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This is the Author's version of the paper published as:

Title: Working Under AWAs: Perceptions From the Top

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Year: 2007

Chapter: Pages: 69-80

Book Title: Engagement & Change: Exploring Management, Economic and Financial Implications of a Globalising Environment

Editor: Publisher: Australian Academic Press

City: Brisbane, Australia

ISBN: 9781875378883

Keywords: public sector, contract employment, employment conditions, Australian Workplace Agreements, Senior Executive Service, Australian Public Service.

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URL: www.australianacademicpress.com.au

Working under AWAs – Perceptions from the top.¹

Abstract

This paper reports on the perceptions of Senior Executive Service (SES) officers of the Australian Public Service (APS) on their move to individual employment contracts under Australian Workplace Agreements (AWA).

The findings demonstrate that SES AWAs were implemented with high degrees of coercion on a template-based one-size fits all approach. Implementation left little or no scope for any individual negotiation on pay, benefits or conditions. The reported outcomes were initial pay increases followed by significant erosion of remuneration over the life of the agreements relative to other APS employees; loss of the collective SES identity; loss of a sense of public duty to the common good; heightened levels of distrust of agency heads; high degrees of alienation; differential outcomes between agencies for work perceived to be at the same level; loss of cross-agency mobility; abandonment of the career service concept; reduction in promotional and career opportunities; and the promotion of an inward agency focus.

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¹ Adapted from a paper “Implementation and outcomes of individual contracts under Australian Workplace Agreements at the Senior Executive Service level of the Australian Public Service” first presented at the 3rd International Conference on Contemporary Business at Leura in September 2006.

Implementation and outcomes of individual contracts under Australian Workplace Agreements at the Senior Executive Service level of the Australian Public Service.

Introduction

This paper reports on the perceptions of Senior Executive Service (SES) officers of the Australian Public Service on their move to individual employment contracts under Australian Workplace Agreements (AWA) with respect to the AWA process itself and its outcomes.

It is based on the first part of a broader doctoral study on *the impact of contract employment under Australian Workplace Agreements on performance management and accountability at the senior executive level of the Australian Public Service*.

The data on which this paper is based was gathered prior to the passage of the Government's *Workplace Relations Amendment (Work Choices) Act 2005* which significantly changed the operation of industrial and workplace relations in Australia.

The 2005 Act reinforced Australian Workplace Agreements (AWAs), which were first introduced in the *Workplace Relations Act 1996* as the Government's preferred instrument for setting remuneration and employment conditions. (Sappey et al, 2006 (2)) and as such the findings of this study remain relevant despite the recent legislative changes.

Background to Australian Workplace Agreements

When the Liberal and National parties took office following the 1996 election they brought with them a new industrial relations agenda based on individualised and market-driven workplace relations. This agenda was formalised through the *Workplace Relations Act 1996* (WR Act) which introduced Australian Workplace Agreements (AWAs) as the centrepiece of the Government's workplace relations policy.

Much of the literature of the late 1990s (including ACIRRT, 1999; Birmingham & Fox, 1997; Buchanan *et al*, 1998; Davis *et al*, 1997; Deery *et al*, 1997; Frazer *et al*, 1997; Gardner & Palmer, 1997; Hamberger, 1996; Heiler, 1998; O'Donnell *et al*, 1999; O'Donnell & O'Brien, 2000; and Schroeder, 1997;) approached the WR Act from its historical, political, ideological, legal, institutional, procedural and/or representational perspectives.

Gardner and Palmer (1997) saw the changes as shifts in the balance of power. The WR Act moved Australian workplace relations away from the arbitral model towards a policy framework based on "private interest contractualism" (Gardner & Palmer, 1997:37).

They saw bargaining resting

on the notion that employers and employees at enterprise level are individual agents engaged in setting conditions of employment ... focused on reinforcing the individual contract of employment with only minimal recognition of the effects of the asymmetry of power between the employer and the individual employee. (Gardner & Palmer, 1997:37)

ACIRRT (1999) found that people who traded off their conditions in the bargaining process were working longer and harder for less reward with less job security. The quality of jobs and people's

relations at work was deteriorating with greater earnings inequities and higher dispersion in income distribution.

