



Next Steps

08
GOVERNING
COUNCIL
2008



08

Purpose

This discussion paper is the first step in the development of the five year strategic plan for the CPSU. The paper provides background on the current and future profile of the public sector. It considers the changing demographics of the sector, changing models of service delivery and the focus of the new Rudd Labor government on economic conservatism.

It is important to take this context into account when developing a plan for building our future capacity. The paper is designed to pose questions for consideration and discussion among Governing Councillors about our future direction.

The ideas generated at the March 2008 Governing Council will be widely discussed between April and August 2008. Following this period of consultation with members, the aim is to have a final strategic plan presented to a second Governing Council meeting in September 2008.

1 Our Context

AT A GLANCE

- The industrial relations framework is changing.
- The APS has grown but will not continue to grow.
- NTPS and ACTPS will remain static.
- Face of APS changing - more feminised and educated.
- CPSU membership does not reflect these changes.

Before taking the next step, it is important to take stock of the key features of the sector. These include:

- an overview of the changing industrial relations framework;
- a review of the sector's demographics and the roles of employees;
- and consideration of the key pressures on the sector – namely models of service delivery and fiscal constraints.

Changing Industrial Relations Framework

The Australian industrial relations framework has changed significantly over the last decade. From the early 1990s there had been a focus on determining wages and working conditions through collective agreements, mainly negotiated by a union on behalf of members. These agreements were underpinned by a comprehensive Award system providing centrally determined minimum wages and conditions.

Many members would be aware that in 1996 the Howard Government introduced Australian Workplace Agreements (AWAs) as a new form of agreement making. This represented a fundamental shift away from the collective determination of the early 1990s, to individual agreement making. In a number of industries, the introduction of AWAs had little or no effect on wages and working conditions.

For example between March 1997 and March 2006, just 1 per cent of AWAs made covered workers in each of the following industries: Agriculture, Forestry and Fishing; Electricity, Gas and Water Supply; and, Education. In contrast, 7 per cent of AWAs made during the first nine years

of the Workplace Relations Act 1996 covered the employment of those working in Government Administration and Defence¹.

While certainly not the biggest user of AWAs, the high number of agreements made covering public sector workers and also those in Telstra reflected the ideological preference of the Howard Government and senior Telstra management for individual agreement making. Post WorkChoices (from 27 March 2006), it is difficult to determine how many AWAs were made for APS employees because of changes in the categories reported by the Workplace Authority². As a rough guide, between 27 March 2006 and September 2007, approximately 5.8 per cent of AWAs made covered employees working in Public Administration and Safety.

The desire of the Howard Government to promote individual agreement-making meant that some workers were able to use the system to gain personal wage increases in excess of collective agreements. This drive for AWAs was not underpinned by any requirement for efficiency or productivity. Further, in collective agreement negotiations, the Howard Government focussed on stripping entitlements from APS agreements rather than holding down wage outcomes.

The Government relied solely on the efficiency dividend to achieve notional productivity gains rather than undertaking a rigorous annual review of expenditure. This lack of focus on expenditure was possible because of the economic environment during much of the Howard era – a resources boom coupled with low inflation and high levels of employment.

1 OEA Pre-WorkChoices Australian Workplace Agreement Statistics Factsheet http://www.oea.gov.au/docs/news/FactSheets/Preworkchoices_factsheet.pdf

2 Prior to 2006 the ABS counted APS employees in the category 'government administration and defence'. In 2006, government-owned and controlled organisations became classified in the same way as non-government units i.e. according to their predominant activity rather than who owned them. For example, government organisations producing goods and services (e.g. education or health) are classified to the same industry as private sector units engaged in similar activities. The newly created Public Administration and Safety Division includes all units primarily engaged in providing legislative, executive and judicial activities; or safety activities such as defence or policing. These may be public or privately provided.



However, the approach to agreement negotiations is likely to be different under the Rudd Labor Government. The economic environment has shifted and early indications are that Rudd intends on running a much tighter budget review process. This tighter budget framework will be reflected in the approaches taken by agencies in individual bargaining rounds with some of the focus being on achieving savings through job cuts.

