

Chapter 7

Development of Internationally Viable Human Resources: Open Recruitment of Graduates for National Civil Service A Case Study of Australia¹

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Introduction

Unlike their foreign counterparts, members of the Japanese elite with a humanities (i.e., non-science) background who have received graduate education (hereinafter abbreviated as "graduate degree holders") in the social sciences are few. The fundamental reason that many members of the Japanese elite with a humanities background have not received graduate education is that neither the public nor the private sector hires as many graduate degree holders as undergraduate degree holders.

It is believed that this feature unique to Japan is attributable to the civil servant recruitment system. Because the Japanese government does not actively recruit graduate degree holders, many talented people who wish to become civil servants do not go on to study at graduate schools. Since many talented people do not go on to study social sciences at graduate schools, private-sector companies are not motivated to actively recruit graduate degree holders either.

An analysis of why foreign governments accord preference to graduate degree holders will be helpful in analyzing the underlying reasons why the Japanese government does not hire graduate degree holders.

The U.S. government hires an extremely large number of graduate degree holders. However, the U.S. system differs greatly from that of Japan in structure, there being no faculty of law on the undergraduate level and many of the senior bureaucrats being appointed politically under the Presidential system.

By contrast, in Australia, the faculty of law is an undergraduate school, and under the parliamentary cabinet system, the Secretary of each ministry, who is the second in command of the ministry only after the Minister, is a career administrator. Thus, the Japanese and the Australian bureaucratic systems share many points in common, Australia has been hiring many graduate degree holders in recent years.

In consideration of these circumstances, this study focuses on the analysis of why the Australian government is hiring large numbers of graduate degree holders, and why it is encouraging bureaucrats already in their employment to receive graduate education. To this end, incumbent Commissioner

Stephen Sedgwick and previous Commissioner Lynelle Briggs of the Public Service Commission and other individuals were interviewed in Australia.

To conclude, Australia, unlike the Japanese government, does not administer a uniform civil servant examination for all ministries and agencies. Because each ministry and agency has the discretionary power to recruit, each hires individuals who are best qualified to fill the positions available. Therefore, while having a graduate degree will work to the advantage of the candidates for certain positions, it is not a requirement for positions that do not require graduate degrees. Furthermore, vacancies must be filled by open recruitment. Civil servants are not transferred or promoted to a different position pursuant to instructions from above. Accordingly, ministries and agencies are thorough in recruiting to place the right person in the right position, and individuals with appropriate qualifications are placed in positions requiring graduate education as a matter of course. In other words, the difference between the Japanese and the Australian governments on the recruitment of undergraduates is attributable to the fundamental difference in the civil servant examination system.

1. Percentages of graduate degree holders in humanities: International comparison

One reason that the human resources of present-day Japan are losing competitiveness in comparison with their foreign counterparts, both in the private and the public sectors, is that the Japanese elite, unlike the foreign elite, lack graduate education in the social sciences. The fundamental reason that many members of the Japanese elite have not received graduate education is that both the public and the private sectors mainly hire undergraduate degree holders. In fact, the number of holders of graduate degrees in humanities in Japan is significantly lower in comparison with the United States and Australia, where humanities are defined as all academic fields with the exception of natural sciences, engineering, medicine and agriculture.

According to the School Basic Survey ² compiled by the Ministry of Education, Culture, Sports, Science and Technology, the number of Japanese students obtaining a graduate degree in humanities in AY 2008 was 32,308, which is approximately 5.8% of the total number of students obtaining undergraduate degrees (555,690). In contrast, students obtaining a graduate degree in humanities that same academic year in the United States numbered 553,672, or approximately 34.6% of those obtaining an undergraduate degree (1,601,368) according to the National Center for Education Statistics ³, an affiliate of the U.S. Department of Education. Further, according to the Australian Government Department of Education, ⁴ students obtaining a graduate degree in humanities in AY

2008 numbered 66,810 in Australia, accounting for approximately 24.8% of those obtaining an undergraduate degree (265,891).

To sum up, while graduate school students studying humanities account for 35% of the total number of students graduating from institutions of higher education in the United States and 25% in Australia, they account for only 6% in Japan.

