Overview of Recent Public Service Reforms in Canada, Britain, Australia, New-Zealand and the United-States

Prepared by the Research Directorate, Public Service Commission of Canada

Executive Summary

The Public Service Commission of Canada (PSC) is engaged in the promotion of *Values-Based Merit* which will provide the foundation for a staffing system that is both respectful of traditional values yet responsive and open to continuous improvement. In support of this initiative, the PSC Research Directorate is carrying out studies to foster a better understanding of merit values and their application.

In the last decade, many western democracies have introduced reforms of their respective public services. Considering them as benchmarks to better understand the Canadian experience, the Research Directorate examined the reforms being implemented by governments in Britain, Australia, New-Zealand and the United-States.

Each of these overviews draws a profile of the civil service reform in the respective countries by examining the legislation; the organizational structures; the changes in the organizational culture; the interpretation and implementation of merit, equity, and diversity principles in the management of human resources; and finally the impact of information technologies on the civil service. These overviews offer many useful points of comparison with no intent, however, to give a judgement on the reforms being examined.

The report draws mainly on each country's legislation and government publications, and to a lesser extent, on contracted papers and academic articles.

The time period being studied ends in 1999. It must be noted, however, that the reforms have been ongoing, and will likely continue in the coming future.

Public Service Report
CANADA

Prepared by
Research Directorate of the Public Service Commission of Canada

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PUBLIC SERVICE PROFILE

Size and Institutional Structure

< **Size of the Public Service**: 186,314 (1999)

< **Trends**: This represents a decrease of 873 persons or less than 0.5 per cent from 1998.

< **System of government**: Westminster based

Reform History

< **Reform Period**: Major reform initiatives include:

   < 1962: The Royal Commission on Government Organization (Glassco Commission) reported on the management of the Public Service. Among its recommendations was that, in order for departmental managers to manage properly, manpower management responsibilities should be placed squarely within the departments' range of responsibilities.

   < 1979: The Special Committee on the Review of Personnel Management and the Merit Principle (D'Avignon Committee) was established to examine public service staffing, appointments, and training. The Committee, which examined matters pertaining to the *Public Service Employment Act* (PSEA), made recommendations with particular reference to the merit principle and its application as it related to initial appointment, internal appointment and promotion, and the eligibility of public servants to participate in competitions; the improvement of employer-employee relations; and, the efficiency of the personnel management system, taking into account operational needs of departments.

   < 1979: The Lambert Commission addressed concerns that were growing over financial administration and the government's ability to adequately ensure full and certain control over and accountability for public funds.

   < 1989: *Public Service 2000* (PS 2000) was a public service renewal initiative examining such issues as staffing, staff relations, classification, compensation and benefits, remuneration, and staff training. It was designed to empower managers and remove needless red tape.

   < 1992: The *Public Service Reform Act* (PSRA), made amendments to the *Public Service Staff Relations Act* (PSSRA) and the *Public Service Employment Act* (PSEA). These changes represented the first major amendments to staffing legislation since 1967.

   < *La Relève* is a public service renewal initiative described as a challenge to build a modern and vibrant institution able to use fully the talents of its people; a commitment by each and every public servant to do everything in their power to provide for a modern and vibrant organization now and in the future; and a duty, as guardians of the institution, to pass on to our successors an organization of qualified and committed staff ready to face the challenges of their time.

< **Major Drivers of Reform:** fiscal constraint, emergence of decentralized, smaller and more service-oriented government, greater citizen engagement, reduction in public perception of the legitimacy of the federal government, and shifting demographics

Comparative Limitations

< As opposed to other Westminster-based countries and to the United States, Canada didn't create autonomous regional agencies to provide services to citizens. We are witnessing the decentralization of human resources management instead of organizational structures. Greater human personnel management responsibilities are delegated to departments.

< In terms of policy implementation, the emphasis will be more on results-based than process-oriented public management. Canadian public service is moving toward a firm adhesion to the principles of merit, justice, equity and transparency

1. ORGANIZATIONAL STRUCTURE AND LAWS

Organizational Structure

A Canadian Civil Service with rather limited powers was created in 1868, one year after Confederation. It very quickly became necessary to review the real condition and needs of the Dominion Civil Service. A Royal Commission of Inquiry was created, and its findings led to the *Civil Service Act of 1882.* On September 1, 1908, an *Act to amend the Civil Service Act* came into effect. Its main feature was the creation of a permanent Civil Service Commission with two irremovable members appointed by the Governor in Council. A third member was added as a result of the *1912 Act* to amend the *Civil Service Act.* However, the Canadian Public Service did not assume its current form until after publication of the Order in Council of February 13, 1918. This Order established a Civil Service Commission (CSC) of three members appointed by the Governor in Council for ten years, removable only by a joint address by the two houses of Parliament. The Commission was in charge of recruitment, organization, classification, compensation, promotion and transfer in both the central and regional service.

Some key dates:

1934: The special committee of the House of Commons on the *Civil Service Act* recommended the adoption of an appeal process.

1961: The new *Civil Service Act* included three significant features:

- protecting the independence of the Civil Service Commission and the fundamental principles of the merit-based system
- clarifying the role of the CSC
- giving the employee associations the right to be consulted on all matters such as compensation and working conditions.

1962: The Glassco Royal Commission recommended, among other things, the transfer of responsibility for human resources management to the departments.

1979: The D'Avignon Committee, a special committee on the review of personnel management and the merit principle, was mandated to study staffing, appointments and training in the Public Service. Its recommendations dealt mainly with the merit principle and its applications, improvement of employer-employee relations and the efficiency of the personnel management system.

Reform Legislation

1989: Public Service 2000 (PS 2000), an initiative to renew the Public Service. This document covered staffing, staff relations, classification, compensation and benefits, remuneration and staff training, among other things. It was designed to facilitate the work of managers and avoid any undesirable effects.

1992: Passage of the *Public Service Reform Act* (PSRA), which amended the *Public Service Staff Relations Act* (PSSRA) and the *Public Service Employment Act* (PSEA). These changes represent the first major changes to the employment legislation since 1967.

1994: The federal government published a document entitled *Building a More Innovative Economy*, which announced a series of federal government initiatives to improve economic efficiency.

1997: *La Relève*, a public service renewal initiative, which is described as a challenge to build a modern and vibrant institution able to fully use the talents of its people; a commitment by each and every public servant to do everything in their power to provide for a modern and vibrant organization now and in the future; and a duty, as the guardians of the institution, to pass on to our successors an organization of qualified and committed staff ready to face the challenges of their time.

Key objectives of the reform: budget cuts, emergence of a decentralized government, smaller and more service-focussed, stronger commitment to the public, improvement of the public's perception of the federal government, and demographic changes.

Key Issues

< Better control of expenditures (economic)

< Meeting the needs of the public (social)

< Employment reform and the *La Relève* initiative

For more information:

J.E. Hodgetts et al., *The Biography of an Institution*, McGill-Queen's U.P., 1972..

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2. CULTURAL CHANGE

One of the main objectives of the reform in Canada is the need to use different delivery methods when necessary in order to provide better service to the Canadian public at lower cost. Canada hopes to diversify its service delivery methods to better meet various needs, in other words, the Public Service must adapt to the needs of the people.

One of the challenges taken on by the government is to maintain Public Service leadership and create a culture that encourages each employee to strive to improve the organization that he or she is a part of. The *La Relève* initiative should encourage departments and organizations to pool their efforts to attain these objectives and build a Public Service that is competent, professional and respected by everyone.

In *Getting Government Right*, published in 1997 by the Treasury Board Secretariat, four focuses of change were selected:

- the success in controlling government expenditures is due to the dedication and contributions of Public Service employees;

- recruiting and retaining high-quality people at all levels; ongoing investment in training and

development, and encouraging employees to develop the leadership and management skills required by a modern society;

- building a positive labour relations environment to enable employees to become more involved;

- simplifying and modernizing its management and administrative systems to make them more efficient and cost-effective.

> **Key Issues**
>
> < controlling government expenditures
>
> < recruiting and retaining high-quality people at all levels
>
> < building a positive labour relations environment in the Public Service
>
> < simplifying and modernizing its management and administrative systems

For more information:

Treasury Board of Canada, *Getting Government Right*, February 20, 1997.

President of the Treasury Board, *Managing for Results 1999*, Annual Report to Parliament, Vol.1

http://psc-cfp.gc.ca/mission/pscrre2.htm

3. MERIT

Canada is an example of an explicit merit system of employment: it legislates its merit principles, and assigns a specific organisation the responsibility of ensuring compliance to them. The central merit document in Canada is the *Public Service Employment Act* (1967). It gives the Public Service Commission (PSC) the legal responsibility for protecting and promoting merit-based staffing.[1]

The PSC defines merit in terms of three related values: fairness, equity, and transparency. Fairness refers to objectivity, and to not bestowing an unfair advantage upon any candidate; equity refers to the provision of reasonable access to competitive opportunities to potential candidates, and to greater representativeness; transparency refers to results that are clear and easily explainable to everyone concerned[2]. In more general terms, the family of values to which merit belongs includes: non-partisanship, competency, representativeness, fairness, equity, transparency, flexibility, and efficiency or affordability. The PSC is responsible for the first six of these values, while individual departments are responsible for the last two. With a policy to delegate as many day-to-day staffing responsibilities to

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[1]Government of Canada, *Public Service Employment Act* (1967), sect. 10.1.

[2]Public Service Commission, *"Staffing Reference Material"* (April 1999), ch. 6 (Area of Selection: Policy Values).

individual departments as possible, the PSC meets its responsibility through the accountability framework of individual Staffing Delegation and Accountability Agreements.

The PSC makes an explicit distinction between 'process-' and 'result-oriented' values.[3] This distinction seems to follow the counsel of the Tait Report, which argues that:

> *there is clearly some kind of trade-off between due processes which protect merit, equity, and neutrality on the one hand, and speed or organisational responsiveness and performance on the other....Over the past two decades there has been a discernible shift in the public service appointment process to favour greater managerial discretion. We do not suggest that this is a harmful trend in itself. But we do think that if it goes too far, without appropriate safeguards, it could undermine the institution it seeks to serve by creating the appearance, if not the reality, of bureaucratic patronage.*[4]

It is also interesting to note that PSC does not have an explicit hierarchical order with regard either to 'process-' and 'result-oriented' values, or to the values as a whole.[5] It prefers instead to balance them on a case-by-case basis.

The Canadian merit system applies to the public service as defined by the *Public Service Staff Relations Act* (1967) (PSSRA). And "Schedule 2" of the PSSRA provides a list of the government organisations which fall outside the limits of this definition. These organisations include, for example, the National Research Council, the 'spin-off' companies that it creates, and the Parks Canada agency.

Recourse:

The purpose of the independent recourse process is to protect the merit principle. The PSC mandate for recourse is both legislative and non-legislative. It is legislated under the *Public Service Employment Act* (PSEA), which allows for appeals, investigations, and boards of inquiry. The non-legislated mandate is to investigate employees' personal harassment complaints, and protect employees' individual rights during these investigations.

Dispute resolution mechanisms, such as mediation and early intervention meetings to assist parties to resolve their differences, are offered prior to the initiation of more formal recourse proceedings. The use of dispute resolution and DR techniques are emphasized in investigations, through mediation, and in appeals, through early intervention techniques such as assisted disclosure, pre-hearing/settlement meetings, and mediation.

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[3]See, for example, Public Service Commission of Canada, *"Values in Staffing Workshop: Facilitator's Manual"* (January 1999), p. 32.

