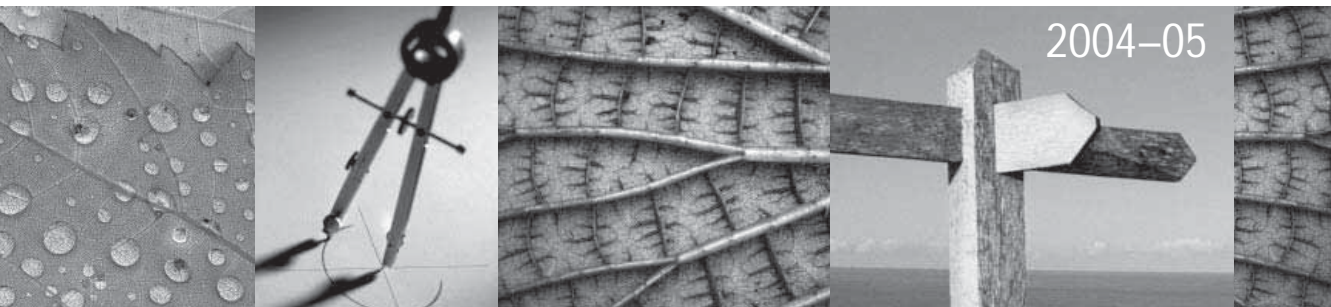




**Australian Government**  
**Australian Public Service Commission**

# State of the Service Report

2004-05



State of the Service Series 2004-05



# Embedding the APS Values and the Code of Conduct

The Values are set out in s.10(1) of the Act. Agency heads must uphold and promote the Values (s.12 of the Act). Their leadership is important in articulating the role of the Values and how they complement their agency's overall corporate vision and organisational goals. Agency heads must have systems in place to ensure that employees understand and apply the Values. Section 35 of the Act makes it clear that it is part of the role of the SES to promote the Values through personal example.

Chapter 2 of the Commissioner's Directions provides directions for agency heads and APS employees on each of the Values. The Directions set out the minimum requirements that an agency head must meet in upholding and promoting the Values. Similarly, APS employees are required by law to uphold the Values (s.13 of the Act).

The Values also provide an ethical framework that underpins an agency's approach to managing risk and developing their own approaches to their business and management environment without centralised prescription. The effectiveness of this approach depends on the successful integration of the Values and the Code into an agency so that the Values are embodied in daily decision-making and behaviour. The Code is examined in more detail later in this chapter and in Chapter 6 'Personal Behaviour'.

In 2002–03, the Commission conducted an evaluation of how agencies were embedding the Values and the Code in their processes and practices. This resulted in a good practice guide, *Embedding the APS Values*.<sup>1</sup> The guide identified three elements of importance in successfully integrating the Values into an agency and transforming the Values into daily decision-making and behaviour, namely:

- commitment
- management
- assurance.

The *State of the Service Report 2003–04* examined progress that the APS had made on the matters identified in the good practice guide. This chapter provides an update of that analysis.

<sup>1</sup> Australian Public Service Commission, *Embedding the APS Values*, August 2003, <<http://www.apsc.gov.au/values/values.htm>>

# Commitment

Commitment to embedding the Values and the Code is measured through evidence of the leadership activity of agency heads and through the integration of the Values into learning and development programmes.

## Leadership

The 2005 employee survey found that the percentage of SES employees who had been advised by their agency head during the year of the importance of acting in accordance with the Values continued to remain essentially unchanged at around 77% from the previous two years. The percentage of SES employees who reported that they had been told by their agency head that it was important that they develop in their staff an understanding of the Values decreased (although not statistically significantly) to 70% in 2004–05 from 77% in 2003–04. There is a need for continued vigilance by agency heads in these areas, given their statutory responsibility for upholding and promoting the Values (s.12 of the Act) and their role in fostering an effective values-based culture within their organisations and across the APS more broadly.