Comparison of educational paths of Japanese, U.S. and Australian graduate school students studying humanities: AY 2008

	①	②	③	④	⑤	⑥	⑦
	Students obtaining a bachelor's degree	Students obtaining a master's degree in humanities	Students obtaining a doctorate in humanities	Total number of students obtaining a graduate degree in humanities	Percentage of students obtaining a master's degree in humanities ②/①	Percentage of students obtaining a doctorate in humanities ③/①	Percentage of students obtaining a graduate degree in humanities ④/①
Japan	555,690	27,562	4,746	32,308	5%	0.9%	5.8%
United States	1,601,368	510,695	32,282	553,672	31.9%	2%	34.6%
Australia	268,891	62,118	4,692	66,810	23.1%	1.7%	24.8%

(Unit: Students)

A remark on the Australian figure may be called for. In the United States, emphasis is placed on general education at the undergraduate level, and specialized education is provided at the graduate level. By contrast, there is no general education at Australian universities. Therefore, obtaining a bachelor's degree is similar to obtaining a master's degree. Moreover, taking a year of an honors program in addition to the regular three years of the undergraduate program will result in academic competence comparable to or greater than that acquired through a master's program in the United States. Thus, the percentage of obtaining a graduate degree in substantive sense in Australia is well over 25%.

2. Recruitment by the Australian government of master's degree holders

A vast majority of university graduates hired by the policy-making organs of the Australian government hold an “honors” level undergraduate degree. Accordingly, civil servants at Australian policy-making organs who are classified as undergraduate degree holders may be regarded as master's degree holders in the American sense of the term.

Because there is no general education curriculum in Australian universities, students are able to graduate and obtain a degree in three years. However, since only undergraduate degree holders who

completed a four-year curriculum are hired as civil servants, the government is essentially hiring those who received a graduate level education.

The first group falling in this category comprises undergraduate law degree holders. Because undergraduate law majors are required to a double major in another field, they require four years to graduate. The government, therefore, hires a considerable number of law degree holders. However, since law majors are highly specialized, they are notably different from their Japanese counterparts.

The second group comprises non-law university graduates holding a bachelor's degree with honors. While a regular student spends three years at a university, those who are highly capable remain at a university for four years to take graduate-level courses and write a thesis. This is the honors system. Courses offered under the honors systems are normally said to be higher than master's level courses and comparable to doctorate courses.

Although the government does not have a numerical percentage of graduate degree holders overall since individual ministries are authorized to recruit and hire in Australia, it is said that essentially all of the professionals in policy making organs with a humanities background have a bachelor's degree with honors or a higher academic degree.

3. Institutional reason the Australian government is able to hire graduate degree holders: Open recruitment

Why do foreign governments accord preference to graduate degree holders?

As is well known, civil servants in the United States with a master's degree or a doctorate are accorded preferential treatment, and the acquisition of such degrees results in an increase in salary. Consequently, many people have graduate degrees. In Australia, on the other hand, acquisition of such degrees does not equate to an increase in salary, as is the case in Japan. Nevertheless, Australia's civil service hiring system has come to place an emphasis on graduate degrees because, unlike Japan's civil service, there is no uniform employment test administered by all ministries/agencies; Australia's ministries/agencies have adopted an "open recruitment system" by which the person best suited to a particular position can be selected by open recruiting.

While the Australian government provides lifetime employment, all vacancies are filled by open recruitment. There are not automatic promotions or salary increases within the ministries. Accordingly, applicants for a vacancy in a managerial position, for example, would include those within the ministry and those from other ministries, as well as non-government employees. Because the recruitment process is required to be open and transparent, the Public Service Commission sends an interviewer to

ensure that the hiring takes place fairly in accordance with the initially indicated hiring criteria. An individual in a given position may remain that position permanently unless he/she applies for a different position, but there will be no salary increase.

Because each ministry is responsible for hiring individuals best qualified for its vacancies and the recruitment process is fairly implemented, having a doctorate is beneficial when applying for positions with policy-making ministries and agencies that require a doctorate. A doctorate is not a requirement in the case of positions at Centrelink, for example, which is a payment agency.⁵

4. Open recruitment of civil servants in Australia

(1) Recruitment methods

Recruitment methods in Australia can be classified into three categories:

- (a) Graduate Program: This is basically a system where an individual is hired immediately after acquiring a bachelor's degree, a master's degree or a doctorate. This is both a fast track and an entry level program. A sizable group is hired under this system, since large numbers of vacancies occur each year. Candidates for the positions known as Australian Public Service Jobs (APS Jobs) are openly recruited online. Individuals hired via the graduate program participate in a training program within the respective ministry for a period of one year. The new recruits spend approximately half of their time in the program, while performing their actual duties. Taking the name of the recruitment method, the individuals hired in this manner are referred to as graduate program hires. There is no degree-based difference in salaries. However, capable Ph.D. holders have an advantage over others in future promotions, since ministries and agencies accord them treatment that would discourage them from leaving.
- (b) Bulk Hiring: Bulk hiring is the method used when there is a need to hire large numbers of economists and accountants for positions higher than entry level positions. Individuals with experience are openly recruited using this method when there is a large number of vacancies by specifying the job type (i.e., national security, economics, policy project implementation, governance).
- (c) Open recruitment to fill a specific vacancy: Recruitment of experts and all senior executive positions falls in this category. Candidates for managerial positions are openly recruited by advertising for each position.

