Canada and the United Kingdom have developed approaches to identifying high potential leaders. The Canadian and United Kingdom case study examples are illustrative of the attention being paid to leadership development overseas. They are also illustrative of the different types of approaches being taken—one is aimed at identifying middle managers with leadership potential and the other is aimed at identifying graduates with potential for senior leadership positions. The approach adopted by different countries will depend on the local context. In particular, the countries overall approach to public sector management and the degree of devolution within the systems will play an important role in determining the approach to take.

In the agency survey, agencies were asked to indicate how they identify potential leaders. As Figure 10.1 shows, 'manager/agency head identification' was the most common method of identifying future leaders for all classifications. Next to this method there was a fairly even spread between 'individual self-identification', 'performance management system' and 'development opportunities'. Assessment centres are used less often by agencies, and almost not at all for identification of potential leaders at the APS 1–6 classifications.

² Management Advisory Committee 2005, *Senior Executive Service of the Australian Public Service: One APS–One SES*, Australian Government, Canberra.

Figure 10.1: Agency identification of future leaders, 2004–05



Source: Agency survey

Figure 10.1 shows that agencies across-the-board see the identification of future leaders as an important issue and are committed to taking action in this area. It is also clear that some agencies such as the ATO, have a particularly strong focus on identifying and developing future leaders and have developed an agency-specific approach to identification.

The ATO operates the *Talent Pool Leadership Development* programme, an accelerated development programme for SES and EL employees who have been identified as having high potential to develop as leaders. The programme features group and individual development, including workshops, personal coaching from external experts, and job and project placements to ensure participants develop the breadth of experience needed for success at senior levels. The identification and needs assessment phase uses the Career Development Assessment Centre (CDAC) process for EL employees, and interviews, psychometric tests and 360-degree surveys for the SES. Senior ATO officers provide mentoring and review participants' progress. The programme links into the succession management framework to ensure the ATO has a strong pool of candidates for senior leadership positions to meet current and future challenges.

agency case study

Whole of APS leadership development

While there is no formula for the depth and breadth of learning and career experiences required of a senior APS leader, all senior executives are expected to exhibit common capabilities, and share common values, common ethical standards and a common commitment to development and collaboration. Consequently, it is important that there be a whole of APS approach to leadership development.

SELC framework and leadership capability

The Senior Executive Leadership Capability (SELC) framework articulates the crucial success factors for senior APS leaders—in particular, the behaviours that support high performance. In summary, the five capability areas are:

- achieves results
- cultivates productive working relationships
- shapes strategic thinking
- communicates with influence
- exemplifies personal drive and integrity.

As detailed in last year's report, the Commission has extended the SELC framework to non-SES employees through its Integrated Leadership System (ILS). The ILS, which was launched progressively across Australia during 2004, builds on the SELC framework by describing behaviours that support the SES capabilities and by clarifying pathways to leadership from EL1 to SES Band 3. It is supported by a range of tools for both agencies and individuals to use in their leadership development.

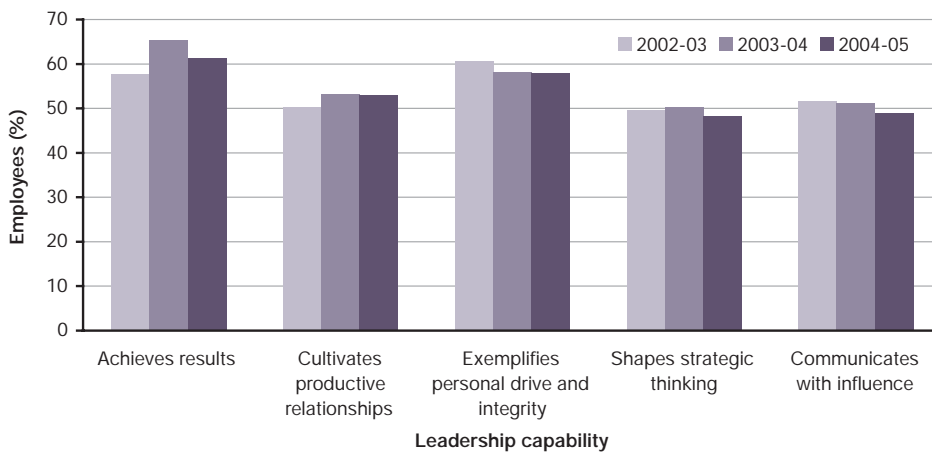
Beyond the capability areas included in the SELC framework there are, of course, more agency-specific requirements reflecting the appropriate culture and structures required to achieve each agency's mission. The ILS acknowledges more specifically than in the recent past the mix of leadership, management, technical and professional skills and experience necessary to perform effectively in the SES. At the same time it continues to emphasise the importance of the core SELC criteria for the SES—to comprise a cohesive leadership cadre for the APS, consistent with the Act's provision on the constitution and role of the SES (s. 35).

The SELC framework capabilities have been the core criteria for selection to the SES since September 1999. However, the Commissioner may accept requests from agencies for additional selection criteria for particular SES vacancies. In recognition that agencies have generally used the capacity to add extra criteria appropriately and sparingly, mainly with the aim of tailoring selection criteria to specialist positions, after 6 December 2004, agencies were given the authority to add one further selection criterion without seeking the Commissioner's agreement. Between 1 July and 6 December 2004, the Commissioner agreed to 24 requests for additional selection criteria; only two requests have been submitted since then. It is anticipated that this change will result in only a small number of future requests for multiple additional SES selection criteria. Of the 26 requests received, Defence (8) and the ATO (5) accounted for half. The Defence cases were primarily from the Defence Materiel Organisation (DMO).