[4]John Tait, Canadian Task Force on Public Service Values and Ethics, *A Strong Foundation* (Ottawa: Privy Council Office, December 1996), pp. 30-1.

[5]Public Service Commission of Canada, *"Values in Staffing Workshop: Facilitator's Manual"* (January 1999), p. 39.

> **Key Issues** <   explicit merit system
>
> <   merit values
>
> <   'process' and 'results' values

4. EQUITY AND DIVERSITY

Legislation

The *Employment Equity Act* provides the legislative imperative for employment equity programs in the public service. The purpose of the *Act* is:

> *to achieve equality in the workplace so that no person shall be denied employment opportunities or benefits for reasons unrelated to ability and ... to correct the conditions of disadvantage in employment experienced by women, aboriginal peoples, persons with disabilities and members of visible minorities by giving effect to the principle that employment equity means more than treating persons in the same way but also requires special measures and the accommodation of differences" (Section 2).*

The *Act* obliges the federal Public Service to implement employment equity by identifying and eliminating barriers to employment that affect persons in designated groups, and instituting positive policies and practices, and ensuring reasonable accommodations for persons in the designated groups.

Related legislation includes the *Canadian Human Rights Act*, and the *Public Service Employment Act*. The former makes it illegal to discriminate based on race, national or ethnic origin, colour, religion, age, sex, sexual orientation, marital status, family status, disability and conviction for which a pardon has been granted. The PSEA, with reference to determining the basis for selection according to merit, establishes that the Public Service Commission shall not discriminate against any person by reason of race, national or ethnic origin, colour, religion, age, sex, marital status, family status, disability or conviction for an offence for which a pardon has been granted (Section 12 (3)). The PSEA also establishes that the Treasury Board may request the Commission to implement an employment equity program in the Public Service (Section 5(1)), or that a deputy head may request the Commission to implement an employment equity program in that part of the Public Service over which the deputy head has jurisdiction (Section 5(2)).

In Canada, characteristic of a decentralized management system, departments have primary responsibility for the implementation of employment equity and its integration into the corporate culture and human resources management practices. The head of each organization is accountable for achieving results in relation to delegated responsibilities.

Hiring Trends

Both the numbers and percentage representation for all four designated groups increased over the fiscal year. The comparison of current representation in the federal Public Service with current workforce availability estimates shows[6]:

Women (51.5 per cent) and Aboriginal peoples (2.9 per cent) have representation rates that are currently higher than workforce availability rates of 48.7 and 1.7 per cent, respectively. The representation of both groups also had surpassed availability during the 1997–98 fiscal year. The gap between representation of persons with disabilities (4.6 per cent) and their workforce availability (4.8 per cent) has been reduced significantly; representation was at 3.9 per cent in 1999. A substantial gap persists between the representation of persons in a visible minority group (5.9 per cent) and the workforce availability figure of 8.7 per cent.

There is much interest in workforce availability indicators and how these are used in determining whether an organization is representative or not. These indicators are derived from the 1996 Census – in the case of women, Aboriginal peoples, and persons in a visible minority group and from the 1991 Health and Activity Limitation Survey (HALS) for persons with disabilities. Statistics Canada could not secure funding to repeat the HALS in 1996. Consequently, the 1991 data on persons with disabilities remain the most comprehensive and reliable statistics on this designated group and continue to be used for the federal Public Service.

Workforce availability estimates provide a picture of the Canadian workforce and are derived initially from the population aged 15 years and over who have had some work experience in at least the 16 months prior to the Census (for women, Aboriginal peoples, and persons in a visible minority group) and the 5 years prior to the HALS (for persons with disabilities). Recognizing the preference accorded to Canadian citizens under the *Public Service Employment Act*, workforce availability estimates are based on the population of Canadian citizens with the skills and work experience relevant to the occupational groups in the federal Public Service.

Examples of Equity and Diversity Programs, Strategies, and Management

In the past several months the Canadian government has undertaken several initiatives to better deal with equity and diversity in its federal public service, namely the Task Force on the Participation of Visible Minorities in the Public Service (April 1999), the Task Force on the Integration of Employees with Disabilities through Information and Communications Technologies (June 1999), and the Task Force on An Inclusive Public Service (December 1998). These iniatives indicate a trend towards a change in philosophy towards, and the emergence of a growing interest in valuing diversity in the workplace.

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[6]Treasury Board, *Employment Equity in the Federal Public Service 1998-99.*

> **Key Issues**
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> < decentralization of diversity management
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> < narrow focus on procedural fairness replaced by a new approach concerned with valuing diversity in order to improve organizational performance

5. INFORMATION TECHNOLOGY AND HUMAN RESOURCES MANAGEMENT

The Treasury Board of Canada implemented an information technology management policy in 1994.

Policy objective:

The objective of government information technology management is to ensure that information technology is used as a strategic tool to support government priorities and program delivery, to increase productivity, and to enhance service to the public.

Policy statement:

It is the policy of the government:
> < to use information technology in renewing the way the government does its business, and to maintain a technologically adept and modern Public Service;

< to coordinate, and set overall directions for, government information technology;

< to use a business-case approach to develop information technology strategies based on program priorities, and to select and approve government information technology investments that best meet the policy objective and show due regard for employees and members of the public.

Government Information and Technology Standards Program:

Institutions that provide a common service in the field of information technology are responsible for ensuring that their service conforms to government standards. When these institutions perform services such as procurement action, on behalf of client institutions, they must ensure these standards are referred to. These common service organizations are also responsible for developing information and technology standards within their mandated areas in consultation with the appropriate advisory committees.

The Treasury Board Secretariat, as overall manager of the Government Information and Technology Standards Program, provides government-wide support for the integrated management of information technology; sets strategic directions for government standardization; establishes mechanisms to develop, approve, implement and maintain government information and technology standards; coordinates the government's position as a user for presentation to standards committees or working groups; and establishes mechanisms to ensure that the work of government officers in national and international standards is coordinated and that the information resulting from this work is shared with all institutions.

Responsibilities:

<   The Treasury Board Secretariat is responsible for providing leadership and coordination of, and setting overall directions for, the management of information technology on a government-wide basis.

<   The Advisory Committee on Information Management advises the Treasury Board Secretariat on new and existing policies in information management, guidelines for Information Management plans and strategies, standards, and government-wide strategic directions. It also acts as a government-wide forum for sharing plans and disseminating experiences, for improving government-wide coordination and for other information management issues.

<   The Government Telecommunications Council makes recommendations to Public Works and Government Services Canada and the Treasury Board Secretariat on the annual Business Plan of the Government Telecommunications Agency; the government telecommunications architect function; major telecommunications plans of government institutions; new programs or services in response to overall government priorities; and other related items.

<   The Public Service Chief Information Officers Council (PSCIOC) is formed of Chief Information Officers from the provinces, territories and the federal government. Its mission is to enhance service delivery to the Canadian public through collaboration across governments and demonstrated leadership in the management of information and technology.

Human Resources Management:

The National Job Bank, available at kiosks across the country and through the Internet, lists job openings in communities across Canada. With more than 100,000 visitors a day, it is the government's busiest site. On average, more than 350,000 job opportunities are posted each year, with more than 25,000 jobs on display on any given day.

The Electronic Labour Exchange is Canada's only automatic, skills-based matching service. Employers use a checklist to create a profile of the position they need filled, identifying the skills, education and experience they are looking for. Work seekers create similar profiles. The Electronic Labour Exchange uses this information to make an exact match, helping employers to find candidates with the right skills, and helping work seekers to find jobs.

CanLearn Interactive, developed in partnership with provincial and territorial governments, non-governmental and student organizations, and the private sector, is Canada's one-stop resource for exploring education and training opportunities, career options, learning strategies and ways to finance learning goals.

Youth Resource Network Canada brings together career information, programs and services for youth aged 15 to 30. The web site, designed and managed by youth, brings together a network of information on self-assessment, training, education, job search techniques, employment opportunities and more.

Key Issues

1. to ensure that information technology is used as a strategic tool

2. Ensure that government priorities are respected and that programs are delivered through the use of IT

3. Increase productivity

4. Enhance service to the public

For more information:

Information Technology Management Policy:

http://www.tbs-sct.gc.ca/Pubs_pol/ciopubs/TB_IT/CHAP2_1_e.html
http://www.pscioc-cdpisp.org/pscioc_home_text_e.html
http://www.cio-dpi.gc.ca/sdc-osc/index_e.asp

Human Resources Management:

http://www.ged-gol.gc.ca/pub/serv-can/serv-can05_e.asp
Connecting Canadians: http://www.connect.gc.ca/en/100-f.htm
Service Canada: http://www.servicecanada.gc.ca/menu_e.shtml
Government of Canada InfoCentre: http://canada.gc.ca/infocentre/pc/subject_e.html
Government on line : http://www.gol-ged.gc.ca/pub/serv-can/serv-can05_e.asp

Public Service Report
USA

Prepared by
Research Directorate of the Public Service Commission of Canada

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PUBLIC SERVICE PROFILE

Size and Institutional Structure

< **Size of the Public Service**: 2 768 800 (1999)

< **Trends**: during the 1990s the Administration has reduced the federal workforce by 330 000 employees, thus making it the smallest in thirty-one years and (as a share of civilian employment) the smallest since 1931

< **System of government**: Presidential

Reform History

< **Reform Period**: It began in 1978 with the *Civil Service Reform Act* (1978), an *Act* which replaced the old Civil Service Commission with three separate organisations, the Office of Personnel Management (OPM), the Merit Systems Protection Board (MSPB), and the Office of Management and Budget. Major reform initiatives include:

< 1990: *Chief Financial Officers Act* (implemented in 1991)

< 1992: 67 government entities and 24 government corporations complete their first set of audited financial statements

< 1993: National Performance Review (NPR), eventually leading to Customer Service Standards and Performance-Based Organisations; creation of the President's Management Council; *Government Performance and Results Act*

< 1994: *Federal Workforce Restructuring Act*; *Government Management Reform Act*

< 1995: *Paperwork Reduction Act*

< 1996: *Information Technology Management Reform Act*

< 1998: The *National Partnership for Reinventing Government* 'reinvents' processes within agencies to improve services while reducing costs, and now is beginning to 'reinvent' agencies themselves to make them customer-oriented and results-driven

< **Major Drivers of Reform**: fiscal constraint, a desire to improve services offered to citizens; and in general, a new vision of what government should be like

Comparative Limitations

The NPR has introduced a strategy entitled "*Forever Changing Government (1999-2000)*" which emphasises inter-agency cooperation, decisions that balance the interests of all stakeholders, electronic government, transformation of agencies that have the most contact with American citizens, and advertisement of changes already made.

I. ORGANIZATIONAL STRUCTURE AND LAWS

Organizational Structure

< Office of Personnel Management (OPM): The OPM's mission is to manage the American public service. Its mandate consists of managing human resources (the classification system in particular), conducting research and developing policies. It also manages the federal government's pension system, as well as its health insurance program. It ensures that the federal administration recruits and promotes civil servants on the basis of merit and that equity and non-partisanship prevail.

> < Office of Merit Systems Oversight and Effectiveness (MSO&E): The MSO&E was created as a part of the OPM in 1995; the goal was to better oversee merit-based selection and promotion processes in an increasingly decentralized context. Its mandate is to ensure that the merit principle is respected, monitor its consequences, develop assistance programs for the agencies and oversee their human resourcing activities.

> < Federal Executive Institute (FEI): This Institute is part of the OPM. Its mandate is to broaden the competencies of senior executives rather than intensifying their technical skills.

< Merit Systems Protection Board (MSPB): This organization monitors the performance of the OPM to ensure that the merit principle, as defined by the law, is respected. It also hears the appeals of employees who feel their rights have been violated.