The recruitment panel for senior level positions is comprised of three members.

1. An individual from the hiring ministry or agency chairs the panel.
2. An individual from a different ministry or agency serves as one of the panel members.
3. One individual from the Public Service Commission serves as the other panel member to verify that the merit-based hiring process is implemented appropriately.

Recruitment is left to the discretion of the individual ministries and agencies in all of the categories described above. The role of the Public Service Commission is to ensure the transparency and openness of the system.

(2) History of open recruitment

However, the decisive key to increased hiring of graduate degree holders at the time was open recruitment. A career-based recruitment system managed by the Public Service Commission was utilized until the mid-1980's, with all entry-level applicants taking the civil servant examination. In opposition to the centralized employment system utilized by the Public Service Commission, Secretaries of the various ministries and agencies initiated a reform in 1987 in order to switch to position-based recruitment so that they could hire freely at their own discretion. At that time, it was decided that the individual ministries and agencies should directly hire all civil servants, inclusive of both senior and junior officers. It was also decided that the hiring should be subject to a completely open recruitment system.

Although there already was a mechanism for openly recruiting individuals to fill senior level positions, the extent of publicity regarding open recruitment was limited. The reform was carried out to expand the scope of open recruitment to include all positions.

5. Open recruitment of civil servants around the world

Civil service hiring methods such as Australia's "position-based hiring" are widely employed internationally in addition to the "career-based hiring" adopted in Japan.

(1) Position-based hiring and career-based hiring

The OECD defines career-based hiring and position-based hiring as follows (OECD *Trends in Human Resource Management*, 2004, p. 5):⁶

Career-based hiring:

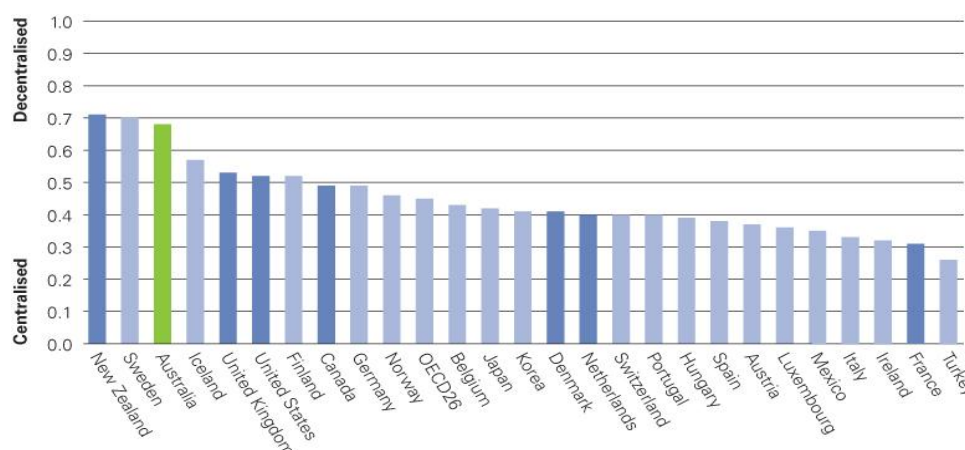
Civil servants are usually hired at the very beginning of their career and are expected to remain in civil service more or less throughout their working life. Initial entry is mostly based on academic credentials and a civil service entry examination. Promotion is based on the year of entry and the grade level of the individual rather than to a specific position. This sort of system is characterized by limited possibilities for entering the civil service at mid-career and a strong emphasis on career development.

Position-based hiring:

This system focuses on selecting the best-suited candidate for each position. Candidates are selected from among all applicants, whether by external recruitment or internal promotion or mobility. Position-based systems allow more open access, and lateral entry is relatively common.

According to an OECD report, differences among the countries in the approaches to the recruitment and promotion of civil servants have different impacts on their incentives and environment. Some OECD countries employ a position-based hiring system, and others employ a career-based hiring system. According to the OECD report, personnel activities of countries employing a position-based hiring system (Australia, New Zealand, etc.) tend to be more decentralized, while the recruiting activities of countries employing a career-based hiring system (France, etc.) are centralized.

Figure 1 Index on delegation to individual ministries and agencies of the authority to hire civil servants



Source: OECD, Government at a Glance 2009, p. 78.

(2) Openness in recruitment of civil servants

The hiring system referred to as "open recruitment" in Australia is a form of position-based hiring in the sense that the recruitment for specific positions is conducted in a highly open manner. OECD performed a study on the openness, by level, of recruitment for civil servants as shown in Table 1. Most countries are open with the exception of France, which is extremely closed.