What does our sector look like?

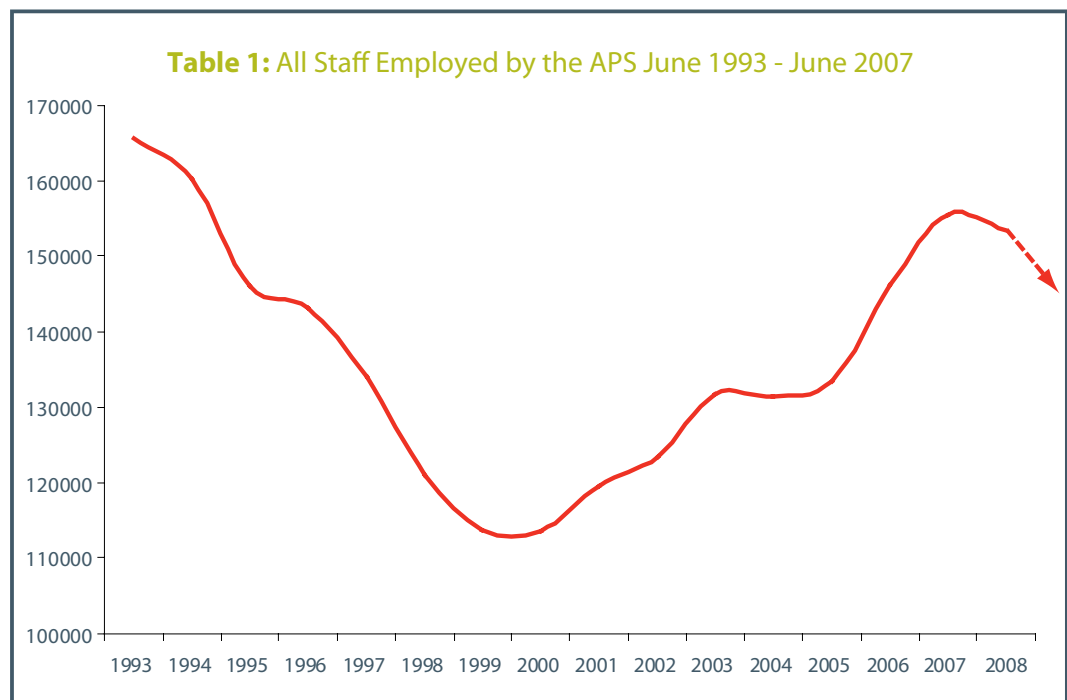
The public sector has been growing for the last seven years. At June 2007 there were 155,482 employees in the APS. Just over 92 per cent (or 143,525 employees) were ongoing employees.

In the Northern Territory, employment has also been growing. At September 2007 there were 16,135 full time equivalent staff in the NTPS, up

from 14,539 five years ago³. The most recent data published by the ACT government shows that in 2006 there were 18,799 employees, 59 per cent of whom were employed on a permanent full time basis. The level of employment in the ACTPS has been relatively steady for a number of years.

In 2007 Telstra reported employing 37,706 full time domestic staff, a 5 per cent decrease from 2006 staffing levels. It must be noted that in the financial year ending June 2007 Telstra Group paid \$149 million in redundancies and Telstra Entity paid \$129 million. In 2006 the corresponding amounts were \$534 and \$516 million – this reflects that several thousand staff that were made redundant in that financial year⁴.

Employment levels at the ABC have increased slightly in recent years. At June 2007 the ABC employed 4522 permanent staff, 48.9 per cent of whom were women⁵.



