



Australian Government
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Commission

Staff Research Insights

APS Workforce Trends

*Effective leadership Diverse workforce **Capable organisations and workforce** Employee conditions APS Values*

Alastair Warren
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November 2012



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About this Insight

This publication contains five chapters; the first four each examine a key segment of the APS internal labour market, more specifically, Graduates, APS 1–6 employees, EL 1-2 employees, and SES employees. The final chapter summarises the findings of the first four and identifies further aspects of the APS internal labour market that warrant further investigation.

Chapter 1

Graduate Supply and Demand

The chapter identifies present trends in the APS graduate workforce and evaluates these in terms of the current workforce, graduate attraction to APS employment and expectations of the APS, the mobile workforce and workforce modelling.

The APS, its workforce and the employment environment have changed dramatically over the past 20 years. This is due in part to structural changes to the Australian economy, society and labour market as well as to a series of reform processes within the APS. The existing APS labour force is both ageing—with approximately 70% of current SES employees and 55% of current EL 2s aged 45 or over—and becoming increasingly diverse in its career patterns and working arrangements. A tighter labour market is in prospect, with a diminishing supply of younger workers projected to enter the labour market in the next few decades. This tightening is already affecting the APS in important specialist areas, such as accountancy.

Although graduate entry programs have long since ceased to be the main mechanisms for recruiting staff with tertiary qualifications, there are many sound reasons for retaining them, for example, invigorating the talent pool available for future EL positions. It has therefore become critically important for the APS to develop effective strategies aimed at attracting and retaining graduates. Younger people coming into the APS are displaying a greater interest in career mobility than their predecessors¹; research also suggests that the so-called Generation Y (those aged 29 or younger in 2010) are increasingly expecting rapid career advancement and substantial personal development. Furthermore, they will not hesitate to switch employers should they find these opportunities to be lacking.

The Current Workforce

Cohort Size

Figure 1.1 shows the size of graduate cohorts as a percentage of 2000 numbers. This shows a considerable decrease in graduate engagements since 2000, with the 2002 and 2004 cohorts only just over half the 2000 numbers. A number of factors may have contributed to this decline, including policy changes after the 2001 election and the 2002 recession, which had a significant impact on the Australian economy. Since 2004, numbers have increased, peaking in 2007 with a cohort size of 110.9% of 2000 numbers before beginning a steady decrease of approximately 4% per year with the 2010 cohort around 98.2% of 2000 numbers.

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

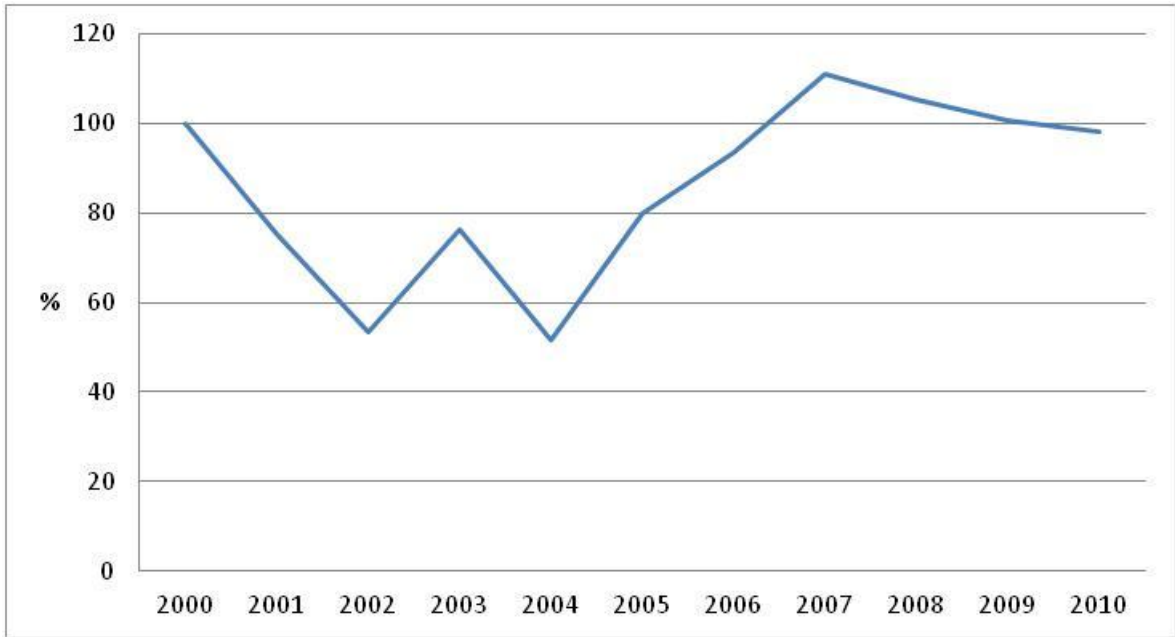


Figure 1.1: APS Graduate Cohort Size as Percentage of 2000 Cohort Numbers

There are several possible reasons for the recent decline in graduate numbers, including the impact of the Global Financial Crisis (GFC) and the consequent tightening of budgetary constraints. It may also be the case that, the abolition of APS age retirement, there is less of a perceived need for graduates to fill future positions.

Percentage of APS who are Graduates

The changes in graduate engagements have matched, to some degree, the changes in the size of the APS. However, since 2007, the graduate segment of the APS workforce has been diminishing; Figure 1.2 shows the percentage of the APS who were graduates from 2000 to 2010.

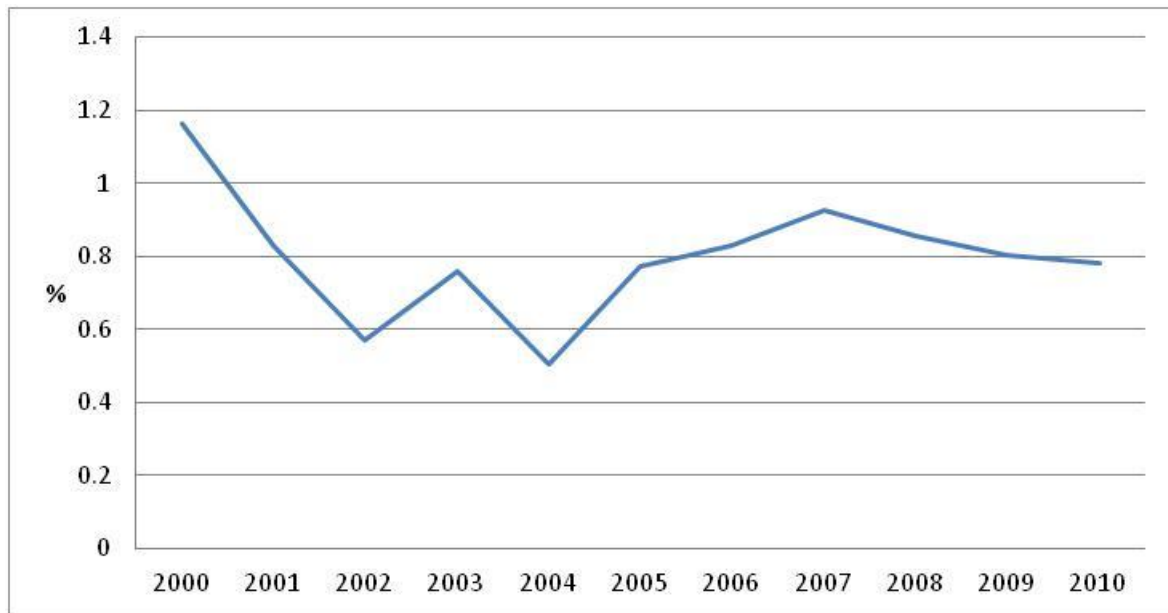


Figure 1.2: Percentage of APS who are Graduates

In 2000, 0.82% of the APS were graduates. This dropped to 0.57% in 2002. From 2002 there was a steady growth to 0.76% in 2003 followed by a steady decline to 0.50% in 2004. Since 2004, there has been a gradual increase peaking at 0.92% in 2007 and a slow decline to 0.78% in 2010.

Sex of Graduates

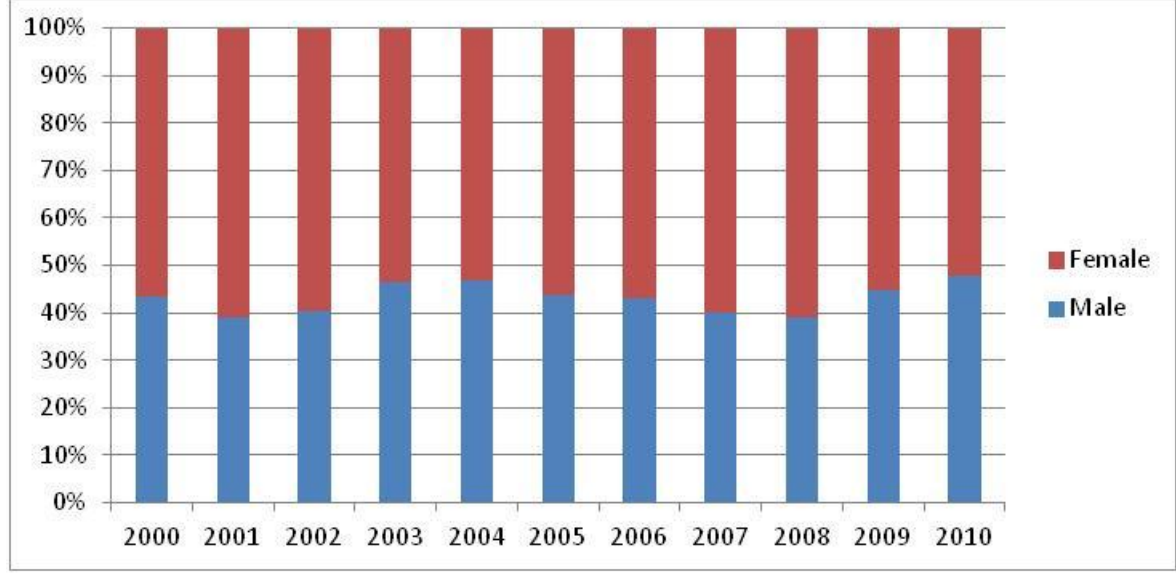


Figure 1.3: Percentage of Graduates Broken Down by Sex

The last ten years have seen a consistent difference in recruitment patterns of males and females into the graduate workforce. Figure 1.3 shows the percentage of graduates engaged since 2000 broken down into male and female. In 2000, 56.5% of graduates engaged were female and 43.4% were male. This continued to fluctuate throughout the decade with females always representing a higher percentage of graduates engaged. By 2010, the percentage of female graduates had dropped to 52%, while the percentage of male graduates had increased to 47.9%.

A number of factors may explain why the intake of female graduates is higher than that of males. These include the possibility that a higher percentage of females were graduating from university and seeking a graduate position in the APS at that time. Alternatively, this could be related to a field of study; for example, if the majority of males studied engineering or enrolled in other traditionally male-dominated subjects, their career path may not be suitable to the APS². Another possibility is personal choice—being a public servant is more appealing to one sex than the other.

² Field of study is collected by APSED but due to the high rate of unreported data no conclusions could be made.

Age Profile

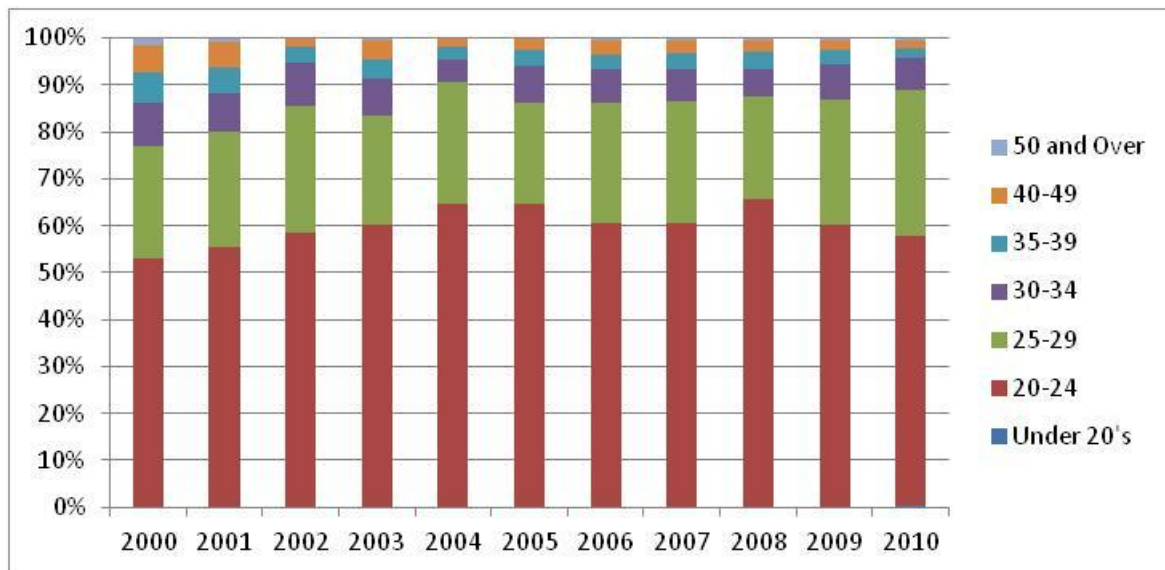


Figure 1.4: Age Profile of Graduates

Between 2000 and 2010 the majority of graduates in the APS were aged 24 and under. The 25–29 age group represented the second highest number of graduate engagements followed by the 30–34 and the 35–39 age groups, both of which had a very small proportion of graduate engagements. The 40–49 and 50 and over age groups have had almost negligible engagements over the past 10 years.

The 24 and under age group is most likely to include individuals coming directly from undergraduate study (a first degree), while the older age groups are most likely to be made up of individuals who may already have a degree but decided they wanted a change in career, leading them to return to university, graduate and gain a graduate position in the APS.

Attraction and Expectations

Graduate Attraction to the APS

The data collected from the APS Employee Survey reveals that key attractions of work in the APS for graduates included: gaining experience in the APS; the ability to contribute and to make a difference; job security; agencies' reputations; remuneration packages; and future career and developmental opportunities.

Job security was the most attractive aspect with 44.4% of graduates rating this as 'very important'. Many graduate programs guarantee a permanent position at the end of the graduate development year and this may be one of the reasons why job security was selected. The second highest ranked option was the availability of development and educational opportunities, at 42.2%. APS graduate programs generally support graduates to enhance and develop their skills through mechanisms such as rotations and formal training. The equal third most attractive factors for graduates were the desire to gain experience or greater experience in the APS (33.3%) and the ability to contribute and make a difference (33.3%).

Graduate Expectations in the APS

The State of the Service Report also reveals graduate expectations in the APS. It shows that 44.4% of graduates surveyed indicated their expectations had been met 'very well' with regards to gaining experience or greater experience in the APS. Rotations enable graduates to develop experience in a number of areas within the agency, allowing them to diversify their skills. On the other hand, 11.1% believe their expectations were 'not well' met in relation to opportunities to work on innovative or leading edge projects, although 17.8% believe this kind of experience is of little importance.

While most graduates surveyed believed their expectations had been met, a small percentage indicated that certain expectations had 'not been met at all.' A total of 4.4% of graduates said that their expectations regarding the matching of their interests and experience to the responsibilities of the job or the business of the agency were 'not met at all'. A further 2.2% indicated that their expectations regarding geographical location were not met; this may in part be due to the large proportion of graduates who choose to relocate to the Australian Capital Territory to participate in graduate programs. Another 2.2% of graduates indicated that their expectations regarding their remuneration package were also not met. This may be explained by graduates' day-to-day involvement with other staff members, some of whom will also be recent graduates but who chose to apply directly for APS 4 or higher positions rather than opting for recruitment through a graduate program, and who would earn more than those in the graduate program.

Although the overall proportions are small, by identifying areas where graduates indicated their expectations were 'not met at all', agencies may be able to develop strategies to deal with these issues in order to retain graduates. Addressing these would improve the Employee Value Proposition (EVP) for graduates. The EVP is the set of attributes that the labour market and employees perceive as the value they gain through employment in an organisation; it is critical to talent attraction and commitment.

In seeking to attract and retain graduates agencies need to consider the EVP associated with their graduate program. Based on the data above, this might include: providing more graduate programs in the states, which could reduce relocation costs; enhancing graduate satisfaction; and meeting graduate expectations. Agencies could also devise better-targeted rotations by identifying graduate interests and needs and giving them greater opportunities to work in areas of their choice. Agencies might also ensure that graduates' remuneration compares favourably with that of those who enter the APS with degrees through avenues other than the graduate program. Improving graduates' remuneration packages may also allow agencies to attract and retain graduates more effectively. Alternatively, increased clarity of the longer-term EVP benefits for those entering the agency through the graduate program, rather than applying for direct entry positions, might help agencies to recruit and retain graduates.

The Mobile Workforce

Length of Service at Agency of Recruitment

In general, female graduates move from their agency of recruitment sooner than males, a pattern which was generally consistent across both genders between 2000 and 2006. Female length of service at the agency of recruitment declined between 2007 and 2008, while that for males remained relatively stable. The median length of service in the agency of recruitment for both males and females has been increasing since 2008. It is not clear whether this trend will continue or if it is a short-term fluctuation.

Level Attained after Five Years

Once graduates complete their developmental year they are able to progress to higher APS classifications. The developmental year gives graduates the opportunity to advance and build their skills through rotations and the chance to work on a range of projects. Figure 1.5 represents the level graduates in the 1991, 1996, 2001 and 2005 cohorts reached after five years.

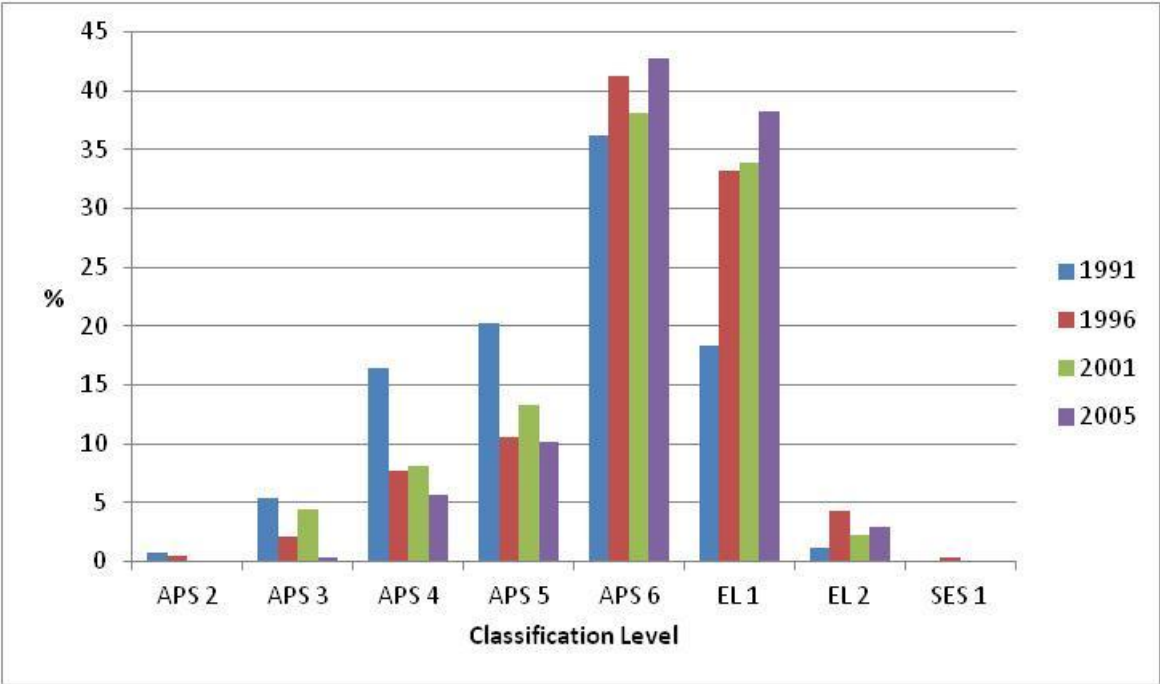


Figure 1.5: Classification Level Reached after Five Years for 1991, 1996, 2001 and 2005 Cohorts

The graph shows that 4.2% of graduates from the 1996 cohort, compared with 2.20% of the 2001 cohort and 2.88% of the 2005 cohort were able to reach the EL 2 classification after five years. After five years, the majority of graduates had reached the APS 6 classification across all four cohorts. Figure 1.6 reveals that a higher proportion of graduates from the 1991 cohort were classified as APS 3–5. In contrast, the 1996, 2001 and 2005 cohorts had fewer members at the lower levels. This could be due to graduates entering the APS from their developmental year at a higher classification level. In recent years graduate programs have raised their initial entry classifications, with many graduates entering at the APS 3 level and being placed at the end of their training period in APS 4 or 5 roles.

Level Attained after Ten Years

Figure 1.6 shows the level graduates from cohort 1991, 1996 and 2000 attained after 10 years.

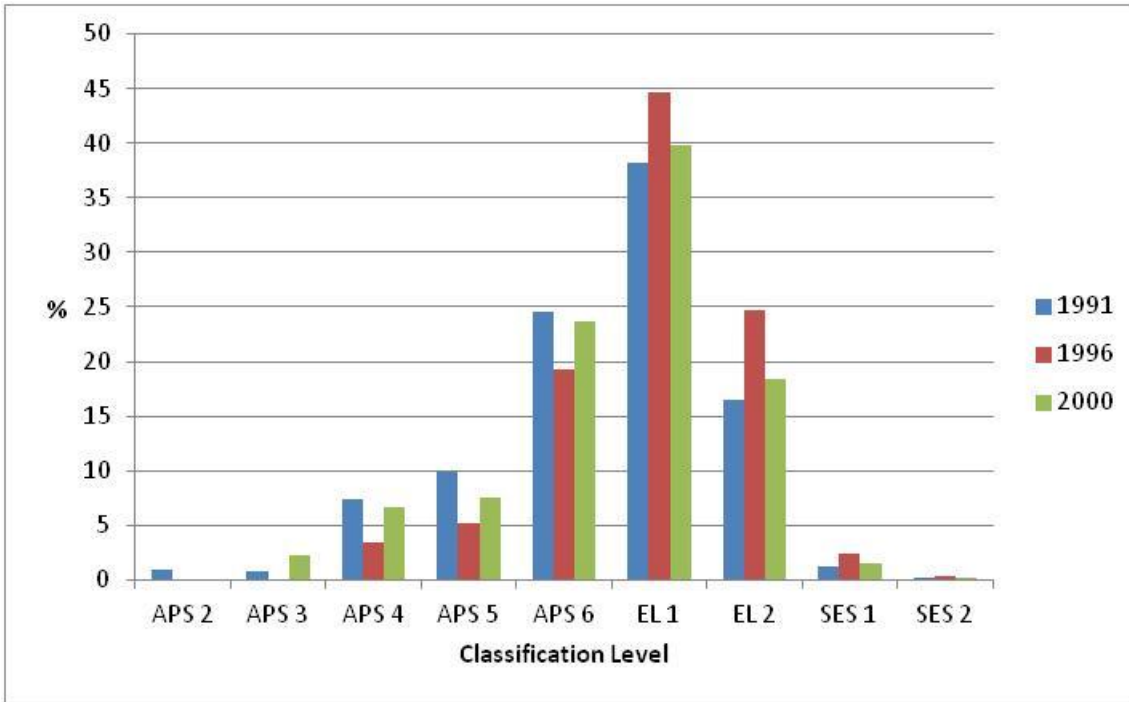


Figure 1.6: Classification Level Reached after 10 years for 1991, 1996 and 2000 Cohorts

The graph reveals that a higher percentage of graduates from the 1996 cohort progressed to higher classifications than those in the 1991 and 2000 cohorts; there are a higher proportion of graduates from the 1996 cohort who are now EL/SES employees. Most graduates were in EL 1 positions after 10 years. Based on a comparison of Figures 1.6 and 1.7, it is clear that the progression in classification became more stable after 10 years. The percentage of graduates from the 2000 cohort at the EL 1 and EL 2 classifications was less than that for the 1996 cohort. This could be due to the strong impact of the GFC on employment conditions in Australia.