SES employees continue to have a high level of awareness of the relevance of the Values to their daily work. A very high percentage of SES employees (99%) reported that the Values were at least *moderately relevant* to their daily work. For EL employees this figure drops to 96%. These are comparable results to last year. Ninety-two per cent of the SES reported that the Values were *highly relevant* to their daily work, an increase from 88% last year. For EL employees the result is 80% compared to 78% last year. The increases between last year and this year for both the SES and the EL group are not statistically significant.

## Learning and Development

Commitment to the Values is also expressed through their integration into learning and development activities that address employees' responsibilities under the Act. Responses to the agency survey suggest a consistent level of effort to promote the Values and the Code amongst employees during the past year.

Over the last three years there has been an increase in the proportion of agencies using online training in relation to the Values and the Code (15% in 2002–03, 17% in 2003–04 and 21% in 2004–05). There has also been a relatively stable effort to promote the Values and the Code in other learning and development areas as measured by the proportion of agencies using induction and/or orientation (96% in 2002–03, 97% in 2003–04 and 98% in 2004–05), and the proportion of agencies conducting sessions on how the Values and the Code should operate (55% in 2002–03, 60% in 2003–04 and 61% in 2004–05). Factors that stand out in Table 7.1 include an increase in the proportion of small agencies using promotional material and an increase in the proportion of medium agencies conducting sessions on how the Values and the Code should operate in practice. This may reflect shifts in the mix of learning and development activities used by individual agencies.

Table 7.1: Agency learning and development activities on the Values and the Code by agency size, 2002–03 to 2004–05

Type of Learning activity	Small agencies (%)			Medium agencies (%)			Large agencies (%)		
	2002–03	2003–04	2004–05	2002–03	2003–04	2004–05	2002–03	2003–04	2004–05
Online training	2	5	3	15	19	19	36	38	52
Induction/ orientation	93	92	97	96	100	96	100	100	100
Sessions on how the Values and the Code should operate in practice	44	44	37	46	59	65	86	90	95
Information on the Intranet	–	85	83	–	96	92	–	95	100
Use of promotional material (e.g. pamphlets and bookmarks)	–	69	80	–	96	92	–	100	90

Source: Agency survey

The percentage of APS employees who reported that they had received training that included an emphasis on the Values during 2004–05 was about the same as for the previous year (41%).

Responses to the employee survey continue to show a high level of variability between agencies in relation to the proportions of employees who reported having received training in the Values during the last twelve months. In the 21 large agencies the percentages ranged from 22% in one large agency to 88% at ASIC in 2004–05. In nine of the large agencies fewer than 30% of employees reported receiving such training (down from 10 agencies in 2003–04).

Variability has also been reflected in the comments in the employee survey.

*I believe that more education on the APS values to ... staff will be valuable. Considerable training/awareness raising effort has been undertaken across all work areas in ... during the last 12 months.*

*I can only comment on my experience. The agency head may have communicated with other sections. I am unaware. APS values should be more actively communicated and actioned in the department.*

employee survey

Learning and development has been recognised in other jurisdictions as an important means of improving the integration of values into an organisation's culture. The Victorian Commissioner for Public Employment's 2004 report, *Ethics at Work Research Project*,<sup>2</sup> for example, suggests that training in the code of conduct needs to be focused on making the values and principles within it a part of everyday work practices so that when employees are faced with ethical dilemmas the principles of conduct in their organisation, and not their own values and beliefs, are their point of reference. This is consistent with the evidence supporting the Commission's publication, *Embedding the APS Values*.<sup>3</sup>

Last year's State of the Service report noted improvements in 2003–04 against a number of indicators in the degree of agencies' success in embedding the Values. The indicators this year remain relatively stable compared to last year. In 2004–05, some 93% of employees continued to report that they had felt that their agency had a clear set of values about the behaviour expected of employees. Similarly, 85% of employees continued to report that they were familiar with the Values, 14% reported that they were partially familiar and 1% that they were unfamiliar. Of those employees who were either familiar with the Values or had heard of them but were not fully familiar with their detail, 56% rated their levels of familiarity as high. Some 39% rated their levels of familiarity as moderate. Both figures are comparable with last year's.

The proportions of employees in the 21 large agencies who reported that they were familiar with the Values continued to vary quite widely, ranging from 65% to 93%. The five large agencies with at least 90% of employees stating that they were familiar with the Values are ASIC, CSA, FaCS, Finance and DIMIA.