This was at odds with the Government's statements on the benefits of the new system. ACIRRT noted that "growing numbers of Australians are being adversely affected by the rut within which policy is now stuck. Clearly we must move on to a more positive policy trajectory which simultaneously promotes fairness and efficiency at work." (ACIRRT, 1999:176)

The 'official' view of the functioning of the WR Act as put by the Department of Employment and Workplace Relations to a 2000 Senate committee was that :

The Workplace Relations Act 1996 (WR Act) is the Government's main vehicle for modernising workplace relations in Australia. The ... policy is based on the principles of labour market flexibility; less regulated workplaces; a shift to employment arrangements being decided at individual enterprises and workplaces between employers and employees; and opportunities for better pay for higher productivity (and competitiveness). Agreement making at the workplace level is now at the core of the workplace relations system.

Decentralised agreement making is aimed at allowing employers and employees to take direct responsibility for developing appropriate working arrangements that are tailored to the specific needs of the workplace. (DEWRSB, 2000 (1):1-2)

Background to Employment Relations in the APS and to the SES

For most of the 20th century, the APS operated under very tight controls exercised by a small number of central agencies. The former Public Service Board was the central employing authority for determining all APS pay, job classification, and employment matters (Deery *et al*, 1997; DEWRSB, 2000; DIR, 1995 & 1997; Gardner, 1993; Gardner & Palmer, 1997).

Agreements negotiated between the central agencies and the unions between 1992 and 1997 allowed agencies to develop their own agreements on a limited range of conditions but they were inhibited by centrally determined approaches and prescriptive, complex budgetary controls over gain-sharing arrangements. (DEWRSB, 2000 (1):1).

Devolution of workplace relations accelerated after the 1996 election as the Government pursued integrated public sector reforms in financial management, workplace relations and public sector employment. (Schroeder, 1997).

The present situation reflects the use of the WR Act as "its main vehicle for modernising workplace relations in Australia" (DEWRSB, 2000 (1):2). The key policy feature of this approach was the promotion of greater labour market flexibility and less regulated workplaces.

Decision-making on employment arrangements at individual agency levels provided for workplace-based agreements between public sector employers and employees. This was seen as enabling employers and employees to take direct responsibility for working arrangements that could be tailored to specific workplace needs. The Government argued this would provide opportunities for better pay, higher productivity, and improved competitiveness.

According to DEWRSB (2000 (1)):

The Government's APS workplace relations reforms have aimed to mainstream employment arrangements applying in the APS to those in the community more generally. In line with the Government's broader workplace relations agenda, the APS has moved away from the excessive prescription and inflexibility of the traditional centralised system. Under current arrangements, terms and conditions of employment are decided at the agency level by agreement with employees through Australian Workplace Agreements (AWAs) and certified agreements (CAs). There is no longer a 'one size fits all' culture in the APS. Agencies are now delivering terms and conditions of service that are appropriate for their own employees and agencies' operating needs. This is particularly important as APS agencies are operating in an increasingly competitive environment where contestability, value for money, and efficient and effective services are essential. (DEWRSB, 2000 (1):2)

In its 1997 policy parameters for agreement making in the APS the government retained the SES as a three tiered classification structure but determined that there be no maximum salary set for the three SES Bands. The rationale was based on enabling agencies to attract and retain high quality personnel into the SES and pay appropriate rewards for high performance (DEWRSB 1997 (2) & 1999 (1) & (2); Taylor, 1997). There was a strong ideological perception of money as a prime attractor and performance motivator of high calibre people. Responsibility for SES employment and conditions was devolved to individual agency and departmental heads.

O'Donnell *et al* (1999) found that public sector employees "were working more intensively, under greater stress and with less job security than private sector workers" (O'Donnell *et al*. 1999:1) with lower job satisfaction and a worse work/life balance than their private sector equivalents. They concluded that "the reform agenda has imposed more discipline on the public sector than market forces have imposed on the private sector" (O'Donnell *et al*, 1999:18) and that the:

agenda to introduce market-based solutions, increase the prerogatives of managers, measure performance and cut costs, in particular labour costs, has tended to promote distrust, stress and dissatisfaction at the workplace and has been retarding the growth of high trust and non-authoritarian approaches to labour management. (O'Donnell *et al*. 1999:18)

AWAs were promoted as a tool for facilitating direct individual employer/employee negotiations that would lead to greater flexibility resulting in a greater choice of outcomes and enabling improved performance management and accountability. The introduction of AWAs combined with changes to the PS Act changed basis of the SES employment relationship. What was unclear was the precise nature of that change.