< Office of Management and Budget (OMB): The Office is part of the US President's Executive Office. Its primary functions are to advise the President on budget matters and to oversee budget implementation. The OMB is the central organization in the *Government Performance and Results Act*, and has the legal mandate to reduce the American public service workforce.

Reform legislation

< *Civil Service Reform Act* (1978): This represented the first major step toward reforming the Civil Service, which had grown to enormous proportions since the end of the war. This law created a movement toward decentralization and the delegation of authority.

< *Chief Financial Officers Act* (1990): This Act requires organizations to appoint a chief financial officer who is accountable to the chief executive for the organization's financial status.

< *President's Management Council*: This Council was created by the President, and is responsible for advising him on public administration issues.

< *National Performance Review* (1993): The purpose of this program is to study and eliminate red tape, and it has led to the amendment of a whole series of laws and regulations. The emphasis has shifted more toward government efficiency and away from the role of government. In 1998, 85 laws were passed on its recommendation, including those listed below (point e).

< *Government Performance and Results Act* (1993), *Government Management Reform Act* (1994), *Federal Acquisition Streamlining Act* (1994), *Federal Acquisition Reform Act* (1996) and *Information Technology Management Reform Act* (1996): All of these laws provided greater autonomy in the management of

organizations.

< *Performance-Based Organizations*: These organizations are similar to the British agencies in that they have greater autonomy, accompanied by greater accountability.

Key Issues

1. Reorganisation of the Civil Service Commission into three separate organisations.

2. The National Performance Review, and, for example, the laws that have been introduced as a result of it.

3. The creation of the Office of Merit Systems Oversight and Effectiveness (MSO&E).

For more information:

Rapport OCDE 1997 : *La gestion publique à travers les différents niveaux d'administration, Les États-unis.*

http://www.psc-cfp.gc.ca/prcb/rd/hrsystem/updates/00_06_f.htm

http://www.fms.treas.gov/fmsnews.html

http://www.fms.treas.gov/annualreport/index.html

http://www.brookings.org/press/REVIEW/winter2000/light.htm

http://www.indiana.edu/~csrc/ingra1.html

2. CULTURAL CHANGE

The public service reforms are modelled on American big business. The cultural transformation that was implemented was intended to lead to the introduction of a performance culture in a competitive context. Basically, this means being more concerned more with achieving results and providing the population with quality services than with simply following procedures.

The *National Performance Review* is the Gore report that is supposed to change the way Americans view their administration. Four main avenues of change are identified in it:

< Reducing the bureaucracy: cutting down on regulations, transferring certain powers to the states and the municipalities, and decentralizing personnel management and the procurement of goods and services;

< Making clients the top priority: improving the quality of services by offering citizens a choice of products and services in a context of competition between government organizations;

< Providing employees with the necessary tools to be more effective, as well as offering faster and cheaper products and services that meet the users' needs; and

< Better targeting consumers' needs: reducing the number of programs and adapting some of them to fit present conditions.

> **Key Issues**
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> 1. Business as a model for the public sector.
> 2. Change through the National Performance Review.

3. MERIT

The central merit documents in the United States are sections 2301 and 2302 of the United States Code of Federal Regulations. The first merit principle is that "recruitment should be from qualified individuals from appropriate sources in an endeavour to achieve a work force from all segments of society", or more generally that "all receive equal opportunity". The second principle goes further, stating that every individual "should receive fair and equitable treatment in all aspects of personnel management".

The American merit-based system of employment is explicit. It is based on the doctrine of checks and balances. The Office of Personnel Management (OPM) is responsible for the continued existence of this system. It ensures that the legal definition of merit guides the recruitment and promotion of federal employees. The Merit Systems Protection Board (MSPB) reviews OPM actions to ensure that they are both appropriate and sufficient. The United States Federal Court of Appeals has the power to review MSPB decisions. In addition, the General Accounting Office (GAO) reports annually to the President of the United States and to Congress concerning both OPM and MSPB performance. The President, finally, is the person who chooses MSPB members, and he is, of course, answerable to the American people.

Both federal employees and job applicants may appeal directly to the MSPB. The MSPB makes extensive use of alternative dispute resolution techniques, and has also developed a joint program of instruction for a Certified Appeals Resolution Advisor to intercept and resolve cases prior to the filing of an appeal. Apart from appeals, the MSPB hears cases involving violations of section 2302 of the United States Code of Federal Regulations (prohibited personnel practices) which are brought forward by the Office of Special Counsel (OSC). In this latter instance, it acts as the judge of a court in which the OSC is the prosecutor, and the agency concerned is the defendant. It is possible to challenge MSPB decisions in the United States Federal Court of Appeals.

In light of the continuing decentralisation of human resources management authority, there are doubts about the present and future reliability of the American merit-based system of employment. For managers do not always have a clear understanding of the practical application of merit system principles. They need (and want) more training and information.[1] In the absence of this, managers tend to be short-sighted with regard to staffing issues; specifically, their decisions are limited to their organisations and their own immediate needs[2]. The MSPB has identified two general factors which contribute to these

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[1]Office of Personnel Management, *"Human Resources Management (HRM) Accountability in Federal Agencies: Current Efforts and Future Directions"* (January 1997), p. 2.

[2]Office of Personnel Management, *"Human Resources Management (HRM) Accountability in Federal Agencies: Current Efforts and Future Directions"* (January 1997), p. 2.

problems. First, agency cultures continue to place importance on things which emphasize short-term results. Second, agencies neither place enough emphasis on selecting managers with human resources skills, nor provide satisfactory training in this area. According to the MSPB, it is critically important that they begin to do so.[3]

To this end, the OPM recently added the *"Instructor's Guide: The Merit System Principles Training Module"* to its website. Its purpose is to develop awareness of merit system principles among Federal executives, managers, and supervisors. The merit guide complements the already established "Merit Newsletter". And the indication is that efforts will continue in this direction.

Key Issues

1. The organisation of the merit system in terms of the doctrine of 'checks and balances'.

2. The extensive use of alternative dispute resolution techniques in the appeals process.

3. The lack of knowledge concerning human resources issues generally, and merit specifically, at the level of front-line managers.

4. The introduction of a "Merit Guide" to inform supervisors of the merit system.

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4. EQUITY AND DIVERSITY

Legislation

The Code of Federal Regulations (CFR) Part 1614, Section 1614.101 establishes the general equal employment opportunity policy as follows:

< It is the policy of the Government of the United States to provide equal opportunity in employment for all persons, to prohibit discrimination in employment because of race, colour, religion, sex, national origin, age or handicap, and to promote the full realization of equal employment opportunity through a continuing affirmative program in each agency.

< No person shall be subject to retaliation for opposing any practice made unlawful by title VII of the *Civil Rights Act* (title VII) (42 U.S.C. 2000e et seq.), the *Age Discrimination in Employment Act* (ADEA) (29 U.S.C. 621 et seq.), the *Equal Pay Act* (29 U.S.C. 206(d)) or the *Rehabilitation Act* (29 U.S.C. 791 et seq.) or for participating in any stage of administrative or judicial proceedings under those statutes.

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[3] Ibid. See also Merit Systems Protection Board, *"Federal Supervisors and Poor Performers"* (July 1999).

Title VII of the *Civil Rights Act* makes it illegal to discriminate in employment based on race, colour, religion, sex or national origin.

Section 501 of the *Rehabilitation Act* makes it illegal to discriminate against federal employees and applicants for employment based on disability. Federal agencies are required to make reasonable accommodations to the known physical and mental limitations of qualified employees or applicants with disabilities. Section 501 also requires affirmative action for hiring, placement and promotion of qualified individuals with disabilities.

The *Equal Pay Act* prohibits employers from discriminating on the basis of sex in the payment of wages where substantially equal work is performed under similar working conditions.

The *Age Discrimination in Employment Act* protects people 40 years of age and older by prohibiting age discrimination in hiring, discharge, pay, promotions and other terms and conditions of employment.

The Equal Employment Opportunity Commission (EEOC) enforces all of these laws. EEOC also provides oversight and coordination of all federal equal employment opportunity regulations, practices, and policies.

Section 1614.102 establishes that each agency shall maintain a continuing affirmative program to promote equal opportunity, and to identify and eliminate discriminatory practices and policies. This section further provides for the provision of sufficient resources for equal employment opportunity programs to ensure their efficient and successful operation, for the fair and impartial processing of complaints, and for the continuing eradication of every form of prejudice or discrimination from an agency's personnel policies, practices and working conditions.

Hiring Trends

The Presidential Task Force on Employment of Adults with Disabilities**:**

In March of 1998 President Clinton created a Presidential Task Force on Employment of Adults with Disabilities. The purpose of the Task Force is to "create a co-ordinated and aggressive national policy to bring adults with disabilities into gainful employment at a rate that is as close as possible to that of the general adult population". The mandate of the Task Force is to examine programs and policies related to the employment of adults with disabilities, to "determine what changes, modifications and innovations may be necessary to remove barriers to work faced by adults with disabilities", and to recommend options for such changes.[4]

The Task Force has since found that many barriers to employment for adults with disabilities are embedded in public policies. Many programs provide only services and supports rather than empowering people with control and choice. In its first report (tabled in December 1998)[5], in addition to many recommendations with broader implications (e.g. need for massive public awareness campaigns and

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[4]Executive Order 13078 of March 13, 1998, *Increasing Employment of Adults with Disabilities.*

[5]President's Task Force on Employment of Adults with Disabilities, *First Report to the President of the United States of America,* December 1998.

private-public partnerships), the Task Force recently made some recommendations directly addressed to the federal government as an employer.

The first recommendation was that the federal government should be leading by example through increased representation of people with disabilities in the federal workforce. Innovative and creative solutions should be found to provide accommodations for people with disabilities. The Task Force further recommended that people with disabilities must be seen in visible roles that garner media attention and be participants at tables where public policy decisions are made. The federal government should also be a model in its use of technology to integrate people with disabilities in the workplace, both in terms of acquiring state-of-the-art technology for its workers and in terms of worksite accommodations for employees with disabilities. The Task Force also requested that all federal agencies and departments make their Internet site accessible to individuals with disabilities by providing technical assistance and guidance as necessary. The Task Force pointed out that good employer policies, coupled with the significant procurement power of the federal government, would offer significant leverage for the development and promotion of technology that is accessible by people with disabilities in the economy as a whole. The Task Force is continuing its work and plans to submit its final report in July 2002.

Examples of Equity and Diversity Programs, Strategies, and Management

Streamlined regulations for EEO complaint determination for federal employees:

The Equal Employment Opportunity Commission (EEOC) is responsible for enforcing anti-discrimination laws with regard to employment in the public and the private sector. It conducts administrative hearings and serves as an appellate body for the federal public service. As part of its overall effort to improve the efficiency of its operations, the EEOC announced in 1998 that it would streamline its procedures for handling discrimination complaints by federal employees. The proposed rules are the result of a two-year study and consultation process, and are also meant to advance the goals of the Clinton Administration's National Performance Review.[6]

Among the proposed changes are the increased use of alternative dispute resolution (ADR), a provision stating clearly that the EEOC's decisions are final (eliminating the ability of the agencies to modify the decisions), the creation of two new bases for dismissing claims, the increased use of class actions to combat discrimination in federal employment, and the introduction of a new "Offer of Resolution" provision to allow federal agencies to make settlement offers and avoid liability for legal fees in cases where the quasi-judicial outcome falls short of the offer. These changes follow other measures adopted for the private sector side of the EEOC's operations over the past years, including ADR procedures. Since the end of 1995, the EEOC has halved its case inventory (from 111, 000 cases in 1995 to 57, 871 in 1998).[7]

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[6] US EEOC Press Release, *EEOC Proposes Regulations to Streamline the EEO Complaint Process for Federal Employees,* February 1998.