Source: APSED, June 2007

3 http://www.ocpe.nt.gov.au/research_and_statistics
 4 Telstra Annual Report 2007 http://www.telstra.com.au/abouttelstra/investor/docs/tls565_2007annualreport.pdf
 5 <http://www.abc.net.au/corp/pubs/documents/equity06-07.pdf>



While employment in the APS has been growing for the last seven years, it is predicted that the staffing levels of 2007 will be the high-water mark. From 2008 we will see a decline in the number of people employed by the APS, with predictions⁶ that by 2035 there will be 100,000 staff employed in the APS. It must be noted that staffing levels in the ACT and NT governments are predicted to remain steady. (See Table 1, page 4).

In addition to changes in size of the public service, there will be a change in the gender balance. At present, women comprise 57 per cent of the APS work force. It is predicted for the APS, that the proportion of women will be as high as 75 per cent by 2035. This trend is already occurring in the ACTPS where, at June 2006, women comprised 65.8 per cent of the work force. Similarly, women hold 61.9 per cent of the positions in the NTPS.

However the roles occupied by the growing proportion of public sector women will not be the same as those who currently make up the body of the APS. For example, at present, women comprise 81.2 per cent of the employees at Medicare and 75.9 per cent of those working for the Department of Human Services. These agencies, along with other large agencies such as Centrelink provide significant front line services to the Australian public⁷. Forty one per cent of those employed at APS levels 1 to 4 are employed in service delivery to the general public⁸. Similarly in the NTPS, women are overrepresented in the lower skilled occupations. As at June 2007, 71.3 per cent of administration staff in the NTPS were women, while women filled just 54.5 per cent of professional positions and 27.5 per cent of technical roles. Similarly at the ABC, women are overrepresented in lower classification levels. The lowest salary band is \$37, 021 and below and women comprise more than 70 per cent of

this group. Less than 48 per cent of all positions held above the salary level of \$59, 805 at the ABC were held by women. However in the ACTPS the picture is more positive. While women are overrepresented in clerical and administrative positions (with 75.1 per cent of those roles filled by women) they also comprise a high proportion of the professional workforce (75.6%)⁹.

While women are overrepresented in lower level classifications, the number of people employed in these, often service-related roles has been decreasing over the last fifteen years. In the APS there has been a 'sharp decline in the proportion of employees at the APS 1-2 levels and increases at the APS 5-6 and EL classifications. ... This trend towards a higher classification profile reflects the changing nature of APS employment, with the outsourcing of a number of low skill functions, and a more skilled workforce undertaking increasingly more complex and difficult roles'¹⁰. While outsourcing was a particular focus of the Howard government, it is likely that technological change and the outsourcing of service functions will continue under Rudd, although the pace may slow. Regardless, it is probable that the number of APS staff employed in front line service roles will decline over the next two decades. This trend may not be reflected in the ACT and NT public services where it is anticipated there will be a heavy involvement of government in the delivery of services. This reflects the different roles played by local government in service delivery such as the provision of health services, local housing and shop fronts.

Corresponding to the shift away from service roles, the proportion of APS staff with tertiary qualifications has been increasing. Overall, as at June 2007, 53 per cent of ongoing employees held a graduate qualification. Fifteen years ago, 52.1 per cent of those engaged had graduate qualifications. Of those engaged in 2006/7, 61.5 per cent had a graduate qualification.

The 'typical' new starter in the APS is now a 32 year old with graduate qualifications at the APS 3 level, and more likely to be a woman than a man.

The 'typical' APS employee is a 42 year old with graduate qualifications, at the APS 6 level and, again, is more likely to be a woman than a man¹¹.

6 Shergold P (2005) 'The Australian Public Service in 2035: Back to the Future' See http://eprint.anu.edu.au/public_sector/mobile_devices/ch11s05.html, accessed 21/2/2008.