The employee survey asked employees to rate their immediate supervisor (not necessarily at the SES level) against the SELC framework capabilities. As Figure 10.2 indicates, overall, employee perceptions of their immediate supervisor’s leadership capabilities (as assessed against the ILS/SELC framework) were relatively stable between 2002–03 and 2004–05. Compared to the other core leadership capability areas, more employees continued to rate their immediate supervisor as ‘high’ in the areas of ‘achieves results’ and ‘exemplifies personal drive and integrity’. However, the proportion of employees who rated their immediate supervisor as high in the area of ‘achieves results’ declined (61% in 2004–05 compared to 65% in 2003–04). The relatively higher rating of these two capabilities amongst immediate supervisors is consistent with trends identified within the feeder group to the SES who participate in the CDAC programme. There is a consistent pattern that many CDAC participants are strong in driving outputs, but weaker in the areas of ‘productive working relationships’ and ‘shapes strategic thinking’.

There was no change in the proportion of employees who rated their supervisor as high against ‘cultivates productive working relationships’ (53%) and personal drive and integrity (58%). Furthermore, the proportion who rated their supervisor as high in the areas of ‘communicates with influence’ (49% in 2004–05) and ‘shapes strategic thinking’ (48% in 2004–05) remained fairly stable. Relative to the other leadership capabilities, the proportion of employees who rate their supervisor high in the area of ‘shapes strategic thinking’ remains relatively low—this is a cause for concern.

Figure 10.2: Proportion of employees who rated their immediate supervisor as ‘high’ on leadership capabilities, 2002–03 to 2004–05



Source: Employee survey

SES leadership development

SES officers should take a professional and disciplined approach to their development, and evaluate their performance and consider the training available to them.

For her part, the Commissioner has a specific responsibility under the Act to 'contribute to, and foster, leadership in the APS'. In practice, the Commissioner exercises this responsibility in close collaboration with agencies. In particular, the Commissioner consults with Portfolio Secretaries on the development of leadership and development programmes for the SES and EL employees through the Leadership and Learning Advisory Committee (LALAC), which consists of agency heads from 10 departments and two other APS agencies. In 2004–05, LALAC's focus included the implementation of the ILS by APS agencies and the development of new leadership programmes for the SES and ELs.

The new suite of SES development programmes being provided by the Commission in 2005–06 includes a series of three-day residential programmes for Band 1, 2 and 3 employees, and a range of short courses focussing on specific capabilities such as strategic thinking, governance, and financial, programme, and performance management.

The two-day *Orientation to the Senior Executive Service* programme was run three times from July to December 2004. The programme has since been redeveloped as a three-day *SES Orientation* programme and was delivered for the first time in June 2005, after the trialling of a number of versions of a senior executive transition programme.

A total of 67 senior executives attended these orientation programmes in 2004–05. Of the senior executives who were engaged or promoted to the SES in the last three years, 29% attended an orientation programme during their first year in the SES, 4% attended in their second year in the SES and none attended during their third year.

With the redevelopment of the SES orientation programmes and the emphasis placed on leadership development in MAC's SES statement, the objective is to have all new SES employees attend an orientation programme sometime in their first three years in the SES. In addition to what participants actually learn as part of these programmes, programme attendance can play an important role in developing a cross-agency perspective and promoting collaboration between SES employees in all APS agencies.

Other key programmes offered to the SES are the Commission's Leading Australia's Future in Asia (LAFIA) programme and the executive fellowships from the Australia and New Zealand School of Government (ANZSOG).

The LAFIA programme offers SES Band 2 and 3 employees the opportunity to better equip themselves for the international dimension of their current and future roles, by exposing them to a range of high-level business, government and academic leaders both in Australia and overseas. Over 150 senior executives from the Commonwealth, state and territory governments have participated in LAFIA since it commenced in 1994. In 2004–05, the Commission led two programmes in Asia. In total, 23 SES employees participated in these programmes along with 11 participants from other jurisdictions. Fourteen SES employees participated in a three-week study tour of Japan and China (along with six participants from state jurisdictions); and nine SES employees participated in a three-week study tour of India and Malaysia (along with five participants from state jurisdictions).

Under the guidance of LALAC a new LAFIA programme to the Pacific (LAFIA Pacific) has been developed for all levels of the SES. The first iteration of this programme was run in July 2005. Fourteen senior executives including 12 SES employees participated in a study tour of Papua New Guinea, Fiji, the Solomon Islands and Samoa. This programme is part of the Commission's contribution to strengthening public administration in the Asia-Pacific region.

In 2004–05, the Commission actively contributed to strengthening public administration in the Asia-Pacific region. Initiatives included the deployment of advisers to work on industrial relations and human resource management in Papua New Guinea, participation in the regional Public Service Commissioners' conference, support for the *Pacific Islander Scholarships for Governance* programme and introduction of a Pacific version of the Commission's *Leading Australia's Future in Asia* programme.

The Commission's SES and EL programmes are being redeveloped and a new suite of programmes will be available in 2006.

- The new SES residential development programmes for Band 1, 2 and 3 employees have been designed to further develop a whole of government approach to implementation of government policy and programme delivery, and reinforce the identity of the SES as an APS leadership cadre.
- New short course development programmes for EL and SES Band 1 and 2 employees will be offered to develop specific capabilities such as governance, strategic thinking and financial, programme and performance management.

agency case study

ANZSOG is a school established collaboratively by a consortium of Australian and New Zealand governments, universities and business schools to provide world-class education and development for emerging public sector leaders. The Australian Government became a member of ANZSOG in September 2002 and during 2004–05 was represented on the ANZSOG board and its research committee by the Commissioner.

The Australian Government has made a substantial investment in the school through its commitment to placing APS employees on ANZSOG programmes over the first three years of their operation and through its support for an enhanced research capacity. In addition to the \$600,000 provided for ANZSOG research from 2004–06, the Australian Government announced in May 2005 the provision of a \$10 million grant. This grant will further assist ANZSOG to maintain and develop its flagship programmes; increase the scope and effectiveness of its research; strengthen its capacity to undertake new initiatives, and make a wider contribution to improvement and innovation in government administration; and contribute to improved governance in the region, including through training courses and secondments.