Graduate Retention

Graduates represent a significant human capital investment by the APS and the return on this investment is, in part, determined by the length of time that graduates spend in the APS after their graduate year. Figure 1.7 shows the proportion of graduates remaining in the APS after their graduate year by cohort.

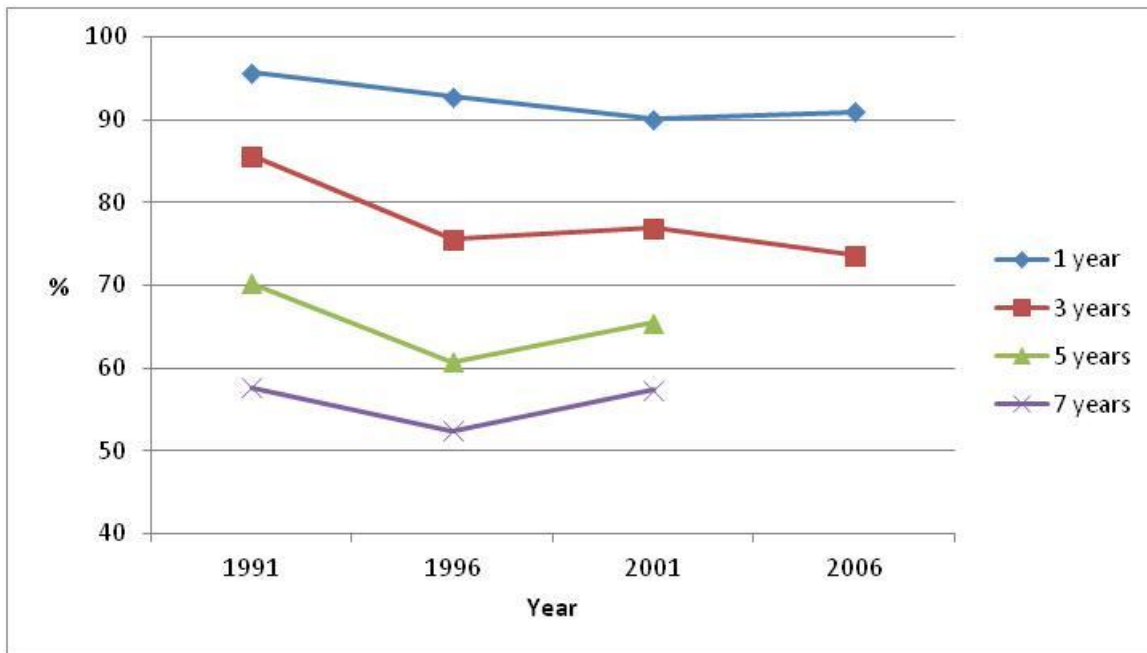


Figure 1.7: Proportion of Graduates still current in the APS after 1, 3, 5 and 7 Years by Cohort³

As can be seen in Figure 1.8, from 1996 graduate numbers declined, increasing again in 2001. There was a clear trend of decreasing retention of graduates after three years with an overall decline of 10% from 85% retention in the 1991 cohort, to less than 75% in the 2006 cohort. This may reflect the increased mobility seen in the Australian workforce in recent years. Addressing this issue might require specific programs that focus on the retention of graduates as well as their recruitment and initial development.

Overall, rates of graduate retention after one year have been relatively consistent during this period. This suggests that the APS receives some return on investment in graduates—in the short-term at least. If the increase in retention rates in the 2001 cohort, compared with the 1996 cohort, is reflected in the 2006 cohort, this would suggest an increasing return on investment for graduates.

Intentions to Leave

The 2009–10 State of the Service Report asked graduates, ‘Do you intend to leave your agency in the next two years?’ To this question 28% responded yes, 35% were unsure, and 37% answered no. The three most frequent reasons given for why some graduates intended to leave were, a ‘desire to gain further experience’, a ‘desire to try a different type of work or seek a career change’, and a ‘lack of future career opportunities’.

Reasons given by graduates for intending to leave their agency suggest that they value mobility as a means of gaining experience and improving their career prospects. This could be due in part to a perception that the agency lacks career opportunities. Many graduates are entering the workforce for the

³ As insufficient time has elapsed for data to be collected regarding graduates still current in the APS after five and seven years for the 2006 cohort, the data for that cohort is incomplete. It is unclear whether there will be any observable trend of graduate numbers remaining in the APS after five and seven years from this cohort.

first time, and the agency may not be meeting their expectations or there may be a lack of communication regarding the opportunities available to them.

Separation during the Graduate Program

Figure 1.8 shows the proportion of graduates who cease employment with the APS during their graduate program.

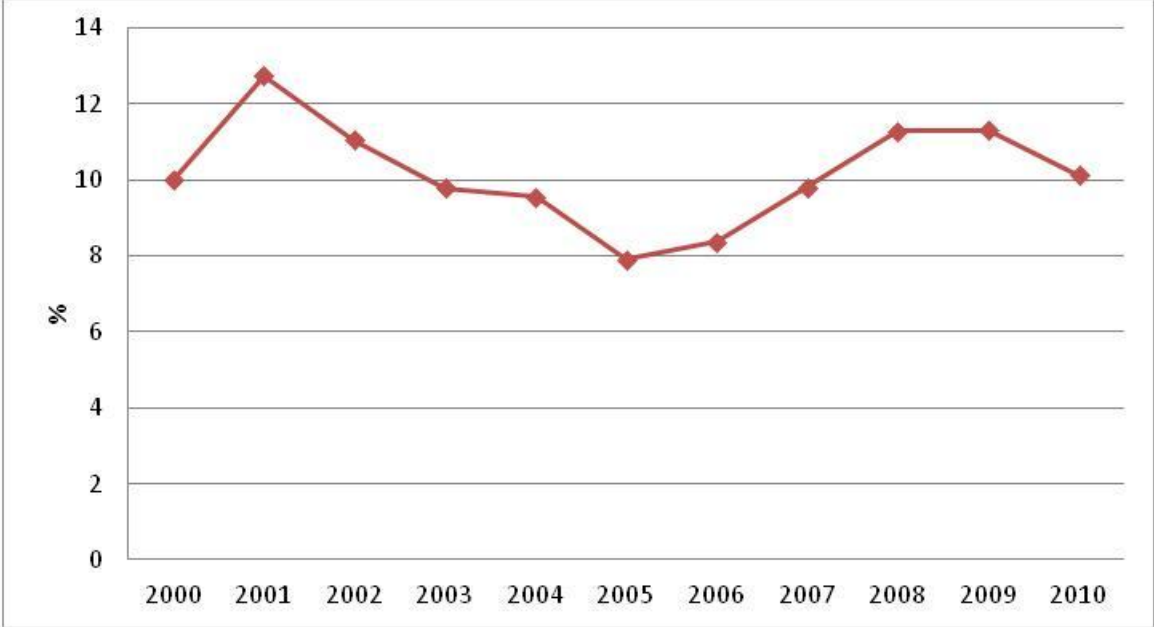


Figure 1.8: Proportion of Graduates who Separate as a Graduate by Year

These data show that agencies can expect to lose approximately 10% of graduates during the graduate program. Higher levels of separation in 2001 may be explained by the decline in the growth of the APS workforce, resulting in the perception among graduates that there were fewer career opportunities in the APS compared to the private sector. Since 2004, the female separation rate from the APS during the graduate year has remained slightly higher than that for males. The proportion of graduates who separate in their graduate year has been relatively stable, while in absolute terms graduate numbers have increased.

Graduate Workforce Modelling

Over the past decade the number of graduates in the APS has fluctuated. However, over the last three years graduate recruitment has steadily declined. Due to the instability in graduate population numbers, attempting to project more than five years becomes difficult. It is unclear whether the recent decrease in graduate numbers is the start of a larger trend, or whether it will be reversed by changes in APS strategy. In light of these issues, two likely scenarios may be considered.

Scenario 1: Declining Recruitment

After fluctuations since 2000, graduate recruitment has declined at a steady rate since 2008 of approximately 4% per year. Under this scenario it is assumed that the decline will continue at this rate.

Scenario 2: Ageing Workforce—Increase in Graduate Recruitment

The assumption of this scenario is that numbers of those retiring will grow, thereby increasing the demand for skilled labour; it is assumed, therefore, that a long-term APS focus on the recruitment and retention of skilled labour, including graduates, will increase graduate recruitment over the next five years. Within a tightening labour market, strategies will need to focus not only on increasing the number of graduates but also on maintaining a high standard of recruitment.

This scenario is based on the assumption that the APS will continue to grow and that graduate recruitment will increase in line with that of the APS. The predicted growth of the SES and the EL workforces is 2.97% and 6.39% respectively; therefore, a growth rate which would see graduates keep pace with the APS is estimated to be within these two figures and a conservative estimate was used (Scenario 2A: 3% growth) and a less conservative figure (Scenario 2B: 5% growth).

Table 1.1: Graduate Workforce Modelling Results

| Year | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|--------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Scenario 1: | 1131 | 1086 | 1042 | 1001 | 961 | 922 |
| Scenario 2A: | 1213 | 1250 | 1287 | 1326 | 1366 | 1407 |
| Scenario 2B: | 1237 | 1299 | 1364 | 1432 | 1503 | 1579 |

Limitations

There are a number of limitations to this work. In particular, modelling of the graduate workforce is based on historical data and may not reflect future trends. In addition, it is unknown whether the separation behaviour of graduates represents an issue for the APS, or if it is a ‘natural’ pattern of movement.

The changing external environment will also affect the recruitment and retention of graduates. In a tighter labour market the supply of graduates who are attracted to the APS may decrease. However, this factor has not been included in the workforce modelling. Further analysis is required to examine the impact of the decreasing supply of graduates in the future as well as the effects of the GFC on graduate behaviour.

Conclusions

Graduates are attracted to the APS for several reasons. How long they stay in their agency may depend on whether or not their expectations are being satisfied. Their intentions to leave the APS may be affected by the perceived opportunities, or lack thereof, in their agency and the APS as a whole. The perception of a lack of opportunities may be addressed through more varied and challenging work or better communication of the opportunities available to graduates after the graduate program.

Retention of graduates after one year has remained fairly stable over the past decade. However, there has been an increase in the number of graduates who separate within their first three years in the APS. Improving the longer-term EVP for graduates, and promoting the long-term returns in terms of EVP for those entering through the graduate program may help to increase retention. This could also be done by: increasing the availability of graduate programs and ongoing work outside the Australian Capital Territory; tailoring aspects of the program to suit graduates' individual interests and experience, particularly in relation to assigning rotations; and providing challenging work to keep graduates engaged during and after the program.

Chapter 2

APS 1–6 Supply and Demand

This chapter continues the examination and analysis of workforce planning risks throughout the APS begun in Chapter 1 Graduate Supply and Demand. Its foci include risks associated with an ageing workforce and changing growth patterns in the workforce. The paper evaluates the APS 1–6 classifications in the same terms, including the extent to which the vacancies created by staff turnover are filled by the internal labour market.

In order to ensure that the Australian Public Service (APS) remains an effective and productive organisation, a professional and engaged APS workforce is essential. While not responsible for developing and focussing the strategic aims of agencies, APS employees are responsible for achieving them. Furthermore, their role in service delivery to citizens and stakeholders is critical in shaping community perceptions of the APS.

Further challenges are presented in *Ahead of the Game: Blueprint for the Reform of Australian Government Administration*⁴. These are not just restricted to productivity challenges, but include the need for cultural change within the APS. Fostering cultural change and encouraging a “One APS” identity requires a solid understanding of the workforce itself. Knowledge of trends over time is also required to ensure that this change is long-lasting, and not restricted to a single cohort.

The Current Workforce

Growth

Figure 2.1 shows growth rates for the APS 1, APS 2 and APS 3 classifications as a percentage of 1996 numbers based on Australian Public Service Employment Database (APSED) data. All groups show a clear decline from 1996 levels. APS 1 employees were the most affected, with their numbers declining by 70% in three years. Within five years, APS 2 numbers had declined by nearly 50%. Both groups continued to fall in number before rising slightly between 2005 and 2007. By contrast, APS 3 numbers declined significantly before they rose again until 2007. After 2007, all levels again declined.

⁴ Advisory Group on Reform of Australian Government Administration, *Ahead of the Game: Blueprint for the Reform of Australian Government Administration*, Commonwealth of Australia, Canberra, 2010.

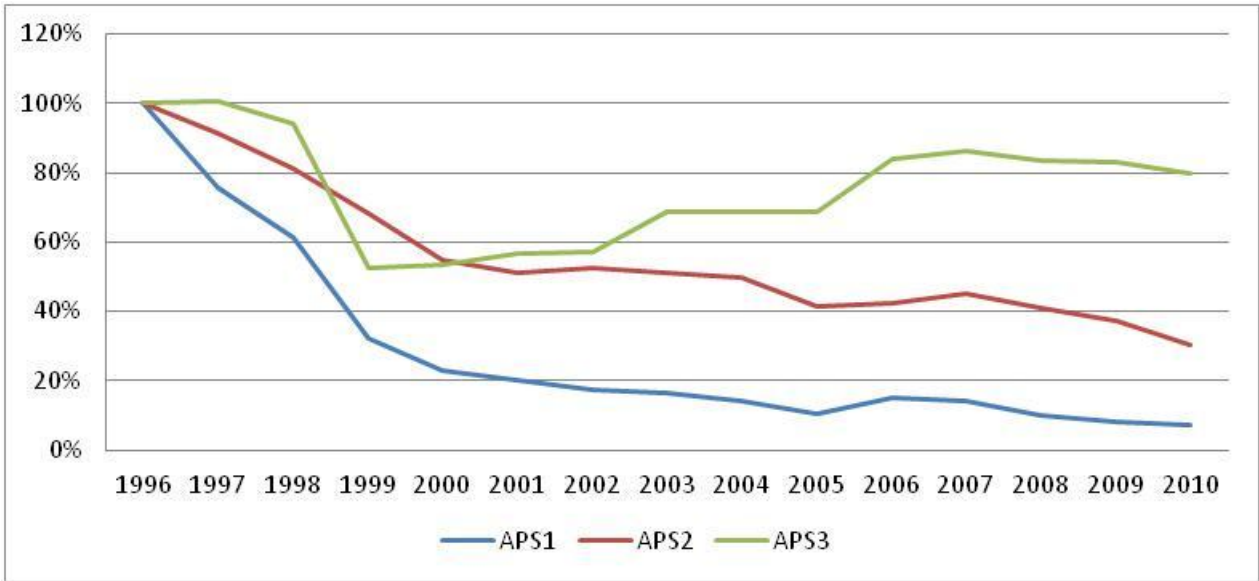


Figure 2.1: Growth Rates for APS 1–3 Categories

Figure 2.2 shows the growth rates of the APS 4, APS 5 and APS 6 classifications between 1997 and 2010 as a percentage of 1996 numbers. In contrast to the APS 1 and APS 2 classifications, these groups have shown consistent growth after falls in the late 1990s. All have increased in relation to their 1996 numbers, although the growth rate for the APS 4 classification appears to plateau after 2007.

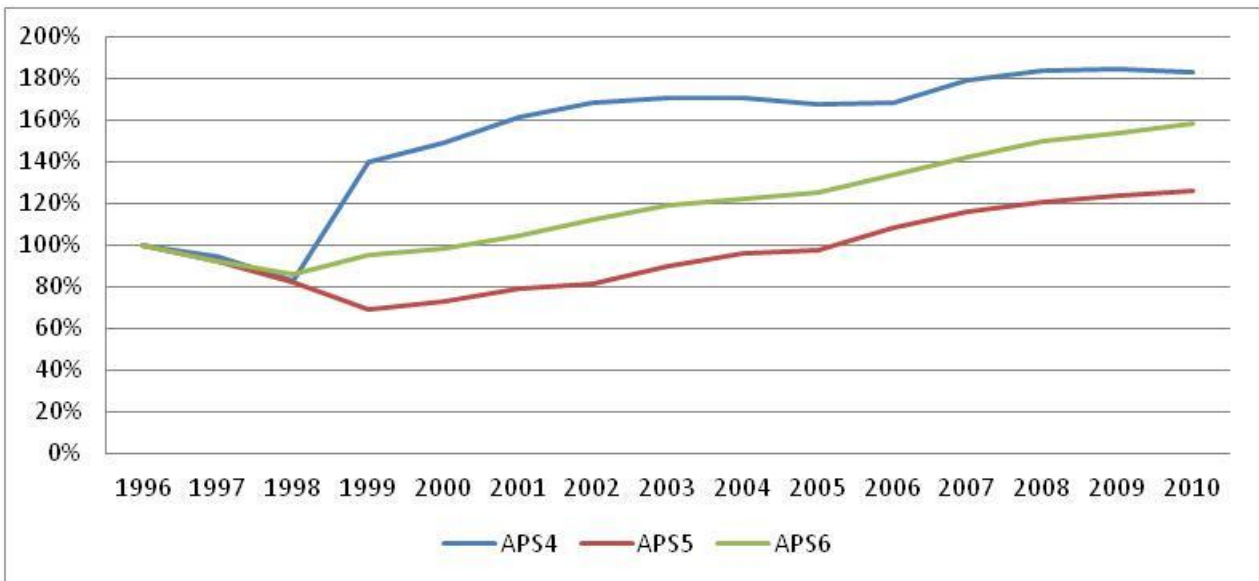


Figure 2.2: Growth Rates for APS 4–6 Categories

The conspicuous growth in APS 4 numbers between 1998 and 1999 corresponds to the decrease in APS 3s shown in Figure 2.1. A possible explanation for this is the reduced use of broadband classifications by agencies. Historically, some agencies have reported the classification of employees as bands, including APS 1–3 and APS 4–6. These employees have been recorded in APSED at the highest possible classification until the correct classification has been provided. As such, this change may be due in part to employees being reallocated out of the APS 3 cohort and reported as either APS 1 or APS 2. This would cause an apparent decline in APS 3 numbers. Similarly, other employees may have begun to be reported as APS 4 after previously being reported as APS 5 or APS 6, thus contributing to an apparent growth in this group.

Figure 2.3 shows the numbers of APS 1, 2 and 3 employees as a percentage of the entire APS. While the APS 1 and 2 classifications show a consistent decline in representation, the proportion of the workforce made up by APS 3 employees declines rapidly to approximately 14% between 1996 and 1999. Growth subsequently returns, generally keeping pace with the wider APS until 2006 before dropping again. It is unclear whether this marks the start of a longer, more gradual fall in APS 3 representation, or a temporary decline.

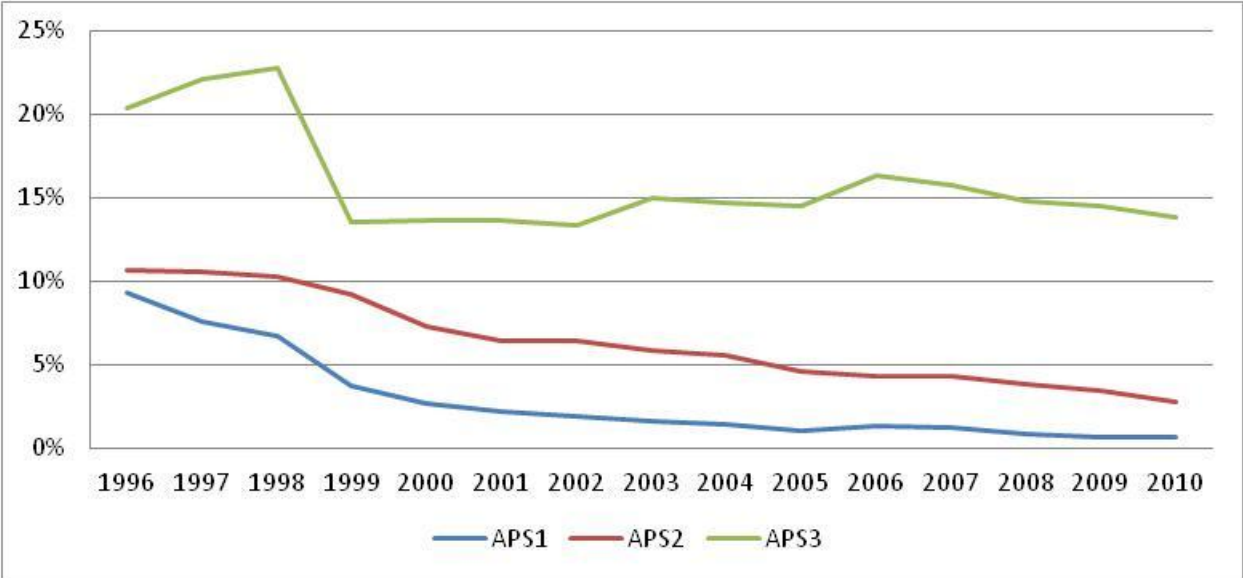


Figure 2.3: APS 1–3 as a Percentage of the Entire APS

Figure 2.4 shows the numbers of APS 4, 5 and 6 employees as a percentage of the entire APS. While the APS 5 and APS 6 classifications have increased their representation over the last decade, the APS 4 category has shown more dynamic change. As previously discussed, the large and sudden increase in 1999 corresponds to the large decrease in APS 3 numbers at the same time. However, the APS 4 category failed to maintain this apparent rate of growth and has since declined to approximately 20% of the APS. Figure 2.4 also shows that there are considerably more APS 4s and 6s than there are APS 5s. This may have an effect on career paths as large numbers of APS 4s compete for a small number of APS 5 positions. Conversely, the number of APS 5s who are suitable for promotion may be much smaller than the number needed to fill vacant APS 6 positions. This may make the APS 6 cohort more dependent on the external labour market for new employees.