Table 1: Openness in recruitment of civil servants

	Australia	Canada	Denmark	France	New Zealand	UK	USA	The Netherlands
Open competition for all positions			X		X			X
Open competition for all positions except some SES ¹⁵	X	X					X	
Open competition for all below middle levels, middle and senior levels partially open						X		
No open competition above graduate recruitment level				X				

Source: OECD, Trends in Human Resource Management, 2004, p. 5. As quoted by KPMG, Benchmarking Australian Government Administration Performance, 2009, p. 12.

As used herein, Senior Executive Service (SES) shall mean as defined in OECD; that is, "generically to describe 'a structured system of staff arrangements for the highest non-political positions in government'". OECD, The State of the Public Service, 2008, p. 70.

6. Recruitment by the Australian government of graduate degree holders

The history and the international background of open recruitment, which was the key in enabling the hiring of graduate degree holders in Australia, have been analyzed thus far. The increased hiring of graduate degree holders in the Australian civil service system and government-funded study abroad programs are examined below.

(1) History of government-funded study abroad programs and hiring of graduate degree holders

(a) From the 1960s to the mid-1980s

Until the 1980s, the government was sending competent civil servants to foreign graduate schools to have them acquire a doctorate. Accordingly, many of the current Secretaries are Ph. D. holders. Examples include the Secretaries of the Department of Foreign Affairs and Trade, the Prime Minister's Department and the Social Welfare Department.

(b) From the mid-1980s to the mid-1990s

Beginning in the mid-1980s, emphasis was placed on the assertion that the bureaucratic system should comply with the wishes of the incumbent administration given that the country is a democracy. This perspective is strongly reflected in law amendments particularly of the 1990s.

As a result, the bureaucratic system became structured to respond quickly to the agenda of the incumbent administration. This led to the discontinuation of the study abroad program in the 1980s. Meanwhile, the ministries and agencies began to recognize the importance of graduate education in the 1980s. However, the hiring of graduate degree holders was limited to a maximum of 5% of the total hires. This upper limit was eliminated in the early 1990s for the following two underlying reasons:

- (i) Because World War II veterans that had joined the civil service workforce were beginning to retire at the time, there was a need to hire large numbers of civil servants.
- (ii) A large portion of clerical work was mechanized due to progress in computer technology, allowing for the recruitment of a skilled workforce.

- (iii) Needs-based scholarships became more widely available for domestic master's programs. Doctoral programs had always been free.
- (iv) It was, in a sense, compensation for the abolition of the study abroad program.

(c) **The Blue Print period**

In the 1990s came the recognition of the problem that bureaucrats were no longer giving adequate thought to very question of what the agenda should be. The division of roles between the administration and the bureaucracy was reviewed over the past five years in an attempt to re-establish the relationship between the two. The results of the review were summarized as *Blue Print for Reference of Australian Public Service*. Preparation of the Blue Print was outsourced to an external group at the initiative of the Prime Minister, pursuant to the recommendations of the Secretaries Board. The government accepted all of the Board's recommendations.

Consistently running through the Blue Print is the belief that the bureaucracy should assume leadership based on the perspective that the bureaucrats themselves must establish agenda that will allow them to stay ahead of the times in terms of both culture and competence.

In the 1990s, structures for focusing on the education of bureaucrats were established in accordance with the Blue Print. Particularly in the period from the late 1990s to 2000, the ministries became acutely aware of the need to educate their bureaucrats and began to adopt education programs voluntarily. The Prime Minister's Department began to hire graduate degree holders, including doctorate holders, at about this time. The same was true of the Treasury.

The following are two examples of the establishment of a structure focused on the education of bureaucrats. First, the Australia and New Zealand School of Government (ANZSOG) was established as a government-led program in 2002 at the initiative of senior officials of the ministries. Next, the Wilson Foundation Scholarship was established in 2009. Australia has been sending a considerable number of civil servants overseas to enroll in doctoral programs since two years back. The expenses are borne by the Public Service Commission. Individuals acquiring a degree under the program do not have to return to the original ministry, but are required to return to the service of the

Australian government. Regardless, the ministries and agencies are utilizing the Wilson Foundation Scholarship.

(2) Training system

Various training systems and domestic study programs were established in addition to the accordance of preference to graduate degree holders in hiring and government-funded study abroad programs.

- (a) As described above, there are intra-ministry training programs for undergraduate degree holders hired through the Graduate Program. They are year-long programs, during which participants are taught, for example, how to develop policy advice and how to write. The curricula are structured. The new hires perform their duties as civil servants while participating part-time in the training programs. In addition, a mentor is assigned to provide advice regarding various issues.
- (b) Support for individuals enrolled in the graduate-level study-while-working program. Individuals may study at an Australian national university or online. They are allowed to take days off each week, known as study days, to attend classes or to take online courses. Furthermore, the government will pay the tuition.