This year's employee survey reveals that almost 100% of employees were either familiar with the Code or had heard of it, but were not fully familiar with its contents. The proportions of employees in the 21 large agencies who reported that they were familiar with the Code ranged from 71% to 95%. The large agencies, in which at least 90% of employees reported that they were familiar with the Code, included ASIC, CSA and DIMIA. The Code is discussed later in this chapter and in Chapter 6.

There is no conclusive evidence that familiarity with the Values is linked with an employee's length of service. In 2004–05, about 85% of employees with more than five years of service in the APS reported that they were familiar with the Values compared to 78% of employees with less than one year of service. However, in 2003–04 some 88% of employees with less than one year of service reported that they were familiar with the Values compared to 86% of employees with more than five years of service. This may suggest that employees learn about the Values very early in their careers.

Classification level may influence an employee's familiarity with the Values. For the third consecutive year reported familiarity with the Values increased with classification. In 2004–05, some 84% of APS 1–6 employees, 89% of EL employees, and 98% of SES employees reported that they were familiar with the Values. These figures are comparable to last year's. Given the inconclusive data on length of service, this finding may suggest that the complexity of jobs and the associated decision-making may affect an employee's awareness of, and familiarity with, the Values.

<sup>2</sup> <<http://www.ssa.vic.gov.au/VictoriasPublicSector/PreviousResearch/>>

<sup>3</sup> Australian Public Service Commission, *Embedding the APS Values*, August 2003, <<http://www.apsc.gov.au/values/values.htm>>

The Values are intended to provide consistent guidance to employees in an environment where there are fewer rules and increased scope for discretion in decision-making. As with last year's findings, most employees (78%) continued to rate the Values as highly relevant to their daily work. However, there was a slight increase in the percentage of employees who rated the relevance of the Values as low (from 3% to 5% between 2003–04 and 2004–05).

The relevance of the Values to the employee's daily work was rated highly by the majority of employees in each of the 21 large agencies. The variation ranged from 57% to 87%, with only two of the large agencies falling below 70%. This is consistent with last year's range of 59% to 83%. When the percentage of employees within large agencies who agreed that the Values are highly or moderately relevant to their daily work is considered, all large agencies fit within a range of 90% to 99% employee agreement, with 16 of the 21 large agencies recording agreement levels of 95% or above.

Views on the relevance of the Values to daily work continued to vary by sex. A higher percentage of women (81%) than men (74%) rated the relevance of the Values to daily work as high. Views also differed by age, with those aged under 25 years (64%) less likely than employees in other age groups (ranging from 76% to 80%) to rate the relevance of the Values to daily work as high.

For the second consecutive year the proportion of employees who rated the relevance of the Values to daily work as high increased with classification level. In 2004–05, some 77% of APS 1–6 employees, 80% of EL employees and 92% of SES employees rated the relevance of the Values to their daily work as high.

Although not significant, the data indicates that employees in small agencies were not as likely to agree that the Values were highly relevant to their daily work. This may be linked to the training history of small agencies. Table 7.1 shows that in each of the last three years a smaller proportion of small agencies have used various learning and development options in relation to the Values and the Code compared to medium and large agencies. For further discussion on learning and development in small agencies see Chapter 10.

This year there was no significant difference between ACT-based employees and other APS employees in their estimate of the relevance of the Values to their daily work (79% compared to 76%—although not significant, an improvement since last year in the result for employees located in the ACT).

Consistent with last year's results, views about the relevance of the Values to daily work were positively correlated with familiarity with the Values.

The level of agreement of employees that other employees act in accordance with the Values remained quite high. Levels of agreement that 'colleagues' and 'immediate managers' act in accordance with the Values continue to remain similar to each other and across years (around 87%).

The difference between the proportions of employees in large, medium or small agencies who agreed that in their experience the most senior managers acted in accordance with the Values was not significantly different (i.e. 69% of employees in large agencies, 72% of employees in medium agencies, and 71% of employees in small agencies).

