



Institute of Public Administration Australia

National Council

Submission to the Advisory Group

on

Reform of Australian Government Administration

November 2009

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NATIONAL PRESIDENT'S INTRODUCTION

The Institute of Public Administration Australia (IPAA) welcomes the Review of Australian Government Administration and the Prime Minister's commitment to strengthen the capacity and performance of the Australian Public Service.

The Institute appreciates this opportunity to make a submission to the Review.

This submission has been prepared by a group of IPAA members with substantial experience and expertise in public administration, mostly at the national level but also at the level of States and Territories, and internationally. The views expressed have not been formally endorsed by the IPAA National Council or any of IPAA's Divisional Councils, but it has benefited from National Council and ACT Divisional Council deliberations. Final responsibility for the submission lies with me as National President.

IPAA is the professional association for those who identify public service, public sector management and the study of public administration as their profession. Its vision is to be "the professional face of a confident public sector." In addition to its professional development activities, IPAA publishes research and reports of practical experience in public administration, promotes networks across jurisdictions and universities in Australia and internationally, and draws on its members' expertise and experience to contribute to government and public discussion on national public administration issues.

IPAA's submission does not follow exactly the structure of the Discussion Paper released by the Review in September, but it does address the issues raised and most of the questions asked, along with other important matters.

We hope it is of assistance to the Review, and that the Review makes a substantial contribution to strengthening the professionalism of the Australian Public Service, and the Australian public sector more generally, and to positioning the APS for the challenges it will inevitably face in serving the Australian public in the next decade and more.



Andrew Podger
National President
November 2009

EXECUTIVE SUMMARY

The Australian Public Service (APS) has long had a significant reputation in Australia and internationally as a highly professional civil service – competent, honest, efficient – and as a major participant in Australia’s success economically and socially as a democratic nation. Government structures are, however, active and dynamic. They are rarely perfect. Accordingly, the review of Australian government administration commissioned by Prime Minister Kevin Rudd is timely and appropriate, coming, as it does, about a decade since the present legislation for the public service and financial management was enacted.

The Government has already acted on a number of perceived deficiencies in administration, including a number of measures to strengthen the professional standing of the public service. Among these measures is discontinuation of performance pay for departmental secretaries and reintroduction of five year terms of appointment.

As the twenty-first century proceeds the APS will confront a number of challenges. Among the foreseeable are demographic and technological change, globalisation and financial pressures. In some cases the challenges are on an unprecedented scale. The APS is now better equipped than ever in its history to address such matters; they should be seen as opportunities as much as challenges. They also offer the means of meeting increasing public expectations and cost pressures on government.

The future is always uncertain. This is why analysts talk of complexity. It is an important task of policy advice and formulation to appreciate the variety of possibilities and to place government in situations where they can be handled advantageously.

In tackling such tasks, the APS does so as a central institution of the national government of the federal Commonwealth of Australia. It is a *public* service, not simply a government workforce. It works with all governments irrespective of their party political complexion. Its tasks range from support for ministers, individually as well as collectively, to service to the public. In supporting ministers it does so from a particular position – it brings experience of administration and a knowledgeable consciousness of the consequences of different courses of action.

Under the *Public Service Act* 1999 the APS is guided in its work by a set of Values enforceable under a Code of Conduct in the legislation. There has been much debate about the Values. They have, however, stood up well since adoption of the Act. The Institute strongly favours a briefer, more succinct statement, confirming the role of the APS in Australia’s system of responsible parliamentary government, its professionalism, the merit basis of staffing, fairness and courtesy in interactions with the public, and the highest ethical standards.

IPAA believes there is considerable scope for a greatly strengthened across-APS strategic approach to the use of Information and Communication Technology (ICT) to support improved service delivery. Wherever possible the public should have maximum choice in how they do business with government departments and agencies. Opportunities should be taken to collaborate with State and

Territory governments, and with local government. This is especially so given their roles in place management and planning. There should be more emphasis on regular and linked surveys of the public by Australian government agencies about the quality and effectiveness of the delivery of all major services.