[7] US EEOC Press Release, *EEOC Pending Inventory Drops Below 58,000 in Third Quarter FY 1998,* August 12, 1998.

> **Key Issues**
>
> 1. The Task Force on Adults with Disabilities.
>
> 2. Presidential measures and directives to assist adults with disabilities.
>
> 3. Changes at the EEOC including the use of ADR, and the use of private sector practices as a model for the public sector.

5. INFORMATION TECHNOLOGY AND HUMAN RESOURCES MANAGEMENT

The government has taken on the mission of offering a high-quality service to American taxpayers using the new information technologies (IT).

The public sector is paying more attention to recruiting for IT positions. In general, IT specialists do not find government IT jobs attractive enough. Moreover, there is a shortage of IT specialists in the United States as a whole. According to the CIO, the image of public-sector IT work needs to be improved. In 1997 the Department of Commerce issued the "Digital Workforce Report", which recommended:

< Encouraging children, from kindergarten onwards, to think about careers in science and technology;

< Improving training and study programs;

< Funding scholarships;

< Increasing job opportunities for students;

< Conducting a national joint public and private sector information and publicity campaign;

< Reducing training costs and risks.

In short, the public sector will have to better promote itself as an IT workplace, bring in greater flexibility and improved pay, set up training and development programs, and invest in American youth.

> **Key Issues**
>
> 1. The lack of IT specialists in government, and in the country as a whole.
>
> 2. The current lack of attractiveness of IT jobs with the government.
>
> 3. The 1997 "Digital Workforce Report".

For more information:

http://www.cio.gov/docs/Documents.htm

http://www.cio.gov/docs/lawsregulation.html

http://www.doit.ca.gov/

COMMENTS AND CONTACT INFORMATION:

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Public Service Report
Britain

Prepared by
Research Directorate of the Public Service Commission of Canada

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PUBLIC SERVICE PROFILE

Size and Institutional Structure

< **Size of the Public Service**: 463 000 (1998)

< **Trends**: overall public service employment has fallen by 37% since its peak of 751 000 employees in 1976

< **System of government**: Westminster

Reform History

< **Reform Period**: It began in 1968 with the "Fulton Report", which introduced the principle of managerial accountability. Major reform initiatives include:

  < 1979: election of the Conservative Party under Thatcher; the creation of the Prime Minister's efficiency group

  < 1982: *White Paper* on efficiency and effectiveness

  < 1985: *White Paper* on the need for deregulation

  < 1988: the report "Improving Management in Government: The Next Steps"

  < 1991: *White Paper* on market testing; a Citizen's Charter proposing basic service principles

  < 1992: *Civil Service Act*

  < 1993: *White Paper* on the principle of openness; creation of the Civil Service College

  < 1994: *Deregulation and Contracting Out Act*

  < 1995: recommendation to institute the Civil Service Code (instituted in 1996)

  < 1996: the program *Investor in People*

  < 1997: the Comprehensive Spending Review (CSR)

  < 1999: The Office of the Public Service is brought within the Cabinet Office; *White Paper* on modernising government; *Proposed Amendments to the Contracting Out Act*; the formation of a new Centre for Management and Policy Studies which incorporates the Civil Service College

< **Major Drivers of Reform**: fiscal constraint, the desire to raise the standard of public services, the recognition of the importance of effective leadership, demographic changes, technological advances

Comparative Limitations

Proposed changes include a Public Sector Employment Forum, constitutional reform, and human rights legislation. As well, the *White Paper on Modernising Government* has set five year targets for minority representation within the public service.

1. ORGANISATIONAL STRUCTURE AND LAWS

Organisational Structure

Since Mrs. Thatcher's time, the Prime Minister has also been the Minister for the Civil Service. Since April 1999, the Office of Public Service has been part of the Cabinet Office. The main function of the Cabinet Office is to design policies and oversee their implementation. Two of its directorates, the Public Service Delivery and the Civil Service Management Matters, are devoted to managing the public service.

< Public Service Delivery: This directorate plays an advisory and oversight role. It includes four administrative units that are involved primarily in reviewing the activities of the departments and agencies in light of their assigned objectives and writing up assessment reports. The Better Regulation Unit ensures that regulation remains simple and understandable for citizens. The Efficiency and Effectiveness Group publishes annual reports on the performance of agencies and non-departmental public bodies. Central IT Unit provides advice on information technologies. And finally, the Service First Unit is responsible for Charter Mark, a certification and award system, and set up the 5,000-member People's Panel, which informs the government regarding the quality of its services; the Service First Unit includes a team responsible for developing a vision for government modernization.

< Civil Service Management Matters: This directorate is less involved with policy development. It includes the pension plan management services, and the administrative secretariats of certain independent organizations that are involved in public service management (the Civil Service Commissioners). Finally, it brings together training services such as *Civil Service Corporate Management* and media communications training services.

Reform legislation

Britain was the first country to embark on reform. In implementing her version of economic liberalism, Conservative Margaret Thatcher undertook to reduce public spending by re-examining the role of government.

< *Next Steps* (1988): Independent agencies were created. These agencies are led by chief executives who receive specific mandates and report on their activities. The agencies enjoy considerable freedom in recruiting, promoting and paying their employees.

< *Deregulation and Contracting Out Act* (1994): This Act gave citizens a greater role by reducing government regulation after a relevance analysis, and by giving private enterprise more of a role in managing the country.

< The *Investors in People* program (1996): This program is based on four principles–commitment, planning, action and evaluation–and leads to a three year certification. It promotes professional development in the Civil Service through the design of employee training programs.

< *Modernizing Government White Paper* (1999): The White Paper promotes a diversified, equitable, transparent, effective and efficient public service. It advocates links with the community and private sectors, and it announces an incentives-based pay system.

> **Key Issues**
>
> 1. The creation of autonomous agencies.
>
> 2. Promotion a diversified, fair, transparent, effective and efficient public service.
>
> 3. The Prime Minister's responsibility for the Public Service.
>
> 4. The Cabinet Office's emphasis on an advisory and oversight role.

For more information:

Duggett,Michael, (1997). *The evolution of the UK Civil Service, 1848-1997*

http://www.official-documents.co.uk/menu/ukpinf.htm

http://www.cabinet-office.gov.uk/servicefirst/1998/sfirst/bk1toc.htm

http://www.indiana.edu/~csrc/fry1.html

http://www.cabinet-office.gov.uk/index/civilservice.htm

2. CULTURAL CHANGE

In its *Modernizing Government White Paper* (1999), the government reaffirmed the necessity of strengthening Civil Service principles and standards, particularly those of integrity, fairness, objectivity and loyalty to the government in office through fair, competitive and merit-based recruitment. In addition, numerous powers have been delegated to the departments, particularly with respect to staffing and pay. The government has also streamlined administrative procedures and methods, and has defined clear and precise objectives for improving service to citizens.

Initially, the reforms were not carried out in a spirit of cultural change. They were part and parcel of the Conservative administration's efforts to combat interventionism. In order to instill private sector reflexes in the public service, agencies were set up and efforts were made to attract private-sector leaders to head up these new agencies. All these efforts contributed to developing a culture centered around organizational efficiency.

A performance culture developed with the creation of the agencies, however, and their specialization also allowed for better accountability.

Four services play a cross-cutting role of coordinating the actions of the government and the agencies, each in their respective field: the Performance and Innovation Unit, the Social Exclusion Unit, the Women's Unit and the Better Regulation Unit.

Key Issues

1. The needs of the public as a fundamental priority.

2. Strengthening the principles and standards of service to the public through merit-based recruitment.

3   The creation of agencies as a way of developing a culture of performance.

3. MERIT

The central merit documents in Britain are the Office of the Civil Service Commissioner (OCSC) *Recruitment Principles*, and the Office of the Commissioner for Public Appointments (OCPA) *Code of Practice*. According to the OCSC, "every individual appointed to a post in the Civil Service must be selected on merit on the basis of fair and open competition, apart from the exceptional cases"; thus "equality of opportunity must apply throughout the recruitment process". The OCPA's definition of merit mirrors that of the OCSC. Britain is currently trying to lessen its emphasis on strict equality of opportunity. This is discussed in greater detail below.

The British merit-based system of employment is implicit. Merit principles do not have the status of law. The organisations which are responsible for maintaining a merit-based public service–namely, the Office of the Civil Service Commissioner (OCSC) et the Office of the Commissioner for Public Appointments (OCPA), are set apart from the organisation which manages it. While the trend is toward the formalisation of merit principles, flexibility remains important and is supplied in various ways. Departments and agencies have considerable latitude in managing their human resources; the primary roles of the OCSC and the OCPA are to provide guidance and support. In this setting, one of the key safeguards of merit is ministerial accountability.

To elaborate a bit, departments and agencies are responsible for ensuring that their selection processes comply with the OCSC Recruitment Principles. They cannot mould them to their particular situations. The only latitude that departments and agencies have is deciding whether a specific case requires an exception to these Principles. Note, however, that the OCSC does not permit front-line managers to make this type of decision.

There is an appeals procedure for employees who believe that Recruitment Code violations have taken place. Every department and agency has its own appeals process. Only employees who have completed this process and are not satisfied with the result can appeal to the OCSC. Even if it supports an employee's appeal, however, it can only make recommendations. Departments and agencies both can and do ignore the OCSC from time to time. They tend to do so when the recommendation is to reinstate the employee. In such cases, the OCSC may decide to report in detail on the violation in its annual report.

Despite the devolution of human resources responsibilities and despite the decision-making authority that even front-line managers now have, "most departments and agencies are conscientiously applying the key recruitment principles underpinning selection on merit"; and equally important, most recent

violations "have been of a technical nature".[1] Examples of these 'technical' violations include lack of internal audits on recruitment, inadequate publication of recruitment data, and lack of guidance on the use of exceptions to recruitment principles. While both the OCSC and the OCPA are in agreement regarding general compliance issues, the OCPA adds that it is proving difficult to incorporate diversity concerns into the merit-based selection process. The government established short-term goals relating to the participation of women, ethnic groups, and the disabled in its most recent White Paper. And both the OCSC and the OCPA are providing leadership in this area.

To ensure that managers comply with the Recruitment Principles, the OCSC publishes an interpretation of them.[2] In this document, it also emphasises the need for departments and agencies to provide relevant training. Thus the OCSC not only contributes to the knowledge that managers have of human resources issues, it limits its role to that of providing a point-of-departure.

> **Key Issues**
>
> 1. The definition of merit in terms of "equality of opportunity".
>
> 2. The possibility of 'exceptions' to the OCSC *Recruitment principles.*
>
> 3. A two-tier appeals process.
>
> 4. The merit-based selection process, and the incorporation of diversity concerns.

4. EQUITY AND DIVERSITY

Legislation

On March 30, 1999, the British government launched a major public sector reform initiative by tabling its *White Paper on Modernising Government.* The White Paper states the government's vision for the public sector for the years ahead, and incorporates a wide-ranging set of reforms on issues such as service delivery, performance management, and organisational learning. In the White Paper, the government identifies making the public service more representative by recruiting and promoting more women, members of ethnic minorities and people with disabilities a "top priority". The government emphasises that it is not enough for the civil service to simply reflect the diversity of British society; the civil service must also establish the conditions to assure that it is strengthened by that diversity.