7 In June 2007 Centrelink employed 17.6 per cent of all APS staff; ATO employed 14.9 per cent; Defence employed 13.6 per cent. These three agencies combined employed more than half of the APS. Other large agencies are Immigration (4.4% of all APS staff work in immigration); Human Services (4.1%); Medicare Australia (3.8%); Australian Customs Services (3.8%); Agriculture, Fisheries & Forestry (3.2%); and Health & Ageing (3.1%) (Statistical Bulletin 2007, Table 2, page 17)

8 State of the Service Report 2006/7 p.24.

9 http://www.psm.act.gov.au/strategic_human_resources/act_government_workforce_profile.pdf

10 State of the Service Report 2006/7 p.19.

11 State of the Service Report 2006/7 p.35.



If the service delivery functions continue to decline in the APS as current trends suggest, the APS will become primarily comprised of university graduates who are focussed on policy and related areas. It is possible that these jobs will increasingly be located in Canberra (where 35.7% of APS employees are currently based).

The changing profile of the APS does not align with the current membership profile of the CPSU. According to membership data, 18.2 per cent of the CPSU membership is employed at Centrelink.

Among the top ten agencies there are significant service functions. These ten agencies comprise 60.7 per cent of CPSU membership. (See Table 2, page 6).

The agency profile of new recruits to CPSU membership also does not align with the changing profile of the APS. The table below highlights the success of the CPSU in recruiting in service agencies. It shows that in the nine months from 1 July 2007, the top ten agencies accounted for 55.3 per cent of recruitment. (See Table 3, page 6).

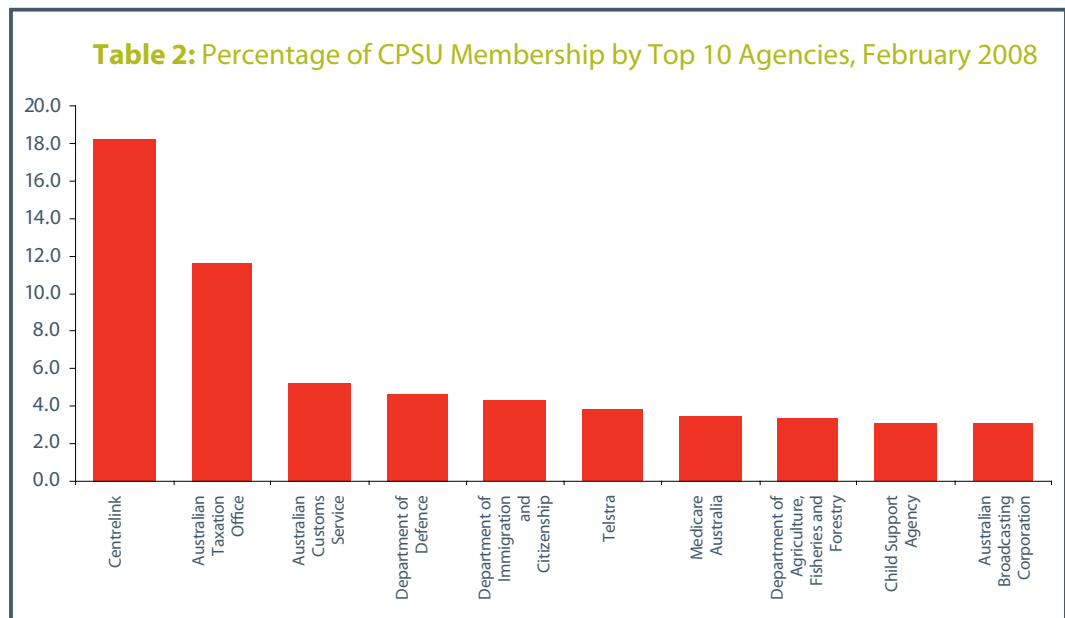


Table 3: Top 10 Agencies by Recruitment 1 July 2007 - 29 February 2008

Agency	Proportion of CPSU Total recruitment for the quarter
Centrelink	13%
Medicare Australia	6.9%
Australian Taxation Office	5.8%
Telstra	5.5%
Child Support Agency	5.5%
Australian Customs Service	4.7%
Department of Education, Employment & Workplace Relations	4%
Department of Defence	3.8%
Department of Immigration and Citizenship	3.1%
Department of Agriculture, Fisheries and Forestry	3%



Finally, it must be acknowledged that the length of service for ongoing employees of the APS presents a significant challenge for the CPSU. Currently the median length of service is seven years and more than a third of ongoing employees has less than five years' service in the sector. This trend towards relatively short periods of service in the APS is confirmed by the latest data from the Member Service Centre . It shows that the highest rate of membership loss due to members leaving the union is among those with less than three years of membership. This membership churn is something that will need to be taken into account in future organising strategies. (See Table 4, page 7).