ANZSOG has two flagship teaching programmes—the Executive Fellows Program (EFP) and the Executive Master of Public Administration (EMPA). ANZSOG's EFP is an intensive three-week residential programme tailored for senior executives at the Band 2 and 3 levels to enhance core leadership and management skills needed to lead public sector organisations. In addition to receiving both structured and informal learning experiences, participants have the opportunity to meet key government leaders, and

leading Australian and international academics and practitioners. The first EFP was held in 2003 with 80 participants (16 of whom were from the APS). The number of APS participants increased to 20 in 2004 and 21 in 2005. The level of participant satisfaction with the EFP in 2004–05 has been high. The 2004 EFP achieved an overall rating of 4.3 on a five point scale.

In addition to the formal leadership development programmes outlined above, the 2005 MAC report, *Managing and Sustaining the APS Workforce*, has foreshadowed that Portfolio Secretaries and agency heads, in consultation with the Commissioner, will undertake systematic career planning discussions with SES Band 2 and 3 employees and arrange mobility opportunities where these are deemed appropriate.

SES feeder group development

Two key APS-wide programmes for the SES feeder group are CDAC (an ‘assessment centre’) and ANZSOG’s EMPA (a ‘leadership development programme—not tailored for agency specific requirements’).

CDAC assesses high-performing EL2s identified by their agencies as having clear potential to reach the SES. Their performance is rated against the SELC framework through a variety of activities. Since the inception of CDAC in 2000, participation has included 703 EL2s, with 118 participants in 2004–05 (down from 138 in 2003–04). Table 10.1 provides CDAC participation details for CDAC Series II (2002–03 to 2004–05).

Table 10.1: CDAC—Number of participants and number of participating agencies, Series II, 2002–03 to 2004–05

	No. of participants	No. of participating agencies per year	Cumulative no. of participating agencies over Series II
2002–03	98	17	17
2003–04	138	30	33
2004–05	118	23	36
Total	354		

Source: Australian Public Service Commission

The number of agencies participating in CDAC increased substantially in 2003–04 following correspondence from the Commissioner to all heads of departments and agencies. In 2004–05, the number decreased due to changes in departmental structures and reduced involvement from a number of the small agencies who had participated for the first time the previous year. The cumulative column represents the total number of agencies who sent at least one participant on the second CDAC series.

Comparison of the progression from EL to SES levels between participants in CDAC and non-participants shows that, as at June 2004, 10% of 2002–03 CDAC participants were in the SES compared to 4% of non-participating EL2s who were EL2s as at June 2002; and 52% of 1999–2000 participants were in the SES compared with 11% of non-participating EL2s who were EL2s as at June 1999. This is not necessarily a measure of the success of the programme, but it does indicate that suitable people are generally being nominated, and that they are being helped to identify their development needs for future advancement.

As pointed out in last year's report, CDAC may not be the most cost-effective way of identifying development needs for everyone with potential to move to the SES, but it has proven to be very effective for most of those who have participated, providing them with a frank and detailed assessment of their strengths and weaknesses. Given the challenge of increasing the numbers of employees able to take on leadership positions in the next five years, the Commission would expect CDAC rates to be nearer the rate of appointment to the SES (as is the case for some participating agencies). Agencies might consider the further participation of suitable employees in the CDAC programme as a means of identifying employees with SES potential. This may include younger employees in the feeder group and EL2s new to that role, for whom CDAC might indicate development requirements early in their management careers. However, CDAC is a rigorous programme and it is important that managers exercise careful judgment in relation to assessing the readiness of EL2s for CDAC participation so as to guard against discouragement by possible negative feedback.

The other key programme for the feeder group to the SES, ANZSOGs EMPA, is a two-year part-time postgraduate degree aimed at high-performing EL2s, which is intended to develop the depth and breadth of management and policy skills needed in today's public sector. The first cohort of this programme commenced study in May 2003, with 30 APS agency participants from 17 APS agencies, and concluded in mid-2005. The second cohort had 24 participants from 13 APS agencies. In 2005, 31 APS employees from 17 APS agencies commenced the third Master's course. The programme is highly innovative and carefully designed to be relevant to today's public sector. Feedback to date has been positive. Evaluations from the three cohorts of the Master's programme (2003 to 2005) achieved an overall rating of 3.9 on a five point scale. The continuing success of the programme will depend on maintaining the calibre of the participants, the relevance of the curriculum and access to leading academics and teaching staff.

In April 2005, the Commission's inaugural *Leadership in the APS—An Indigenous Experience* programme commenced with 14 participants. The 12 month leadership programme is designed for indigenous EL employees. Participants undertake a range of leadership development experiences including a 12 week work placement and personalised coaching forums and residential workshops.