To concretise the government's commitment to diversity, the White Paper establishes specific targets to be met by the year 2004-2005, including:

<   35% of the senior civil service (i.e. the most senior 3 000 positions) will be women. In 1998, the

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[1] Office of the Civil Service Commissioner, *Annual Report*, 1997-98, p.18

[2] Office of the Civil Service Commissioner, *Civil Service Commissioners' Recruitment Code*, April 1999, 4th Edition.

figure was 17.8%;

<   25% of the top 600 positions will be filled by women. In 1998, the figure was 12.7%;

<   3.2% of the senior civil service will be from ethnic minority backgrounds. In 1998, the figure was 1.6%.

An equivalent target for the representation of people with disabilities is to be set by the government later in 1999.

The White Paper also indicates that in addition to these specific targets, the government is also seeking to develop a new organisational culture in the British civil service. It wants to move from a culture which tends to minimise the importance of differences and expects people to fit in, to a culture that will value diversity and provide flexibility to assure that everyone can contribute to his or her full potential. For this purpose, pilot projects will be initiated at the Home Office and the Revenue Department.

Hiring Trends

The Development and Equal Opportunities Division of the Cabinet Office recently published its 1998 annual data summary providing statistics on the Civil Service by gender, ethnic origin, disability and age.[3] The major findings are reviewed in the following paragraphs.

As of April 1, 1998 women represented 51% of all non-industrial staff in the civil service. Of all staff, 48% at the Executive Officer responsibility level (the first management level) were women, compared to only 26% at the 2nd level and above. This figure is up from 11% in 1984. In the senior civil service, women represented only 18% of staff; 89% were at the Executive Officer level or below compared with 68% of men. Since 1984, however, the proportion of women has increased at nearly every management level except the Administrative Assistant level.

In 1998, 87% of women earned a gross salary of £20,000 or less compared to 55% of men, and 23% of women worked part-time compared with less than 2% of men. Women represented 52% of all entrants. Men are, on average, older than women in the management grades.

Ethnic minority representation across the civil service has increased from 4.2% in 1989 to 5.7% in 1998. This compares with 5.4% of the economically active population in Britain in 1998. Representation at executive officer level has increased from 2.9% in 1989 to 5.1%. Of ethnic minority staff, 43% earn a gross salary of between £10,000 and £15,000 compared with 39% of white staff. In 1998, 7% of new entrants in the civil service were people of ethnic minority origin, and the promotion rate for ethnic minority staff was higher than for white staff at all levels except for promotion from first to second level management positions.

The proportion of staff with disabilities increased to 4% in 1998 from 3.8% in 1997. Of staff with

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[3]Development and Equal Opportunities Division, *Equal Opportunities in the Civil Service: Data Summary,* 1998.

disabilities 48% earned a gross salary of between £10,000 and £15,000 compared with 40% of non-disabled staff.

The average age of non-industrial staff in 1998 was 40 years. Staff at the Administrative Officer responsibility level were the youngest level with an average age of 38 years. There has been an increase in the number of staff aged 30-54; in 1998, they comprised 74% of all staff compared with 53% in 1988. This is partly due to the higher proportion of staff being recruited at age 25 and over. In 1998, 67% of entrants were 25 or older compared to 41% in 1988. Early retirement and smaller numbers staying on beyond the minimum retirement age have reduced the numbers of employees aged 55 and over.

Examples of Equity and Diversity Programs, Strategies, and Management

Charter for Action to Redress Under-Representation of ethnic minorities in the Senior Civil Service*:*

The UK Cabinet Office and British civil service unions have recently developed a joint *Charter for Action to Redress Under-Representation of ethnic minorities in the Senior Civil Service.* Unveiled in February 1999, the charter outlines the objectives and actions deemed necessary to ensure continual progress towards ethnic equality in the civil service. The Charter will be signed by all department heads and agency chief executives.

The Charter includes five sections. The first is a challenge offered to the most senior public executives to meet personal objectives to put ethnic equality high on the agenda, to report on equality issues and achievements, and to develop ethnic equality strategies and measures including bench marking, training, etc. The second section lists the actions needed to encourage ethnic minorities to apply for senior posts in the civil service. The third section refers to the importance of ensuring that the working culture of the civil service is not discriminatory. The fourth section lists the steps needed to ensure that ethnic minority staff have the opportunities to succeed. Finally, in the last section, departments and agencies are asked to communicate the steps needed under the charter, as well as the progress made, for redressing the under-representation of ethnic minorities in the senior civil service.

Opening Up Public Appointments to Quangos*:*

In 1998, the British government announced a new policy to improve the representation of women, ethnic minorities and people with disabilities in public appointments made to quasi-autonomous non-governmental organisations (Quangos). The 1998 statistics showed that only 32% of public appointments are held by women, and 3.7% by members of ethnic minority groups.[4] No statistics are available for people with disabilities.

In order to redress the under-representation of these groups in public appointments to Quangos, this new policy comprises two commitments. First, the government is committed to achieve equal

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[4]   Parliamentary Secretary, UK Cabinet Office, *QUANGOS: Opening Up Public Appointments, 1999-2002: The Government's initiative to increase the participation of under-represented groups in public life.*

representation (50:50) of men and women in public appointments and *pro rata* representation of members of ethnic minority groups. Second, the government remains committed to selection on merit but recognises that fair selection procedures must recognise non-traditional career patterns as suitable qualifications for appointment.[5]

In order to implement this new policy, departments have been asked to develop three-year plans which will be reviewed annually for progress by the Public Appointments Unit of the Cabinet Office. In developing plans and making appointments, the departments will be supported by both the Public Appointments Unit and the Women's Unit of the Cabinet Office.

On the basis of the policy, all departments tabled Public Appointments and Equal Opportunities Plans for the period 1998-2001. These plans have now been updated and the resulting 1999-2002 plans were published May 25, 1999. These brief plans vary by department but include specific targets and strategies. The latter include greater reliance on the Public Appointments Unit and the Women's Unit for building a selection pool of women and members of ethnic minorities, targeted publicity and seminars, a review of selection requirements to avoid systemic discrimination, the use of advisory bodies, the appointment of women to selection committees, continuous monitoring, requiring women and ethnic minority members to be represented on all selection short lists, the recording of reasons for non-selection of candidates, and the establishment of a minimum number of women and ethnic minority members on Boards.

Key Issues

1. The White Paper identifying representativeness as a "top priority".

2. The establishment of short-term employment equity goals.

3. The consideration of non-traditional career patterns as one means to open public appointments to Quangos.

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5. INFORMATION TECHNOLOGY AND HUMAN RESOURCES MANAGEMENT

The British government has taken on a major challenge, that of ensuring better use of information technologies and of the innovative approaches they involve. The goal is to improve services to citizens, and work with the private sector and non-profit organizations in delivering these services in new ways. Accordingly, the following objectives have been set: 25 per cent of services must be offered electronically by 2002, 50 per cent by 2005, and 100 per cent by 2008.

In conjunction with this, a decision was made to set up the People's Panel, a group of 5 000 members representing every segment of the population and drawn from every region of the country. These people

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[5]Ibid.

will be consulted on the quality and delivery of the services offered, and on ways to improve these services from the standpoint of the user, not the system.

The Central Computer and Telecommunications Agency (CCTA) was set up to manage the government's information site. The CCTA is responsible for promoting the efficiency and effectiveness of government activities through the use of information systems. It reports to the Office of Public Service, which in turn reports to the Cabinet Office. Practically speaking, the CCTA is divided into two organizations: the Government Information and Communication Service (GICS), which provides information to over 600 public-sector organizations; and the Government Secure Intranet (GSI), which provides the government with a secure internal network. The network links the various departments and provides Intranet and Internet services in a controlled environment.

To reduce expenses while delivering quality service to citizens, the British government has defined certain basic steps to follow in determining what computer systems to install in developing IT-based activities:

< Ensure that the necessary financial resources are available;

< Set up a project advisory committee, including the people most affected by the success of the IT systems.

The advisory committee must then:

< Define objectives (e.g.: what uses and which products) based on a strategic approach;

< Define an action plan (who does what and when);

< Conduct pre-implementation activities involving decisions, specifications, documents and publications, assessments, choice of methods, and granting of contracts;

< Set up implementation review procedures; and

< Start the implementation project.

Key Issues

1. The objectives of 25 percent of services offered electronically by 2002, 50 percent by 2005, and 100 percent by 2008.

2. The CCTA, for example, its provision of information to public sector organisations.

For more information:

http://www.cabinet-office.gov.uk/1998/memo/index.htm#PUBLIC

http://www.citu.gov.uk/cituhome.htm

http://www.ccta.gov.uk/

http://www.open.gov.uk/

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PUBLIC SERVICE PROFILE

Size and Institutional Structure

< **Size of the Public Service**: 121 300 (1998)

< **Trends**: overall public service employment has fallen since 1993 when the total number of staff was approximately 166,000

< **System of government**: Westminster-based

Reform History

< **Reform Period**: It began in 1974 with the Coombs Commission, and continues today. Major reform initiatives include:

> < 1982: "Reid Report"
>
> < 1983: *White Paper* on public service reform
>
> < 1984: *Public Service Reform Act*; *Merit Protection Act* - creates the Merit Protection Review Agency
>
> < 1986: reform of job classifications; *Public Service Legislation Act*
>
> < 1987: the privatisation in defence and transportation; the creation of governmental agencies
>
> < 1989: a new system for determining salaries - salary increases based on productivity
>
> < 1994: "Mcleod Report"; *APS Labour Market Adjustment Program*
>
> < 1995: the Public Service Commission and the Merit Protection Review Agency are joined to form the Public Service and Merit Protection Commission (PSMPC)
>
> < 1996: *Workplace Relations Act*; defeat of the Labour Party after 14 years in power
>
> < 1997: the new *Public Service Bill* is introduced; *Financial Management and Accountability Act*, *Commonwealth Authorities and Companies Act*, *Auditor General Act*
>
> < 1998: a second attempt to pass the new *Public Service Bill*; initiatives in order to implement immediately some reforms envisioned by the Bill (e.g., a Statement of Values); creation of the Job Network
>
> < 1999: a third attempt to pass the new *Public Service Bill*; it is passed on October 20th

< **Major Drivers of Reform**: fiscal constraint, a desire to improve service delivery, political party participation

Comparative Limitations

Unlike Canada, Australia has undertaken legislative reform. A new *Public Service Bill* (which will replace the *Public Service Act* (1922) and the *Merit Protection Act* (1984)) passed on October 20th,1999; it will be implemented on December 5th,1999. There are few limitations when comparing the Australian and Canadian public services

I. ORGANIZATIONAL STRUCTURE AND LAWS

Organizational Structure

The Public Service Commission (1922) and Merit Protection and Review Agency (1984) were amalgamated in December 1995 to form the current central organization dealing with human resources management, the Public Service and Merit Protection Commission (PSMPC).

The PSMPC aims to support and promote, rather than take explicit responsibility for, the implementation of regulations. It lays down general objectives and ethics, but it does not intervene in daily management.

The Department of Administrative Services (DAS*)* and more particularly its Support Services, has primarily the role of administrative support.

Reform Legislation

Like all countries with British traditions, Australia created its own central organization for public service management with the passage of the *Public Service Act* (1922). This law was not significantly modified until the 1980s. A merit regime was established in 1984 (*Merit Protection Act)*; and two years later, Australia adopted a law promoting equal employment opportunities for women (*Affirmative Action Act).* However, the profound shift in reforms–qualified by some as revolutionary–consisted in the passage of a law governing "relations in the work environment " in the public and private sectors (the *Workplace Relation Act* (1996)), the essential characteristics of which were the reduction of regulations, the implementation of APS values, and the greater satisfaction of citizen needs.