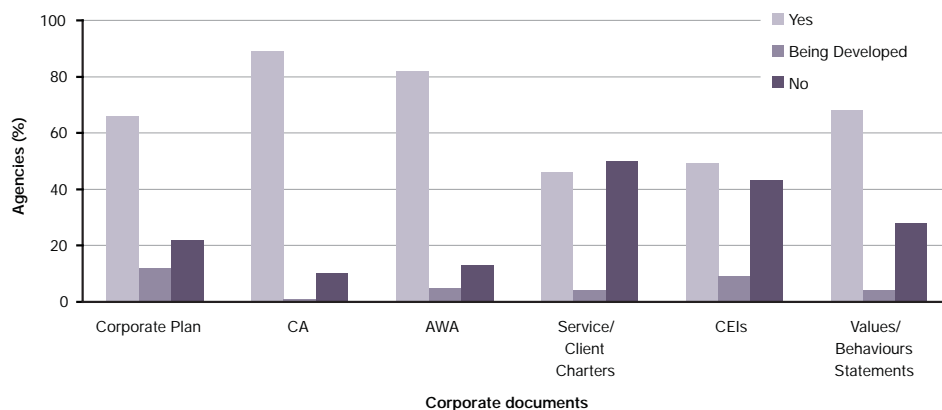
Responses continue to indicate lower levels of confidence that the most senior managers act in accordance with the Values compared to levels of confidence in colleagues and immediate managers. Although the change is not significant between 2003–04 and 2004–05, employee confidence on this issue has steadily increased over the past three years from 63% in 2002–03, to 68% last year and 69% in 2004–05. The results for the individual large agencies show:

- higher rates of agreement (i.e. 75% or more) were reported in Centrelink, DFAT and CRS—a substantial reduction from the seven agencies in this category last year
- responses from employees in 18 of the 21 large agencies were clustered between 63% and 76%—in one large agency the result was less than 50%.

## Management

As in previous years, responses to the agency survey indicate that most agencies have articulated a commitment to the Values in a variety of corporate documents. As can be seen in Figure 7.1, 89% of all agencies include such a commitment in their CA (with all medium agencies doing so compared to 81% of large agencies and 86% of small agencies). Eighty-two per cent of agencies also include a commitment to the Values in their AWAs, representing a small drop from the 86% reported last year.

Figure 7.1: Corporate documents expressing commitment to the Values, 2004–05



Note: Agencies that did not supply data for a category have been counted as a 'no' response.

Source: Agency survey

About two-thirds of all agencies reported that they had expressed a commitment to the Values in their corporate plan; and 12% were in the process of developing their plans. There was a wide variation between the proportion of large agencies (81%) and the proportion of small agencies (60%) and medium agencies (62%) that had incorporated this commitment in their corporate plan.

Seventy-eight per cent of all agencies have developed their own agency-specific values, principles or behaviours. This is an increase from the 69% reported last year. As last year's report noted, it is important from a whole of government perspective

that agency level statements and documents are consistent with the common APS culture and accountability framework provided by the Values and the Code. There is no cause for concern about the trend towards agency-specific approaches as long as agency-specific values, principles or behaviours complement and reinforce the Values. However, of those agencies with their own agency-specific values, principles or behaviours 11 agencies (17%) reported that those values do not incorporate the Values. This is somewhat concerning, as a trend towards agency-specific values, principles and behaviours appears to be emerging. On a positive note, both agencies currently developing agency-specific documents on these issues are proposing to incorporate the Values. Agencies that do not make this connection should consider doing so. Agency-specific values are discussed in more detail later in this chapter.

Almost half of all agencies reflect the Values in their service and/or client charters (46%). This represents an increase from just over a third last year (36%). Overall, 49% of all agencies reflect the Values in their Chief Executive Instructions (CEIs). This is the same as last year after a significant rise from 40% in 2002–03. The results ranged from 37% for small agencies to 58% for medium agencies and 57% for large agencies.