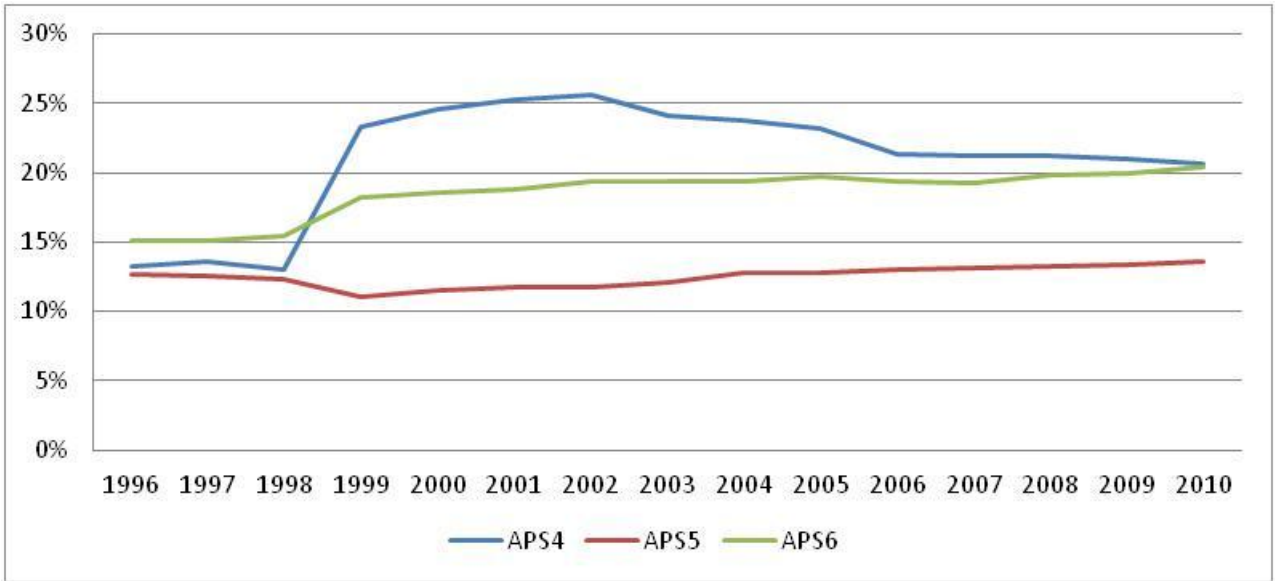


Figure 2.4: APS 4–6 as a Percentage of the Entire APS

Figure 2.5 shows the increase in the proportion of the workforce which is female since 1996. Despite the different growth rates, classification groups are sufficiently similar in relation to gender that they may be collapsed. All groups have experienced an increase in the proportion of females employed since 1996, which is in line with the larger APS trend. As of 2005, the majority of all employees at these levels were female.

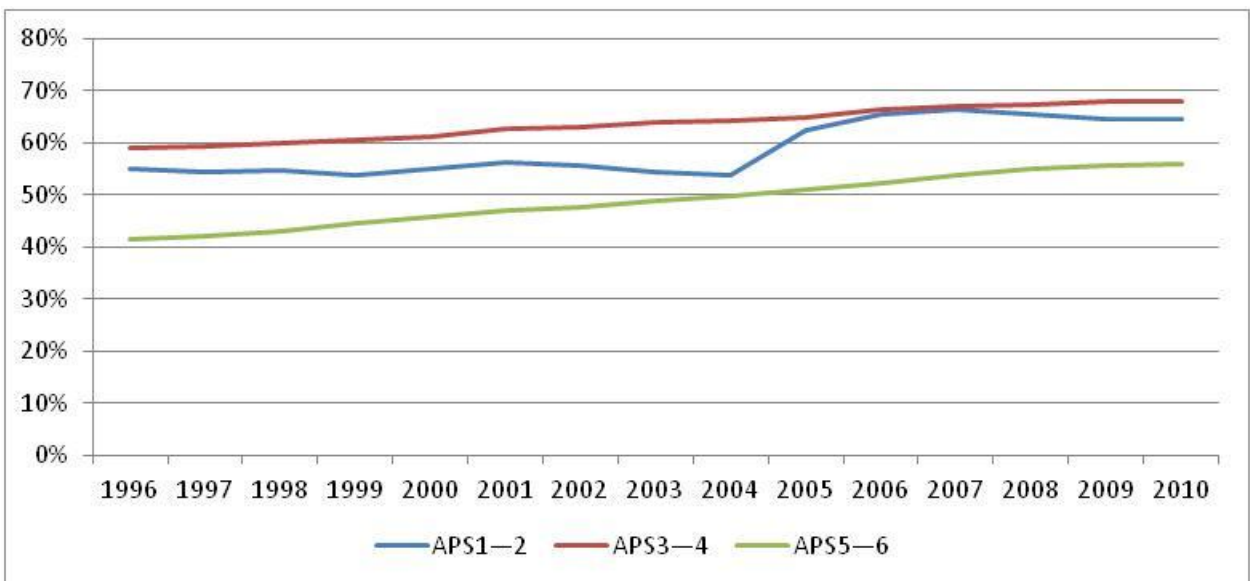


Figure 2.5: Gender Breakdown of APS Workforce

Figure 2.6 reveals the APS cohorts broken down by age as of July 2010. As shown, the APS 1–2 group has a much higher proportion of Baby Boomers⁵ than either of the other classifications. It is unclear

⁵ Baby Boomers are employees aged over 45 in 2010. By contrast, Generation X refers to employees aged between 30 and 44 in 2010, while Generation Y refers to those aged 29 or younger.

whether this represents an older, stable workforce which survived the retrenchments of the late 1990s or another group that has since entered the APS at these lower levels. What is clear, however, is that the APS 1–2 workforce is older than all other APS classifications except EL 2 (60% Baby Boomers) and SES (73.6% Baby Boomers). By contrast, Baby Boomers comprise approximately 38.5% (APS 3–4) and 41.5% (APS 5–6) of the APS workforce respectively.

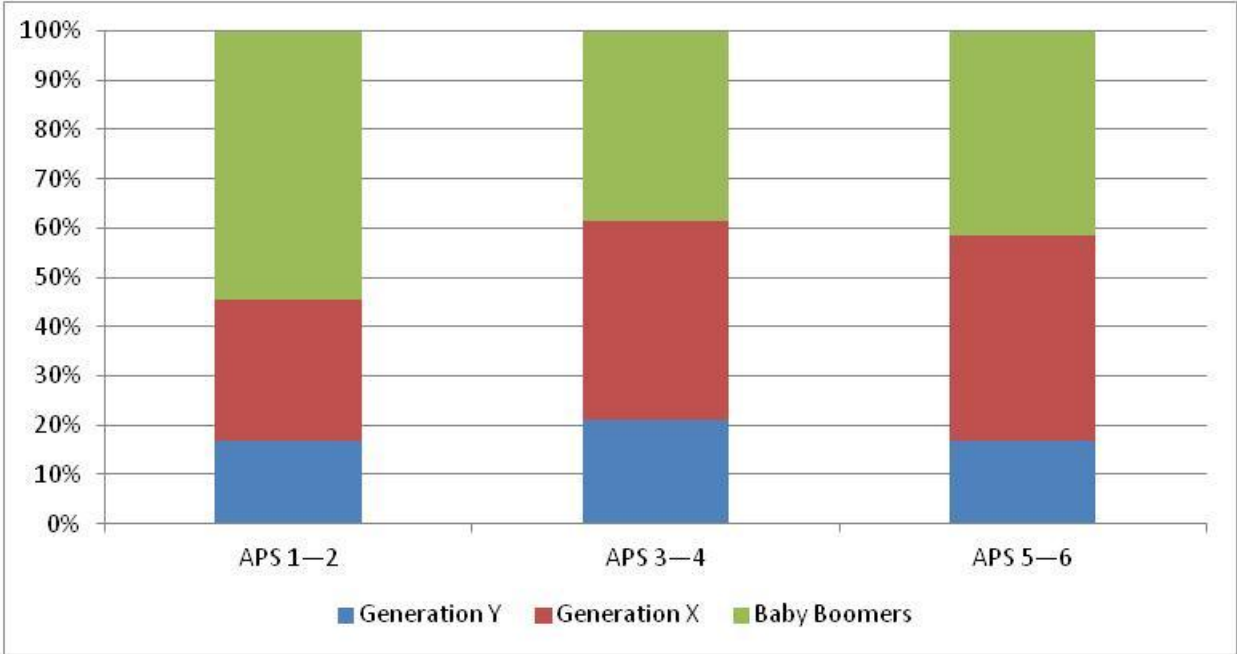


Figure 2.6: APS Workforce broken down by Generation

Figures 2.7 to 2.9 show changes in the age profiles of the APS workforce since 1996. Figure 2.7 reveals that the APS 1–2 workforce has aged considerably, with the proportion of employees aged 34 or younger dropping by nearly 20% since 1996. There has also been a corresponding increase in employees aged 55 and over. The APS 3–4 category shows a similar, although less pronounced, trend. By contrast, the APS 5–6 workforce has been relatively stable, with a steady 30% of employees aged 34 or younger. There has, however, been an increase in the proportion of employees aged 55 and over, matched by a corresponding decrease in employees aged between 40 and 44. This suggests a group composed of two parts: a stable, ageing group and a younger cohort that is being constantly refreshed with new employees.

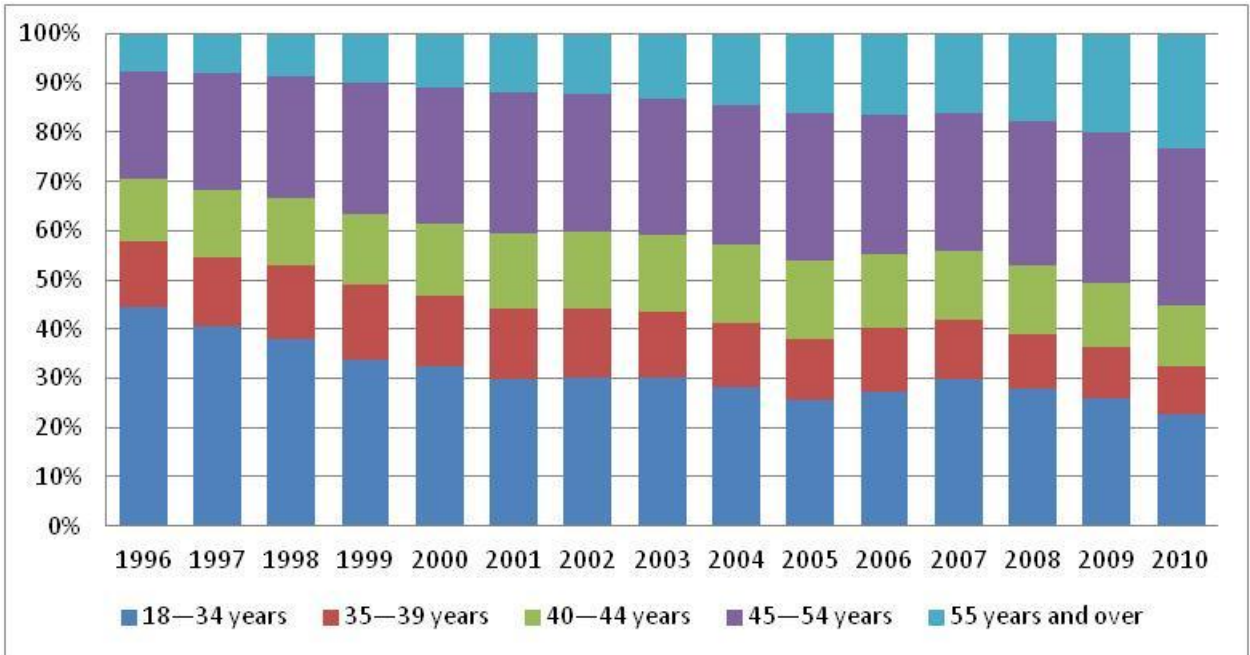


Figure 2.7: Age Trends for APS 1-2 Employees

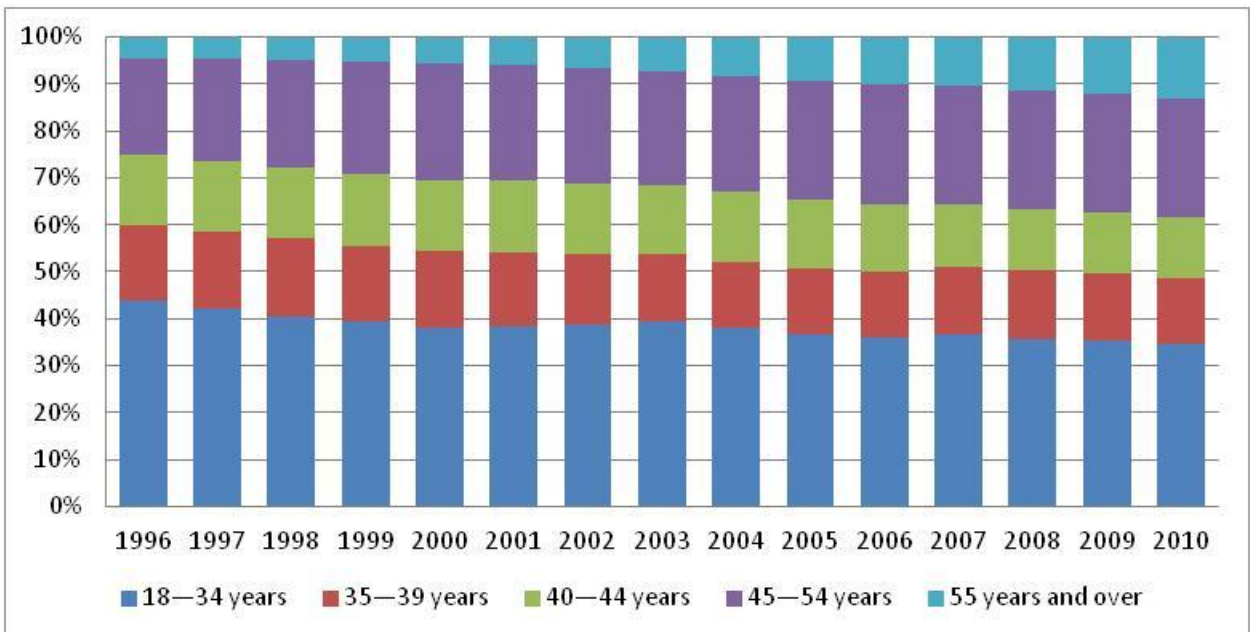


Figure 2.8: Age Trends for APS 3-4 Employees

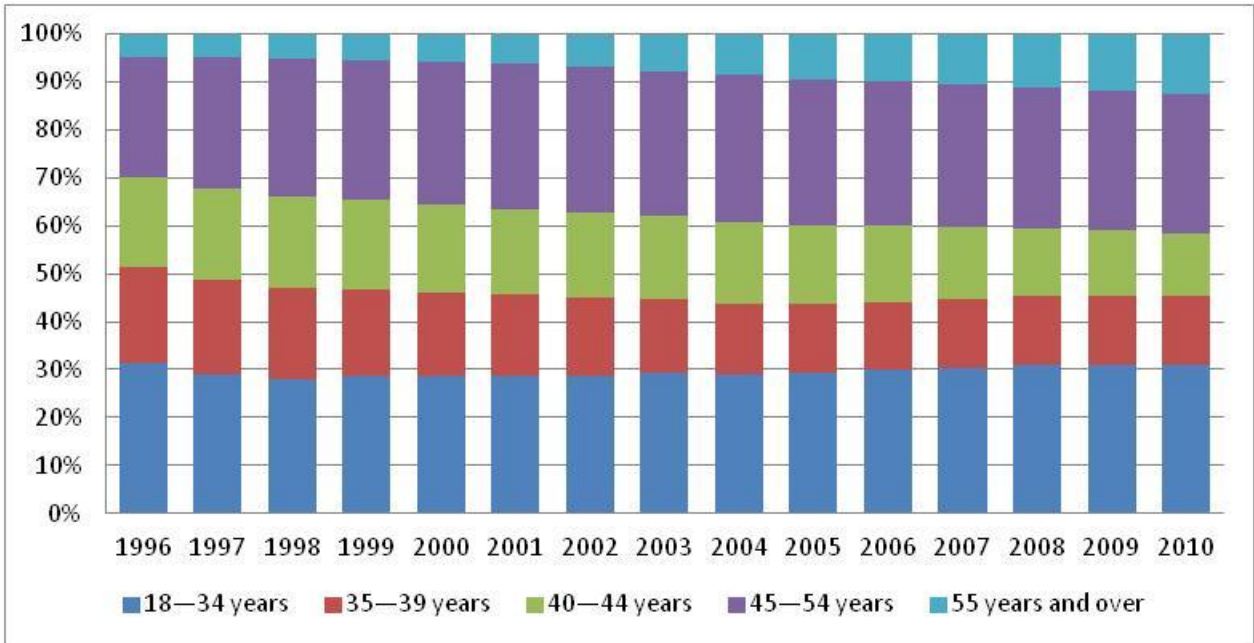


Figure 2.9: Age Trends for APS 5-6 Employees

Staff Turnover—Rates, Reasons, and Intentions

Figure 2.10 shows the separation rate as a three year moving average for ongoing APS employees since 1998. A large increase in APS 2 separations occurred in 2005 which is responsible for the apparent rise in APS 1-2 separations. By contrast, APS 3-4 and APS 5-6 separation rates have been more consistent, stabilising at approximately 7% since 2003.

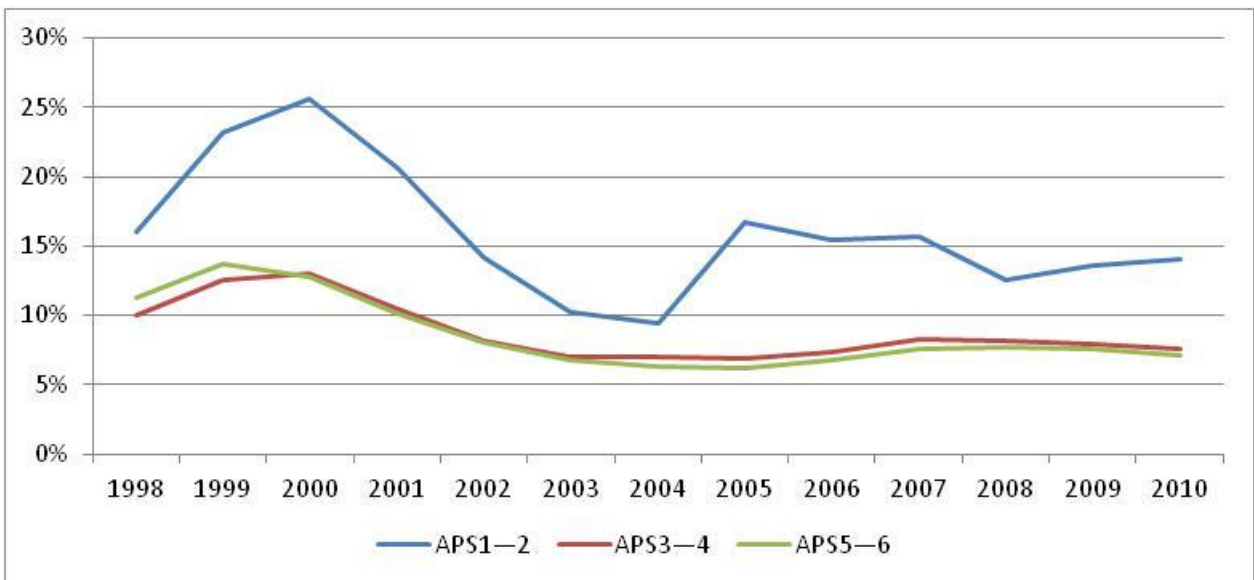


Figure 2.10: Separation Rates for APS Employees

Separation Types

Figures 2.11 to 2.13 show the types of separations by APS employees between 1996 and 2010. For all employees, the large-scale retrenchments of the late 1990s are visible. Since 2001, resignation has been

the single largest cause of separation for APS 3–4 and APS 5–6 employees. For APS 1–2 employees, a rise in the numbers of retrenchments and forced moves to a non-APS agency in 2005 interrupts this trend.