Methodology

The theoretical framework for this study comes from the key discipline areas of management (including human resource management, organisation development and organisational behaviour); employment relations; and public sector management.

The doctoral study that this paper is based on explores SES perceptions of AWAs implementation; the outcomes achieved under AWAs; the relationship between AWAs and performance; and the relationship between AWAs and accountability.

This paper addresses the first two of these – the implementation of SES AWAs and AWA outcomes. It specifically looks at SES perceptions on how their AWAs were implemented; how the reality of their implementation compared with their intent; what outcomes members of the SES achieved through the AWA processes; and the consequences for the APS (intended and unintended) of moving the SES onto AWAs.

The research commenced with a preliminary study of the literature on the WR Act; AWAs; contract employment; related HR practices; performance and performance management; accountability; APS reforms and the SES. This was supported by an archival search and examination of related APS employment practices covering the introduction and use of AWAs, the SES, performance management and accountability in the APS. The preliminary study identified a significant gap in our knowledge on the way in which contract employment under AWAs impacted on people in organisations.

Data gathering commenced with an informal exploratory study based on an experience survey of a number of APS SES officers who had moved onto AWAs and a number of APS human resource management practitioners who had direct involvement in managing the introduction of AWAs and AWA processes within their respective agencies.

The experience survey reinforced the preliminary findings; helped narrow down the topic; confirmed the practicality of the study; identified a number of data and information sensitivities; and contributed to the development of a self-administered survey questionnaire and a set of qualitative interview questions.

The aim of the survey was to generate quantitative data on working under AWAs. The survey questions included both quantitative questions (based on a seven point Likert scale) and open-ended qualitative questions. The aim of the interviews was to gather insights into SES officer perceptions of contract employment under AWAs.

The survey instrument and interview questions went through several iterations and were tested on four SES officers within the ATO and on a small number of academic staff within the School of Marketing and Management at Charles Sturt University. Both instruments were modified in the light of feedback from the testing and the data gathering proceeded based on the revised survey and interview instruments.

Four APS agencies agreed to participate in this study of SES perceptions. They were the Australian Taxation Office (ATO); the Department of Immigration Multicultural and Indigenous Affairs (DIMIA); the Department of Foreign Affairs and Trade (DFAT); and the Department of Defence (DoD). There were 411 Australian based SES officers employed within these agencies of whom 77 (18.7%) responded to the survey and 15 participated in the interviews.

The results reported below are based primarily on the survey responses.

SES perceptions of working under AWAs

At the time the survey was undertaken the SES had already been employed under AWA provisions for up to six years. Many were on AWA contracts that had expired and they had either negotiated new ones or were in the process of doing so. The respondents therefore had considerable experience of working under AWAs and strong personal interests in the process.

SES perceptions of working under AWAs were quite negative as evidenced in Tables 1 and 2 below.

Table 1 presents SES perceptions of working under AWAs based on a collapsed Likert scale. Table 2 presents SES perceptions of working under AWAs based on a content analysis of open-ended questions in the survey instrument.

Table 1: SES Perceptions of working under AWAs (based on Likert scale data)

Question	Disagree	Undecided	Agree
My AWA contract was individually negotiated between my employer and myself.	77.1%	6.5%	15.6%
I felt in control of the situation when negotiating my AWA.	80.5%	10.4%	9.1%
I entered into my AWA negotiations with a good understanding of the process.	32.5%	18.2%	49.4%
My expectations of the AWA process were fully met.	50.6%	19.5%	29.9%
I am satisfied with my AWA contract.	40.3%	13.0%	46.8%
I prefer working under an individual contract than under an enterprise agreement.	28.6%	37.7%	33.8%
I believe that under AWAs, everyone can win.	29.9%	31.2%	39.0%
I would like to see AWAs used more extensively throughout the APS.	39.0%	24.7%	36.4%
I would like to put all of my staff on AWAs.	64.9%	13%	22.1%
Working under an AWA is no different to working under an enterprise agreement.	42.9%	10.4%	46.8%

The key SES perceptions in Table 1 include the fact that only 15.6% of the SES considered their AWA had been individually negotiated between themselves and their employer. The majority did not accept their AWA as an individually negotiated contract.