To give an example, Ms. Welch of the Prime Minister's Department, whom the author interviewed, found it extremely helpful professionally to acquire an MA in business and technology, since she was a corporate finance major at the undergraduate level. According to Ms. Welch, enrolling in graduate studies in this manner not only provided the advantage of receiving graduate education with an awareness of real life problems, but was also helpful in selecting her area of professional focus within the narrow scope of her discipline.

- (c) Both the central and municipal governments of Australia strongly recommend that civil servants work on acquiring a master's degree or undergo training programs, either on a full time or a part time basis. Civil servants with undergraduate degrees must prepare a training plan each year for completion during the year. This practice is generating a strong demand for public policy programs at Australian graduate schools.

Attraction of graduate degree holders

According to Ms. Briggs, previous Commissioner of the Australian Public Service Commission, and others, the government finds graduate degree holders attractive in the following ways.

- (a) Expert knowledge. This is particularly notable in economics and diplomacy.
- (b) The "mindset" attributable to specialized education is beneficial. Economics provides an objective view. Subjects such as history are also beneficial in terms of providing writing skills and generally training individuals to look at things from a higher perspective. These skills are useful in ways different from an individual's knowledge of economics or history.
- (c) When hiring, the fact that an individual is a graduate degree holder has the effect of signaling the individual's high academic capabilities.
- (d) Because successful individuals from various fields meet each other as students, they are able to build networks from which they will benefit throughout their lives.
- (e) One of the advantages of having incumbent civil servants receive graduate education is that their presentations and research papers are graded by the universities. Ministries and agencies place high importance on grades as an evaluation of the abilities necessary as a civil servant, such as giving presentations and writing research papers.

7. Education programs for civil servants at Australian universities

The characteristics of education programs for civil servants offered by major Australian universities are as follows:⁷

- (a) The Australian National University offers programs specifically designed for bureaucrats. They provide not only practical but also pure economic training. The government considers such training important, and the trainees also believe it will contribute to their career paths.
- (b) In the case of Monash University, which receives civil servants from the central government into its master's programs, classes consist entirely of economics and quantitative analysis. Meanwhile, the Crawford School (of Economics and Government) at ANU, which also accepts civil servants from the central government into its master's programs, offers classes in economics and policy analysis. However, policy analysis is focused mainly on environmental and industrial policies.
- (c) In the case of faculties within the University of Melbourne and Sydney University, which receive civil servants from state governments, classes relate mainly to administrative

management, with economics and quantitative analysis accounting for only a small percentage of the total.

- (d) Many of the individuals enrolled in these academic degree programs are part-time students. There are various forms of accommodating these students, such as teaching from 5:00p.m. to 7:00p.m. in addition to Saturdays, teaching after 6:00p.m., and even entering into a contract with the government to allow the student to take two days off each week and teach two subjects per day.
- (e) A master's thesis is optional or not required at all for a large majority of the programs and, furthermore, is short. At Sydney University, the program for civil servants from state governments includes a system where 80 mentors with previous experience in a state government position of Bureau Director or higher are made available to students for consultation.
- (f) Each university has a strong organization for Short Executive Programs, which they draw on as sources of revenues. Faculty members that cooperate to provide the program are compensated accordingly.
- (g) The Australian National University and Monash University do not have partnerships with the research facilities of the various ministries and agencies. It is unusual for central government ministries and agencies to have research facilities.
- (h) Faculty members of public policy universities are all doctorate holders. In the area of administrative management, however, those with experience in a position of Bureau Director or higher teach courses as part-time faculty based on their experience.

8. Institutions supporting the hiring system

(1) Secretaries Board

The head of an Australian ministry is a Minister and the second in command is Secretary. A Secretary is a career civil servant and not a political appointee. Although there was a time in Australia when people called for political leadership and the ability of civil servants to formulate policies was suppressed, the importance of the civil service system came to be recognized with the passage of a number of administrations. During this period, the Secretaries worked to convince the government that it is important for the Secretaries to prioritize the long-term interests of the country and thus supplement government policies. As a result, the Secretaries were able to gain control of the efforts to improve the civil service system through training systems and other means. For example, Secretaries

took the lead in initiating the Wilson Foundation Scholarship as a Ph. D. program in addition to conducting an administrative reform with emphasis on Centrelink, a new ministry. The Blue Print Reform is a symbol of the Secretary-led reform.