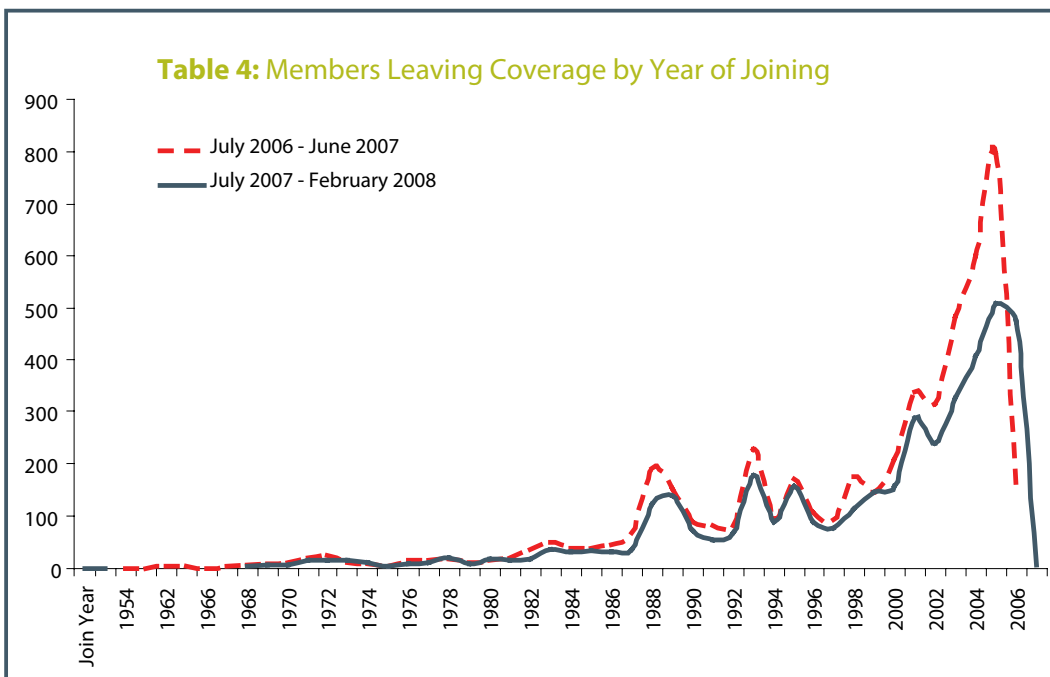
Changing Models of Service Delivery

Fundamental changes to the delivery of public services followed the release of the Howard Government's 1996 National Commission of Audit Report. The report introduced, among other things, a preference for private sector service delivery, competitive tendering for government contracts, notions of cost recovery, privatisation of government business enterprises and increased accountability and performance

monitoring frameworks. Specific examples of resulting changes included:

- The creation of the Job Network.
- The IT Outsourcing Initiative.
- The outsourcing of legal and human resource services.
- Implementation of the Mansfield report's recommendations which resulted in cuts to non-core areas at the ABC.
- Australia Post deregulating 90 per cent of the business.
- The Defence Efficiency Review.
- The use of private mediation through the Family Law Courts.

The Howard Government focussed on introducing cross-agency compatible information and communications technology (ICT) as the key to achieving major changes in service delivery. These changes included the introduction of the Medicare common collection service with private health insurers; the 'access card' which proposed to outsource Centrelink payments to private companies such as banks; an expansion of e-commerce; the development of whole of government websites; and, remote kiosk service delivery.



AT A GLANCE

- Howard was strong on outsourcing service delivery.
- It is unclear how Rudd will approach outsourcing.
- Rudd will be a tough fiscal manager.
- This may equal job cuts.