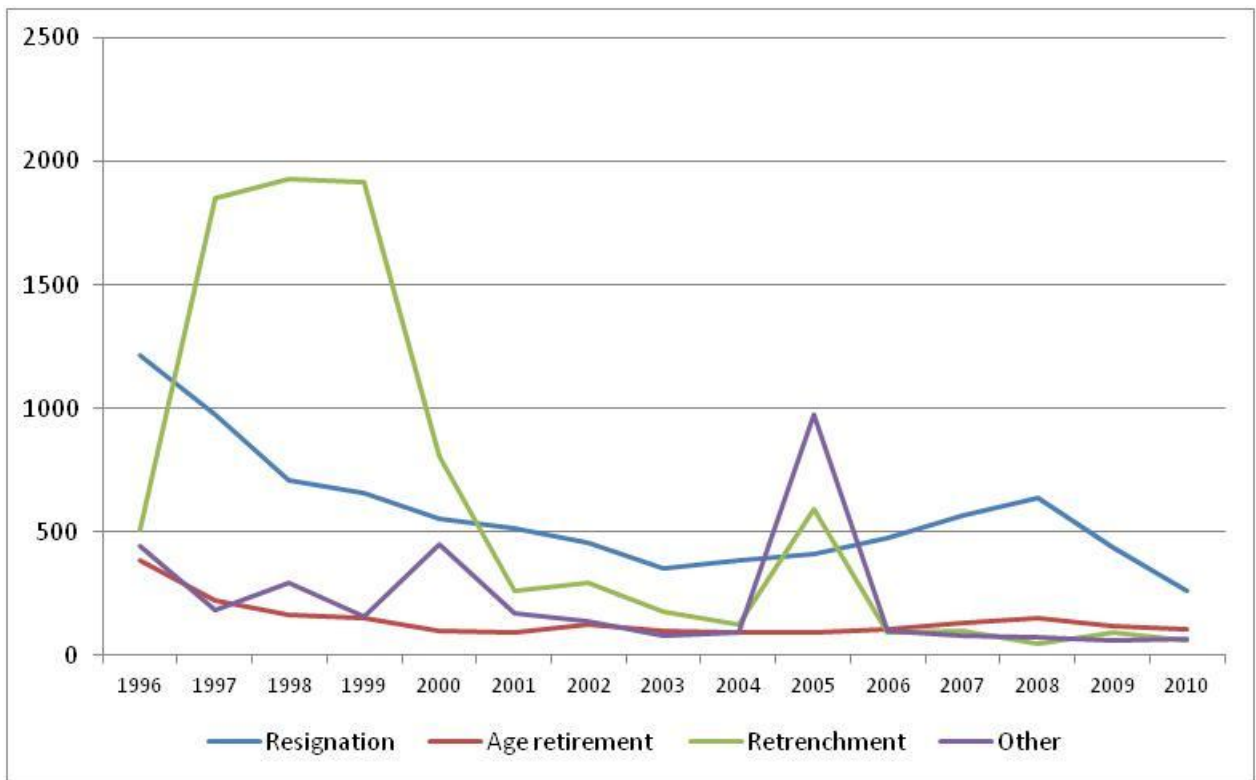


Figure 2.11: Separation Types for APS 1–2 Employees

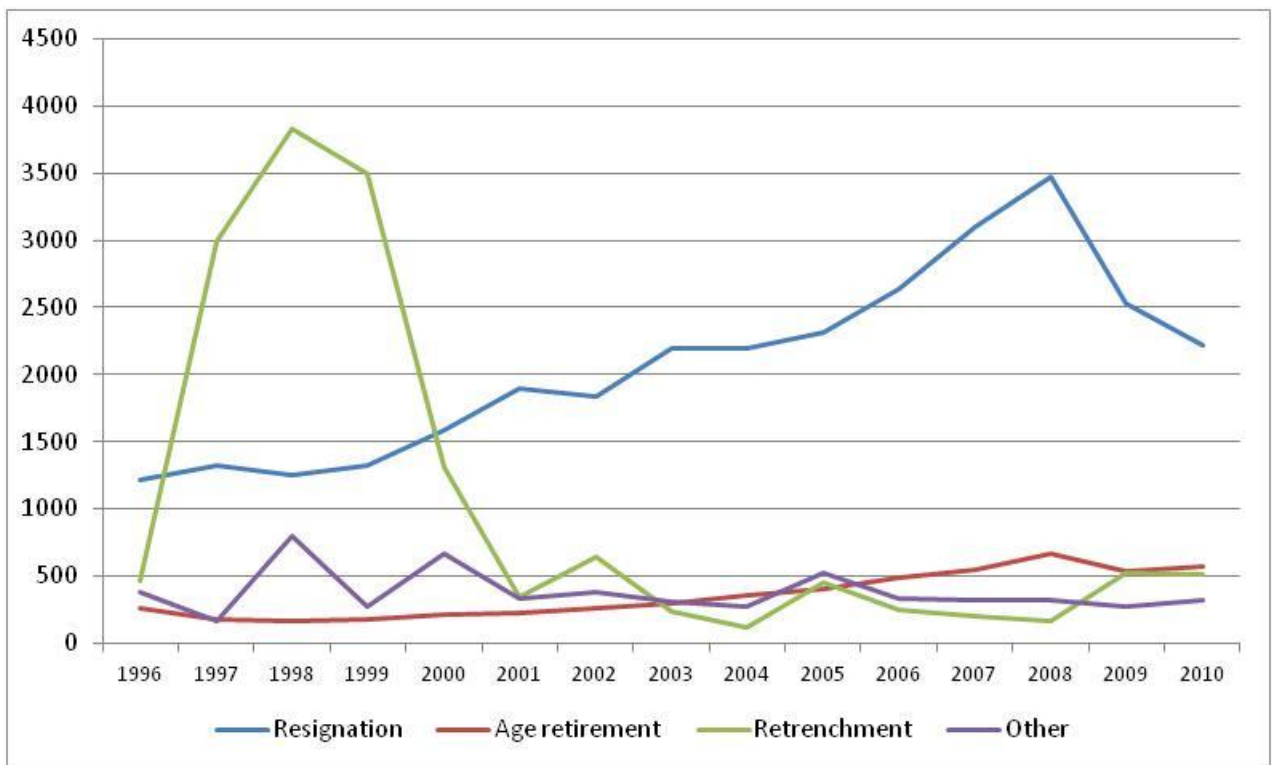


Figure 2.12: Separation Types for APS 3–4 Employees

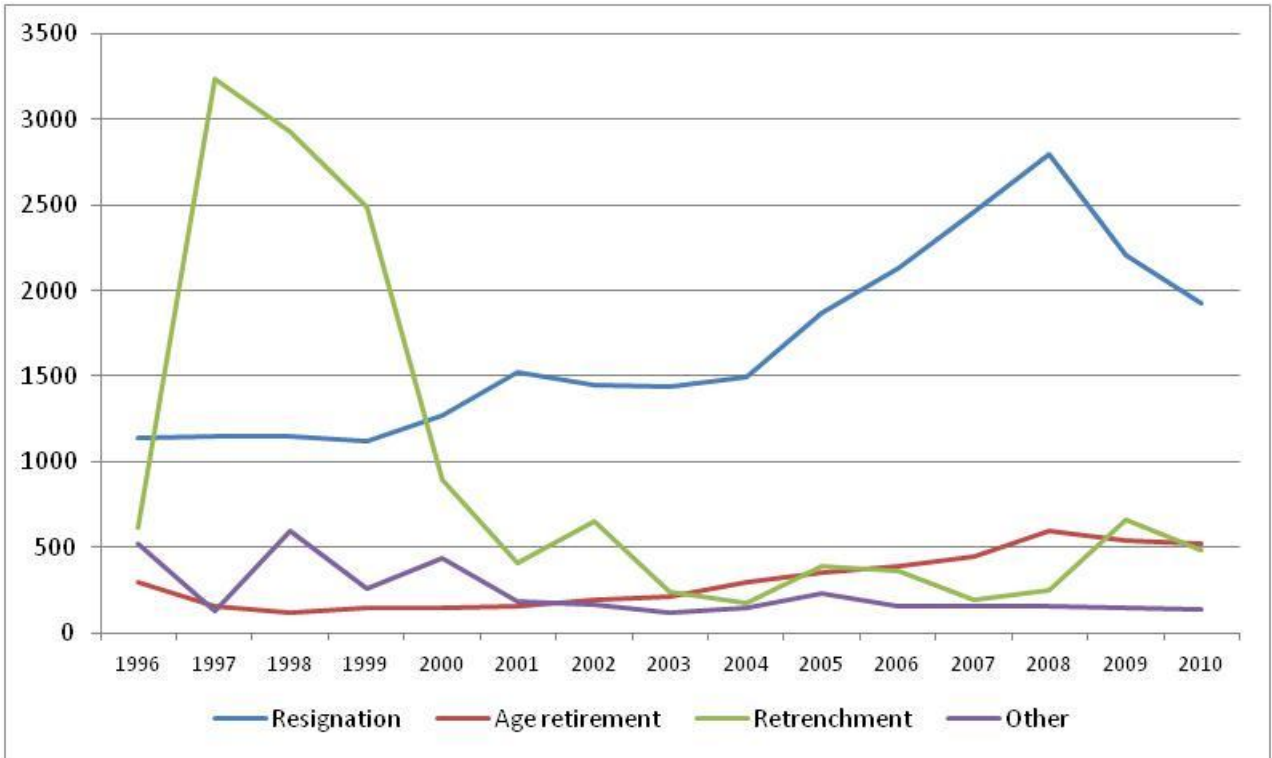


Figure 2.13: Separation Types for APS 5-6 Employees

All graphs point to an apparent decline in the number of resignations since a peak in 2008 which coincides roughly with the Global Financial Crisis GFC. A similar, but smaller peak also occurred in retirements in 2008. It is unclear whether this is the beginning of a longer-term trend created by the GFC, or simply a return to the more stable levels seen between 2001 and 2005.

Career Intentions

Figure 2.14 shows the career intentions of employees of each classification broken down by generation based on the 2010 State of the Service employee survey. At all levels, Generation X and Y employees are more likely to report intending to leave the APS within the next two years than Baby Boomers are. They are also more likely to report intending to leave their agency.

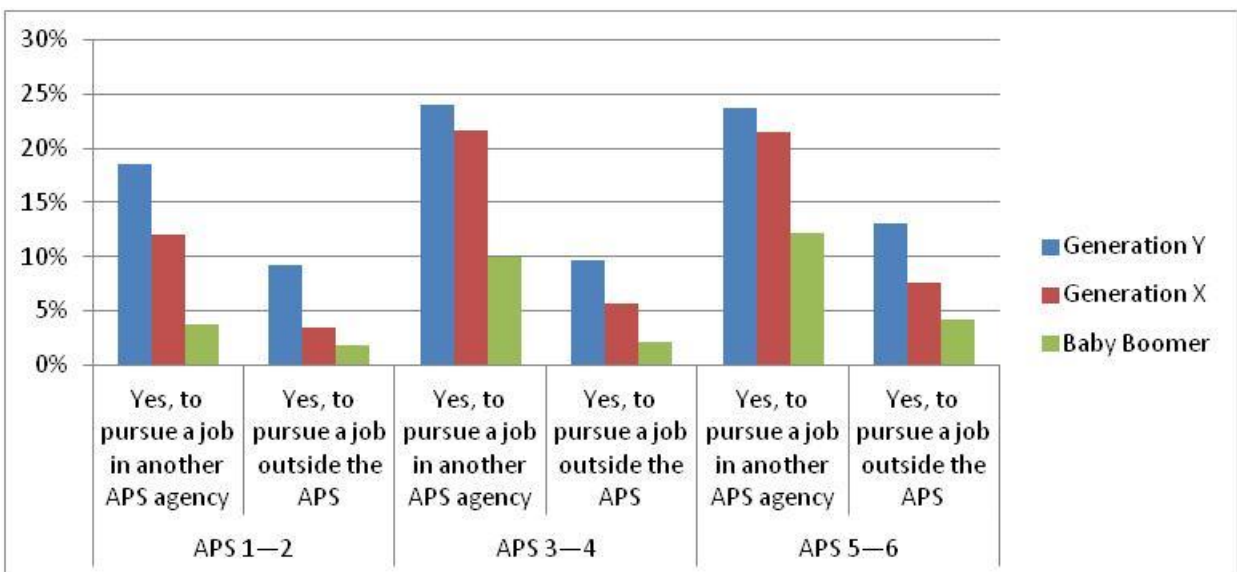


Figure 2.14: Career Intentions for APS Employees

Figure 2.15 sets out the proportion of each classification who were eligible to retire at the time of the survey (aged 55 or older) and who intended to do so within the next two years. There are no significant differences between the classifications. In each case, only about one in four employees who are eligible to retire actually intend to do so in the near future.

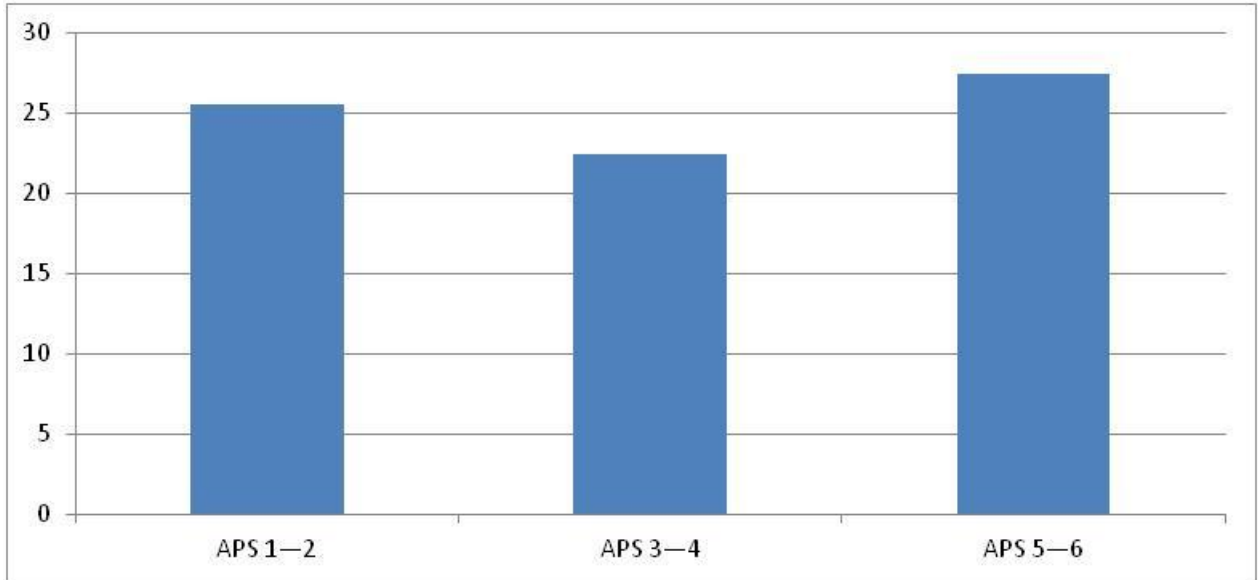


Figure 2.15: Retirement Intentions for APS Employees

Recruitment Requirements

In order to estimate the APS recruitment needs (Demand), the number of engagements at each level is added to the total number of transfers to that level⁶. The proportion of the Demand composed of internal applicants estimates the dependency of the APS on the external labour market.

Filling the Demand using internal applicants causes transfers or promotions for individuals. This is frequently from the level immediately below the vacancy—its feeder group. For the APS as an organisation, however, this results in the Demand being transferred to the feeder group. Put another way, promoting an APS 5 meets the Demand at the APS 6 level, but increases the Demand at the APS 5 level.

Figures 2.16 and 2.17 contain the proportion of the Demand met by internal applicants for the APS 1–3 and APS 4–6 workforces, respectively.

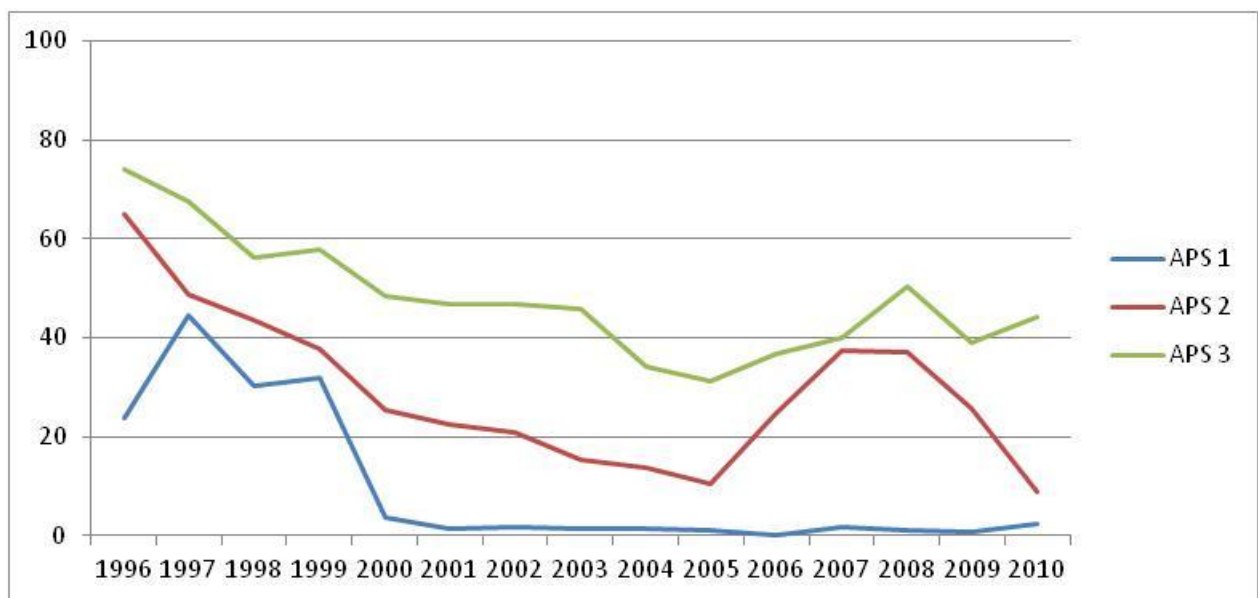


Figure 2.16: Proportion of APS 1–3 Demand filled by Internal Applicants

⁶This Demand figure approximates the Supply of new workers. An alternative is to use the increase in the workforce at each level combined with the number of separations to estimate the Demand for new staff. While Supply should approximate Demand there appears to be some discrepancy in APSED with historical data. This is because the demand figure is affected by a number of sources of untracked movement in the APS, including reallocations caused by the increasingly accurate capture of member level. The Supply estimate is not as affected by these issues and is likely to be a more reliable estimate, as the APS only draws on the labour market to fill these requirements.

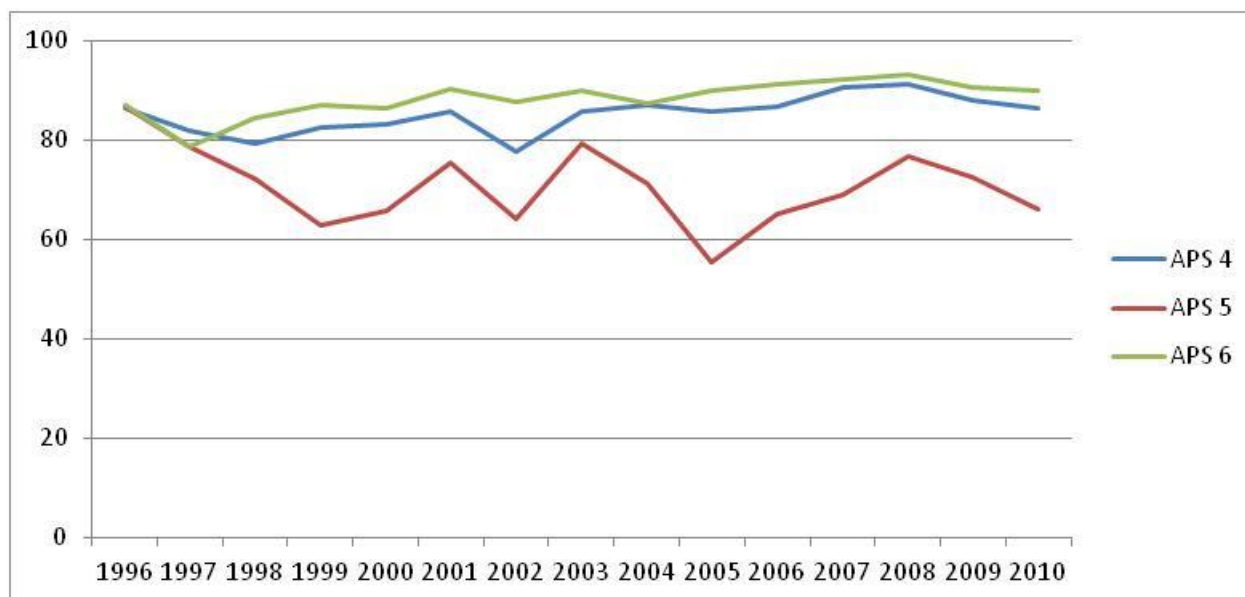


Figure 2.17: Proportion of APS 4–6 Liability filled by Internal Applicants

As Figure 2.16 shows, the proportion of APS 1 positions filled by internal applicants has been consistently low since the major workforce changes of the late 1990s. This makes intuitive sense, as this group has no feeder group from which to draw new employees. The dependence of the APS 2 and APS 3 groups on the external labour market has increased since 2000, probably because of the reduction in size of their feeder groups. However, this did lessen somewhat between 2007 and 2009. This was largely due to a peak in the raw number of successful internal applicants rather than a fall in Liability. This suggests that despite the shrinkage of feeder groups, Liability should be able to return to these peak levels without an increased APS dependency on external recruitment.

The dependence of the APS 4 and APS 6 classifications on the external labour market has always been relatively low. Since 2003, 80% or more of the Liability has been filled by internal applicants. This has not been affected by changes in the size of their feeder groups. The APS 5 classification has always been more dependent on the external labour market, although the extent of this has varied. Over time, the number of APS 4 employees relative to APS 5 employees has fluctuated (see Figure 2.4), but again the changing size of the feeder group has not affected recruitment. It seems likely, however, that Liability can return to peak levels without an increasing APS reliance on the external labour market for APS 5 employees.

Workforce Modelling

Separation and promotion rates have remained relatively stable for each classification since 2000. However, over the last 10 years, the number of APS 1–2 employees has fallen while the number of APS 3–6 employees has grown. There may be a relationship between these trends as the more routine tasks become automated and a greater number of customer requests are dealt with online, thus reducing the need for traditional, service delivery positions in favour of more skilled staff. While large fluctuations in annual growth rates make forecasting difficult, it is likely that these trends will continue unless other factors change them. These may include reaching a minimum number of APS 1–2 employees, below which it becomes impossible to deliver services effectively.

Given the key role of growth in determining liability, modelling will combine the two negative growth categories (APS 1 and 2) and the positive growth categories (APS 3–6). Two possible future scenarios will be modelled:

Scenario 1: Continuing Positive and Negative Growth for Different Classifications.

- APS 1–2 numbers will continue to decline while APS 3–6 numbers grow as the nature of APS work becomes more technical.

Scenario 2: Negative Growth for APS 1–2 Ceases after 2013 while Positive Growth Continues for APS 3–6 at a Slower Rate.

- The negative growth in the APS 1–2 classifications will halve its current levels in 2012 and become 0% in 2013. After two years, APS 3–6 positive growth will be reduced by half as changes to the workforce near completion.

Scenario 2 assumes that within three years the APS workforce will have largely eliminated the need for APS 1–3 employees as the move to online service delivery and electronic records management nears completion, thereby automating the tasks usually performed by these employees. Replacing them with more senior technical experts and analysts will have contributed to the growth experienced in the APS 4–6 classifications. As this process is completed, APS 4–6 growth will slow.

Full results of the modelling can be found in Annex A. Summarised results can be found in Figures 2.18 (APS 1–2) and 2.19 (APS 3–6).