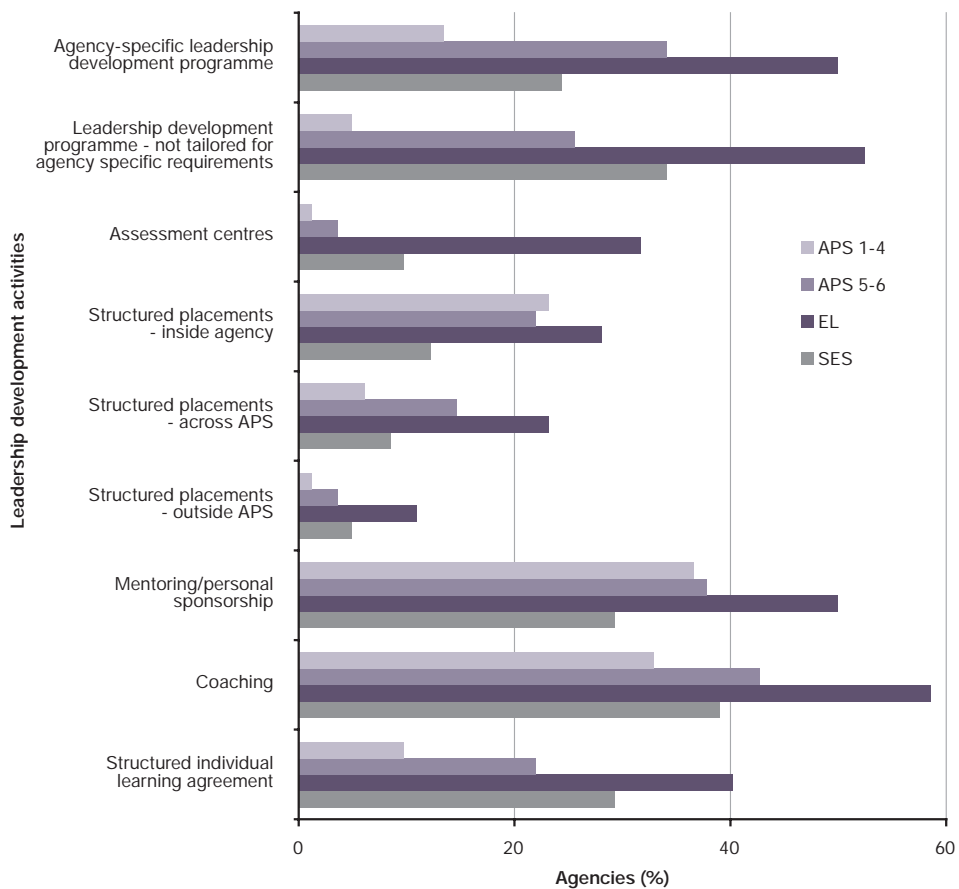
Leadership capability development within agencies

As part of the survey agencies were asked to identify the leadership development activities they offer at different classification levels.³

As Figure 10.3 shows, agencies are continuing to take an active and targeted approach to leadership development, particularly for the SES feeder group. Coaching, mentoring and/or personal sponsorship and specialised leadership programmes are the dominant learning and development activities offered by agencies. However, the results show a decline in the use of leadership development programmes not tailored to agency-specific requirements and a sharp increase in 'agency-specific leadership development programmes—designed/tailored for their agencies' requirements' for ELs and APS 5–6s. The results also show an increase in the use of 'assessment centres' as an option for ELs and the SES in 2004–05.

³ This year's results are not directly comparable with results from previous years because of changes in the wording of the leadership development categories.

Figure 10.3: Leadership development activities offered by agencies, 2004–05



Source: Agency survey

Last year the agency survey results showed that the use of placements and/or mobility options ‘across the APS’ and ‘outside the APS’ was limited. Whilst the change in the wording around mobility to include ‘structured’ makes it difficult to point to trends in this area, this year’s survey results show that agencies are not embracing structured placements and/or mobility placements to the same degree that they are embracing other leadership development activities.

The employee survey results support the agency survey results. The employee survey asked employees what their agency offered them personally in the way of leadership development opportunities. Compared to 2002–03, overall there was little change in what employees were offered. However, there were some changes in what opportunities employees in particular classifications were offered. In 2004–05, a higher proportion of ELs reported being offered agency-specific leadership development programmes than in the preceding year (42% compared to 32%) and mentoring and/or personal sponsorship (31% compared to 25%).

A smaller proportion of SES employees than in previous years reported being offered specialised leadership development programmes external to the agency and assessment centres. Placements and/or mobility options external to the agency ranked low in terms of what SES employees said they were offered by their agency.

The survey results indicate that the offer of coaching opportunities has increased across-the-board for all classifications.

The employee survey results indicate that employees in large agencies were more likely to be offered leadership opportunities than their colleagues in smaller agencies. The employee survey results also indicate that large agencies are more likely to offer future leaders programmes within the agency whilst small agencies rely more heavily on leadership programmes external to the agency.

It appears that agencies might be placing a greater reliance on formal leadership development courses at the expense of practical learning and development embedded in on-the-job experiences. In this context the benefits to be gained from mobility opportunities (whether employee or agency initiated) should not be underestimated.

The 2004 MAC report, *Connecting Government*,⁴ found that organisational agility can be fostered through public service-wide and agency-based approaches, and that placement and mobility options should form part of capability and succession management strategies. This finding appears not to have been embraced by agencies as part of their formal learning and development programmes to the extent that MAC might have hoped.

Mobility also features as a theme in the MAC report, *Managing and Sustaining the APS Workforce*, referred to earlier in the chapter. As part of its examination of APS workforce trends, the report found an increasing narrowness in the APS experience of the staff now moving towards and into senior leadership levels and pointed to the longer-term decline in interagency mobility. There are substantial benefits to be derived from potential leaders taking steps to broaden their experience and exposure by working in different environments—not only within the APS, but also in other public, private and non-government organisations. In its APS workforce report, MAC advocated a more targeted approach to the issue of mobility which places it in a broader capability development context.

As was reported in 2002–03, despite the priority placed by agencies on leadership development, employee satisfaction with leadership development opportunities was again mixed. This year 26% of employees indicated that they were satisfied with their access to leadership development opportunities in their organisation and 30% of employees indicated dissatisfaction. However, a greater proportion (40%) indicated that they were neither satisfied nor dissatisfied.

Satisfaction levels were again related to age, length of service and classification. Employees aged between 45 and 54 years were more likely to be satisfied and less likely to be dissatisfied with their leadership development opportunities. Employees with five or fewer years of service in the APS expressed low levels of satisfaction and high levels of dissatisfaction. SES employees were much more likely to report satisfaction (52%) than APS or EL employees (22% and 38%, respectively). However, SES employee satisfaction levels have dropped considerably since 2002–03 (52% compared to 67%). They were much more likely than before to indicate that they were neither satisfied nor dissatisfied.

⁴ Management Advisory Committee 2004, *Connecting Government: Whole of Government Responses to Australia's Priority Challenges*, Commonwealth of Australia, Canberra.