These events led to the official establishment of the Secretaries Board in accordance with law in 2010. The Board has 21 members comprising Secretaries from each ministry and the Public Service Commissioner. The Board, which meets once each month, serves as a forum for discussing matters such as the reform of the civil service system and even long-term agenda that the country should pursue. The contents of the discussions are reported to the Prime Minister. The fact that the Secretaries thus led the overall reform of the Australian civil service system deserves special consideration.

(2) Roles of Commissioner

The Human Service Commissioner is designated by the Prime Minister and appointed by the Prime Minister following an objective screening process. However, the Commissioner is required to be politically neutral.

The Commissioner performs two functions. The first is to work for the incumbent government. A typical example is the involvement in decisions regarding the salaries of civil servants. The second is the exercise of authority which, by law, is to take place independent of the incumbent government. This requirement is stipulated in the Public Service Act. The purpose of the Commissioner is to ensure from a neutral perspective that fairness is maintained in the hiring process of the individual ministries. Accordingly, the hiring criteria is required to be clearly defined not from the perspective of the individual ministries, agencies or supervisors but from the perspective of the administrative organ overall. The Commissioner also has the authority to issue orders not only on the hiring process but also on the improvement of organizational functions to ensure a more organic administrative operation of the ministries.

9. Comparison of Japanese and Australian civil service hiring systems: Summary

(1) Similarities of Japanese and Australian personnel systems

The Japanese and the Australian personnel systems are fundamentally similar in the following two respects:

- (a) The senior officers of the ministries are career civil servants.
Those who pass the civil service examinations become Secretaries.
- (b) Academic degrees are not a requirement in the hiring process.

In both Japan and Australia, entry-level salaries are essentially the same for bachelors, masters and doctorates. In both countries, the salaries essentially reflect nothing more than the average increase corresponding to the period spent on education.

(2) Differences between Japanese and Australian personnel systems

(a) Merit-based promotion

The fundamental difference between Japan and Australia is that civil servants are evaluated based not on the period of tenure but on their merit. Because promotion following entry into the ministry is based on abilities, individuals will acquire a doctorate if that will be of material help.

The Minister has the right of veto with respect to personnel actions relating to the relevant Secretary. While the Minister is able to state his/her comments regarding personnel actions relating to positions immediately below the Secretary, he/she does not have the right of veto with respect thereto. Further, in order to ensure that the personnel actions taken by the individual ministries are fair, there is a screening mechanism by which the Public Service Commission collectively reviews the promotion of senior officers recommended by the ministries.

(b) Recent increase in number of doctors hired

Unlike Japan, the numbers of doctorate holders and foreign master's holders have been increasing in Australia in recent years. Furthermore, it is sending civil servants already in their employment to universities overseas and throughout the country to acquire doctorates.

10. Conclusion

This study considers steps that should be taken to increase the number of people in both the public and private sector who have received graduate education in the humanities in order to develop internationally viable human resources. In Japan, no preference is accorded in civil service hiring to those holding graduate degrees. Accordingly, many talented people in Japan do not go on to study social sciences at university. This would appear to be one reason that private-sector companies also do not actively recruit graduate degree holders.

Why does the Japanese government not hire graduate degree holders? This study seeks to answer this question by analyzing why foreign governments hire graduate degree holders. Attention and analysis

was focused on Australia as a case study in this regard, as Australia shares many points in common with Japan, such as a low number of political appointees among the civil service bureaucracy. The results were unexpected.

Because Australia, unlike Japan, has no uniform civil servant examination, individual ministries/agencies are responsible for hiring civil servants to fill specific positions through open recruiting. Should ministries or agencies desire graduate degree holders, they are able to actively recruit such persons. Because all government positions are filled by open recruiting, civil servants are also motivated to undergo training in order to obtain better positions. Civil servants thus earn degrees and actively utilize graduate training programs made available by the government to upgrade their own skills.

In other words, Australia's flexible system of civil service hiring allows individual ministries and agencies to hire graduate degree holders in order to place the right person in the right job. Simply put, Japan's present national civil service hiring system is hobbling the international competitiveness of Japan's human resources. How should this system be reformed?

To take a lesson from Australia's civil service hiring system, an effective move would be to allow individual ministries on their own to engage in open recruitment to fill open positions. Only by doing this will it become possible for civil servants hired for specific positions by specific ministries or agencies to advance their careers in other ministries or agencies.

On the other hand, there is no promotion by seniority in the Australian civil service system, or a promotion examination in the Japanese sense. Because the system involves broad recruitment of applicants for the vacancies available, individuals with high foreign language skills are selected for positions requiring a foreign language, and a doctorate is required in order to vie against a foreign bureaucrat with a doctorate.

This may appear vastly different from the Japanese system. However, Australia, too, had recruited civil servants across ministries and agencies via civil service examinations until the 1980s. That this approach was changed to today's open recruitment demonstrates that such reforms of the civil service system are not impossible, even in Japan.