Important pieces of legislation since 1922 include:

< *Public Service Act* (1922): This legislation governs the Australian public service. It was modified during the 1980s, and will soon be replaced altogether.

< *Merit Protection (Australian Government Employees) Act* (1984): With this *Act*, a merit regime was founded. It also instituted the Merit Protection and Review Agency (MPRA).

< *Affirmative Action (Equal Employment Opportunities for Women) Act* (1986): It eliminates discrimination against women and promotes equal employment opportunities.

< *APS Labour Market Adjustment Program*: A three year program to manage the redeployment of redundant employees.

< *Workplace Relations Act* (1996): Sets and guarantees the standards included in constitutional acts, and the operation of collective conventions between employers and employees. It also regulates individual agreements between managerial staff and their employers.

< On January 1st 1998, a series of laws pertaining to financial matters were instituted. They are the *Financial Management and Accountability Act* (1997), the *Commonwealth Authorities and Companies Act* (1997) and the *Auditor-General Act* (1997). These three laws have as an objective to balance the powers granted to persons who are in charge of agencies with the accountability which is required of them, doing so in a context of lightening and reducing regulation.

< On December 20th 1999, a new *Public Service Bill* was passed by the Australian Parliament.

Key Issues

1. *Merit Protection Act* (1984) establishing an explicit merit regime.

2. *Affirmative Action Act* (1986) eliminating discrimination and promoting Equal Employment Opportunity for Women.

3. *Workplace Relations Act* (1996) reducing regulation, and better satisfying citizen needs.

4. The new Public Service Bill.

For more information

http://www.psmpc.gov.au/psact.htm

http://www.psmpc.gov.au/publications98/reformframework.htm

http:/enap.uquebec.ca/observatoire/coupdoeil/australie.htm

http:/enap.uquebec.ca/observatoire/Telescope/australie.html

2. CULTURAL CHANGE

The three general themes which have guided recent reforms are privatization, devolution, and accountability. These reforms have taken place within a new framework of values and conduct. The general goal is to improve services which are offered to clients. One specific change has been the introduction of charters of client service, which aim to sensitize public service employees to their clients' needs, and thus modify the 'culture' in which they work.

To elaborate briefly, privatization has resulted in the signing of individual agreements of fixed terms with employees. It has been accompanied by a system of performance-based pay. As for devolution of human resource management responsibilities to Secretaries and Agency Heads, it has been accompanied by the need for new accountability structures. More precisely, the new *Public Service Bill* provides for accountability in a devolved management framework; the accountability of Secretaries and Agency Heads is strengthened, and Parliamentary scrutiny of the manner in which they exercise these new powers is enhanced. In addition, the audit and investigation powers of Public Service Commissioner have also been strengthened.

The APS *Statement of Values* was created in 1998. As a result of recent amendments to the new Public Service Bill, the number of values has grown. The *Statement of Values* is seen as a way to enhance the performance of agencies; specifically, it gives public servants a framework in which to exercise discretion in decision making and to respond to emerging issues.

One key issue is the implementation of values in the workplace. In the new operating environment, Agency Heads in Australia are responsible for promoting APS values. They must put in place systems which ensure that their staffs understand and apply them in day-to-day situations. This is evident, for

example, with regard to merit as well as equity. The most recent debates on the new Public Service Bill, however, indicate that there is concern about the extent to which central organisations have devolved responsibility for the protection and promotion of values.

> **Key Issues**
>
> 1. From a public service based upon regulations to one which is based upon principles.
>
> 2. The APS *Statement of Values* and the code of ethics (conduct).
>
> 3. The *Charters of Service to clients*: the client evaluates, using bi-annual surveys, the provision, creation and conceptual design of services.
>
> 4. More emphasis on a culture of innovation in parallel to a culture of performance.

For more information

http://www.indiana.edu/~csrc/hallig1.html

3. MERIT

The central merit document in Australia is the APS *Statement of Values*. It says that "employment decisions are based on merit" and that the "workplace that is free from discrimination and recognises the diverse backgrounds of APS employees".[1] This Statement–and more generally, the new *Public Service Bill*–builds on the *Merit Protection Act* (1984), which originally provided a legislative basis for the Merit Protection and Review Agency (MPRA).

The Australian merit-based system of employment is thus explicit. For it is based on specific pieces of legislation. All federal agencies contribute to the merit system. The new *Public Service Bill* will increase their role. Overall, though, the responsibility for protecting it resides within the Public Service and Merit Protection Commission (PSMPC). As a result of recent reforms, this organisation is moving toward a mandate which is restricted to merit-related issues, and an approach which concentrates on promoting general objectives and developing flexible guidelines. Through the MPRA, the PSMPC also provides external reviews of human resources practices.

To elaborate, in delegating responsibilities to agencies, the PSMPC has given them the flexibility to apply public service values in ways which are appropriate to their particular context. This means that there is no longer a single, central process which protects merit. The emphasis is now on the differences that exist from one agency to another, the need to address them in developing specific policies, and the responsibility of individual agencies to develop innovative approaches as well as to ensure that their staffs understand values like merit.[2]

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[1]Government of Australia, *Public Service Act* (1999), sects. 10.1(b), (c).

[2]Helen Williams, Public Service Commissioner, *"APS Values at Work"* (February 1999), p. 3.

There is a central appeals procedure. In an effort to streamline it, a two-tier framework has been adopted. The MPRA now conducts reviews only for employees who first attempt to resolve the problem within their own agency. With the new *Public Service Bill*, it will have the power to make recommendations to Agencies. If these recommendations are ignored, the Commissioner of the MPRA can report the case to the Agency Head, the Prime Minister, or Parliament as a whole.

Key Issues

1.   The devolution of responsibility for merit protection.

2.   The continuing evolution of the MPRA.

3.   The potential subjectivity of merit criteria/ merit tools.

4.   Education initiatives.

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4. EQUITY AND DIVERSITY

Legislation

Under the new *Public Service Bill* (henceforward, the *PS Act*), the legislative framework for workplace diversity will comprise the following:

< The Section 18 of the new *PS Act* requiring Agency Heads to establish workplace diversity programs to assist in giving effect to the APS *Statement of Values*;

< The *Public Service Commissioner's Directions (1999)* issued under APS Value 10(1)(c): the APS provides a workplace that is free from discrimination, and recognises and utilises the diversity of the Australian community it serves. This Direction will set out the minimum measures that Agency Heads and employees will be required to take to eliminate workplace discrimination and utilise diversity;

< The *Public Service Commissioner's Directions (1999)* issued under APS Value (10)(1)(l): the APS promotes equity in employment. It is expected that this Direction will require Agency Heads and employees to take measures to eliminate employment disadvantage on the basis of gender, race or ethnicity[3], being an Indigenous Australian or physical or mental disability;

< The *Public Service Commissioner's Directions (1999)* will provide for special recruitment arrangements for Indigenous Australians and people with intellectual disabilities;

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[3]In the new PS Act, the previous EEO group "people from non-English speaking backgrounds" is replaced by "race or ethnicity". This measure will be based on cultural and linguistic indicators developed by the Department of Immigration and Multicultural Affairs and the Australian Bureau of Statistics, as adapted for APS employment.

<   Agencies will be required to provide information requested by the Public Service Commissioner to evaluate and make an annual assessment of agencies' workplace diversity programs. Basic data will continue to be collected centrally through the APS employment database.

Agency Heads are further bound by Commonwealth legislation covering direct and indirect discrimination in employment. In particular, the *Racial Discrimination Act* (1975), the *Sex Discrimination Act* (1984) and the *Disability Discrimination Act* (1992) prohibit certain types of direct and indirect discrimination in employment; and a principal object of the *Workplace Relations Act* (1996) is to help prevent and eliminate discrimination on the basis of race, colour, sex, sexual preference, age, physical or mental disability, marital status, family responsibilities, pregnancy, religion, political opinion, national extraction or social origin. The *Act* prohibits discrimination on these grounds in the making of awards and agreements, and in the termination of employment (subject to some exceptions).

Hiring Trends

A recent review of ten year trends in equal employment opportunities (EEO) in the APS finds mixed results in correcting the under-representation of the targeted groups.[4] The four target groups covered by the EEO policies of the APS are women, Aboriginal Peoples and the Torres Strait Islander People, people with disabilities, and people of non-English speaking backgrounds (NESB).

Over the last decade, the proportion of women in the APS increased from 43.5% in June 1989 to 48.3% in June 1998. It is worth noting that this improvement occurred while the size of the APS was reduced by approximately 22%. Women are still under-represented in the higher employment categories of the APS. They constitute a majority of employees in the Administrative Services Officers categories 1 to 5, but continue to represent a minority in the higher categories. They barely represent 20% of the Senior Executive Service cadre; but this proportion has more than doubled in the last ten years. The proportion of women in all 1997–98 promotions to Senior Officer grades (44.2 %) and to the Senior Executive Service (30%) are also encouraging.

Despite the overall decrease in Public Service employment over the ten years, the absolute number of employees in the Aboriginal and Torres Strait Islander Peoples group actually increased. In June 1998, they accounted for 2% of the APS personnel. Their presence has also increased in all classification categories. They now represent 1.2% of the Senior Executive Service (compared to 0.5% a decade ago).

People of non-English speaking backgrounds now represent 15.3% of total APS employees. This constitutes an increase from 13.9% in June of 1989. However, they only represent 8.9% of the Senior Executive Service (up from 6.5% in June 1989).

People with disabilities constitute the most worrisome picture in APS employment of EEO groups. Over the last ten years, their proportion of employment in the APS has in fact declined from about 6% to about 4%. They represent only about 3.4% of the Senior Executive Service group (compared with 4.9% in 1989).

Despite some encouraging trends, the APS remains concerned about the lack of significant progress on

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[4]PSMPC, *State of the Service - Workplace Diversity Report 1997-98* (1998).

many aspects of the issue. There remain large variations among agencies. EEO groups are still under-represented in the senior officer and Senior Executives Service (SES) levels (and through out the APS). And a particularly worrying trend over the last few years is the decline in employment of people with disabilities. The continued decline of base grade employment opportunities in the public service may also have a potentially adverse impact on members of EEO groups. It is partly in response to these trends that the Australian Public Service has recently undertaken a major reform of its approach in dealing with the diversity challenge.

Examples of Equity and Diversity Programs, Strategies, and Management

As responsibility for EEO programs is decentralized, the content of agencies' workplace diversity programs is bound to vary substantially. Prior to the new *PS Act*, agencies were required, in 1998, to have a workplace diversity program in place by mid-year. To date the wide-ranging nature of activities is becoming evident. A cursory survey of recent initiatives reveals the following examples:

< Centrelink's (the APS's largest agency) plan includes: the production of a video on workplace diversity, the development of a diversity training package, the development of a diversity newsletter, the improvement of HR information systems, and liaison with key strategic areas to ensure that diversity principles are incorporated into HR and customer service initiatives;

< The Australian Mint is offering up to ten days of non-paid leave for any two-year period to its aboriginal employees to attend ceremonials;

< Many departments have developed programs (through collective bargaining) for the provision of workplace childcare facilities and innovative parental leave;

< Parks Australia includes Aboriginal traditional knowledge and skills among the competencies needed for natural and cultural resource management by field-based staff in National Parks. The inclusion of traditional competencies helps to provide more opportunities for Aboriginal and Torres Strait Islander people to apply for appointment or promotion to the agency.