When employees were asked to provide general comments on leadership, as in other years many spoke about their dissatisfaction with leadership development opportunities. The reasons for dissatisfaction were varied but included issues around resource constraints and lack of management support.

Leadership programs are not promoted in the agency. Might be due to limited resources and budget.

As mentioned previously access to leadership development is high, the time to attend is scarce.

The idea of leadership is always seen to be important, but when someone wants leadership training, within or external to the organisation, it's seen as a 'nebulous' area.

Theoretically opportunities are available, but it seems to be a system where some people are 'anointed'. I have ceased applying as my head is sore from its contact with the brick wall.

Although encouraged, there is not always a willingness by other Agencies for cross agency development. This is something that needs facilitation by APS centrally.

employee survey

Learning and development

This section goes beyond leadership development and examines learning and development more broadly across the APS. Responding to capability needs through effective strategies for managing learning and development is integral to the process of building organisational capability.⁵

The 2003 MAC report, *Organisational Renewal*, found that structured learning and development is important to building capability and that strategies require adjustment to ensure changing capability needs are met.⁶ The 2004 MAC report, *Connecting Government*, also examined issues of learning and development in the context of building organisational and wider APS capability.⁷ The report highlighted the need for agencies to support whole of government activities by becoming more responsive to whole of government demands, in particular, 'through learning opportunities for middle and senior managers in the skills relevant to whole of government activities, including project management, communications, and relationship management'.⁸ Whole of government capabilities are discussed in more detail in Chapter 11.

As a direct response to the 2001–02 performance audit conducted by the ANAO on the management of learning and development across the APS,⁹ in April 2003 the

⁵ Learning and development as discussed in this section refers to learning activities on-the-job as well as more formal off-the-job activities. Seminars, conferences, classroom training courses, leadership programmes, academic study, in-house programmes are all included.

⁶ Management Advisory Committee 2003, *Organisational Renewal*, Commonwealth of Australia, Canberra.

⁷ Management Advisory Committee, *Connecting Government: Whole of Government Responses to Australia's Priority Challenges*.

⁸ *ibid.*, p. 5.

⁹ ANAO, *Management of Learning and Development in the Australian Public Service*, Performance Audit Report No. 64, June 2002, <<http://www.anao.gov.au>>

Commission and the ANAO collaborated to produce a better practice guide, *Building Capability—A Framework for Managing Learning and Development in the APS*.¹⁰ The guide encourages and supports agencies in developing a more strategic approach to planning, delivering, and evaluating learning and development to meet organisational goals and deliver best value for money.

Following on from the better practice guide, the Commission's *APS Learning and Development Guide* was released in June 2005 including the publication, *Evaluating Learning and Development—A Framework for Judging Success*.¹¹ This publication provides agencies with practical guidance in developing effective approaches for evaluating their learning and development initiatives, and is supported by user-friendly evaluation tools and additional resources which are available on the Commission's website.¹²

Learning and development in the APS has also been the focus of an inquiry by the Senate Finance and Public Administration References Committee.¹³ While the committee noted that there had been many positive developments in learning and development in the APS, it was critical of the fact that the limited data available on learning and development in the APS hampered its ability to explore trends and assess value for money. The report made a number of recommendations directly related to learning and development in the APS.

In its response to the inquiry, the Government agreed with many of the committee's recommendations relating to learning and development in the APS. In particular, the Government agreed with the recommendations which reinforced findings from the ANAO audit, including:

- the need to ensure learning and development planning and activities are aligned to the agency's business directions
- the need for agencies to adopt the Commission and the ANAO's minimum data set¹⁴ to monitor the cost of learning and development
- the need for agencies to ensure that their learning and development activities include an evaluation plan which outlines evaluation methodology and timing.

Aligning learning and development to business goals

The Commission and the ANAO's better practice guide states that 'agency business objectives and capability requirements should drive the subject matter and content of learning options'.¹⁵ The agency survey explored how agencies aligned learning and development with organisational business goals.

¹⁰ Australian Public Service Commission and ANAO, *Building Capability—A Framework for Managing Learning and Development in the APS*, April 2003, <<http://www.apsc.gov.au>>

¹¹ Australian Public Service Commission, *Evaluating Learning and Development—A Framework for Judging Success*, June 2005, <<http://www.apsc.gov.au>>

¹² See <<http://www.apsc.gov.au/learn>>

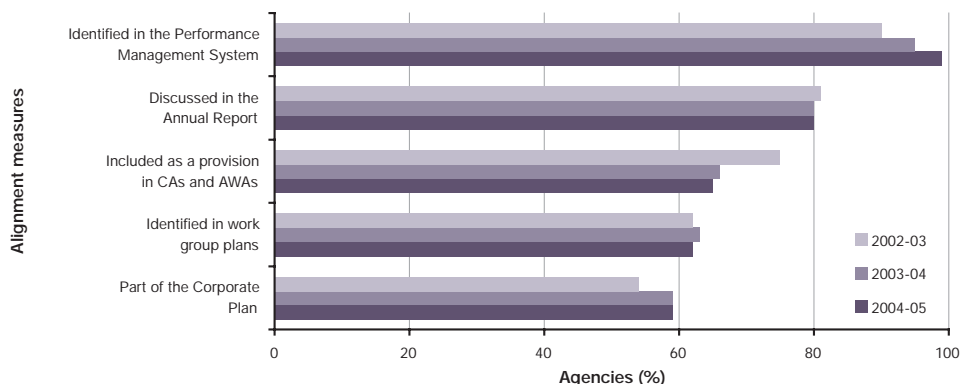
¹³ Senate Finance and Public Administration References Committee, *Recruitment and Training in the Australian Public Service*, 18 September 2003, <<http://www.aph.gov.au>>

¹⁴ Australian Public Service Commission and ANAO, *Building Capability—A Framework for Managing Learning and Development in the APS*.

¹⁵ Australian Public Service Commission and ANAO, *Building Capability—A Framework for Managing Learning and Development in the APS*, p. 16.