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Notes:

- ¹ This study was made possible with the full support of Professor Jenny Corbett of the Australian National University Crawford School of Economics and Government. Professor Corbett went to the trouble of referring and introducing the author to the various individuals interviewed in Australia. Further, this study was made possible by conducting interviews of the previous and current Commission Member Stephen Sedgwick and previous Commission Member Lynelle Briggs and current Human Resources Bureau Director Ian Fitzgerald of the Australian Public Service Commission, Barnadette Welch of the Prime Minister's Office, James Llewelyn, Martin Walker, Darren Hansen and David Lowe from various ministries, and Tom Kompas, Veronica Taylor, John Wanna and Rikki Kersten of the Australian National University faculty. The author would like to express his deep gratitude to the individuals who agreed to be interviewed. The author also received valuable advice from Masahiro Onishi of the National Personnel Authority, Personnel Affairs Division Director Norio Fukuda of the National Personnel Authority, and International Affairs Division Director Hiroko Shimada of Cabinet Secretariat. The author would like to extend his gratitude to them as well.

² <http://www.e-stat.go.jp/SG1/estat/List.do?bid=000001015837&cycode=0> Ministry of Education, Culture, Sports, Science and Technology, "School Basic Survey"

³ <http://nces.ed.gov/> Department of Education [National Center for Education Statistics]

⁴ <http://www.deewr.gov.au/HigherEducation/Publications/HESStatistics/Publications/Pages/2010StudentFullYear.aspx>

Bachelor's Pass was used to account for the number of undergraduate degree holders. Honors degree holders are not included in master's degree holders.

⁵ In addition to policy agencies such as Treasury, Finance and Foreign Affairs, there is a ministry called Centrelink Australia. Centrelink is a government office that specializes in the payment of, for example, annuities, health benefits, financial assistance, labor assistance and unemployment benefits.

Centrelink is a new ministry that was created by splitting payment departments off of the government offices, which were vertically consolidated and concurrently working on both policies and payment, and then consolidating them. For example, policies relating to health services are handled by a policy agency, but health insurance is executed by Centrelink. Whereas an individual had to receive payments from different government offices when collecting annuities, unemployment benefits and the like, all payment functions were consolidated to provide a one-stop service for the added convenience of beneficiaries. At the same time, the separation allowed for a rational division of labor, since a payment agency such as Centrelink differs completely in nature from policy agencies. While Centrelink rarely hires individuals with higher academic degrees, policy agencies hire many.

⁶ Benchmarking Australian Government Administration Performance, KPMG, November 2009, P11

⁷ National Graduate Institute for Public Policy Studies, 2009.

Chapter 7 Appendix

*This is a response from Mr. Ian Fitzgerald, Chief Human Capital Officer Australian Public Service to the questionnaire following up interview with Prof. Tatsuo Hatta.

1. What is the salary difference between a MA holder and a B.A holder when both are entering the Graduate Program? Is the salary of a MA holder approximately equal to the level of the salary that a B.A holder of the same age who started the government career two years before, or is it enough to compensate the lost wage of two years? What about a Ph. D holder?

In the Australian Public Service (APS) most graduates start at an APS 3 level with the responding salary for this level. This is understood when people apply for the program so MA and PhD holders expect to receive the same salary as BA holders. However, each department is responsible for running its own graduate programs and can have different standards of intake. For example, some departments will not accept BA holders as graduates due to the high competition for the positions.

2. Imagine the case where a section chief is unhappy about a rather slow man under her. How can she get rid of him? Clearly, she cannot fire him. But is it possible for her to transfer him to a different position that can tolerate a rather slow person? Or should she leave this section and apply for a different position in order to depart from him? If the latter is the case, this slow person will forever stay in this section.

Each APS agency has formal performance management arrangements in place, designed to improve performance by aligning individual, team and organisational/business goals. These arrangements should provide each employee with a clear statement of their duties and standards of performance expected. Employees are generally required to develop performance agreements with their managers - setting out expected work outcomes/responsibilities (duties, tasks, projects, etc), performance and behavioural measures (including timeframes).

As part of managing performance, APS agencies have procedures in place for assessing and resolving underperformance. The arrangements would include measures such as advising the employee of the reasons why their performance is not up to standard (such as not meeting deadlines), setting clear

expectations about the areas where improvements need to be made and the provision of ongoing feedback, counseling and/or training. In some circumstances, it may be appropriate to move an underperforming employee to another work area within the agency that may be better suited to the employees' skills and/or interests. Ultimately, where performance has not improved, an agency head may terminate the employment of an APS employee on performance grounds - section 29(3)(c) of the Public Service Act provides that a ground for termination of employment is non-performance, or unsatisfactory performance, of duties.