But in its latest report on the state of workplace diversity in the APS, the Public Service Commissioner points out that much remains to be done to broaden the focus of EEO to valuing diversity for broader organizational reasons. In particular, the measurement of the progress and effectiveness of workplace diversity initiatives (and their impact on organizational efficiency) remains a complex and under-studied issue.

The new *PS Act* requires Agency Heads and APS employees to uphold the identified values, and mandates the Public Service Commissioner to report annually on the extent to which the agencies incorporate the APS values. To reflect its commitment to diversity and equity, the government included 'a workplace free of discrimination' and 'the recognition of the value of a diverse workforce' among the key values to be upheld by the APS. The former covers both aspects of equity: the need to maintain fairness in decision making, and the need to eliminate employment disadvantage on the basis of being Aboriginal or a Torres Strait Islander, race or ethnicity, gender or physical or mental disability. The latter represents a new philosophy for dealing with equity and diversity in the workplace, and a shift from a strict focus on procedural fairness in managerial systems to a broader concern on managing diversity in the workplace. This value emphasises that workplace diversity needs to take account of, and draw on, diversity outside as well as inside the APS. Agencies will need to ensure that their recruitment

arrangements give appropriate access to members of Australia's diverse community.

Beyond hiring more EEO group members the APS is, then, seeking to build an organisational environment and culture that will translate a diverse workforce into an organisational strength, a source of new ideas and resilience. In other words, the APS is building a case that managing and valuing diversity makes "business sense" and contributes to its efficiency and effectiveness. In an era where people are the prime resource of knowledge organisations, valuing diversity means higher creativity and productivity, recruitment and retention of better personnel, and less absenteeism and more motivated employees.

Key Issues

1. Decentralization of diversity management.

2. Narrow focus on procedural fairness replaced by a new approach concerned with valuing diversity in order to improve organizational performance.

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5. INFORMATION TECHNOLOGY AND HUMAN RESOURCES MANAGEMENT

Online Government 2000 is the over-arching strategy for deploying information technologies (IT) in Australia's federal government. The strategy is one of the most extensive efforts by a national government to move toward both IT and information systems (IS) management in an integrative fashion.

Because governments have been large and early users of IT for the past two decades, it has become an essential productivity component in the delivery of government services. One trend today is to use IT to improve public access to higher quality services that place greater emphasis on the client. Another trend is to use IT to improve the efficiency of government itself. In particular, the Australian government 'on-line' has moved toward: a global reach, a focus on the client, client-specific services, empowered staff, team/client server, inter-agency communication, public networks, network based, telework, multi-media, and client service level indicators.

Nevertheless, there has been no ongoing overall public sector reform for information management aimed at senior executives, managers, and staff. Agencies generally provide inadequate access for staff to online information sources which are relevant to their work, and which provide the means for 'benchmarking' against other government jurisdictions. Neither do they have overall knowledge development strategies for their staff which enable them to take advantage of the new facilities now available.

Regarding investment in IT skills, the objective is to ensure that staff are able to their work well in this time of rapid technological change. Program managers need to better understand the use and value of IT as an enabling tool for their business. As well, the government's IT staff need constant technical training to maintain their competencies in today's fast-changing technological environment.

The application of IT to specific commonwealth business needs has been successful and there have been, and continue to be, some very innovative applications. One example is the Australian Customs Service, which in co-operation with the Australian Quarantine and Inspection Service has integrated its electronic service delivery systems in import clearance and export control. This rapid delivery of electronic

information enhances Australia's competitiveness in international markets.

Another example involves the Department of Finance. Its Central Accounting System and its Financial Information on Resource Management (FIRM) system record actual and estimated revenue and expenditure, and make payments; further, a payroll system performs all payroll services, and facilitates the recording of staff statistics. These three systems enable the department to advise the government accurately and rapidly on its overall financial position.

A final example is Centrelink system which separated policy from service delivery and created a one-stop shop integrating customer access to government services. Centrelink represents 21 percent of federal administration in Australia and distributes around a third of the Australian national budget outlays.

Current government policy requires agencies to test the market for the outsourcing of new and existing IT service requirements as an alternative to the maintenance of in-house capabilities. Outsourcing supports the government's dual objectives of developing the IT industry in Australia, and of lowering the costs of services provided by the government. At present agencies are left to decide how this market testing is done within purchasing guidelines. And there is evidence that it is not being uniformly applied. Note, however, that proposed activities in this area include the development of a standard approach which will apply to all elements of the IT structure.

Key Issues 1. Essential productivity component in the delivery of government services.

2. No ongoing overall public sector reform process for information management.

3. Increased interest and investment in IT.

For more information

http://www.psmpc.gov.au/publications98/ito.htm

http://www.psc-cfp.gc.ca/prcb/rd/hrsystem/updates/0999_e.htm:

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Public Service Report
New Zealand

Prepared by
Research Directorate of the Public Service Commission of Canada

Table of Contents

PUBLIC SERVICE PROFILE

Size and Institutional Structure

< **Size of the Public Service**: 30 600 employees (1998)

< **Trends:** staff numbers have been reduced by more than 60% since 1987, the major reduction having taken place from 1987 to 1992

< **System of government:** Westminster-based

Reform History

< **Reform Period:** It began in 1978 with the report of the Auditor General on the shortcomings of the New Zealand public service. Major reform initiatives include:

  < 1984: defeat of the National Party; decentralising and commercialising begins; publication of the report "Economic Management"

  < 1986: *State-Owned Enterprises Act*; agreement between the State Services Commission and unions on the deployment of permanent employees

  < 1987: the creation of new public enterprises; publication of the report "Government Management"

  < 1988: *State Sector Act*

  < 1989: *Public Finance Act*

  < 1990: "Logan Report"

  < 1991: *Employment Contracts Act*

  < 1994: *Fiscal Responsibility Act*

  < 1995: "Public Service Principles, Conventions, and Practices"

  < 1996: mixed member proportional representation is introduced (two coalition governments have been the result thus far)

< **Major Drivers of Reform:** a fiscal and constitutional crisis, continuing fiscal restraint, demographic changes, Maori (aboriginal peoples) and other social issues

Comparative Limitations

It is described as 'a period of slower-paced, evolutionary change'. Current work centres on developing a strategic management system; one result is a Cabinet agreement on strategic priorities entitled "Goals and Priorities 1999-2000". Apart from this, "An Ethics Framework for the State Sector" was released in August.

1. ORGANIZATIONAL STRUCTURE AND LAWS

Organizational Structure

The New Zealand government includes three central agencies: the Treasury, the Department of Prime Minister and Cabinet (DPMC) and the State Services Commission (SSC).

< The Treasury: It has no direct responsibility for, or control over, the public service. Its role is to monitor and report to Parliament on the financial performance of all the state-sector entities, public corporations and Crown entities.

< The DPMC: Its main function is to advise the Prime Minister on government policies. It therefore plays no direct role in managing the public service.

< The SSC: This is the central public service management agency. It plays a policy development and management role, and reports to the Minister in charge of the public service. It has far-reaching responsibilities in the area of senior management, for it recruits and appoints chief executives and monitors their performance. The SSC is headed by a Commissioner, assisted by a Deputy Commissioner, and has regional representatives

Reform legislation

< *Public Service Act* (1912): This *Act* placed the New Zealand public service under the control of a public service commission; its main objective was to promote a neutral public service based on the merit principle.

< *State-Owned Enterprises Act* (1986): This *Act* followed the government's development of its deregulation and economic liberalization program. The Act laid down the principles governing the new public corporations.

< *State Sector Act* (1988): This *Act* dealt specifically with governmental activities, given that the government's own commercial sectors had been transformed into public corporations. As a result of this transformation, the number of public service employees declined from 80,000 to 35,000.

< *Public Finance Act* (1989): This law set the conditions for the Treasury's activities and created Crown entities, semi-independent organizations responsible for managing the health and education sectors. These Crown entities are not required to report directly to the State Services Commission.

< *Employment Contract Act* (1991): This Act governs the negotiation of individual and collective contracts of employment for employees in the public service and the private sector.

< *Public Service Principles, Conventions and Practice*: This is a series of papers on ethics published by the State Services Commission.

> **Key Issues**
>
> 1. The creation of semi-autonomous organizations (Crown Entities).
>
> 2. The role of the Employment Contract Act in negotiating individual or collective contracts.

For more information:

http://www.ssc.govt.nz/siteset.htm

http://www.indiana.edu/~csrc/mascar1.html

http://www.indiana.edu/~csrc/mascar1.html

2. CULTURAL CHANGE

Like Great Britain and Australia, New Zealand has issued a *Code of Conduct* (1999)[1] for its public servants. This code applies to all employees, including senior executives. At the same time, it contains a public servants' *Bill of Rights* under the *State Sector Act* (1988) and the *Employment Contract Act* (1991).

From the very outset of the reforms, emphasis was placed on the concept of a performance culture. Increasingly, however, the concepts of cooperation and innovation were added, essentially to promote greater flexibility. The reforms involved three types of flexibility:

< Functional flexibility: each department can henceforth determine job titles, occupational groups and salary scales, within budget constraints;

< Financial flexibility: a number of departments apply incentives-based performance evaluation methods;

< Numerical flexibility: a system of permanent full-time jobs has been replaced by part-time or term employment, contracting out, etc.

In other words, the reforms have made it possible to redefine the role of government and the public service, to reduce the amount of regulation and red tape and, above all, to streamline the existing monitoring systems. Two essential distinctions are made: the first is between non-commercial and commercial activities, and the second is between policy development and program implementation.

> **Key Issues**
>
> 1. A *Code of conduct* applying to all employees, and including a *'Bill of Rights'* for them.
>
> 2. A performance culture emphasising flexibility.

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[1]State Services Commission, *Code of Conduct* (October 1999).

3. MERIT

The central merit document in New Zealand is the SSC *Code of Conduct.* According to the *Code of Conduct,* the public service must use "impartial selection and appointment procedures", and it must provide "equal employment opportunities, including recognition of the aims and aspirations of Maori and ethnic or minority groups".[2]

The New Zealand merit-based system of employment is implicit. And generally speaking, references to a merit-based public service are difficult to find. Its protection is one of several responsibilities which belong to the State Services Commission (SSC). Merit-related issues are neither as important as the appointment of Chief Executives, nor as prominent as the overall performance (e.g., productivity) of individual departments. The SSC does seem to have the power to vigorously promote merit principles, but at present it is largely a latent power. In general, Chief Executives have direct responsibility for maintaining and promoting ethical behaviour, while the SSC supports and monitors their actions.

Interestingly, there is more discussion of ethical behaviour in New Zealand than of a (specific) merit system of employment. This is perhaps because public officials have more discretionary power than ever before.[3] The regime is described as "integrity-based".[4] The focus is no longer on process, but instead on results; more precisely, it is on the goals that ought to be achieved rather than behaviour that must be avoided. This approach, however, is not as permissive as it may at first appear. One reason is that the departments and agencies themselves "apply more or less control according to the nature of their business".[5] This is seen, for example, in differences between delivery agencies and smaller policy organisations.

There is no single organisation which is responsible for reviewing alleged violations of the *Code of Conduct,* or employment issues more generally. In certain cases, employment disputes are brought before the Human Rights Commission. But more generally, they are brought before the Employment Tribunal on a fee-for-service basis. The emphasis is on non-confrontational ways of resolving disputes. The process encourages the various parties to discuss their disagreement before going to the Tribunal. And once there, they have the option of either mediation or adjudication. Unsatisfied parties may appeal Tribunal decisions to the Employment Court. And it is the responsibility of the winning party to ensure that the decision is implemented (e.g., through District Court, compliance orders, etc.). Importantly, employers and their employees do not have to use the Employment Tribunal. They are permitted to establish grievance procedures in employment contracts; the only condition is that these procedures must be consistent with the *Employment Contracts Act* (1991).