There has been a decline in the strategic policy capacity of the APS. There are many causes including diversion of resources to assist ministers in meeting the many pressures on them in the modern media environment. Strategic policy units in portfolio departments and specialist agencies need investment and rotation of skilled staff through their ranks to foster links between policy work and administration. The role and contribution of semi-independent agencies such as the Productivity Commission is strongly supported, especially for their experience in policy reviews and research through open processes which engage with external experts and community groups.

Arrangements for strategic policy work in departments should be linked to ministerial decision-making structures. Other policy “hubs” are most likely to be valuable on time-limited projects and with external expertise including international experience as well as APS expertise.

IPAA strongly supports development of a human capital strategy for the APS. It should embrace recruitment, retention, mobility, continuing professional development, diversity and classification skills profiles, as well as systematic workforce planning.

It likewise urges a searching examination of the professional development requirements and capacities of the APS and other staff in related agencies, in regional as well as central offices.

There should be an emphasis on the responsibility of individual APS members to continue their professional development including through the range of professional associations such as the IPAA itself, the Australian Institute of management and the Economics Society.

To handle the issues which will arise during the twenty-first century the institutional structure of the APS requires attention in the interests of its professionalism and the non-partisan character of the APS. Appointments of department secretaries should be on the basis of joint recommendations from the Public Service Commissioner, the professional head of the APS, and, as now, the Secretary to the Department of the Prime Minister and Cabinet, the operational head. The Commissioner should also lead the performance appraisal of secretaries on a peer review basis (though there should not be any restoration of performance pay).

The human resource function should be unified with the Public Service Commissioner taking responsibility for classification standards and public service workplace relations.

In view of the enlarged responsibilities of the Public Service Commissioner, appointments to this key office should be for terms of five years.

RECOMMENDATIONS

2. THE AUSTRALIAN PUBLIC SERVICE – PROFESSIONALISM, VALUES AND ROLES

Recommendation 2.1

The APS Values should be reformulated – briefer, more succinct and confirming the role of the APS in responsible government (*p. 9*).

Recommendation 2.2

Statements of values for other Commonwealth Government sectors and agencies should be developed or revised, based on the APS Values statement, but reflecting any significantly different role. Unless there is strong reason for not doing so, agencies should be brought within the umbrella of the Public Service Act (*p. 9*).

Recommendation 2.3

Statements of values for State and Territory public services should be promoted through the Council of Australian Governments. These statements should be readily recognisable as consistent with the APS Values and promote a culture of shared professionalism throughout the Australian public sector (*p. 10*).

Recommendation 2.4

The Values should be promoted actively throughout APS agencies with increased emphasis on the responsibilities of the APS leadership – both agency heads and the Senior Executive Service – to promote and embed the Values (*p. 10*).

Recommendation 2.5

Further measures should be taken to foster effective relationships between the APS and the Government and Parliament, including through training for ministers and their staffs, as well as for public servants, on respective roles and responsibilities (*p. 10*).

3. SERVICE DELIVERY AND CITIZEN-CENTRED SERVICES

Recommendation 3.1

A greatly strengthened across-APS strategic approach should be introduced to the use of information, communications and technology (ICT) to support improved service delivery involving:

- i. The continuing development of standards to ensure interoperability and to encourage consideration of new technology

- ii. **Firm Cabinet authority to enforce standards**
- iii. **Stronger involvement by service delivery agencies to ensure investments are not driven solely by technical or financial considerations but focus primarily on the quality of services and their responsiveness to the needs and preferences of the public**
- iv. **Development of standard and secure linkages which reduce the need for multiple collections of the same data from individual people and organisations**
- v. **Exploration over time of including State and Territory and local government services, and the possibility of relevant non-government sectors, within the same set of standards for interoperability (p. 12).**

Recommendation 3.2

Menus of service delivery options, with costs, should be developed and regularly updated through a network of service delivery agencies interacting with policy agencies and staff, and with close links to ministerial decision-making processes (p. 12).

Recommendation 3.3

Information on the needs and preferences of different groups in the public (for example, the aged, families with young children, students) should be developed and maintained, regarding service delivery mechanisms that allow integration and personalisation of services.

Networks of staff throughout service delivery agencies based on key citizen groupings should be established to share data, developments and lessons learned (p. 13).