Since April 2004, the Australian Government Information Office (AGIMO) has been responsible for the implementation of the e-Government agenda. The 2006 AGIMO report "e-Government Strategy, Responsive Government: A New Service Agenda" maps out a significant shift to a whole-of-government approach through connected and shared modes of operation using on-line services. The aim, by 2010, is for government services to 'be widely available through participating private sector providers. People will be able to choose who they contact for government services. People will be able to package together different services from different agencies. Private sector providers will be able to package government services with their own'¹².

While the initiatives in the AGIMO report remain 'live' there is little detail about progress and there is little information publicly available about the direction that the Rudd Labor Government will take. Certainly, the key change to enable privatisation of service delivery under Howard, the access card, has been postponed. This may be an indication that service delivery changes will not proceed as quickly.

Rudd has signalled that his Government will review the policies of the Howard Government and develop a fresh approach to service delivery. However, no immediate review of service delivery is planned and in a speech to the Institute of Public Administration¹³, Senator Penny Wong talked about improving service delivery saying "Labor is committed to achieving best practice in provision of government services ... It is fair to say that, despite the potential for increased efficiencies offered by new technologies, access to personal services and expert advice locally will still be of great value in many circumstances, particularly in the delivery of

services to regional areas. The economic benefits of keeping the core business of government in-house is also clear..." How the Government intends to define 'core' business is not clear.

However more recently, Finance Minister Lindsay Tanner stated that "we intend to streamline government and improve the efficiency of service delivery"¹⁴. The Minister gave examples of the types of efficiencies the Government would seek in service delivery. He pointed to the "coordination of child immunisation information between Medicare and Centrelink, which is eliminating the need for individuals to go through processes with both of those agencies in order to claim the payment" and stated "there's more to be done across government in this regard, including in agencies like Centrelink and Medicare, more to be done in getting better delivery of services and a lower cost to the taxpayer". Once the business processes have been aligned for external delivery of Government services it is likely that there will be an increased focus on the development of shared services among agencies. There is no doubt that the Rudd Labor Government is focussed on fiscal conservatism but it is hoped that a better balance will be struck between service delivery and savings.

The tough fiscal approach of the Rudd Labor Government

During the 2007 election campaign, Rudd promised his Government would "govern as fiscal conservatives". This promise has been reiterated since with the Prime Minister commenting that his is "a Government committed to responsible economic management" and one that is "prepared to take hard decisions on the way"¹⁵.

According to Rudd, economic responsibility equates to taking "pressure off demand by running a strong budget surplus". Rudd's 'razor gang', led by Finance Minister Lindsay Tanner has been reviewing spending 'department by department, program by program, line by line' to determine where savings can be made above the \$10 billion in savings that had been identified during the election campaign. While the budget will not be released until 13 May 2008, it is hard to picture job cuts not being a key feature.

12 http://www.agimo.gov.au/publications/2006/march/introduction_to_responsive_government p.11.

13 Speech to the Institute of Public Administration by Senator Penny Wong, 20th September 2007 <http://www.alp.org.au/media/0907/spepaa200.php>

14 National Press Club Address by Lindsay Tanner, Minister For Finance And Deregulation, 6 February 2008.

15 Building Australia's Economic Future, Address to Lord Mayor's Business Breakfast by Kevin Rudd, Prime Minister, Perth, 21 January 2008.



Lindsay Tanner has stated that the 2008 budget cuts are just the first stage of the razor gang's work. The second stage aims to transform "the way the government works"¹⁶. It will be completed "before the 2008-9 mid-year economic and fiscal outlook is released" with the measures "arising from that razor gang effort ... announced towards the end of this year. This stage will also deliver savings and improve the quality of expenditure" including in the procurement of goods and services by the Government. However unlike the Howard Government, changes to procurement would not follow private sector philosophies but enable agencies to make "use of the collective buying power that a coordinated government approach to purchasing could deliver".