The incorporation of the Values into an agency's broad performance management arrangements is one of the critical strategies that supports embedding the Values. In considering individual performance, 76% of agencies require that an assessment be made about the extent to which employees demonstrate and consistently apply some or all of the Values and/or agency-specific values and behaviours. This represents a slight decrease from 80% last year. A higher percentage of large agencies (86%) than small agencies (74%) or medium agencies (69%) reported this approach.

**Table 7.2: Measures used by agencies in performance assessments to ensure employees demonstrate and consistently apply the Values, 2002–03 to 2004–05**

	2002–03 (% of agencies)		2003–04 (% of agencies)		2004–05 (% of agencies)	
	Yes	Being Developed	Yes	Being Developed	Yes	Being Developed
An assessment of values/behaviours in performance assessments	61	15	78	7	77	9
Regular multi-source feedback	22	16	22	16	27	13
Training of all staff on how values/behaviours relate to effective performance	27	17	36	10	35	18

Source: Agency survey

As Table 7.2 above shows, the most common measures adopted over the past three years to ensure that agency performance management arrangements address the Values have been their inclusion in performance assessments. This year 77% of agencies reported having such arrangements—a similar proportion to last year. While the overall trends apparent in Table 7.2 are positive, it is somewhat concerning that some agencies are reporting these mechanisms as 'being developed' two years in a row.

Compared to last year there has been a slight decrease in the proportion of agencies that reported assessing their staff against all the Values (from 60% last year to 54% in 2004–05). This drop is largely concentrated in the large agencies (from 76% to 52%). There has been a similar decline in relevant agencies (i.e. those that have developed agency-specific values, principles or behaviours) assessing their staff against agency-specific values (from 65% to 58%). There has also been a drop from just under a half to a little over a third of relevant agencies that reported assessing their employees against both the Values and their agency-specific values.

Responses to the employee survey show a similar pattern to last year in relation to performance assessment including a discussion of behaviour (around 80% of relevant employees reported that this occurred). While relevant respondents could choose multiple responses, assessment against agency-specific values (45%) achieved a higher level of response than assessment against the Values as a set (35%), the Values most relevant to the job (20%) or other behavioural indicators (4%).

Once again the results of this year's employee survey show that assessment of behaviour as part of performance appraisal seems to be related to a higher level of agreement that colleagues, immediate managers and the most senior managers act in accordance with the Values.

## Assurance

*Embedding the APS Values*<sup>4</sup> noted that agency-specific accountability and assurance mechanisms can be used to help sustain compliance with the Values and the Code.

The Code itself is an important control mechanism that operates to support the Values in each agency. To be effective the Code requires a workplace culture in which employees understand the Code, its implications and their responsibilities in relation to it. The results of the employee survey that explore this more fully are discussed in Chapter 6, which deals with 'Personal Behaviour'. Similar to findings last year, the chapter reveals that:

- The vast majority of APS employees are familiar with the Code and believe that it is relevant to their workplace.
- Most employees had also been told that they could report suspected misconduct to authorised people.
- There continues to be a degree of circumspection amongst employees about whether they would report a suspected breach of the Code. Of the 11% of employees who reported that they had witnessed a suspected serious breach of the Code in the last year, only half reported the suspected breach.

## Staff Surveys

Staff surveys that ask questions directly or indirectly about the Values provide another useful quality assurance mechanism to monitor adherence to the Values throughout the agency and to improve agency practice.

<sup>4</sup> Australian Public Service Commission, *Embedding the APS Values*, August 2003, <<http://www.apsc.gov.au/values/values.htm>>

The agency survey indicated that 34% of agencies conducted an agency-wide staff survey in 2004–05, the same proportion as in 2003–04. Fifty-six per cent of agencies were proposing to conduct staff surveys in 2005–06, with 20% of agencies conducting a survey in 2004–05 and also planning to do so in 2005–06. Large agencies continued to indicate the greatest use of staff surveys (52% in 2004–05 compared to 38% in 2003–04). Small agencies continued to report the least use of staff surveys with the result remaining stable at 31%. The proportion of medium agencies that surveyed their staff during the year declined to 23% in 2004–05 following a significant increase from 12% in 2002–03 to 37% in 2003–04.