Consistent with the ANAO's 2002 findings, agency responses indicated a strong focus on this issue. Figure 10.4 shows that over the last three years there has been an increase in the proportion of agencies that identified learning and development priorities as part of their performance management system—this year all except one agency reported that they used this measure. In contrast, over the same period of time there has been a decrease in the proportion of agencies including learning and development priorities in CAs and AWAs—this year only 65% of agencies indicated that they used this measure.¹⁶

Figure 10.4: Measures used to align learning and development with organisational business goals, 2002–03 to 2004–05



Source: Agency survey

All agencies reported using at least one measure to align learning and development with organisational business goals, with two-thirds (68%) using at least four measures. Consistent with last year's findings, the number of measures used was related to agency size. This year there was an increase in the proportion of small agencies that used at least four alignment measures (51% compared to 41% in 2003–04); however, it appears that large and medium agencies continue to be most likely to perceive the need for formal alignment across a broader range of measures.

Learning and development priorities

Agencies were asked to identify their learning and development priorities for different classification levels and for the whole of the agency, and then to indicate the priority level in 2004–05. Table 10.2 outlines the top five priority areas for agencies in 2004–05. The top five priority areas for each classification (or whole of agency) are based on the proportion of agencies that selected the particular area as a learning and development priority for their agency at the relevant classification (or whole of agency) level.

As can be seen in Table 10.2 agencies' priorities differed by classification (and whole of agency). The top five priority areas for learning and development for APS 1–6 employees tended to reflect other public service capabilities (such as the Values and the Code) and training in an agency-specific ICT system. For SES and ELs the top five priority areas were leadership and management capabilities (such as general leadership development and performance management). At a whole of agency level agencies were most likely

¹⁶ Agencies were asked to indicate all measures used to align learning and development with the business goals of the organisation.

to indicate that priority areas for learning and development in 2004–05 were the Values and the Code, performance management and OH&S. The only area of learning and development that emerged as a top five priority at all classification levels (and whole of agency) was performance management. Performance management is covered in detail in Chapter 8.

Table 10.2: Top five learning and development priority areas for agencies (per cent of agencies), 2004–05

Priority area	APS 1–4 (%)	APS 5–6 (%)	EL (%)	SES (%)	Whole of agency (%)
Leadership					
General leadership development			88	71	
Strategic thinking			73	65	
Cultivating productive working relationships					68
Communicating with influence			72	61	
Management					
Financial management			73		
People management		62	78		
Strategic planning/business planning				61	
Performance management	49	62	72	61	74
Occupational health and safety					70
Other public service capabilities					
APS Values and Code of Conduct	60	61			76
Customer service skills	57				
Record keeping	63	60			
Technical—relevant to specific jobs					
Knowledge of particular legislation (e.g. agency-specific legislation, Freedom of Information)		60			
Information/communication technology					
Training in an agency-specific IT system	62	70			63

Note: The table only contains percentages for areas that were one of the top five priorities at the relevant classification (or whole of agency) level.

Source: Agency survey

The priority level (i.e. very high, high or medium) allocated by agencies to their learning and development priority areas differed both by classification and by priority area. Of the top five priority areas for APS 1–4 employees, for example, 43% of relevant agencies indicated that performance management was a very high priority in 2004–05, compared to only 34% of relevant agencies that nominated customer service skills as a very high priority. Of the top five priority areas for EL employees, the proportion of

relevant agencies rating the five priority areas as very high ranged from 33% (financial management) to 47% (people management).

Learning and development delivery options

One of the key principles identified in the Commission and the ANAO's better practice guide is that agencies provide appropriate learning and development delivery options. This includes systematically planning learning interventions appropriate to the characteristics of the organisation and those involved in the learning and development.¹⁷ The agency survey asked about the learning and development delivery options adopted for different classification levels.

For most classification levels, external conferences, courses or seminars organised by organisations and/or individuals external to the APS were most likely to be used by agencies. More than 80% of agencies indicated that they used this activity at all levels, with between 63% and 91% of these agencies rating it as one of the three most commonly used. The proportion of agencies using this activity generally increased with classification level: 82% of agencies used this activity for APS 1–4 employees compared to 98% of agencies for EL employees. Other activities likely to be used at all levels included: APS-wide programmes developed by the Commission (used by 73% to 95% of agencies; rated as one of the three most commonly used by 44% to 71% of relevant agencies), and agency organised programmes delivered by external providers that were not brokered by the Commission's consultancy services (used by 56% to 87% of agencies; rated as one of the three most commonly used by 62% to 83% of relevant agencies).

University was most likely to be used at the APS 5–6 and EL classifications (both 80%), whilst vocational education and training were most likely to be used at the APS 1–4 (45%) and APS 5–6 (44%) levels. There was also variation in the use of other activities (including agency organised programmes delivered by the agency's own staff and formal networks) between classifications, which suggests that agencies are taking into account the needs of different groups in determining appropriate learning and development options.

Access to learning and development

The employee survey results show that in the last 12 months, half of all APS employees participated in either 3–5 days (25%) or 1–2 days (including part-day) (24%) of off-the-job learning and development activity. A further 14% participated in 6–10 days, whilst 16% participated in more than 10 days of learning and development activity. However, approximately one in five employees (21%) did not participate in these activities at all in the last 12 months. This suggests that APS employees have received an average of about four days' off-the-job learning and development, or two per cent of employee working days, over the year. These findings are consistent with those reported last year.

This year access to learning and development was related to several factors, including:

- age (employees aged 55 years or older were more likely than employees in any other age group to have spent no time on learning and development)

¹⁷ Australian Public Service Commission and ANAO, *Building capability—A Framework for Managing Learning and Development in the APS*, p. 16.