It is evident that public officials in New Zealand have more discretionary power than ever before. But

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[2]State Services Commission, *Code of Conduct* (October 1999), p. 1.

[3]State Services Commission, *"Occasional Paper No. 15: An Ethics Framework for the State Sector"* (August 1999), p. 7.

[4]Ibid, p. 11.

[5]Ibid, p. 13.

this is potentially problematic. Chief Executives have a short-term perspective; and in addition, almost half believe that their human resources are inadequate. To compound these problems, the State Services Commission has not taken a leadership stance on matters pertaining to fairness and ethics in the public service. There is pressure for it to take a more active role, to develop an awareness of what constitutes ethical behaviour, and to provide leadership to Chief Executives as they are supposed to do within their own departments.

Key Issues

1. The placement of merit within an "integrity-based" system of ethics.

2. A two-tier appeals process that is open to both the public and the private sector.

3. Appeals on a fee-for-service basis.

4. The short-term focus of chief executives, and the lack of leadership on merit issues from central agencies.

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4. EQUITY AND DIVERSITY

Legislation

The *State Sector Act, 1988*, (henceforward, the *Act*) provides the legislative imperative for Equal Employment Opportunities (EEO).

The *Act* requires chief executives of public service departments to develop and publish EEO programmes for their departments, and ensure that the programmes are complied with. The Act defines an EEO programme as one that is aimed at the identification and elimination of all aspects of policies, procedures, and other institutional barriers that cause or perpetuate, or tend to cause or perpetuate, inequality with respect to the employment of any person or group of persons. The SSC monitors, evaluates, promotes, and develops EEO in the New Zealand public service.

The *Human Rights Act* (1993), which came into effect February 1, 1994, makes it unlawful to unfairly discriminate on the grounds of sex, age, marital status, religious belief, ethical belief, colour, race, and ethnic or national origin. Five new grounds were added to the 1993 *Act*: disability (including having in the body organisms capable of causing illness), political opinion, employment status, family status, and sexual orientation. In practice, the Public Service has been in advance of human rights legislation with regard to the recognition of the employment rights of groups on new grounds such as disability, sexual orientation and family status. In the past decade it has taken a proactive stance towards increasing the diversity of the public service workforce rather than simply complying with the legislative requirement not to discriminate.

The year 1994 marked the tenth anniversary of EEO activities in the New Zealand public service. The SSC used this opportunity to launch a review of EEO policy, and to chart the course ahead. To contribute to the review process, the Commission produced a report in 1995, entitled *EEO: From 1984 to 1994 and Beyond*, to consider the past and future of EEO in the public service. After being considered by a steering group of chief executives, the report led to the adoption by the New Zealand government

in late 1997 of a new EEO policy for the public service.[6] In keeping with overall trends in public sector reforms in the country, the new approach to EEO policies is more focussed on strategic results, managerial accountability and decentralised control.

Hiring Trends

In examining the first ten years of EEO in New Zealand, the 1995 report *EEO: From 1984 to 1994 and Beyond* notes that it has generally succeeded in improving the representation of EEO groups in the public service. Women have benefited most from EEO policies and Maori have also improved their representation despite a decline in the early 1990s. The representation of people with disabilities appear to have stabilised at about 15%. However, the representation of Pacific Islands and ethnic minority members has changed little overall. The report also notes that direct discrimination has been much easier to address than the more subtle indirect forms of discrimination that can build in organisational systems. In fact, successes in EEO policy tend to be greater when targeted behaviour is amenable to "codes of conduct" and clear procedural guidelines (e.g. sexual harassment) or when interventions have directly targeted EEO groups themselves (e.g. assertiveness courses). In all cases, a strong social and cultural movement in society has been important in ensuring the success of EEO initiatives. The report further notes a shift in perception of EEO over the decade, from an add-on policy to a preoccupation that is integral to HR systems and organisational performance.

Examples of Equity and Diversity Programs, Strategies, and Management

Based on employee consultations, the report *EEO: From 1984 to 1994 and Beyond* also identified a number of trends and issues to be addressed for EEO policy to move ahead. Among those issues and trends were:

< The need for EEO policy to support the Public Service-wide goals of efficiency and effectiveness. EEO policy is increasingly conceived as a "good employer policy" which translates into good outcomes for organisations (e.g. better recruitment and retention, more productive staff);

< The need for EEO policies to be more and better integrated into the management and accountability systems of departments;

< The need to recognise that the focus of EEO policy has broadened to include concerns with organisational culture, the value of diversity in human resources, and good people management practices;

< The expansion of the groups perceived as suffering from structural discrimination and needing attention. For example, the needs of gay and lesbian staff has become an area of EEO activities in many departments. Increasingly, the needs of sub-groups need to be investigated and addressed (e.g. women in management or Maori women);

< The monitoring and assessment of EEO policy in departments (by the State Services Commission)

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[6]State Services Commission, *EEO Policy to 2010: Future Directions of EEO Policy in the New Zealand Public Service*, November 1997, p. 1.

needs to become more focussed on outcomes rather than inputs. Statistical measures of progress also need to be supplemented by qualitative data. Leadership at all levels is becoming key.

Taking stock of the 1995 report, a group of chief executives, chaired by the State Services Commissioner, has developed a new EEO policy for the New Zealand public service.[7] The new policy, announced at the end of 1997 and currently being implemented, constitutes a shift in approaching EEO activities. First, it shifts the responsibility for EEO policy from the SSC to agency chief executives. Under the leadership of the chief executives, each agency is responsible for developing an EEO plan, setting clear and measurable targets, and reporting annually on its performance. The role of SSC is to provide support, make sure that the targets set are reasonable and challenging, and review the performance of agencies.

The policy also establishes objectives for 2010 in four areas, those being leadership, organisational culture and strategic human resources management, employment of EEO groups, and monitoring and evaluation. Among the objectives set in the human resources management area, the government identified the need for effective affirmative action programs, the removal of all attitudinal and physical barriers to full participation in the workplace, the full integration of EEO policies in all human management systems of the agencies, and the development of skills for managing a diverse workforce. It is the responsibility of individual agencies to develop strategies with intermediate targets to achieve these objectives. The expected outcomes of EEO activities are a change in organisational culture, a growing proportion of EEO groups employed in the public service, and procedural fairness in all HR management practices and systems.

Age discrimination in the New Zealand public service:

In New Zealand, the upper age limit for protection from age discrimination in employment was abolished in February, 1999[8]. This important change in law and human resources policy was a "recognition of the fundamental right of older people to be full citizens, accorded dignity and respect, so they can live free from discrimination based on their age". The abolition of compulsory retirement is also a response to the country's ageing population; in 2020, people aged 65 and over will make up 20% of the population. The end of compulsory retirement also recognises the increase in longevity that has added almost 30 years to our life spans.

The SSC recently collaborated with the New Zealand Human Rights Commission to produce a report designed to provide public managers with guidance on their responsibilities in relation to age discrimination.[9] In reviewing international evidence, these two organisations note that older workers are often victims of misperceptions. They indicate that a number of international studies have largely dispelled many myths and stereotypes, including those that suggest that:

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[7]State Services Commission, *EEO Policy to 2010: Future Directions of EEO Policy in the New Zealand Public Service*, November 1997, p. 1.

[8]New Zealand Human Rights Commission and State Services Commission, *Age and Retirement in the Public Service: Legal and Human Resource Implications of the Abolition of Compulsory Retirement*, December 1998, p. 3.

[9]Ibid.

< As workers age, their abilities and performance decline;

< Older workers have more absences from work and more accidents than younger workers;

< Older workers have memory problems, declining intelligence and are less mentally alert;

< Older workers cannot adapt to new technology;

< Older workers cost more;

< Older workers do not fit into the younger workforce;

< Older workers are not physically fit.

Moreover, contrary to popular belief, older people learn at the same rate as younger people and can adapt to new technology. They are more stable employees and their productivity can be equal to or surpass that of their younger colleagues. Declining physical fitness associated with older employees is less significant as fewer jobs require fitness, strength, or agility.

The report emphasises, however, that even if older workers remain an important part of organisations, their needs are not always well addressed by training and development programs. For example, studies in Australia and Britain found that, although older staff are as interested as their younger colleagues to learn new skills, they are not offered equal opportunities for training. The type of training approach used with older workers has also been found to impact on the success of training programs; greater assistance for learning and more re-enforcement of personal confidence may be needed. Research has also shown that older workers tend to grasp skills more fully in the long run and that their retention rate exceeds that of younger staff. New Zealand's SSC will try to assist departments and agencies in modifying their policies to better meet the needs of their older workforce.

While the ageing workforce and the end of compulsory retirement will necessitate a re-examination of human resources policies and managerial attitudes toward older employees, they also underscore the importance of human rights legislation in assuring a fair and equitable environment. In New Zealand, following the same approach to discrimination in employment for age as for other factors, the *Human Rights Act* makes both direct and indirect age discrimination unlawful. They are defined as follows:

< Direct discrimination occurs when an employee or job applicant is treated differently and this treatment is based on a prohibited ground of discrimination; these include sex, marital status, religious belief, ethical belief, colour, race, ethnic or national origins, disability, age, political opinion, employment status, family status and sexual orientation.

< Indirect discrimination may occur when there is conduct, a practice, requirement or condition which is apparently neutral but that has a negative impact on a group protected by the anti-discrimination provisions of the *Human Rights Act*; and when there is no good reason for using the conduct, practice or imposing the requirement or condition.

For employers, there is a "good reason" to justify practices which discriminate indirectly if the practice meets a genuine need, is suitable for attaining the objective pursued, and is necessary for that purpose. All practices that do not meet this test will have to be modified.

In order to assist public managers in assuring a work environment free of age discrimination in the years ahead, the SSC and Human Rights Commission's report also provides suggestions regarding the development of public sector policies and practices that are more inclusive of older workers in areas such

as leadership, recruitment, psychological testing, selection and interviewing, performance management, and training. It also reviews issues related to the application of the human rights legislation by managers, including in dealing with employment contracts, retirement leave benefits, and superannuation.

Key Issues

1.   The 1995 review of EEO policy.

2.   The reformulation of EEO policy in 1997, including the shift in responsibility to Agency Heads, and the objectives for 2010.

3.   The joint report on age discrimination.

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5. INFORMATION TECHNOLOGY AND HUMAN RESOURCES MANAGEMENT

In 1991, the State Services Commission undertook a review of the entire public service computer system. The resulting report listed a number of areas in which management could be improved. In addition, the report recommended following a specific process before installing a new computer system (people responsible, objectives, costs, etc.).

In 1996, the New Zealand government published a report entitled *Impact 2000* that defines how information technologies will change New Zealand. Policies, laws and programs based on outdated models will have to be modified to respond to a changing environment.

Governing New Zealand electronically:

Basically, this is a way to serve citizens better, faster and more cheaply. The new services will be personalized, user-friendly and inexpensive. Here are three examples:

< People and businesses will be able to electronically submit any document they are asked for, or download any document they need, whenever they want, and from any location, even abroad;

< The government will receive and pay out all monies electronically;

< By 2005, the government will provide the public with a single, user-friendly access point for all services and information (forms etc.).

Key Issues

1.   The *Impact 2000* report defining the way in which IT will change New Zealand (policies, regulations and programs).

2.   A single, electronic access point by 2005 for providing all services and information

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For more information:

http://www.med.govt.nz/pbt/infotech/impact/impact.html

http://www.govt.nz/evision/

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