The survey findings were strongly reinforced by the interviewees. Fourteen of the fifteen interviewees responded very negatively on the AWA “negotiation” process.

Typical interviewee responses included:

I don't think negotiation is an appropriate word. I'm not aware that there was negotiation to me it was a subtle form of coercion This is a very one sided power structure people aren't prepared to make too much noise about their AWA. (Interviewee 2)

It wasn't. It was delivered. That simple. I rang and asked some questions because there were elements I didn't understand told that was no matter of concern. (Interviewee 9).

Well there's actually no negotiations on the AWA You're given a template a certain amount of time to sign up to it, and if you don't sign up to it you don't get a pay rise. I wouldn't call that negotiation. (Interviewee 15).

Only one of the interviewees expressed a positive attitude towards the AWA negotiation process, although the process he described was limited to a fairly narrow range of issues.

Our department uses a basic template approach for setting remuneration levels and conditions As a result the outcomes tend to be at a similar level When we negotiate an AWA the officer is taken through the generic 'template' details for the common ingredients of the AWA. (Interviewee 1).

It appears that the APS's AWA implementation process adopted a “one-size-fits-all” template based approach which allows very limited individual variability. Based on the survey results and the interviews it is argued that the AWA is not an individual contract *per se* but an employer initiated collective agreement that is signed individually.

Given the strong perception that AWAs were not individually negotiated, it was not surprising to find a significant majority of survey respondents (80.5%) reporting that they did not feel in control of the situation when “negotiating” their AWA contracts.

Again, interviewee data supported the survey results. The key reasons given for the felt lack of control focused on the perceived compulsory nature of the process and the template based “one-size-fits-all” approach adopted by the employing agencies. Many considered they had been coerced into their AWA as illustrated in the following interviewee responses:

I was not comfortable about the Government pretending in Parliament that this was an open process and that all AWAs would be voluntary sign in. Because the actual coercion that was underlying the whole deal was that if you didn't (sign) an AWA then you would stay on very old pay rates. There was no mechanism to bring the old pay rates up in any way that anybody could see. So it was economically suicidal not to sign an AWA. To me that's dishonest at the Government level. (Interviewee 2)

It was just something that I knew was going to happen. I mean it wasn't something you could resist in the organisation. (Interviewee 3)

Even as a senior officer it's a given. You are basically told 'this is the expectation, these are the terms and conditions, this is the salary ... that you're working to'. It was a take it or leave it type thing. There's always the door. (Interviewee 9)

Some people, perhaps a little naively, felt this was a chance for them to negotiate something specific. And of course in reality they couldn't. (Interviewee 14)

I didn't feel comfortable with it (the AWA process) 'cause it's inconsistent with the spirit of the AWA. (Interviewee 15)

Employees were not given a choice on whether to move to an AWA or remain on a collective enterprise bargaining agreement. Several interviewees stated that the only options they had were to sign the AWA as presented to them, or to vacate their SES job through resignation, redundancy, or transfer with a demotion. This indicated a level of coercion that severely restricted the freedom of choice provisions in the legislation and thus contravened the WR Act of 1996.

Another interesting result from Table 1 is that just over a third of the SES would like to see AWAs used more extensively throughout the APS, but only a fifth would like to move their own staff onto AWAs.

The data in Table 2 (below) also presents a very negative set of SES perceptions on working under AWAs. For the majority there was nothing they liked about working under AWAs; nothing they gained by moving to an AWA; and no scope for negotiating a different outcome (and hence improving their perceptions of AWAs).

Table 2: SES Perceptions of working under AWAs (based on content analysis)

Question	Most Frequent response	Next Most Frequent response	Third most Frequent response
What do you like most about working under an Australian Workplace Agreement?	Nothing (33.3%)	The potential to negotiate a tailored package (15.6%)	More Flexibility (9.1%)
What do you like least about working under an Australian Workplace Agreement?	No scope for negotiation (28.1%)	Nothing (11.7%)	Lack of transparency (10.4%)
What (if any) trade-offs did you make when negotiating your AWA	There was no negotiation and	Nothing was traded in the	I don't know what was

remuneration package.	therefore no scope for trade-offs (40.3%)	process (37.7%)	traded off (3.9%)
What is the single most important thing that you have gained from moving to an AWA?	Nothing (50.6%)	More money (16.9%)	Broader based remuneration package (5.2%)
What is the single most important thing that you have lost from moving to an AWA?	Nothing (36.4%)	Tenure and security of employment (7.8%)	Ability to negotiate (5.2%)