Of more immediate concern to CPSU members is the 2 per cent efficiency dividend that Labor announced just prior to the 2007 federal election. The 2 per cent is to be applied to 2007/8 appropriations and is additional to the 1.25 per cent annual efficiency dividend that has been a requirement since 2004.

Despite the efficiency dividend having been part of funding determinations since the previous Labor Government, no Parliament has conducted a review into the impact of the efficiency dividend on the delivery of public services. The continuation of this framework now assumes that year after year, agencies of all sizes are able to deliver productivity improvements to finance pay increases.

¹⁶ National Press Club Address by Lindsay Tanner, Minister For Finance And Deregulation, 6 February 2008.

The CPSU has long held concerns about the efficiency dividend. Its application leads to reductions in the quality of services that the public sector provides the community, increasing workloads and jobs being left vacant. The CPSU is not alone in holding the view that the efficiency dividend is an unsustainable formula for achieving productivity gains. In the 2006/7 State of the Service Report, the Public Service Commission stated that "there is a real possibility that for some agencies funding pay increases means cutting activities and/or employees". As agencies begin to reveal the way in which the additional 2 per cent efficiency dividend will be applied there is a risk that pressure will be placed on jobs and/or employees as their workload increases.

Opportunities and Threats

This analysis of our situation shows that both opportunities and threats lie ahead. There are opportunities in a changed industrial relations system which emphasises collective bargaining and an acceptance of the role of unions in the workplace.

There is a real threat posed by rising inflation, rising interest rates and the tighter fiscal environment. Equally, the changing face of the workforce and the nature of work must be confronted. There is a clear shift towards a more educated, feminised workforce, working in the public sector for around seven years and increasingly just as likely to work in a policy role as a direct service delivery function. This could be a threat or an opportunity, depending on how we respond.



2 Our Agenda for Change

AT A GLANCE

- What do we want to achieve?
- Decent wages and working conditions.
- Better skills and careers.
- Improved work/life balance.
- be a credible public voice.
- revitalise the APS values.

People join unions because they like what we stand for and they need what we are offering. It is this combination of value and values that forms the basis of why we exist. It is our agenda for change.

The agenda can't stand still. We continually make adjustments to respond to changing circumstances. For example, two decades ago, the most important issue for CPSU members was how to develop and maintain a life long career within the public service. Today, employees are still after a career, but it is probably not with one employer for their entire lifetime.

Over the last 2 years we confronted WorkChoices, not by retreating into ourselves, but by having a proactive industrial agenda – our Core Claim, and a proactive political agenda of getting rid of the laws. There is much work that still needs to be done to complete this project. The substantive legislation which will bring forward the big changes still needs to be passed through Parliament. We need to campaign to win back our OH&S Rights and our Workers' Compensation Rights.

At the same time we need to think about the things that we hope to have achieved for our members in 5 years time - whether through bargaining or other means. In addition, there are probably things that we are doing right now, that we need to improve. For example the services that we offer members: Can we do more to add value to CPSU membership? What about ensuring workers have access to their rights and entitlements? How can we improve enforcement and compliance to get better outcomes for members?

Our initial discussions with members have identified a few key areas of interest, but these need to be built upon.

Wages

- How do we ensure wages are maintained and improved in a tight labour market with funding constraints?
- How do we ensure our Core Claim is relevant?
- How do we improve pay equity for women members?

Skills and Careers

- Skill shortages mean that people are not released to take a new position. How do we ensure adequate staffing levels to enable staff to be released to undertake training?
- What about mentoring programs?
- What needs to be done to ensure a smooth transition out of the workforce? And what about retirement income?

Work Life/Balance

- How do we ensure that members gain access to entitlements including the ability to access leave for caring?
- We need to achieve genuine flexibility in hours of work.
- What about job sharing, working from home and the right to return to work part time (from parental leave)?
- We need to investigate the impact of travel time to/from work on the members' work/life balance.
- Access to affordable child care is crucial to the workforce participation of some groups of members.