Eighteen agencies (22%) had not conducted a survey in 2004–05, and reported no firm intention of doing so in the next two years. One agency indicated an intention after absorption into another organisation.<sup>5</sup>

## Agency-specific values

As discussed above in the section on management, according to the agency survey 78% of agencies (compared to 69% in 2003–04) had developed their own agency-specific values, principles or behaviours and 2% were developing them. Growth is not concentrated in any particular agency size. However, the practice is concentrated more highly in medium agencies (85%) and large agencies (86%). The practice has increased in small agencies to 69% from 59% in 2003–04 and 46% in 2002–03.

This is the third year in a row that there continues to be some confusion among employees about whether their agency has its own values, principles or behaviours. The proportion of employees from large agencies which do have their own values, principles or behaviours who believed this to be the case varied from 25% to 81%. This compares to a variation of between 43% and 90% last year. In agencies that had not developed their own values, between 33% and 63% of employees thought they had. This compares to between 29% and 79% last year.

The continuing level of confusion highlights the need for agencies to continue to ensure employees are familiar with both the Values and agency-specific values where these exist. This is particularly important in the case of the Values as the Act's Code requires APS employees to behave at all times in a way that upholds the Values. There is no such direct link between the Code and agency-specific values.

Application of the Values is also a key issue in relation to Uhrig governance arrangements.<sup>6</sup> While portfolio departments and their Ministers are reviewing portfolio agency governance arrangements against the Uhrig templates, the Commissioner has encouraged them to also consider whether agencies should be covered by the Act. It is expected that this will offer the opportunity to reinforce cultural coherence within the APS, as well as improve the consistency of its governance framework. It would mean that the Values are applied more uniformly to the performance of public service functions and to the way in which public servants understand themselves and what they do.

<sup>5</sup> Machinery of Government changes and other structural changes will have some effect on changes from year to year.

<sup>6</sup> J. Uhrig, *Review of the Corporate Governance of Statutory Authorities and Office Holders*, June 2003, <[http://www.finance.gov.au/governancestructures/docs/The\\_Uhrig\\_Report\\_July\\_2003](http://www.finance.gov.au/governancestructures/docs/The_Uhrig_Report_July_2003)>

## Key chapter findings

Through the Values, the Act provides an ethical framework that allows agencies to manage risk and develop their own approaches to their business and management environment without centralised prescription. The success of this approach depends on the successful integration of the Values and the Code into an agency and integrating the Values into daily decision-making and behaviour.

The role of SES and EL employees is important in helping to integrate the Values into an agency's systems, procedures and culture. A very high percentage of SES employees (99%) reported that the Values were at least moderately relevant to their daily work. Ninety-two per cent reported that the Values were highly relevant to their daily work. For EL employees these two figures drop to 96% and 80%, respectively. This suggests that there may be a need to lift awareness of the importance of the Values amongst EL employees.

The agency survey shows an upward trend over the last three years in the proportion of agencies using online training, induction and/or orientation sessions on how the Values and the Code should operate as part of their agency learning and development activities.

Responses to the employee survey continue to show a high level of variability among the large agencies in relation to the proportion of employees who reported having received Values training. In nine of the 21 large agencies less than 30% of employees reported such training.

While on the whole agencies are directing the same degree of effort towards embedding the Values and the Code into their processes and workplace cultures, and the majority of employees feel that they are familiar with the Values and view them as relevant to their daily work, the concerns noted last year remain:

- although the great majority of employees are confident that their immediate managers and colleagues act in accordance with the Values, they continue to have a significantly lower level of trust in their senior managers
- employee confusion between agency-specific values and the Values.

It can be expected that employees' perceptions of the leadership group's active engagement with the Values and the Code will influence perceptions and behaviours throughout the APS.

Building trust is something important for all APS employees but particularly for the leadership group. While there may be other factors that contribute to these results there is still a need for continued promotion, discussion and modelling of the Values. The Commission is aware of this need and has recently developed a learning and development kit called *Being Professional in the Australian Public Service—Values Resources for Facilitators*. This kit enables training activities on the Values and the Code to be tailored to best meet the needs of the diverse range of APS employees including those in the leadership group.