SES perceptions of AWA outcomes

SES respondents reported a range of outcomes from their move to AWAs. Total remuneration packages ranged from \$108,853 to \$201,000 per annum (covering the SES Band 1 and 2 levels). The majority, 75.7%, knew the components of their remuneration package while 24.3% didn't. Those who knew the make-up of their package reported annual salaries components from \$90,000 to \$140,000. Most reported access to annual bonuses/productivity payments ranging from \$4,000 to \$20,000. Their remuneration included a restricted mix of motor vehicles; spouse travel; home and mobile telephones; car parking; superannuation; additional leave; airline lounge membership; newspaper/magazine subscriptions; and home computers/laptops; which they valued between \$15,000 and \$57,640. These remuneration outcomes reflected differences in AWAs between agencies rather than within them. Interviewees cited these variations as barriers to SES mobility. They reported that a transfer at an SES officer's substantive level (Band) from one agency to another could be seen as a straight transfer, a promotion, or a demotion depending on the remuneration relativities between the agencies. Many saw this as reducing their promotional/career opportunities and promoting an inward agency focus.

These remuneration outcomes need to be tempered with interviewee observations and criticisms that significant pay rises were achieved by the SES when they first went onto AWAs, but the value of those rises were eroded over time because they did not provide for ongoing pay rises over the life of the AWA. As a result they failed to maintain prior relativities with subordinate staff whose pay and conditions continued to be set through the EBA process. They argued that despite receiving notionally more under their AWAs than under their former EBAs, they were falling behind in real terms.

Given the strict confidentiality requirements associated with AWA outcomes it was surprising that they were able to make direct comparisons between their remuneration and that of other SES officers within their agencies. The interviewees stated this transparency was facilitated firstly by the template based approach and the restrictions placed on the nature and extent of permissible negotiation, and secondly, because they talked to each other about it despite any prohibitions.

Thus transparency in remuneration and conditions within agencies persists, while transparency between agencies appears to have been lost with the advent of AWAs.

Respondents were then asked a series of questions that required them to make value judgements on other AWA outcomes. Their responses are summarised in Table 3 below.

Table 3: SES Perceptions of their AWA Outcomes (based on Likert scale data)

Question	Disagree	Undecided	Agree
My AWA outcome was a win for me.	37.7%	31.2%	31.2%
My AWA outcome was a win for my agency.	9.1%	33.8%	57.1%
All SES officers in my agency achieved similar outcomes in their AWAs.	10.7%	38.7%	50.7%
AWA outcomes achieved in my agency are generally better than those achieved in other agencies.	29.7%	55.4%	14.9%
Since moving to an AWA: the range of rewards available to me has increased.	53.3%	14.7%	32%
Since moving to an AWA: my overall working hours have increased.	18.4%	18.4%	63.2%
Since moving to an AWA: demands placed on me have increased.	15.8%	15.8%	68.4%
Since moving to an AWA: my overall conditions of service have improved.	36.8%	35.5%	27.6%
Since moving to an AWA: I have achieved a better balance between my work and private life.	71.1%	19.7%	9.2%
Since moving to an AWA: I have more responsibility.	15.6%	19.5%	64.5%
Since moving to an AWA: I feel a greater commitment to my work.	32.9%	42.1%	25%
Since moving to an AWA: I feel more stressed at work.	17.1%	36.8%	46.1%
Since moving to an AWA: my career opportunities have been enhanced.	40.8%	36.2%	22.4%

Since moving to an AWA: I get more satisfaction out of my job.	31.6%	44.7%	23.7%
Since moving to an AWA: my total remuneration has increased.	13.2%	15.8%	71.1%
Since moving to an AWA: I feel more focused on my job.	25.3%	46.7%	28%
On balance, I gained more than I lost through moving to an AWA.	27.6%	38.2%	34.2%

It is evident that the majority perceived their AWAs as a win for their agency and a loss for themselves; that SES officers within an agency all achieved similar outcomes; that while the overall quantum of remuneration increased, the range of rewards available decreased. Their working hours also increased and demands placed on them increased. They also saw their overall working conditions diminished and the balance between their work and private lives deteriorate. In addition they saw themselves taking on more responsibility and feeling more stressed at work while at the same time losing some of their commitment to their jobs. Having a third of the SES reporting a reduced commitment to their work as a consequence of their AWA suggests a high degree of workforce alienation. The SES respondents also stated that since moving to an AWA their career opportunities were reduced and they got less satisfaction from their jobs.