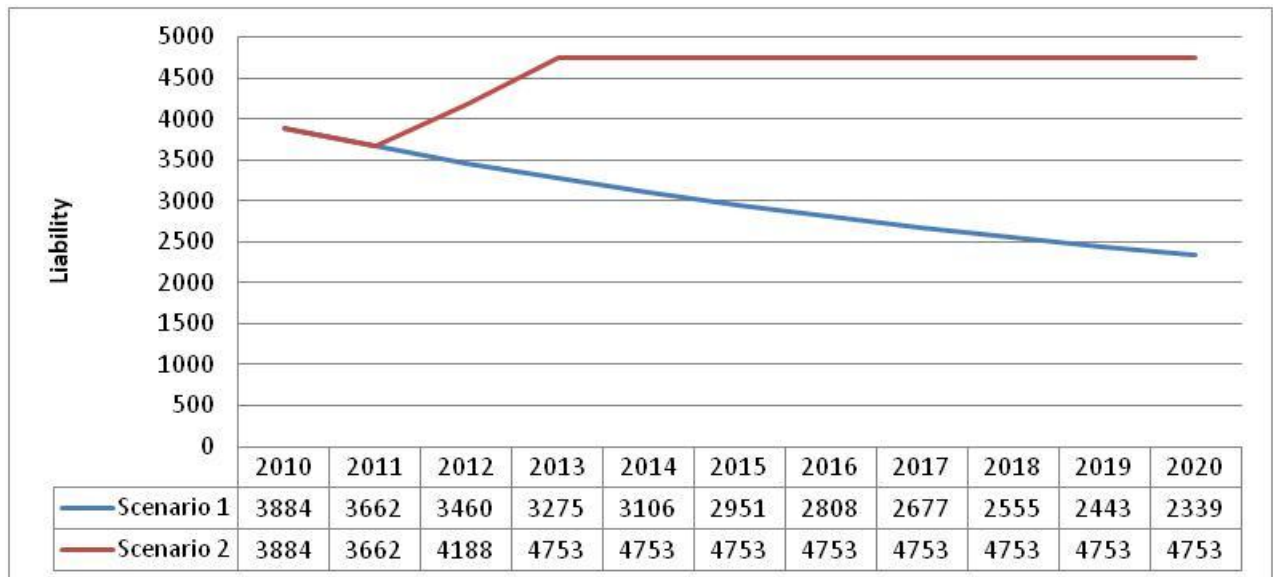


Figure 2.18: Results of Modelling for APS 1–2 Employees

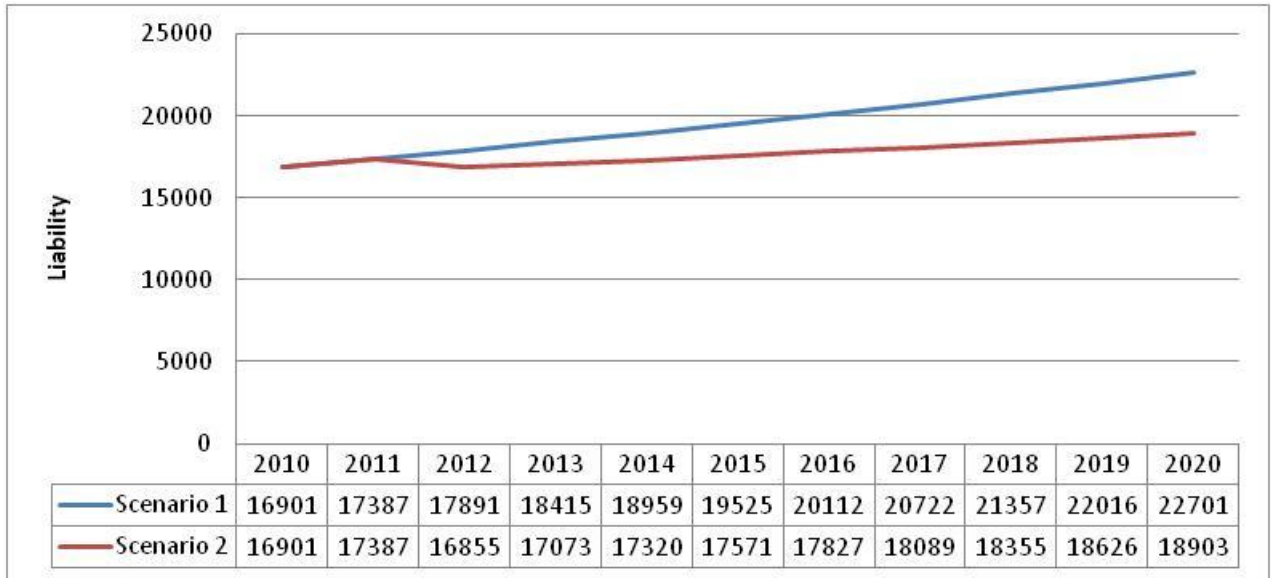


Figure 2.19: Results of Modelling for APS 3–6 Employees

Limitations

This work is limited in a number of important ways. As with all modelling, it is based on historical data. Estimates are only accurate to the degree the future is the same as the past. Changes to government policy or the economic situation will threaten the validity of the modelling.

Specifically, this modelling assumes that separation rates will remain stable. As one of the primary sources of Liability in the APS, should rates change this modelling will become invalid. Furthermore, as the oldest workforce category in the APS, the APS 1–2 group are particularly vulnerable to an increase in separation rates as the number of retirements increases.

A key limitation to this report is that it is based on a head count of the APS, not a Full Time Equivalent (FTE) worker approach. The capacity of the APS may not have changed in line with the changing numbers of employees if employees are part-time. If there has been an increase in the use of part-time and job sharing arrangements in the APS, particularly at the APS 1–3 levels, the use of a simple head count approach may over-estimate the capacity of the APS.

Conclusions

Different parts of the APS workforce have grown at different rates since 1996. While all APS classifications were affected by the large-scale retrenchments of the late 1990s, the APS 1 and 2 classifications have continued to decline in both real numbers and as a proportion of the entire APS. By contrast, the APS 4–6 categories have experienced considerable growth since 2000, while the APS 3 classification has stabilised.

There are also demographic differences between the classifications. Most notably, APS 1 and APS 2 employees tend to be older than other classifications. This may have implications for workforce planning, as these groups are more vulnerable to ageing issues, including a higher incidence of chronic

health conditions, and their eligibility to retire. Unless APS 1 and APS 2 numbers are reduced, it will be necessary to replace departing employees.

While there has been a decline in resignations since the peak of 2008, there is not yet sufficient data to say whether this is the start of a larger trend caused by the GFC, or a return to historically stable levels.

The reduction in size of the APS 1–3 workforces may have led to a systemic change in the APS career path, shifting the most frequent point of entry upwards. If this is the case, then the decline in numbers of APS 1–3 positions may not have had a major impact on the career paths of individual public servants. While this paper has not examined this issue, it is also possible that this has been accompanied by an increase in the proportion of new entrants with tertiary qualifications. This may have been part of a longer-term, societal trend towards higher education.

There is a complex relationship between demographic and organisational factors. While APS 3 employees may be demographically similar to APS 4 employees, the growth rates and other organisational factors might be substantially different between the two. When looking at the APS 1-6 workforce, a decision should be made as to whether the primary focus is the demographics of the employees or the changes to the classifications themselves.

Chapter 3

EL 1-2 Supply and Demand

This chapter evaluates the EL 1 and EL 2 cohorts supply and demand issues including the extent to which vacancies created by staff turnover can be met by the internal labour market. EL employees are a critical element of the APS. Not only do they provide strategic direction for APS 1–6 employees, but they also provide a pool of talent from which SES employees are drawn and developed. Maintaining this group is essential to high-order policymaking, and service delivery to citizens and other stakeholders. It is also vital in capability building at the senior levels of the APS.

Further challenges are presented in *Ahead of the Game: Blueprint for the Reform of Australian Government Administration*⁷, which clearly articulates the need for an effective EL workforce. EL employees must align their day-to-day tasks with the strategic aims of their agency and reshape its identity as part of a unified and effective public service. This role of fostering cultural change in the APS must be driven by EL employees as they are the conduit between the highly strategic SES and the APS 1–6 cohort.. One of the challenges to maintaining a productive EL workforce is dealing effectively with staff turnover either by cultivating talented APS 6 employees or through timely external recruitment.

While recruitment from the external labour market is an important factor in refreshing the EL workforce, the ageing demographic may make this more difficult in the long-term. As the number of suitable replacements decrease, the APS will be required to compete more fiercely with other employers for talented and experienced individuals. Understanding the current recruitment requirements for the EL cohort will not only provide a snapshot of the current cohort, but also allow for more accurate estimation of future needs.

This paper examines the EL 1 and EL 2 cohorts in the context of the employment cycle by focusing on:

- the nature of the current and previous EL workforce;
- reasons for separation from the APS and the career intentions of EL employees; and
- demand for and supply of replacement employees.

The Current Workforce

The APS 6, EL 1 and EL 2 classifications have all experienced considerable growth since approximately 2000 (See Figure 3.1). However, the rate of growth for EL 1s has been higher than for other

⁷ Advisory Group on Reform of Australian Government Administration, *Ahead of the Game: Blueprint for the Reform of Australian Government Administration*, Commonwealth of Australia, Canberra, 2010.

classifications, although it has slowed recently⁸. Since peaking in 2007 with an increase of 2,133 individuals, growth slowed to an increase of only 1,112 in 2010. The number of new EL 2 positions created has also declined from a peak of 894 in 2007 to 526 in 2010.

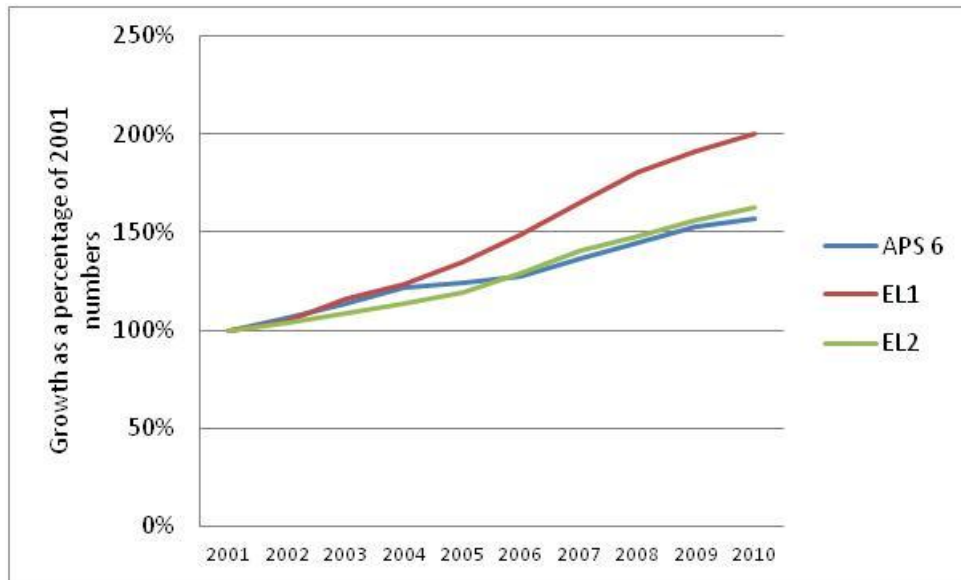


Figure 3.1 Growth Rates for APS 6 and EL Categories

The higher growth rate for the EL 1 category means that these employees now account for a higher proportion of the APS. By contrast, the APS 6 and EL 2 classifications have remained more stable. As of July 2010, EL 1s accounted for 17.24% of the APS, while APS 6s and EL 2s accounted for 20.43% and 8.22% respectively (See Figure 3.2). As APS 6 employees are the most common source of internal recruitment for EL 1 positions, if the increase in EL 1 numbers continues, the demands on the APS 6 workforce to replenish the EL 1 pool may start to exceed the supply of EL 1s. This will create a heavier reliance on the external labour market to fill these positions. At the same time, the slower growth rate of the EL 2 category may mean experienced and effective EL 1s start to find their opportunities for progression within the APS limited. This may translate into higher turnover from this cohort as they leave the APS to pursue options elsewhere, adding to the pressure on the overall APS 6 workforce

⁸ Between 2000 and 2005, a relatively high proportion of APS employees were reported by agencies in broadband classifications, for example EL 1–2. APSED reported on these members at the highest possible level until their correct level was reported. Increased compliance means that a small amount of growth in EL 1 numbers is actually EL 2 employees being reallocated to their correct level. This may have slightly lowered the growth in EL 2 numbers.

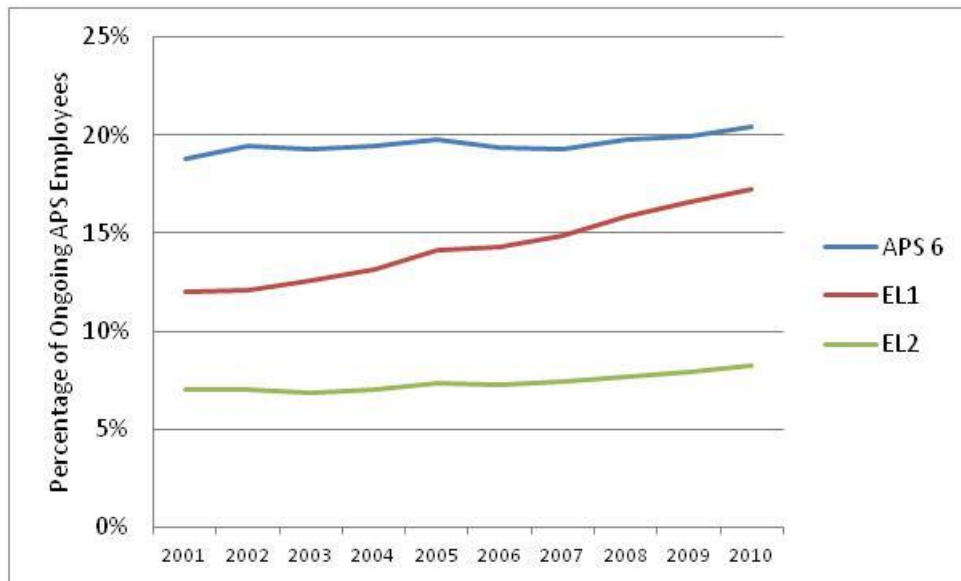


Figure 3.2: Percentage of APS Accounted for by APS 6 to EL Categories

Although the representation of females has steadily increased in both the EL 1 and EL 2 cohorts since 1997, this has only approached parity for EL 1s. In 2010, 48.5% of EL 1s were female, while the EL 2 cohort lagged behind at 39.3%.

Figure 3.3 shows the EL cohorts broken down by age as of July 2010. The EL 2 cohort is older, with a comparatively high proportion of Baby Boomers⁹ who are approaching retirement age. By contrast, the EL 1 cohort is more evenly split between Baby Boomers and Generation X¹⁰ and also features a higher proportion from Generation Y¹¹.

9 Employees aged over 45 in 2010.

10 Employees aged between 30 and 44 in 2010.

11 Employees aged younger than 29 in 2010.

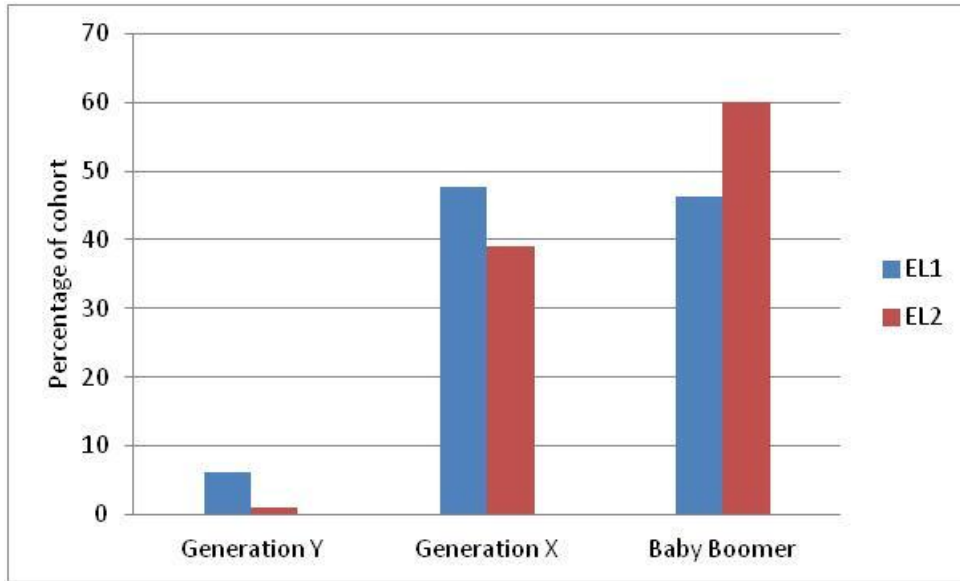


Figure 3.3: Percentages of EL 1 and EL 2 Employees Broken Down by Age

Historically, the EL 1 cohort has had a much higher proportion of employees aged under 40—approximately 37% compared to some 22% for the EL 2 cohort (See Figures 3.4 and 3.5). Both cohorts show a steady increase in the proportion of employees aged over 55, averaging approximately 0.6% per year. Both also show a commensurate decline in the proportion of employees aged between 40–and 54 years. This suggests a stable, ageing workforce. The EL 1 cohort shows a slight increase in the percentage of employees aged between 20 and 40 years, which probably reflects the growth of the cohort through the recruitment of, typically, younger employees.

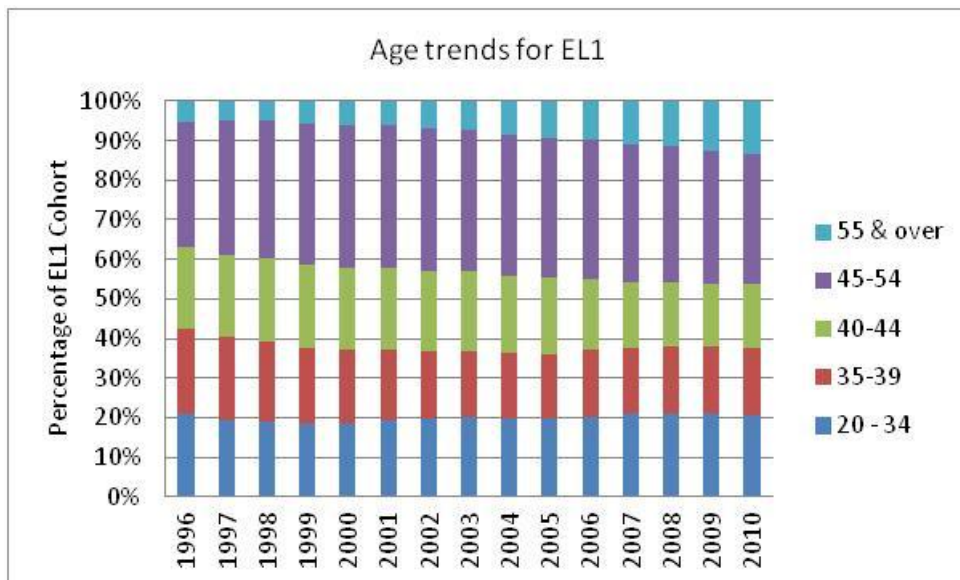


Figure 3.4: Age Breakdowns of EL 1 Employees

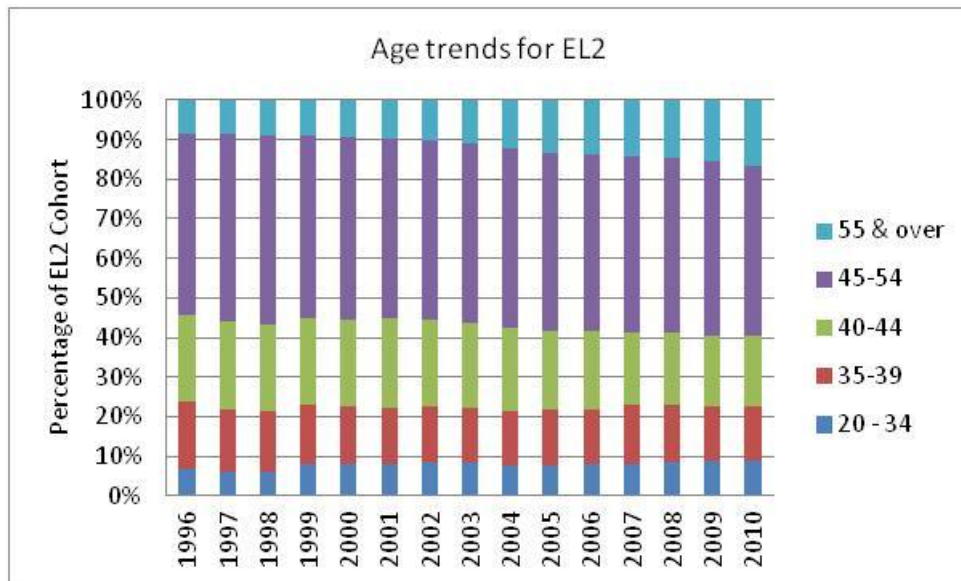


Figure 3.5: Age Breakdowns of EL 2 Employees

Staff Turnover—Rates, Reasons, and Intentions

Figure 3.6 shows the separation rate as a three year moving average for ongoing EL employees since 1998. Since peaking in the late 1990s, separation rates have declined and become relatively stable. Since 2003, EL 2 separation rates have averaged 5.41%. Separation rates for EL 1s have averaged 6.46%, remaining stable despite the period of growth.

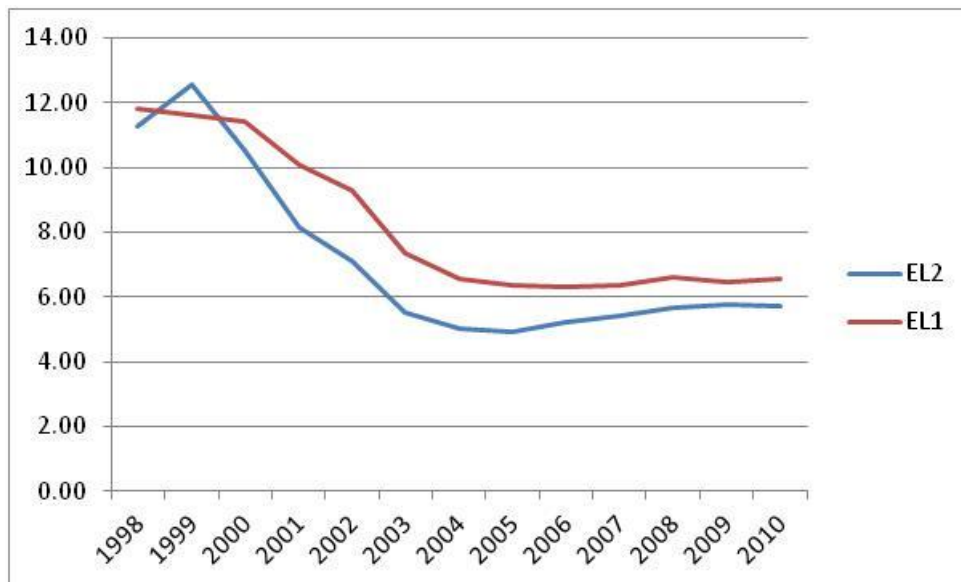


Figure 3.6: Separation Rates for EL Employees

Since 1996, the three most frequent causes of separation from the APS for EL employees have been resignation, retirement or retrenchment (See Figures 3.7 and 3.8). Since around 2000–2001, resignation has been the primary cause of turnover, although the rate has been declining for both cohorts since a peak in 2008. Retirement has also dipped slightly since 2009 for EL 1s and since 2008 for EL 2s. For both cohorts, retrenchments overtook retirements as a cause of separation in 2007.