- agency size (employees working in medium agencies were least likely to have spent no time, whilst employees in large agencies were most likely to have spent more than 10 days on learning and development)
- location (employees not in the ACT were more likely than those in the ACT to have spent no time on learning and development)
- type of agency (employees working in other agencies were more likely than those working in departments to have spent no time on learning and development)
- employment status (non-ongoing employees were more likely than ongoing employees to have spent no time on learning and development)
- views on whether their individual productivity had increased (employees who thought that their individual productivity had not improved in the last 12 months were more likely than employees who thought their individual productivity had improved to have spent no time on learning and development).

Some employees provided comments on learning and development, with the majority of comments fairly negative. A sample of both positive and negative comments included:

This is a strength of our agency, in terms of the available opportunities, and again is part of the conditions which generally make the APS a good place to work.

My department actively encourages learning and development both on and off the job.

Workload pressures make training a low priority.

See as a futile exercise the need to regularly complete a development planner when we know before hand we will never be able to attend either because we don't have (or not allocated) a budget for it, or the session is only held interstate.

employee survey

Learning and development data

In 2002, an ANAO report found that the collection of data on learning and development expenditure and staff development days was patchy across the APS.¹⁸ The 2003 better practice guide published by the Commission and the ANAO highlights the need for agencies to collect meaningful data on learning and development inputs, as well as outcomes, to ensure that agencies have the necessary information to assess value for money arising from learning and development investments. It recommends a minimum data set for agencies, including:

- the number of days of formal learning and development per person per year
- expenditure on formal learning and development as a percentage of running costs
- expenditure on outsourced providers
- expenditure on learning and development consultants
- qualitative views (by key stakeholders such as the executive, management and others) on changes in organisational and individual capability and performance.¹⁹

¹⁸ ANAO, *Management of Learning and Development in the Australian Public Service*.

¹⁹ Australian Public Service Commission and ANAO, *Building Capability—A Framework for Managing Learning and Development in the APS*, p. 22.

As noted above, the Government, in its response to the Senate inquiry, reiterated the need for agencies to adopt the ANAO and the Commission's minimum data set and performance indicators of learning and development.

Agencies' investment in off-the-job learning and development

The last two State of the Service reports have highlighted the problematic nature of agencies' collections of data on learning and development against some of the key items in the data set. It is pleasing to report that this year over three-quarters (78%) of agencies indicated that they could estimate their investment in off-the-job learning and development—up from 63% in 2003–04. Large agencies (86%) were more likely than either medium (73%) or small (77%) agencies to be able to estimate their investment.

The remainder of the questions in this year's agency survey that examined agencies' investment in formal off-the-job learning and development were modified from those used in previous years. As previous data is not comparable, the following analysis is limited to 2004–05 data.

Of the 64 agencies that could estimate their investment in off-the-job learning and development, almost all (63 agencies) could estimate the number of days of formal learning and development per person in their agency. Of the 63 agencies that could estimate the number of days of formal off-the-job learning and development per person in their agency, half (51%) reported 3–5 days, whilst a further 38% of agencies reported 1–2 days (including part-day). Relevant large (56%) and medium (53%) agencies were more likely than relevant small (44%) agencies to report an average of 3–5 days per person. Conversely, relevant small (48%) agencies were most likely to report an average of 1–2 days (including part-day) than relevant medium (37%) and large (22%) agencies.

Agency and employee data on this issue varies—only one-quarter of employees indicated that they had accessed 3–5 days of formal off-the-job learning and development—yet half of agencies reported this figure on average per person in their agency. It should be noted, however, that this data is not directly comparable (agency results are not weighted by employee numbers).

Almost all relevant agencies (62 agencies) indicated that they could estimate their overall expenditure on off-the-job learning and development.²⁰ Of these 62 agencies:

- half (48%) spent \$500,000 or more
- 15% spent between \$250,000 and \$499,999
- 21% spent between \$100,000 and \$249,999
- the remainder (16%) spent less than \$100,000 on formal off-the-job learning and development in 2004–05.

Not surprisingly, expenditure on formal off-the-job learning and development was related to agency size. All relevant large agencies spent \$500,000 or more compared to 58% of relevant medium and 4% of relevant small agencies. Relevant small agencies were most likely to have spent between \$100,000 and \$249,999 (36%) or \$250,000 and \$499,999 (20%) during 2004–05.

²⁰ Total expenditure was defined as 'the sum of all costs associated with learning and development activity including venue costs, catering, presenter fees, travel expenses, development and design costs, material, salary costs+oncosts of participants etc.'.

Relevant agencies were also asked to report their total expenditure as a percentage of departmental operating expenses during 2004–05.²¹ As Table 10.3 shows, relevant agencies were most likely to report that their expenditure as a percentage of departmental operating expenses was between 1.00% and 1.49% (28%) or between 0.50% and 0.99% (25%). It can also be seen that expenditure as a percentage of departmental operating expenses varied by agency size, with 28% of large agencies reporting their expenditure to be 3.50% or more.

Table 10.3: Relevant agencies’ expenditure on formal off-the-job learning and development as a percentage of departmental operating expenses, 2004–05

Expenditure as % of operating expenses	Small agencies (%)	Medium agencies (%)	Large agencies (%)	All agencies (%)
Less than 0.50%	12	11	6	10
0.50 to 0.99%	32	17	22	25
1.00 to 1.49%	24	28	33	28
1.50 to 1.99%	12	28	6	15
2.00 to 2.49%	12	11	6	10
2.50 to 2.99%	0	0	0	0
3.00 to 3.49%	8	6	0	5
3.50% or more	0	0	28	8

Source: Agency survey

This suggests that, not only are large agencies spending more on formal off-the-job learning and development, they are also dedicating a larger proportion of their departmental operating expenses to these activities. It would appear, therefore, that employees in large agencies have more access to formal off-the-job learning and development opportunities than the employees of smaller agencies, which is partially supported by the findings of the employee survey.