These outcomes do not support the claims that AWAs lead to greater flexibility and choice nor the arguments that AWAs provide an opportunity to tailor remuneration and conditions packages to suit individual needs.

Although the majority of the respondents linked reduced career opportunities to AWAs, the reduction must, in all fairness, be seen as an unintended consequence of cross agency pay differentials. Given that differential outcomes between agencies are also being achieved under individual agency based enterprise agreements at lower levels of the APS, it is not possible to fully attribute the reduced SES career opportunities to AWAs unless it can be argued that the differentials under AWAs are considerably greater than they would have been had an EBA approach prevailed at the SES level, in which case this would in effect be an unintended flexibility reducing outcome of the greater flexibility given to agencies for setting their own remuneration and conditions. That however becomes a hypothetical argument that is beyond the scope of this study.

Conclusions

These findings are summarised in Table 4 below that presents twenty-five “negative” and five “positive” conclusions about SES perceptions of AWAs based on the above findings.

Table 4: Summary of SES Perceptions of Working under AWAs

A: Negative perceptions

- did not regard their AWA as an individually negotiated contract
- felt they had no control over the negotiating process
- found their expectations of the AWA process were not fully met
- did not know whether they preferred working under AWAs or EBAs
- would not like to see AWAs used more widely in the APS
- would not like to put their own staff on AWAs
- concluded that working under an AWA was no different to working under an EBA
- did not like anything about their own AWA
- disliked the fact that there was no scope for negotiation and tradeoffs
- gained nothing by moving to an AWA
- did not think their AWA outcome was a win for themselves
- thought their AWA outcome was a win for their agency
- thought the outcomes they achieved were worse than those achieved by SES officers in other agencies
- found the range of rewards available to them had decreased
- thought their overall working hours had increased
- considered that the demands placed on them had increased
- felt that their overall employment conditions had deteriorated
- felt they ended up with a poorer balance between their work and private lives
- thought they gained more responsibility
- felt a reduced commitment to their work
- felt more stressed at work
- suffered reduced career opportunities
- got less satisfaction out of their jobs
- were unsure whether they are more or less focused on their jobs
- were unsure on whether they gained more than they lost through moving to an AWA.

B: Positive perceptions

- thought they entered into their AWA negotiations with a good understanding of the process
- are satisfied with their contract
- believed that under AWAs everyone can win
- considered that everyone within their agency achieved similar outcomes
- found their total remuneration had increased.

These conclusions suggest there have been significant intended and unintended consequences for the APS as a result of their moving the SES onto AWAs. The way in which AWAs were introduced contributed to alienation, perceptions of disempowerment, and a sense of a loss of control which, in some cases, led to reduced loyalty and commitment to the organisation.

SES AWAs have been implemented in the APS with a high degree of coercion with all agencies adopting a template based one-size fits all approach. The coercive way in which AWAs were introduced alienated the majority of the SES and this resulted in very negative perceptions of AWAs and the AWA process.

Most of the respondents and interviewees perceived the AWA process as a management initiated collective agreement, signed individually, with no scope for any negotiation on pay, benefits or

conditions. The SES felt that the “spirit” of the legislation put forward in the WR Act had been largely abandoned as choice appeared to be missing and the espoused flexibility was not there.

The SES achieved initial pay increases but suffered significant erosion of their remuneration packages over the life of the agreements relative to other APS staff on EBAs. Many reported a loss of the collective “SES” identity and their sense of public duty to the common good. They reported that their agencies saw them as costs rather than as valued officers. This contributed to heightened levels of distrust of agency CEOs and high degrees of alienation of the SES workforce.

The differential outcomes between agencies for work perceived to be at the same level contributed to a perceived loss of cross-agency mobility leading and a perceived reduction in APS wide promotional/career opportunities. This has caused many to conclude that the concept of an SES career service has been abandoned and forced them into an inward agency focus.

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