While there can be many reasons for retrenchment, as a management-initiated action they are ultimately controllable and provide the APS with an obvious means of managing employee turnover, if necessary.

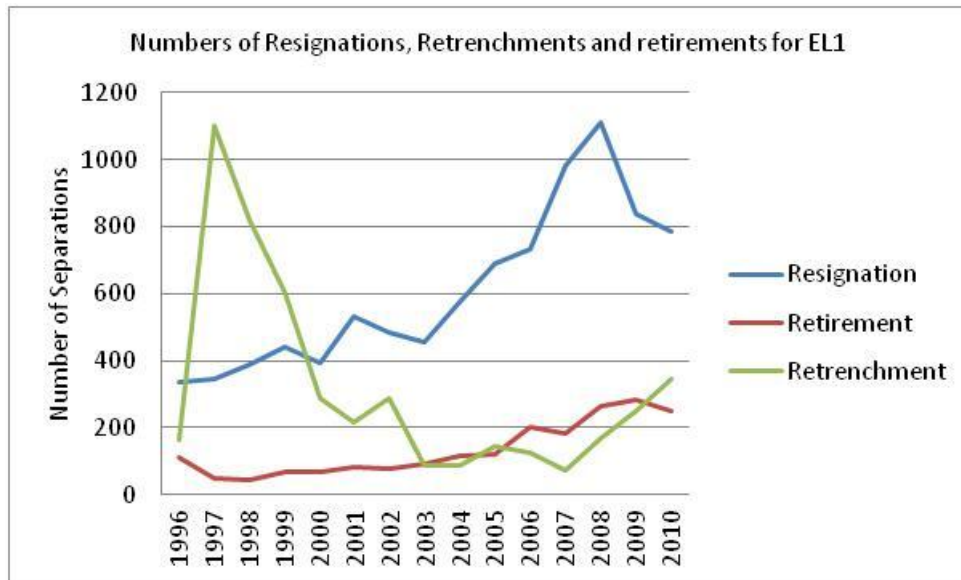


Figure 3.7: Separation Types for EL 1 Employees

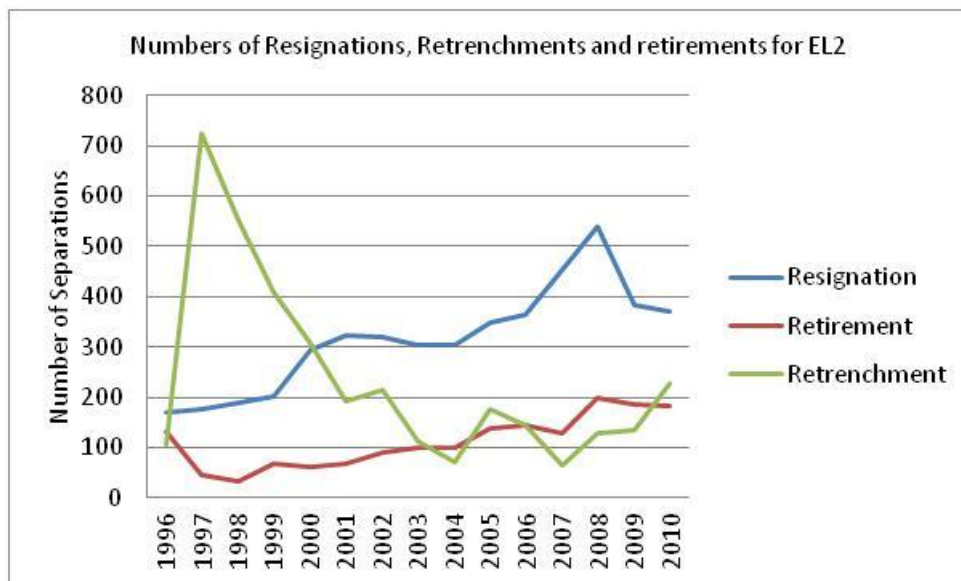


Figure 3.8: Separation Types for EL 2 Employees

The Ageing Workforce

Despite an increase in the proportion of employees of retirement age, the number of retirements has declined since peaking in 2008 for EL 2s and 2009 for EL 1s. When compared with data from the State of the Service Report 2010–11 (SOSR 2010–11), only 25.5% of surveyed EL 1 and 22.5% of EL 2 employees of retirement age (55 and over) intend to retire within the next two years. When combined, this means that 15% of the EL cohorts are eligible to retire, but only 5–6% plan to do so within the next two years.

One possible explanation for this is that it might reflect the beginning of a larger trend away from early retirement arising from the GFC’s impact on superannuation funds. There is currently not enough data to examine this fully, however, but a more detailed survey of APS employee’s career intentions as part of the SOSR process may also provide useful information. This may include details of the age at which APS employees intend to retire, although such findings may be affected by future changes to the preservation age for superannuation funds. However, it is clear from the data that eligibility for retirement does not automatically indicate an intention to do so immediately.

The Mobile Workforce

Based on the SOSR 2010–11 survey findings, while 5–6% of EL employees intend to retire within the next two years, approximately 7.5% plan to leave the APS altogether. While the former group tend to be older, the latter tend to be younger and represent another source of APS employees turnover. EL 1 employees were nearly three times¹² more likely to report intending to seek work in a different agency within the next two years. Career intentions were heavily affected by age, as shown in Figures 3.9 and 3.10, with a markedly lower percentage of Baby Boomers intending to leave either their agency or the APS.

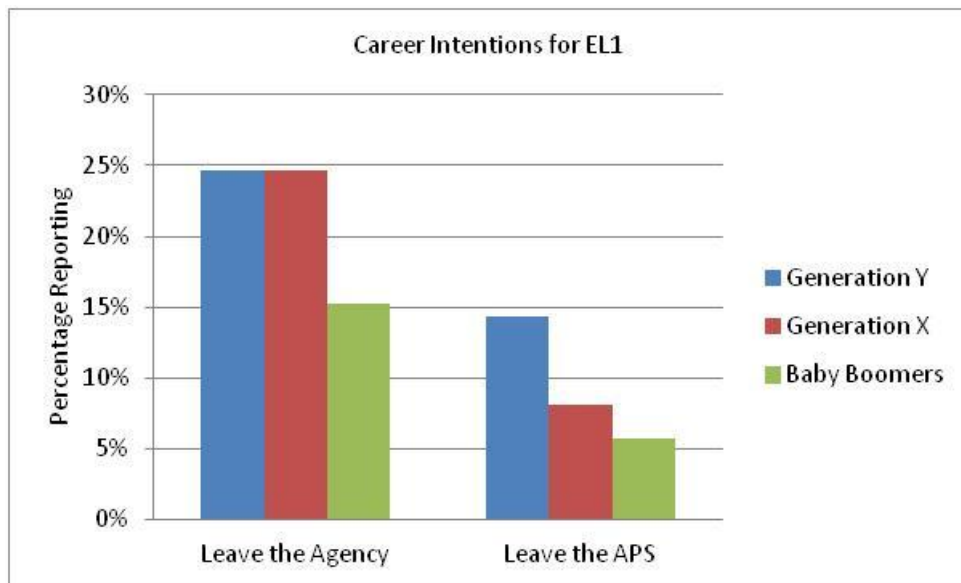


Figure 3.9: Career Intentions for EL 1 Employees by Generation

¹² Relative risk (R=2.89 CI: 2.10 – 3.89)

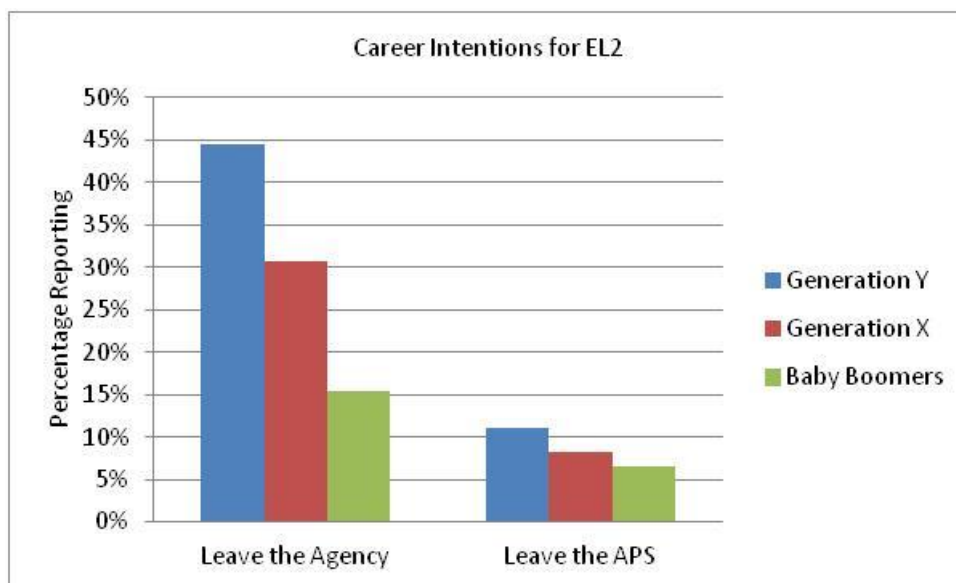


Figure 3.10: Career Intentions for EL 2 Employees by Generation

Recruitment Requirements

Separation of employees coupled with APS growth contributes to demand for replacement employees to fill vacancies; addressing this demand requires APS managers to draw on both the external labour market and internal candidates. In order to estimate the annual APS recruitment need or Demand, the number of engagements at both the EL 1 and EL 2 classifications was added to the total number of promotions to that level¹³; the former is the proportion of the Demand that has been met by the external labour market.

Demand is met from the internal labour market by promotions from the classification below the vacancy; for the APS as an organisation, however, this simply creates demand at the lower level. Put another way, promoting an APS 6 employee meets the Demand at the EL 1 level, but increases the Demand at the APS 6 level.

Table 1 contains the annual demand for the EL workforce.

Table 3.1: Demand and Sources of Replacements for EL Employees

| | | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|-----|---|------|------|------|------|------|------|
| EL1 | Total Demand | 3436 | 4078 | 4725 | 4986 | 3939 | 3604 |
| | Number of promotions, transfers or demotions | 2501 | 2679 | 3326 | 3795 | 2731 | 2468 |

¹³This figure approximates the Supply of new employees. An alternative is to use the increase in the workforce at each level combined with the number of separations to estimate the Demand for new staff. While Supply should approximate Demand there appears to be some discrepancy in relation to APSED historical data. This is because the demand figure is affected by a number of sources of untracked movement in the APS, including reallocations caused by the increasingly accurate capture of member level information. The Supply estimate is not as affected by these issues and is likely to be a more reliable estimate, as the APS only draws on the labour market to fill these requirements.

| | | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|------------|---|-------|-------|-------|-------|-------|-------|
| | Number of Engagements | 935 | 1399 | 1399 | 1191 | 1208 | 1136 |
| | % filled by internal applicants | 72.79 | 65.69 | 70.39 | 76.11 | 69.33 | 68.48 |
| EL2 | Total Demand | 1337 | 1770 | 1903 | 1794 | 1565 | 1519 |
| | Number of promotions, transfers or demotions | 949 | 1172 | 1316 | 1336 | 1092 | 1034 |
| | Number of Engagements | 388 | 598 | 587 | 458 | 473 | 485 |
| | % filled by internal applicants | 70.98 | 66.21 | 69.15 | 74.47 | 69.78 | 68.07 |

Demand peaked in 2008 for EL 1s and in 2007 for EL 2s. Both years were marked by higher growth, rather than higher separation rates. Despite annual fluctuations in numbers, approximately 70% of the demand for EL employees has been filled by internal applicants. This suggests that EL growth rates can return to peak levels without increasing the APS's reliance on the external labour market. It is impossible to determine the level at which rising growth rates will require the APS to pursue external recruitment strategies.

Although the APS 6 cohort has been growing at a slower rate, to date this has not affected its capacity to meet the demand for EL 1s. The impact of this on APS 6 effectiveness is beyond the scope of this paper, but it is possible that the APS 6 cohort's effectiveness may have declined due to a disproportionate loss of experienced employees to feed EL 1 growth.

Similarly, the higher numbers of EL 1 employees has not decreased the EL 2 cohort's dependence on external recruitment. If current trends continue, however, a large pool of EL 1 talent may build up with limited opportunity to advance in the APS. This will create a bottleneck that may produce an increase in resignations as younger EL 1s pursue career options outside the APS. This would reduce the capacity of the EL 1 cohort by removing capable employees, and while in the short-term its effect on the APS's ability to replace EL 2s will probably be minimal, as the supply of EL 1s exceeds demand, the long-term effects are more difficult to predict.

Workforce Modelling

Growth peaks in 2007 and 2008 and the subsequent decline in demand make forecasting difficult as it is unclear whether demand will return to previous levels or continue to decline. The increase in EL 1 employee recruitment over the next decade will be modelled in two scenarios.

Scenario 1: Supply Stabilising at Pre-Peak Levels.

- Peaks in 2007 and 2008 form discrete periods of exceptionally high growth.
- The drop in Demand in 2008 actually represents a return to previous stable levels, and not the beginning of a longer decline. A 10 Year non-Peak average APS growth rate can be used.

Scenario 2: Declining Growth

- APS growth will continue to decline since its peak by 0.5% annually until it reaches a minimum of 0.5%.

Although the GFC and an increase in the superannuation preservation age to 60 may lead to a decrease in retirement rates, this currently appears to be being offset by an increase in retrenchments. However, modelling the range of possible interactions between separation types is beyond the scope of this paper. Projected annual Liability for EL 1 and EL 2 employees is shown in Figures 3.11 and 3.12 respectively. Full results of the modelling can be found in Annex B.

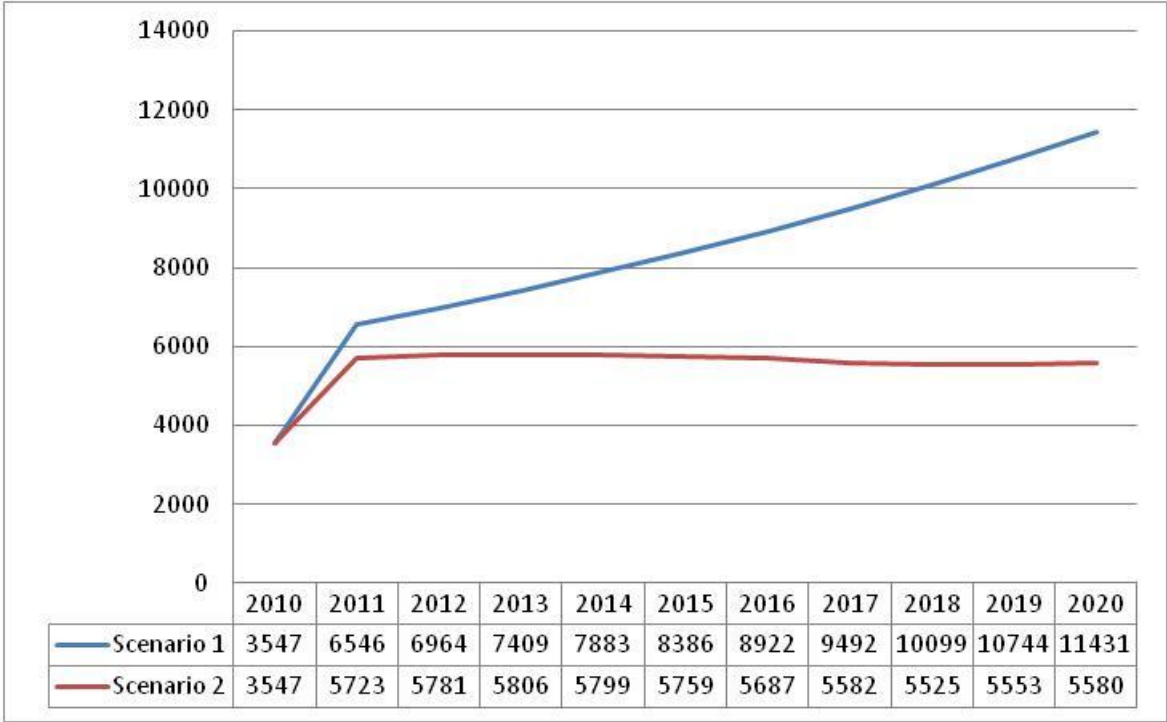


Figure 3.11: EL 1 Workforce Modelling Results

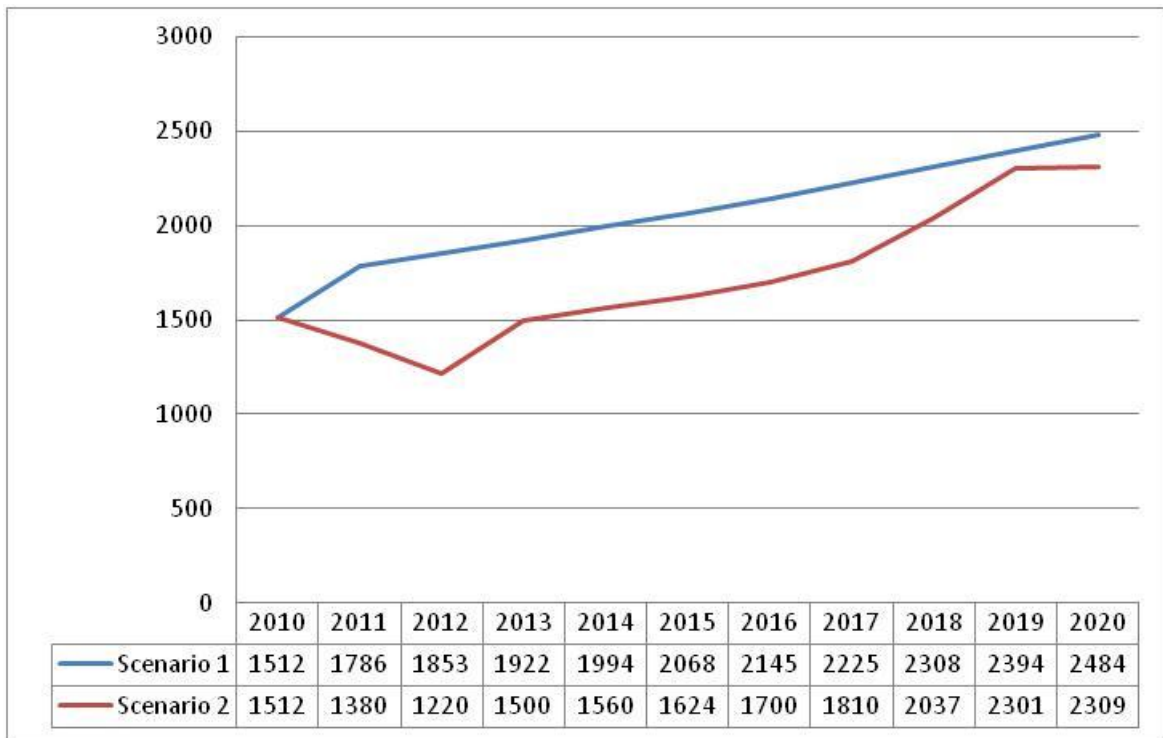


Figure 3.12: EL 2 Workforce Modelling Results

Limitations

This work is limited in a number of important ways. As with all modelling, it is based on historical data. Estimates are only accurate to the degree that the future is the same as the past. Pronounced changes to policy or the economic situation will affect the validity of the modelling.

Specifically, this modelling assumes that separation rates will remain stable. Although this has been the case for the past five years, factors may change this in the future thereby altering the demand for ELs. Retrenchment rates may be increased or decreased by policy decisions. Retirement rates may increase sharply due to an ageing workforce, or decline due to the GFC or rises in the superannuation preservation age. Resignation rates for younger EL 1s may increase if the number of EL 2 opportunities does not match the growth in this segment. Compounding this is the uncertainty surrounding the growth rate of the APS and whether it is declining or returning to an historically stable level.

Secondly, this report has also not been able to examine the impact of a possibly changing external labour market on APS recruitment. A decrease in the number of suitable external applicants may increase reliance on promotion and transfer as a means of filling vacancies. The effects of this will trickle down through the workforce as the vacancy transfers between levels.

Thirdly, this paper has been unable to examine any changes which may have occurred since the GFC of 2008. While resignations, retirements and APS growth have all decreased, there is insufficient data to determine whether this is a general decline beginning with the GFC, or a return to normal after years of exceptional growth in 2007 and 2008. Data from 2011 and 2012 may help to answer this question.

A key limitation to this paper is that it is based on a head count of the APS, not a Full Time Equivalent (FTE) employee approach. While the actual number of EL 1 and EL 2 employees has been increasing, the

capacity of the APS may not have increased commensurately if there has been a change in the proportion of part-time employees. In the event that resort to part-time and job-sharing arrangements in the APS has grown, the use of a simple head count approach will over-estimate the capacity of the APS.

Conclusions

The EL 1 and EL 2 cohorts have seen considerable growth both in numbers and as a proportion of the total APS workforce. Growth peaked in 2007 and 2008, and has since declined although numbers are still increasing.

The growth shown by the EL 1 cohort has not been matched by the APS 6 or EL 2 cohorts. As demand to replenish the EL 1 workforce increases, the demand for talented APS 6s may begin to exceed the supply, and dependence on the external labour market may increase. Furthermore, as the supply of experienced EL 1s increases beyond the demand of the EL 2 cohort, a bottleneck will be created that may lead to an increase in turnover of EL 1s as they pursue career advancement outside the APS.

There is evidence of an ageing EL 2 cohort. As of 2010, approximately 17% were of retirement age. Due to its higher growth in younger members, the EL 1 cohort is less affected, but still had approximately 14% of members aged over 55. Examination of the SOSR 2010–11 clearly shows that this does not inevitably lead to an intention to retire within the next two years. As an added complication, the number of members intending to pursue work outside the APS within the next two years outnumbered those intending to retire; a younger, more mobile workforce needs to be considered as being at least as great a source of future turnover as the ageing workforce.

There have been drops in resignations and retirements since the GFC of 2008. However, there is not yet sufficient data to establish whether this is the beginning of a larger trend, or an isolated dip. Sufficient data should be available at the end of financial year 2011–12 to do so.

To fully appreciate the systemic impacts of transfers and promotions as a source of applicants it is necessary to examine the trends at work in other APS groups.

Chapter 4

SES Workforce Trends

This chapter considers the workforce planning risks that might arise in relation to the often repeated observation that a sizeable proportion of the Senior Executive Service (SES) workforce is eligible for retirement within the next 10 years. In workforce planning terms, this issue is often portrayed as one of simple workforce supply. It broadens analysis of the subject by examining not only whether the internal supply of SES candidates is sufficient to meet the anticipated SES demand over the next 10 years but also separation intentions of the current SES cohort. It seeks to improve understanding of the APS leadership cadre, the impact of an ageing APS workforce, and of this critical element of APS organisational capability.