Global Warming

- What can we do in the workplace to improve environmental sustainability.

Ensuring members have adequate tools for the job

- This includes both infrastructure concerns and concerns about staffing levels.



Membership benefits

- How can we add value for our membership – what benefits can we give members that differentiate them from non-members?
- Union career development programs?
- Provision of insurance for members?
- What training can the union provide? (for example, accredited OH&S training)

Some Big Picture Issues

In addition to a workplace focus, the CPSU now has an opportunity to build itself beyond the workplace to have a presence that allows the union to shape public policy and to become an advocate of the public service. This important role has not been possible during the years of the Howard Government and is one which will enable us to participate in the broader debates and ultimately achieve better wages and working conditions for CPSU members.

Becoming a credible public voice for the industry and our members

This involves:

- Building a strong professional image for our union.
- Becoming proactive rather than reactive.
- Being able to participate in the development of issues beyond the workplace that affect the work done by members.
- Engaging with the community.

Revitalisation of the APS values

- APS work has become politicised and procedural as a result of outsourcing and other changes. The level of work satisfaction that is possible has been reduced.
- There needs to be recognition that the APS has a specific context that sets it apart from the private sector.



3 Building our capacity

AT A GLANCE

- Next Steps to Build Our Capacity.
- Organising in weak/unorganised areas.
- Improving representation rights.
- Securing our resources to deliver outcomes for members.

Three years ago we made a judgement about what it would take to win the Your Rights at Work Campaign. We realised that it would take careful planning, professional research and the resources to fund the activities that would win over ordinary Australians. The success of this campaign reminds us that it is not enough to have a progressive agenda. There must also be the capacity to deliver it.

The same lessons need to be applied to our strategy for the next 5 years. If we aim to take a big step up in terms of what we deliver for members, what will it take to make that happen? We need workplace power, political influence and a credible voice. What will it take to build this?

How do we organise the unorganised?

- What will it take to organise the workplaces with low member density?
- What would it take to ensure that members who leave our industry continue to be union members?
- What would it take to organise the non-front line service/customer service areas?
- What would it take to better organise Indigenous members?

Improving the right to be represented by the CPSU

- How do we improve members' access to the union in the workplace?
- How do we improve union representation for members in the workplace?
- What sort of consultation will be influential and make a real difference?
- What will it take to provide union delegate and activist training?

How do we build our capacity to influence the public agenda on some of the big issues?

- What sort of research capacity do we need?
- How can we involve our members expertise in shaping decent industrial and public sector policy?

How do we ensure we secure the resources to deliver what members want?

- Is there a role for an ongoing special purpose levy?
- Should the union be building its reserves to ensure we can fight a protracted battle if we need to?



4 Building a Plan for our future

Over the next few months, through extensive consultation with members, this discussion paper and the ideas generated at the March Governing Council will be developed into a more detailed five year strategic plan. Identifying the concerns of our members, and placing these within the current context of the sector, will enable us to develop a detailed plan that secures the future of the CPSU and its members.

Between March 2008 and the Governing Council in September 2008, a series of meetings will be held with members from a range of agencies, representing the variety of occupations in the public sector. A brief work plan for the consultations is below.

This discussion paper contains a number of important questions that need to be considered in the development of our Strategic Plan.

With your insights and ideas it will provide a solid framework so we can confidently meet the opportunities and threats presented by a changing environment.

Task	Date
Finalisation of discussion paper with comments from GC workshops	April 2008
Identification of locations, groups of delegates and members and proposed dates of meetings	April 2008
Drafting of discussion points for delegate and member meetings	April 2008
Organise delegate and member meetings	April 2008
Conduct delegate and member meetings around the development of a strategic plan	May/June 2008
Consolidation of initial feedback into a draft strategic plan	July 2008
Presentation of draft strategic plan at regional delegates conferences	August 2008
Consolidation of feedback from regional delegates and drafting of final strategic plan	August/September 2008
Final strategic plan presented to Governing Council for endorsement	September 2008



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