These results do not necessarily indicate that large agencies place a greater importance than small and medium agencies on employee development, as off-the-job learning and development represents only one method available to agencies to invest in employee development. The differences reported above may reflect different strategies being used by agencies to invest in the development of their employees and may also reflect agencies’ different business and capability needs, rather than a lack of investment in employee development by small and medium agencies.

Agencies’ investment in on-the-job learning and development

For the third consecutive year, very few agencies reported that they had developed a process to measure the cost of on-the-job learning and development. DEWR and the Office of Parliamentary Counsel (OPC) were the only agencies that reported having developed a process to measure the cost of on-the-job learning and development, with an additional 12 agencies (15%) currently developing such a process.²² Of the

²¹ Departmental operating expenses were defined in the agency survey as including employee, supplier, depreciation and other expenses. It does not include administered items.

²² For comparative purposes, the Australian Antarctic Division’s responses have been removed from the 2003–04 data.

17 agencies in 2003–04 that reported they were developing a process to measure the cost of on-the-job learning and development, none had developed, and only six continued to develop, such a process. These findings are consistent with previous years, and suggest that measuring the cost of on-the-job learning and development remains a challenge for almost all agencies.

Evaluation of learning and development strategies

The 2002 ANAO report found that, in general, agencies were not evaluating learning and development strategies. Consequently, they were not in a position to determine how successful learning and development outcomes had been in assisting them to achieve their business outcomes. Performance indicators used were generally measures of activity rather than effectiveness. Responding to this finding, the better practice guide recommended that agencies maintain a minimum data set covering outputs and outcomes of programmes, as well as inputs.²³ The Commission's 2005 learning and development evaluation guide provides further practical support and guidance for agencies evaluating their learning and development.²⁴

The agency survey showed that for the third consecutive year agencies continue to focus substantially on evaluating the content of programmes and the effectiveness of their delivery. Table 10.4 shows that evaluating the benefits of learning and development to the individual and agency performance remained a challenge for agencies, although an increasing proportion of agencies were evaluating the degree of capability acquired by the individual in 2004–05 (37%) compared to 2003–04 (31%).

Table 10.4: Aspects of learning and development evaluated by agencies, 2002–03 to 2004–05

	2002–03 (%)	2003–04 (%)	2004–05 (%)
Effectiveness of presenters/facilitators	83	91	90
Relevance and currency of programme content	80	89	85
Effectiveness in meeting identified learning and development objectives	76	76	83
Appropriateness of investment to the desired culture, needs of target audience and required outcome	53	67	67
Value for money	44	59	57
Improvement in performance of the individual	38	40	40
Degree of capability acquired by the individual	35	31	37
Improvement in performance of the agency	15	13	15
Other	1	5	9

Source: Agency survey

²³ Australian Public Service Commission and ANAO, *Building Capability—A Framework for Managing Learning and Development in the APS*, p. 24.

²⁴ Australian Public Service Commission, *Evaluating Learning and Development—A Framework for Judging Success*.

Key chapter findings

Like overseas public services, the APS is placing greater emphasis on leadership development. The survey results show that agencies are continuing to take an active and targeted approach to leadership identification and development through the widespread availability of leadership development opportunities. However, survey results also show that agencies are not embracing structured placements and/or mobility programmes to the same degree that they are embracing other leadership development activities. This is disappointing, given the finding in the MAC report, *Connecting Government*, that organisational agility can be fostered through APS-wide and agency-based approaches, and that placement and mobility options should form part of capability and succession management strategies. Such results lend support to the action-oriented approach adopted in the most recent MAC report, *Managing and Sustaining the APS Workforce*, and the related MAC statement on the SES.

This year's employee survey results confirm results from previous years which indicated low levels of satisfaction in relation to leadership development opportunities. The decline in SES employee satisfaction levels is a cause for concern. While the majority of employees rate their supervisor highly against most of the five leadership capability areas, relative to the other leadership capabilities, the proportion of employees who rate their supervisor high in the area of 'shapes strategic thinking' remains relatively low (at 48%). This is a further cause for concern. LALAC and the Commission's emphasis on redeveloping existing leadership programmes and developing an additional suite of programmes, incorporating a greater focus on policy development, may go some way towards addressing certain problems. However, much will depend on agencies' support for, and the commitment of individual SES and EL employees to, their own development.

In 2004–05, agencies continued to develop a strategic focus on learning and development, through aligning learning and development with organisational business goals, particularly by identifying learning and development priorities as part of their performance management system. Agencies also prioritised learning and development to reflect the different capabilities required at different classifications. Furthermore, it is reassuring to see that agencies are placing a focus on performance management, with performance management being the only learning and development area that was rated as a top five priority at all classification levels (including at a whole of agency level). Performance management is discussed in more detail in Chapter 8.

It is also pleasing to report this year the increase in the proportion of agencies that could estimate their investment in off-the-job learning and development—up from around 60% in previous years to just over 75% of agencies this year. The data shows that many agencies are making a large investment in learning and development, with large agencies spending more on formal off-the-job learning and development and dedicating a larger proportion of their departmental operating expenses to these activities. While the investment being made by large agencies is commendable, employees in smaller agencies may not have the same degree of access to formal off-the-job learning opportunities available to employees working in larger agencies. However, it should also be noted that the differences reported may reflect different strategies being used by these agencies to invest in the development of their employees in response to their differing business needs and circumstances. Measuring the cost of on-the-job learning and development remains a challenge for almost all agencies.

For the third year in a row, in the area of evaluating learning and development strategies, agencies continued to focus substantially on evaluating the content of programmes and the effectiveness of their delivery. Although an increasing proportion of agencies were evaluating the degree of capability acquired by the individual in 2004–05, there needs to be a greater focus by agencies on the difficult issue of evaluating the benefits of learning and development to individual and agency performance. However, it should be recognised that the approaches taken by agencies may need to vary, depending on the nature and business of the agency, including its size. Assessing the organisational value of learning and development is important in engaging our employees and in building APS-wide capability that is flexible, accountable, and responsive to the government of the day.