A large proportion of the APS workforce will reach notional retirement age (i.e., 55 years) over the next decade. Employees in the 45 and over age group, who will be eligible for retirement within the next 10 years, account for 43.4% of ongoing employees, up from 30.6% in 1996. The ageing of the cohort at more senior classifications, and with longer lengths of service, is particularly evident: for example, at June 2010, 20.5% of SES and 14.3% of ELs were aged 55 and over, compared with 10.7% and 6.4% in 1996. The percentage of the SES eligible for retirement within the next five years is 49.1%.

Given the challenges outlined in *Ahead of the Game: Blueprint for the Reform of Australian Government Administration*¹⁴, the continued supply of quality SES candidates will be critical to future APS performance. However, the APS, like other employers, has to function in an increasingly tight labour market. In particular, it is likely that high-quality candidates for executive positions will be in demand in both the public and private sectors. And while the APS regularly refreshes the SES cohort from the external labour market it largely draws on its substantial internal supply to fill SES positions.

This paper examines whether the internal supply of potential SES candidates will be sufficient to meet anticipated SES recruitment requirements over the next 10 years. It uses data from the Australian Public Service Employment Database (APSED) to model SES recruitment patterns and the State of the Service Employee Survey to better understand the retirement intentions of the existing SES cohort. To aid modelling and analysis, the data for SES Bands 1 through 3 have been collapsed into a single SES group and, where appropriate, comparisons with the EL 2 cohort have also been included.

SES Numbers

The SES represents less than 2% of the APS workforce¹⁵ but has been increasing in absolute numbers and as a proportion of the APS workforce during the past decade. However, this has slowed over the

¹⁴ Advisory Group on Reform of Australian Government Administration, *Ahead of the Game: Blueprint for the Reform of Australian Government Administration*, Commonwealth of Australia, Canberra, 2010.

¹⁵ Data based on ongoing employee numbers taken from the *Australian Public Service Statistical Bulletin 2009–10*.

last three years. The growth rate in the EL 2 workforce during the same period has been similar but has not shown any signs of decreasing (Figure 4.1). Importantly, the absolute supply of EL 2s is growing more quickly than the number of SES, thus increasing the internal supply of potential SES employees.

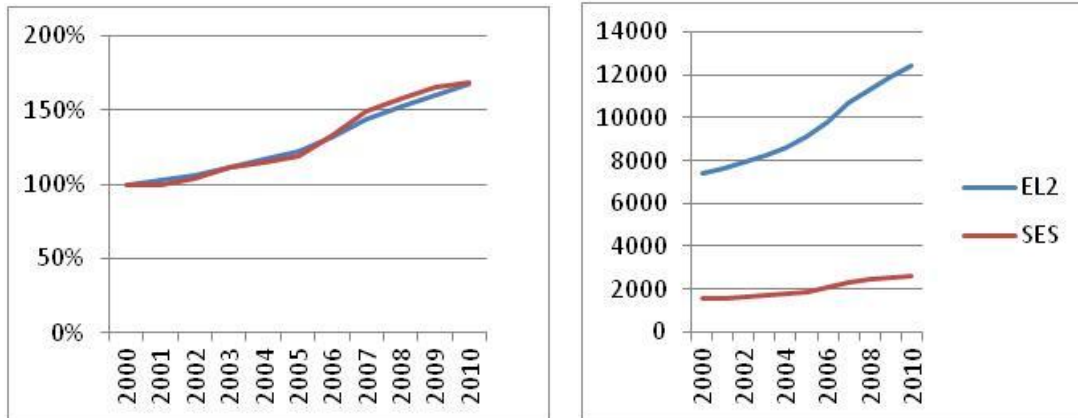


Figure 4.1: Senior Staff Growth Rates¹⁶ (left panel) and Absolute Numbers (right panel).

SES Age Profile

The SES workforce (like the APS workforce) is ageing; Figure 4.2 sets out the age profile of this workforce. This figure reveals the gradual decline in the proportion of SES employees aged less than 55, a recent increase in those aged between 55 and 59, which has levelled off over the past five years, and a steady increase in those aged over 60.

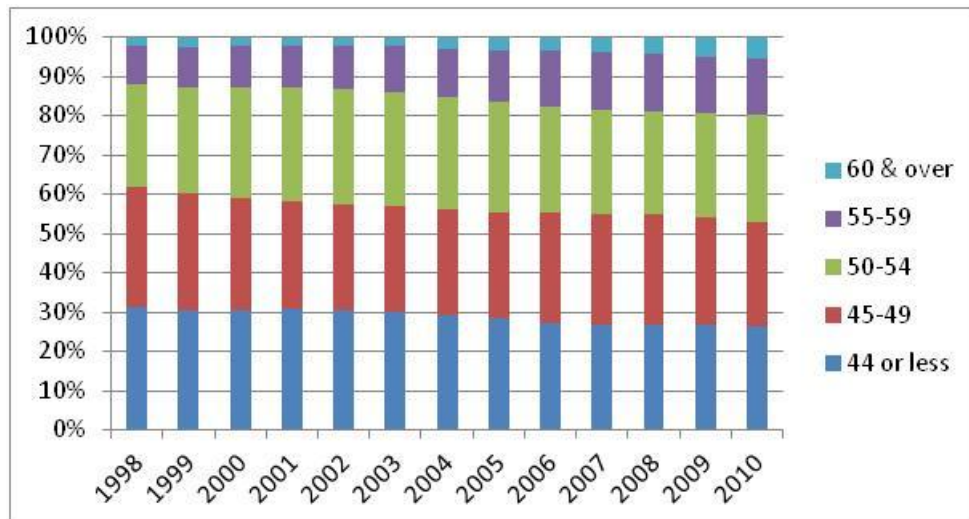


Figure 4.2: Age Profile of the SES Workforce

¹⁶ Calculated using workforce size in 2000 as the base rate of 100%; so the EL and SES workforces have both increased by about 70% since 2000; for comparison purposes, the entire APS workforce has increased by 46% since 2000.

Put another way, those SES employees over notional retiring age (55 years) represent almost 20% of the SES workforce, while those approaching retirement age (50–54) make up another 27% of the SES workforce. This represents a significant workforce risk to the APS but the dimensions and character of this are not well understood, and consequently an appropriate response to mitigating the risk is not yet clear.

It should also be noted that, while the issue of SES retirement is often portrayed as one of simple workforce supply, that is, ‘Do we have enough numbers?’, the more correct question to ask is ‘Do we have enough numbers of the required quality?’ The issue of quality is beyond the scope of this paper. However, SES talent management was a significant reform focus of *Ahead of the Game* and one which is being progressed by the Australian Public Service Commission (APSC).

SES Separations

Figure 4.3 reveals that, after the very high rates of SES separations in the late 1990s, which were largely due to the policy of the government of the day, SES separations have stabilised at around 6–7% per annum.¹⁷ However, there has been a steady increase in SES separation rates over the last three years averaging 0.34% per annum. Over the same period, EL 2 separations have followed a similar pattern but without the recent increase in separation rates, suggesting that there may be an emerging pattern of separation behaviour specific to the SES.

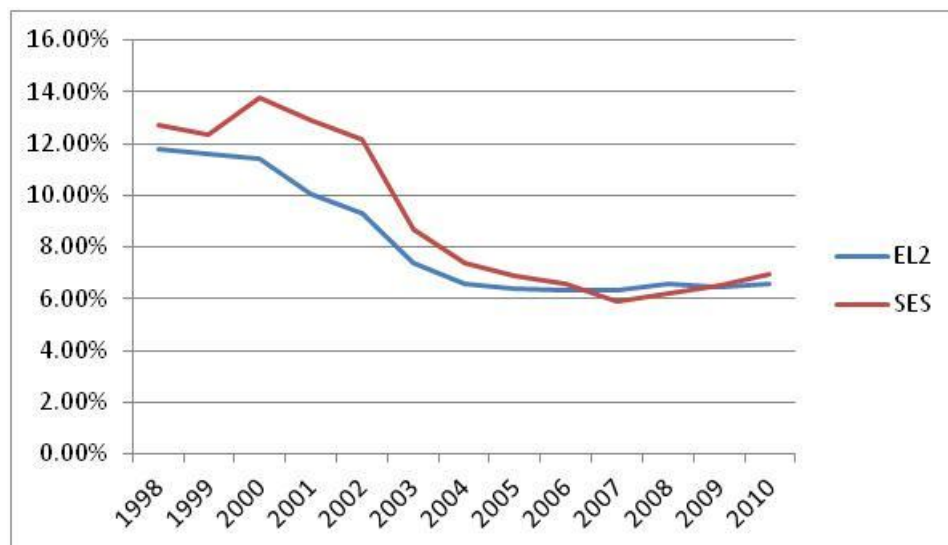


Figure 4.3. Senior Staff Separation Rates

Reasons for SES Separations

The three main reasons for SES employee separations are resignation, age retirement and retrenchment; these are plotted in Figure 4.4 over a 15 year period.

¹⁷ SES separations at 6–7% per annum are based on a three-year moving average.

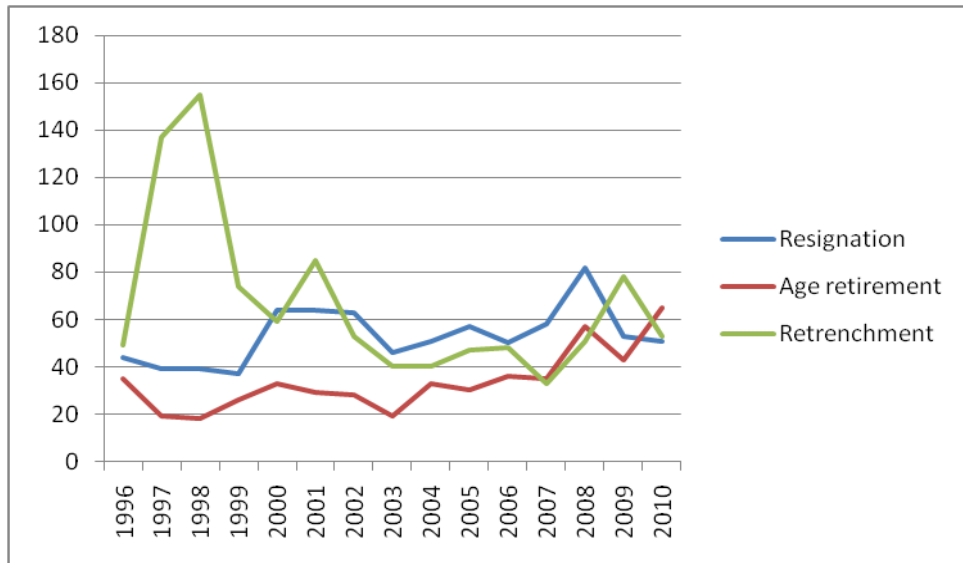


Figure 4.4: Senior Staff Separation Types

Striking patterns emerge from this data; after peaking in the 1990s retrenchments declined while there was a concomitant increase in retirements and resignations. Resignations subsequently stabilised, but there has been a steady and continuing increase in age retirements over the last 10 years.

In the last few years there have been dramatic variations in all three separation types characterised by a peak in retirements and resignations in 2008 followed by a substantial decline in 2009 and some signs of recovery in 2010. Given the timing, this effect is almost certainly due to the GFC. Interestingly, there was an almost identical pattern in retrenchments, which lagged 12 months behind the other types of separation, peaking in 2009.

It would appear that, in response to wider economic uncertainty, SES employees delayed retirement decisions and chose the security of existing APS employment over other employment options. While the actual cause of the concurrent increase in agency heads' use of the provisions of Section 37 of the *Public Service Act 1999* (the Act) is impossible to determine from these data, one could hypothesise that it was, at least in part, in response to the changes in SES retirement and resignation behaviour¹⁸.

While the 'Incentive to retire' provision of the Act allows agency heads to manage organisational changes that might result from changing priorities, it also provides them with a management tool which enables them to refresh the SES cohort in periods of low turnover. Figure 4.4 shows substantial

¹⁸ *Public Service Act 1999* – Section 37, Incentive to retire:

(1) An Agency Head may give a notice in writing to an SES employee in the Agency, stating that the employee will become entitled to a payment of a specified amount if the employee retires within a period specified in the notice.

(2) If the employee retires within the specified period, by notice in writing to the Agency Head: (a) the employee is entitled to be paid the specified amount; and (b) the employee is taken, for all purposes, to have been compulsorily retired from the APS.

use of this during the APS downsizing of the late 1990s, and the pattern of retrenchments has tended to follow the rise and fall of SES resignations.

It could be that agencies use Incentive to retire to actively manage their SES workforce in response to changes in employee-initiated separations. Were this the case, the type of SES separation would require ongoing monitoring in order to develop a better understanding both of separation behaviour within the SES and agency approaches to managing the SES cohort.

While these dramatic changes might raise a number of questions about the short-term patterns in the SES workforce, some clear long-term patterns of separations emerge when these short-term variations are compensated for. Figure 4.5 shows the type of separation data as a three year moving average.

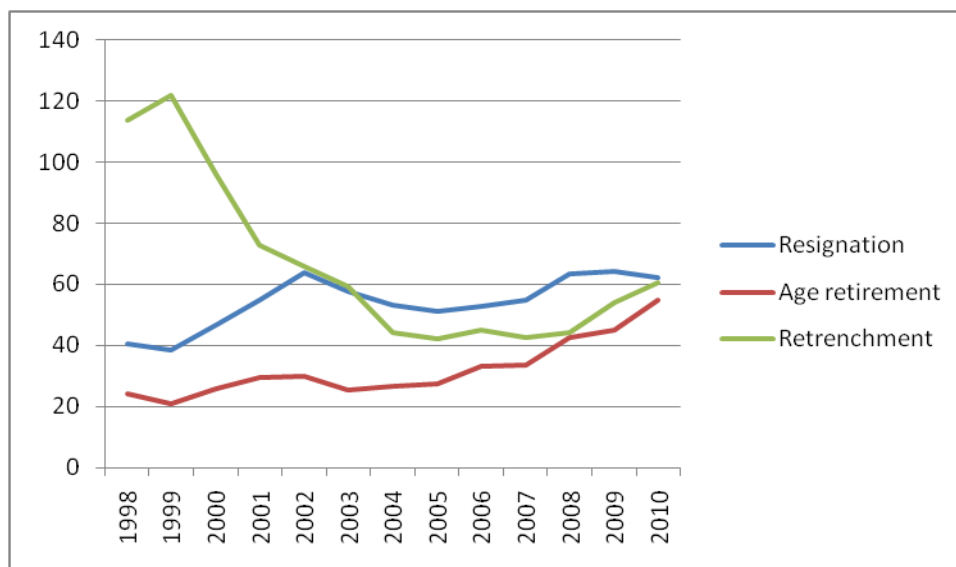


Figure 4.5: SES Separation Types (three year moving average)

From the data presented in Figure 4.5 it is clear that, over the past three years, resignations have plateaued (and may even be decreasing) while age retirements have shown a sustained increase since the early part of the last decade that appears to have been largely unaffected by the GFC.

Resignations have also shown a sustained increase albeit only over the past three years. It might be hypothesised that the GFC had a clear effect on the resignation rate although the effect on age retirement behaviour is less clear.

Retirement Behaviour: Impact of the CSS

A potential complicating factor in the retirement behaviour of the SES workforce is the impact of membership of the CSS which closed in 1990. The CSS provides a substantial incentive for most scheme members to resign prior to reaching the age of 55, preserve their superannuation, and access their pension at 55 (a process generally known as '54/11'). The alternative for these CSS members is to continue working for at least another five years and retire at 60 or more to access the same rate of preserved pension.

While other reviews of the APS workforce noted that employees in the newer Public Sector Superannuation Scheme (PSS) also demonstrated a strong tendency to retire in their mid-50s¹⁹, it remains to be seen if this is a ‘hangover’ retirement expectation for those employed at that time or a more enduring feature of the workforce participation behaviour of older SES employees.

It is possible that this expectation will naturally and gradually diminish as the workforce adjusts to the new superannuation conditions. That is, the expectation of retirement at around 54 will diminish as a part of APS culture with the removal of the CSS ‘trigger’. However, it is also possible that the economic uncertainty generated by the GFC sharpened the focus of the SES cohort on their retirement provisions and altered separation behaviour.

Currently²⁰, only 35% of the SES are members of the CSS (31% of Band 1, 44% of Band 2 and 54% of Band 3), and only 7% of non-SES employees are members of the CSS. As a result, membership of the CSS may have an impact on more senior members of the SES. However, although there may be some form of enduring expectation of early retirement associated with the CSS, the majority of the SES do not have the same financial imperatives to act on this expectation. Given the low levels of CSS membership among non-SES employees, it seems likely that any effect of this will in fact diminish over time..

Retirement Behaviour: Impact of the GFC

In relation to altered patterns of separation, one ‘wildcard’ hypothesis is that the GFC may turn out to have been a major shock that permanently and fundamentally alters the separation (or retirement) behaviour of APS employees. In essence, an external event that moves expectations about age retirement away from the mid-fifties toward expectations of a longer working life. It may be that the early evidence for this will not be found among the SES cohort where retirement expectations are more likely to be reasonably well-established. Initially, the evidence is more likely to appear in emerging retirement trends across the broader APS that will subsequently be reflected in future changes in SES separation behaviour.

Although the GFC hypothesis seems valid, other factors such as the increase in longevity in the population coupled with the growing realisation of the health benefits of working longer may lead to an alternative (and more positive) hypothesis. It is that, rather than *ceasing* to work at ‘retiring age’ in a traditional sense they are *choosing* to participate in work as they age and more than ever before are accessing the full range of employment arrangements to achieve this. In doing so, the patterns of work in the APS are becoming increasingly diverse and this trend is likely to accelerate.

Early support for this hypothesis might be found in changing patterns of part-time and non-ongoing APS employment as well as the increasing engagement of mature age workers. For example, of the 13,725 non-ongoing employees at June 2010, 2,207 or 16.1% had previously worked in the APS as ongoing employees; previous ongoing experience was particularly high among older non-ongoing

¹⁹ Management Advisory Committee 2003, *Organisational Renewal*, Commonwealth of Australia, Canberra, pp. 72–94.

²⁰ Data provided by the Australian Public Service Commission’s Workplace Relations Group, July 2011.

employees: 49.0% of those in the 55–59 age group, and 49.8% of those in the 60 and over age group had previously worked as ongoing APS employees²¹.

Additionally, and in a broader total APS workforce sense²², some older APS employees are also making the transition to the private sector and continuing to contribute to the APS from beyond the bounds of APS direct employment. This trend cannot be assessed from APS data sets, but it is likely that former SES employees would be well-positioned in terms of skills and experience to make this transition.

As agencies continue to improve the range of employment options they offer mature age employees, the opportunities for the individual to tailor employment to suit their age and lifestyle expectations will improve, as will social acceptance of an employee’s decision to redesign their working arrangements in order to meet late-career needs. Growth in this trend would be the final signal that a relatively long-held APS cultural expectation of full-time retirement in the mid-fifties is no longer valid.

Meeting Demand

Table 1 shows annual APS demand for SES employees over the past five years broken down into the number required to meet the needs of a growing SES workforce and the number required to replace departing SES employees. The table also reveals how much of this demand was met from the internal labour market (i.e., by promotion of EL 2 employees to the SES).

Table 4.1. SES Supply and Demand

| SES | 2006 ²³ | 2007 | 2008 | 2009 | 2010 |
|-----------------|--------------------|--------|--------|--------|--------|
| Demand | 358 | 375 | 339 | 294 | 213 |
| Growth | 222 | 244 | 147 | 115 | 41 |
| Separations | 136 | 131 | 192 | 179 | 172 |
| Internal Supply | 70.25% | 63.25% | 74.84% | 62.03% | 66.95% |

The key feature of this data is that the reduction in demand for SES employees is almost totally driven by the slowing of the growth of the SES workforce²⁴; this can be seen quite clearly in Figure 4.6.

²¹ Source: APSED.

²²The total APS workforce consists of all those who work for the APS in day-to-day delivery and support activities.. Ongoing and non-ongoing employees, industry contractors and suppliers are all components of the APS workforce who must be regarded as part of the APS’s total human capital capability.

²³ As at 30 Jun 2006 and so on for the rest of the Table.

²⁴ These correlate very highly (r = 0.96).

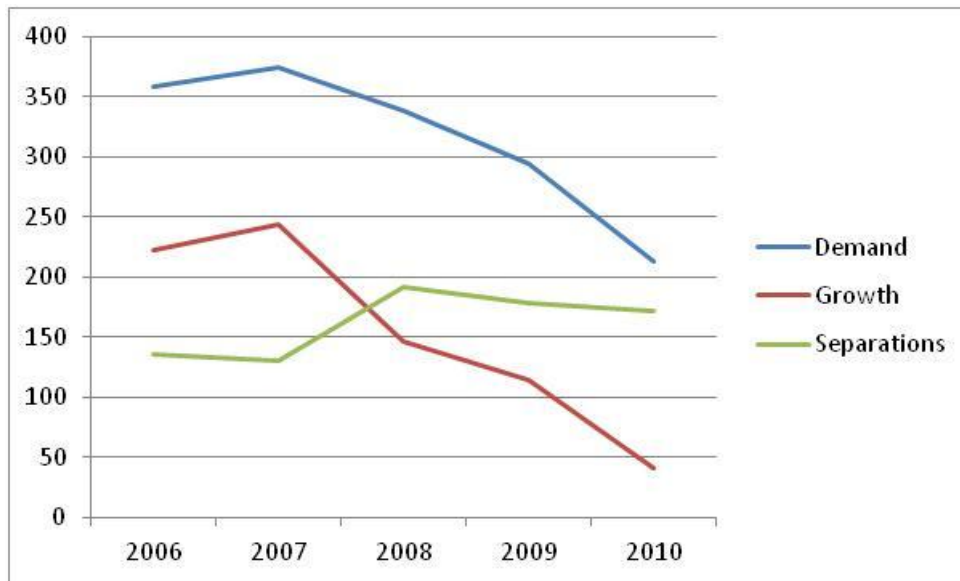


Figure 4.6: SES Staff Demand

The other key observation from this is that the source of replacement for the SES is largely independent of the size of the demand. Although only based on limited data, there appears to be no trend in the rate of replacements sourced from the internal labour market which averages around 67%.

Leaving the APS

Analysis of the SES responses to the annual APS Employee Survey provides some insights into SES separation intentions. This analysis shows that there is no statistically significant difference between SES and non-SES employees in relation to their intention to leave their agency within the next two years.