For further information on managing performance you can visit Performance management and appraisal (<http://www.apsc.gov.au/employmentpolicy/performanceappraisal.htm>).

The Australian Public Service Commission is currently undertaking a Performance Management Project that will strengthen the APS Performance Framework. An aspect of this will be to develop common APS-wide guidelines for dealing with underperformance.

3. When a position is abolished, is the person in that position guaranteed another position in the government? If not, he will apply for another position, but if he is rejected by all the open competition for recruitment, should he leave the government?

Each APS agency has procedures in place for managing employees who are considered excess as a result of changes to the way work is performed (which includes where a particular job is abolished). If there was only one job abolished, the first step would typically be to seek to find alternate employment for the employee in the agency. If alternative employment was not possible then the agencies excess staff procedures would commence. Under these procedures, staff has the option of seeking to be redeployed within the agency or accepting a voluntary redundancy payment and having their employment terminated. Section 29(3)(a) of the Public Service Act provides that a ground for termination of employment is where an employee is excess to the requirements of an agency.

For those who choose to seek redeployment instead of the voluntary redundancy package, a period of retention in employment may be available. The duration of this retention period varies between agencies, but is typically 7 or 13 months depending on age or length of service. Where an employee has not been

redeployed within the retention period, the excess employee may be terminated (and the voluntary redundancy package is not paid in this situation).

In 2011, new APS redeployment arrangements were introduced, aimed at facilitating and supporting the redeployment of excess employees across the APS by seeking and retaining experienced staff wherever practicable. The new arrangements include 8 key redeployment principles to guide agencies when reducing staffing levels, which give a high priority to redeploying excess employees and avoiding termination wherever possible. APS agencies are primarily responsible for managing the redeployment of their excess staff although the Australian Public Service Commission established and maintains a central register of excess employees seeking redeployment which agencies will be required to consult when filling vacancies

For further information, the APS redeployment policy is [APS Redeployment Policy](http://www.apsc.gov.au/redeployment/index.htm) (<http://www.apsc.gov.au/redeployment/index.htm>). I have also included a link to the Australian Public Service Commission's guide on [termination of employment](http://www.apsc.gov.au/employmentpolicy/termination.htm) (<http://www.apsc.gov.au/employmentpolicy/termination.htm>) for your information.

4. When someone applies for the Graduate Program or Bulk Recruitment, I presume he does not know which position he will be assigned. Or is it the case even at the entry level, an applicant applies for a particular position? Once a recruit of a Graduate Program is assigned to a position, how long does he stay in that position? Is he assigned next position based on his performance in the Graduate Program?

When a graduate applies for a program they do not know the position they will receive only the department they will work for. Graduates will have a rotation of 3 positions within the department. The length of this is dependent upon the time scale each department uses for the graduate program, which may be either 12 or 18 months. Graduates will also have specific blocks for training during their time in the program which does not count as time in their rotation.

Graduates are also not aware of what position they will be assigned at the end of their program.

Performance does not play a factor in a graduate's next assignment except if they are underperforming and are deemed unsuitable for work in the public service, whereupon their position is terminated.

5. I believe that the Japanese civil servants are most interested in the role played by the Secretaries Board in reforming the civil service system in Australia. How often does the Board meet? What is the process in which their decision is put in a law? Does not the ruling party try to interfere with the Board's decision?

The Secretaries Board was established in May 2010, in response to a recommendation in the '[Ahead of the Game](#)' report on reforming the Australian Public Service (APS). The Board meets monthly and is chaired by the Secretary of the Department of the Prime Minister and Cabinet, (PMC). Membership consists of the Secretaries of all portfolio departments and the Public Service Commissioner.

The Secretaries Board is responsible for:

- Overseeing APS reform and development
- Making decisions on public sector management issues
- Identifying and progressing strategic priorities for the APS
- Setting the annual work program for Board sub-committees
- Commissioning projects proposed by departments and agencies to be led by senior executives who report back to the Board
- Endorsing approaches to significant policy and service delivery issues, to support coordinated advice to Government
- APS workforce planning and development
- Discussion of contemporary issues facing the APS.

The Board's decisions are not 'put into law', as only Parliament has the authority to create laws. The APS operates under two Parliamentary Acts, the *Public Service Act 1999*, and the *Financial Management and Accountability Act 1997*. The responsibilities under these two Acts take precedence over any decisions taken by the Board, which operates more as a forum for discussion than a formal decision making authority.

The issue of interference from the ruling party does not arise as the Board's role is not to debate Government policy, but to consider how best to deliver that policy. Through its chair, the Prime Minister is kept regularly advised on decisions and discussions taken by the Board.