Not surprisingly, given the older age profile, SES employees are significantly more likely to retire than non-SES. However, those intending to retire within the next two years represent less than 10% of the SES cohort. Thirty-five percent of the SES responding to the survey do not intend to leave within the next two years and a further 25% are unsure. Interestingly, almost as many (22.4%) intend leaving to pursue a job in another APS agency as intend to retire.

In the case of SES of retiring age (i.e., those aged 55 and over) 40% intend to retire within the next two years, but more than one-quarter (29%) are unsure of their intentions and one-fifth (20.3%) indicate that they have no intention of leaving their agency.

Overall, the SES cohort is no more likely to want to leave the APS than other employees, a fact that is reflected in the similarity of their separation rates. They are more likely to leave to retire but this still represents a minority of the SES workforce.

This analysis of intentions to leave demonstrates the complexity of separation behaviour in an older workforce and the risks associated with making assumptions based on demographic profiles alone. The rather bald statement in the opening paragraph of this paper that the ‘percentage of the SES eligible for retirement within the next five years is 49.1%’ provides little insight into the underlying behaviour of the individuals concerned. A more complete picture of the trend only becomes available by monitoring the relationship between separation intentions, actual separations and the attitudes and

motivations of the cohort toward work. In terms of the SES cohort, more research is required to match and analyse these three data sources before a trend can be reliably identified.

A final consideration is that this analysis has used 55 years as the indicator for retirement age as it is currently the superannuation preservation age; however, government changes will see this increase to 60 years progressively over the next decade or so which is likely to have an influence on separation behaviour.

SES Workforce Modelling

The caveats of the preceding paragraph notwithstanding, an SES workforce model is presented using the following assumptions:

- The SES has grown substantially over the past 15 years, and the annual growth rate has been quite variable; a conservative growth figure based on the 15 year average will be used to model potential SES workforce growth²⁵. This is shown as Demand Model 1 in Table 2.
- However, a cap on SES numbers was introduced in June 2010 so an alternative model will be presented which assumes no growth in the SES workforce. This is shown as Demand Model 2 in Table 2.
- Separation rates for SES fell to just under 6% in 2007 but have been consistently increasing over the past three years at a rate of 0.34% per annum; this figure will be used for modelling increases in SES separations since, as argued earlier, this might, in fact, be an enduring change.
- Internal supply to meet the SES demand has been and will continue to be stable at an average of 67%.

Table 2 shows the SES workforce model separation rates and demand for the next 10 years as well as the number of replacements required from the internal labour market (the internal supply).

Table 4.2: SES Demand

| Year | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|-----------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| Separation Rate | 7.27% | 7.61% | 7.95% | 8.29% | 8.63% | 8.97% | 9.31% | 9.65% | 9.99% | 10.33% |
| Demand Model 1 | 238 | 269 | 279 | 290 | 301 | 312 | 323 | 334 | 345 | 356 |
| Internal Supply | 113 | 133 | 139 | 145 | 151 | 157 | 163 | 169 | 175 | 181 |
| Demand Model 2 | 169 | 199 | 208 | 216 | 225 | 234 | 243 | 252 | 261 | 270 |

²⁵ The APS is unlikely to experience high growth in SES numbers in the current and short-term financial environments.

| Year | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|-----------------|------|------|------|------|------|------|------|------|------|------|
| Internal Supply | 159 | 180 | 187 | 194 | 202 | 209 | 216 | 223 | 231 | 238 |

The data modelled in Table 2 show the potential SES demand rising over the next 10 years; however, this doesn't reach the maximum liability experienced as recently as 2007.

Limitations to this Work

There are a number of limitations to this modelling, for example, the estimation of the ongoing separation rate as a simple linear extrapolation. It is clear that SES separation behaviour is complex, and further targeted data collection and analysis is required in order to fully understand the main patterns of behaviour.

The other limitation of this modelling is that there have been some major changes in the last three years:

- SES growth rates have decreased substantially; and
- SES separation behaviour appears to have changed dramatically.

Three years is too short a time period to use in identifying any reliable trend, and while the GFC is a likely precipitating event, more data will be needed to further explore the hypotheses proposed in the paper concerning the impact of the GFC on separation behaviour within the SES.

Finally, changes to the external labour market are not considered in this analysis; data is not available about the number of external applicants for SES positions but it is not unreasonable to expect that changes in the external labour market will affect the potential supply of SES candidates. In a similar vein, only a limited analysis of the internal labour market has been considered; for example, further work could be done on the propensity of EL2s to apply for SES roles as this would help refine the analyses.

Conclusions

The SES has been increasing both in absolute size and as a proportion of the APS workforce over the past 10 years; however, this growth rate has slowed substantially in the last three. Within the SES workforce, one of the clear trends is that the SES is ageing and, in particular, the number and proportion of SES aged over 60 who are remaining in the workplace is increasing.

SES separation rates have varied over the last 15 years, but appear to have stabilised in the past six years at around 7% per annum; this is consistent with trends across the rest of the APS workforce, and it may represent a 'true' or baseline figure for SES separations. However, over the past three years there has been a steady, if slight, increase in separations that will require ongoing monitoring.

The types of SES separations have changed noticeably in the last three years; resignations have plateaued, while age retirements and retrenchments have increased markedly. The increase in age retirements is not surprising given the ageing of the SES but the increase in retrenchments could, in part, be a response to the reduction in resignations.

It appears that this change in SES separations may have been driven by the GFC, the greatest impact of which appears to have been to reduce resignations. However, its impact on age retirements is less clear. There are some indications that the GFC, among other factors, might have fundamentally changed the way individuals view work as they age and that indicators of those changes are emerging in the form of changing patterns of SES separation behaviour.

Replacement of SES employees has been mainly by promotion from the internal APS labour market; this has consistently accounted for about 67% of new SES employees and varies little irrespective of changes in demand for SES. One of the salient features of SES demand is the role played by retrenchments (41% of separations in 2010); if meeting SES demand were ever to be a challenge, a lever for addressing this could be adjustment of the rate of retrenchments.

In terms of meeting the SES liability, the EL 2 cohort is the main feeder group and its numbers are increasing faster than those of the SES. Although the EL 2 cohort's separation rate has stabilised during the past three years, it has grown at a rate of 3.24% per annum over the last five years, with the result that the pool of potential candidates for SES is growing at a faster rate than the SES separation rate.

SES separation intentions indicate that SES employees are no more likely to leave the APS than any other segment of the workforce; in addition, their mobility intentions are similar to the rest of the APS workforce. However, two factors unique to the SES influence this:

- SES employees are more likely to age retire than other segments; and
- a substantial proportion of SES separations are management-initiated and the rate of these has tended to vary widely over the past decade.

Within these caveats, SES workforce modelling shows that, under two different growth assumptions, the demand for SES employees over the next 10 years will not reach exceed levels that the APS has successfully managed since 2007.

Chapter 5

Key Findings and Next Steps

The APS is a complex workplace with more than 100 agencies ranging in size from nearly 40,000 employees to as few as 10. In the past, the APS workforce could have been considered a “closed” system, in that entry to the APS workforce was only possible via the most junior levels and movement into more senior positions only came from within. As a result of the changes to the Public Service Act in the late 1990’s the workforce has become an “open” system with entry into the APS workforce possible at all classification levels.

It might be argued that this change has brought about a substantial focus on the interaction between the APS workforce and the external labour market, with movement between the two holding a high degree of interest among senior leaders and HR practitioners. However, the internal APS labour market is vibrant and has a dynamic impact on the APS workforce; over 90% of all promotions in the APS occurs within an agency. There are also clear segments in the APS workforce and each of these has unique characteristics.

This paper has provided an analysis of the APS internal labour market by examining the segments of the workforce and addressing issues common to each including mobility and promotions, and included some workforce modelling scenarios for each. The key findings for each segment are listed below.

Graduates

- Considerably fewer graduates were engaged in 2001 and 2002 than 2000, with the 2002 graduate cohort only just over half the size of the 2000 cohort. Graduate numbers have only recently regained parity with 2000 levels and represent slightly less than 0.8% of the APS workforce.
- Between 2000 and 2010 the majority of graduates in the APS were aged under 25, while representation in the 40–49 and 50 and over age groups was negligible over the past decade.
- The last ten years has seen noticeable differences in recruitment patterns of male and female graduates. While there have been fluctuations over the years, females have outnumbered in all years.
- The APS’ ability to retain graduates after three years’ service has declined with the number of graduates remaining in the APS after three years almost 10% lower for the 2006 cohort than for the 2000 cohort.
- Nearly one third (28%) of graduates surveyed for the 2009–10 State of the Service Report indicated they intend to leave the APS within the next two years; another third (35%) were ‘unsure’.
- Based on ten-year trends, agencies can expect to lose on average 10% of graduates during the graduate year.
- Job security was the main factor attracting graduates to the APS.

- The primary reasons graduates give for their expectations not being met since joining the APS include: job location; matching interests/experience to their work; opportunities to work on 'leading edge' projects; and remuneration package.
- On average 36.9% of graduates reached the APS 6 level after five years.
- On average 40.9% of graduates reached the EL 1 classification after 10 years.

APS Employees

- APS 1 and 2 workforce numbers have declined both in real terms and as a proportion of the APS workforce. APS 3–6 numbers have either increased or remained steady.
- The APS 1–2 workforce is older than most others in the APS, with approximately 55% aged 55 or older in 2010. This group is more vulnerable to the challenges created by an ageing workforce.
- Of those APS employees eligible to retire in 2010, approximately one-quarter planned to do so within the next two years.
- Older APS employees were less likely to intend to leave their current agency than younger employees.
- Resignation has been the leading cause of separation for APS 3–6 employees since 2001. Results for the APS 1–2 categories have generally been consistent with this, except for 2005 which saw a large number of retrenchments and forced transfers and/or redeployments to non-APS agencies.
- The reduction in numbers and slowing growth of the APS categories may mean that the most common entry point for the APS has moved upwards.
- There is a complex relationship between demographic and organisational factors. While the number of APS 3 employees may be similar to that of APS 4 employees, growth rates and other organisational factors are substantially different between the two.
- When looking at the APS 1–6 workforce, a decision should be made as to whether the primary focus is the demographics of the employees or the changes to the classifications themselves.

EL Employees

- EL 1 and EL 2 numbers have grown considerably since 1996, with growth peaking in financial year 2006–07 and slowing since 2007–08.
- The EL 1 cohort has grown at a much higher rate than either the EL 2 or APS 6 categories.
- Separation rates have stabilised after peaking in the late 1990s. Since 2005, these have averaged 5.45% and 6.44% per annum for EL 1 and EL 2 employees respectively.
- There is evidence that the EL workforce is ageing although the EL 1 cohort is less affected as the higher growth it has experienced has been largely among younger members.
- Two distinct groups within both cohorts intend to leave the APS: an older group which plans to retire within the next two years (5-6% of the EL workforce) and a younger group which intends to seek employment outside the APS (7.5% of the EL workforce).
- Resignations, retrenchments and retirements are the main reasons for separation from the APS. While resignation numbers and retirement numbers appear to have declined since 2008–09, retrenchment numbers have increased.

- Insufficient data is available to determine whether the Global Financial Crisis (GFC) has changed retirement or resignation patterns.
- Annually, internal applicants needs have met approximately 70% of recruitment needs. This has remained stable despite demand for recruitment fluctuating over time.
- Workforce modelling suggests that growth in the EL segment of the APS workforce can return to peak levels without increasing the dependence on the external labour market for recruitment.

SES Employees

- SES numbers have been increasing over the last 10 years but this has slowed considerably in the past three years.
- The EL 2 cohort has shown similar but even stronger growth which has not slowed.
- SES separation rates have stabilised at around 7% per annum over the past decade.
- There has been a slight but noticeable increase in SES separation rates during the last three years.
- The nature of SES separations has changed over the past three years; resignations have plateaued and age retirements have increased (consistent with the ageing of the SES workforce).
- It would appear that the Global Financial Crisis (GFC) might have been affected SES resignation rates; its impact on SES retirement behaviour is less clear.
- It remains to be seen whether the impact of the GFC on separation behaviour is a permanent behavioural shift or simply a short-term response to the GFC.
- The majority of SES employees are either undecided about leaving their agency or have no intention of leaving within the next two years; this is the case even for SES employees beyond retirement age.
- In the past, two-thirds of SES recruitment needs have been met from the internal labour market irrespective of fluctuations in the liability required, and this will remain the case for the foreseeable future, when modelled using two different sets of assumptions.

There were a few common themes in the findings presented here that centre on the implications of the ageing of the workforce and the increased diversity that comes with that; the impact of the workforce reductions of the mid- to late-1990s, and the yet-to-be determined impact of the GFC. All of these would provide fruitful areas of further research to aid in understanding the nature of the APS internal labour market.

Next Steps

Understanding the profile and separation intentions of employees is the first step in determining how best to manage the APS workforce. The next stage of this research might benefit from a focus on ways of enhancing workforce capability through improved workforce management

practices that are aligned to changing work and lifestyle expectations and opportunities that are likely to emerge as the workforce grows more diverse. APS leaders may need to:

- re-think what work is and how it will be done in the future, in particular the full impacts of an ageing workforce on APS agencies;
- consider approaches to flexible working arrangements that accommodate the growing diversity of the workplace; and
- think more about what motivates people to come to work and how the APS can sustain that through reward, recognition and communication.

Consequently, the objectives of continued research might include:

- Understanding the relationship between intentions to leave, separation rates and the attitudes and motivations of employees toward work, particularly older workers.
- An examination of the profile and career intentions of the feeder classifications; this should also include identifying the proportion of the feeder group who are motivated towards promotion beyond their current classification level and their expectations and motivations for promotion.
- An examination of attitudes towards more diverse working patterns among employees and managers (e.g., part-time and non-ongoing employment).
- Consideration of the full suite of management tools that agency heads might use to manage and refresh their workforce, including an assessment of the tools that may be needed in future to manage a more diverse workforce.

Another broad element in the APS internal labour market is the degree of mobility afforded APS employees within the APS. As a distinct workplace with more than 100 different agencies, there is substantial workplace diversity within the APS that might act as an attractor for employees: how do employees move between agencies, why do they move between agencies, and are there patterns in the movement within the APS?

Finally, two common themes in these analyses were the workforce impacts of the downsizing that occurred in the late 1990s and the possible impact of the GFC on the career intentions of the APS. There is value in investigating these further; the former in order to investigate the longer-term impact this had and whether there are any lessons that might be applicable in any future downsizing considerations, the latter to see whether it has had any long term impact on retirement behaviour among APS employees.

Annex A: Full Results of Workforce Modelling

Table 1: Workforce Modelling Results for APS 1–2 Cohort

| Scenario 1 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Projected number | 25715 | 23927 | 22315 | 20860 | 19544 | 18351 | 17269 | 16284 | 15386 | 14566 | 13815 |
| Change in numbers | -1788 | -1612 | -1455 | -1316 | -1193 | -1083 | -985 | -898 | -820 | -751 | -689 |
| Number of separations | 4214 | 3862 | 3547 | 3266 | 3014 | 2788 | 2585 | 2402 | 2238 | 2090 | 1956 |
| Number of promotions out of cohort | 1458 | 1412 | 1368 | 1325 | 1285 | 1246 | 1208 | 1172 | 1137 | 1104 | 1072 |
| Projected liability | 3884 | 3662 | 3460 | 3275 | 3106 | 2951 | 2808 | 2677 | 2555 | 2443 | 2339 |
| Scenario 2 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Projected number | 25715 | 23927 | 22315 | 21588 | 21588 | 21588 | 21588 | 21588 | 21588 | 21588 | 21588 |
| Change in numbers | -1788 | -1612 | -728 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Number of separations | 4214 | 3862 | 3547 | 3407 | 3407 | 3407 | 3407 | 3407 | 3407 | 3407 | 3407 |
| Number of promotions out of cohort | 1458 | 1412 | 1368 | 1347 | 1347 | 1347 | 1347 | 1347 | 1347 | 1347 | 1347 |
| Projected liability | 3884 | 3662 | 4188 | 4753 | 4753 | 4753 | 4753 | 4753 | 4753 | 4753 | 4753 |

Table 2: Workforce Modelling Results for APS 3–6 Cohort

| Scenario 1 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Projected number | 78987 | 80964 | 83014 | 85143 | 87351 | 89643 | 92023 | 94492 | 97056 | 99718 | 102482 |
| Change in numbers | 1977 | 2051 | 2128 | 2209 | 2292 | 2379 | 2470 | 2564 | 2662 | 2764 | 2870 |
| Number of separations | 5808 | 5942 | 6080 | 6224 | 6373 | 6527 | 6688 | 6855 | 7028 | 7207 | 7394 |
| Number of promotions out of cohort | 9117 | 9394 | 9683 | 9983 | 10294 | 10618 | 10954 | 11304 | 11667 | 12045 | 12437 |
| Projected liability | 16901 | 17387 | 17891 | 18415 | 18959 | 19525 | 20112 | 20722 | 21357 | 22016 | 22701 |
| Scenario 2 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Projected number | 78987 | 80964 | 83014 | 84106 | 85190 | 86295 | 87421 | 88568 | 89736 | 90927 | 92141 |
| Change in numbers | 1977 | 2051 | 1092 | 1084 | 1105 | 1126 | 1147 | 1169 | 1191 | 1214 | 1237 |
| Number of separations | 5808 | 5942 | 6080 | 6154 | 6227 | 6302 | 6378 | 6455 | 6534 | 6615 | 6696 |
| Number of promotions out of cohort | 9117 | 9394 | 9683 | 9835 | 9988 | 10144 | 10302 | 10464 | 10630 | 10798 | 10970 |
| Projected liability | 16901 | 17387 | 16855 | 17073 | 17320 | 17571 | 17827 | 18089 | 18355 | 18626 | 18903 |

Annex B: Full Results of Workforce Modelling

Table 1: Workforce Modelling Results for EL 1 Cohort

| EL 1 (Average growth) | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Number of EL1s | 27671 | 29439 | 31320 | 33322 | 35451 | 37716 | 40126 | 42690 | 45418 | 48321 |
| APS Growth | 1662 | 1768 | 1881 | 2001 | 2129 | 2265 | 2410 | 2564 | 2728 | 2902 |
| % annual growth (6.39%) | 6.39 | 6.39 | 6.39 | 6.39 | 6.39 | 6.39 | 6.39 | 6.39 | 6.39 | 6.39 |
| Number of promotions to EL1 | 3440 | 3659 | 3893 | 4142 | 4407 | 4688 | 4988 | 5306 | 5645 | 6006 |
| Average rate of promotion to | 12.43 | 12.43 | 12.43 | 12.43 | 12.43 | 12.43 | 12.43 | 12.43 | 12.43 | 12.43 |
| Number of Engagements | 1444 | 1537 | 1635 | 1739 | 1851 | 1969 | 2095 | 2228 | 2371 | 2522 |
| Average rate of engagement | 5.22 | 5.22 | 5.22 | 5.22 | 5.22 | 5.22 | 5.22 | 5.22 | 5.22 | 5.22 |
| Liability | 6546 | 6964 | 7409 | 7883 | 8386 | 8922 | 9492 | 10099 | 10744 | 11431 |
| EL 1 (Declining growth) | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Number of EL1s | 26992 | 27877 | 28652 | 29306 | 29827 | 30209 | 30445 | 30597 | 30750 | 30904 |
| APS Growth | 983 | 885 | 775 | 653 | 522 | 382 | 236 | 152 | 153 | 154 |
| % annual growth | 3.78 | 3.28 | 2.78 | 2.28 | 1.78 | 1.28 | 0.78 | 0.5 | 0.5 | 0.5 |
| Number of promotions to EL1 | 3331 | 3440 | 3536 | 3616 | 3681 | 3728 | 3757 | 3776 | 3795 | 3814 |
| Average rate of promotion to | 12.34 | 12.34 | 12.34 | 12.34 | 12.34 | 12.34 | 12.34 | 12.34 | 12.34 | 12.34 |
| Number of Engagements | 1409 | 1455 | 1496 | 1530 | 1557 | 1577 | 1589 | 1597 | 1605 | 1613 |
| Average rate of engagement | 5.22 | 5.22 | 5.22 | 5.22 | 5.22 | 5.22 | 5.22 | 5.22 | 5.22 | 5.22 |
| Liability | 5723 | 5781 | 5806 | 5799 | 5759 | 5687 | 5582 | 5525 | 5553 | 5580 |

Table 2: Workforce Modelling Results for EL 2 Cohort

| EL 2 (Average Growth) | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Number of EL1s | 12870 | 13350 | 13848 | 14364 | 14900 | 15456 | 16032 | 16630 | 17251 | 17894 |
| APS Growth | 463 | 480 | 498 | 517 | 536 | 556 | 577 | 598 | 620 | 643 |
| % annual growth | 3.73 | 3.73 | 3.73 | 3.73 | 3.73 | 3.73 | 3.73 | 3.73 | 3.73 | 3.73 |
| Number of promotions to EL1 | 1277 | 1324 | 1374 | 1425 | 1478 | 1533 | 1590 | 1650 | 1711 | 1775 |
| Average rate of promotion to | 9.92 | 9.92 | 9.92 | 9.92 | 9.92 | 9.92 | 9.92 | 9.92 | 9.92 | 9.92 |
| Number of Engagements | 510 | 529 | 548 | 569 | 590 | 612 | 635 | 659 | 683 | 709 |
| Average rate of engagement | 3.96 | 3.96 | 3.96 | 3.96 | 3.96 | 3.96 | 3.96 | 3.96 | 3.96 | 3.96 |
| Liability | 1786 | 1853 | 1922 | 1994 | 2068 | 2145 | 2225 | 2308 | 2394 | 2484 |
| EL2 (Declining growth) | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Number of EL1s | 12933 | 13417 | 13851 | 14231 | 14549 | 14803 | 14986 | 15097 | 15172 | 15248 |
| APS Growth | 526 | 484 | 435 | 379 | 319 | 253 | 183 | 111 | 75 | 76 |
| % annual growth | 4.24 | 3.74 | 3.24 | 2.74 | 2.24 | 1.74 | 1.24 | 0.74 | 0.50 | 0.50 |
| Number of promotions to EL1 | 1283 | 1111 | 1374 | 1412 | 1443 | 1468 | 1487 | 1498 | 1505 | 1513 |
| Average rate of promotion to | 9.92 | 8.28 | 9.92 | 9.92 | 9.92 | 9.92 | 9.92 | 9.92 | 9.92 | 9.92 |
| Number of Engagements | 97 | 110 | 126 | 149 | 181 | 232 | 323 | 539 | 796 | 796 |
| Average rate of engagement | 3.96 | 3.96 | 3.96 | 3.96 | 3.96 | 3.96 | 3.96 | 3.96 | 3.96 | 3.96 |
| Liability | 1380 | 1220 | 1500 | 1560 | 1624 | 1700 | 1810 | 2037 | 2301 | 2309 |