Recommendation 3.4

More emphasis should be given to place management of services:

- i. **With closer cooperation with States and Territories, and local government, given their particular roles in place management and planning;**
- ii. **Agencies looking to cooperate on the ground seeking overall value for money in serving the public rather than agency-based views of efficiency and effectiveness (p. 13).**

Recommendation 3.5

Greater emphasis should be placed on regular and linked surveys of the public by Australian Government agencies about the quality and effectiveness of the delivery of all major services (p. 13).

4. POLICY ADVISING

Recommendation 4.1

There should be more investment in portfolio departments' central strategic policy units and specialist portfolio agencies, rotating skilled staff through these to ensure good links

across policy areas and between policy and administration, and to develop policy analysis skills:

- With an increased focus on research and evaluation (*p. 17*).

Recommendation 4.2

There should be a more selective approach to the use of consultants in policy work, with some reduction overall, to address the risk of de-skilling APS policy capacity (*p. 17*).

Recommendation 4.3

The role of semi-independent agencies such as the Productivity Commission conducting policy reviews and research through open processes which engage with external experts and community groups should be strengthened (*p. 17*).

Recommendation 4.4

The use of external forums and networks such as ANZSOG and IPAA, and contracted research units like SWRC, should be extended to engage more with academics and international experts as well as with other jurisdictions (*p. 17*).

Recommendation 4.5

Because of the importance of links to ministerial decision-making, the emphasis should be on portfolio arrangements with central agencies assisting with coordination by supporting Cabinet and its committees; other policy “hubs” are most likely to be valuable on time-limited projects and with external expertise including international experience as well as APS expertise (*p. 17*).

5. APS WORKFORCE AND PROFESSIONAL DEVELOPMENT

Recommendation 5.1

A human capital strategy for the APS should be developed, perhaps under the auspices of the Management Advisory Committee, with a wide brief incorporating, inter alia, recruitment, retention, mobility, continuing professional development, diversity and classification and skills profiles, as well as systematic workforce planning (*p. 20*).

Recommendation 5.2

Such a human capital strategy should:

- i. Give priority to recruiting, developing and retaining the best and the brightest in a much more competitive labour market, with complementary APS-wide and agency-specific measures drawing on proven methods used by both the private and public sectors in Australia and overseas;
- ii. Promote innovative ways of retaining older staff including such measures as panels of retired people able and willing to contribute to particular projects on a part-time basis, including on boards and committees;

- iii. Strengthen APS-wide measures to improve employment of Indigenous Australians, people with disabilities and people from non-English speaking backgrounds, with the aims of both broadening the employment pool in a tight labour market and ensuring the APS is broadly representative of the Australian community and provides equal employment opportunities;
- iv. Encourage agencies to apply more rigorous standards to classification and work value assessments, including in particular within the Senior Executive Service, amongst the Executive Level grades and at base APS grades, and to improve the quality of job design to support more effective staff development and more efficient use of human capital;
- v. Canvass the diversity of career patterns and opportunities in the APS and how these might be supported and better marketed;
- vi. Promote regular agency capability reviews, including through peer reviews *(p. 20)*.

Recommendation 5.3

The Australian Public Service Commissioner should develop, in consultation with APS agencies, a more detailed framework for continued professional development of APS staff, in regional as well as central offices. It should include:

- i. A more systematic approach to deepening and broadening skills, and updating and refreshing them, through rotations and placements with on-the-job training as well as through training programs, and through opportunities for mobility including in and out of the public sector;
- ii. The importance of shared leadership skills and responsibilities through mandated training of those entering the Senior Executive Service by the Australian Public Service Commission;
- iii. An emphasis on development which helps APS members to build networks across jurisdictions both nationally and internationally;
- iv. An emphasis also on the responsibility of individual APS members to continue their professional development including through professional associations like IPAA, AHRI, CPA, AIM and the Economics Society *(p. 21)*

6. GOVERNANCE OF THE AUSTRALIAN PUBLIC SERVICE

Recommendation 6.1

Appointments of portfolio secretaries by the Prime Minister should be made following a joint recommendation by the Secretary, Department of the Prime Minister and Cabinet, the operational head of the APS, and the Public Service Commissioner, the professional head of the APS, following consultation with the relevant minister.

Consideration should be given to the Government reporting the matter to Parliament where the recommendation is not accepted *(p. 26)*.

Recommendation 6.2

Performance assessment of agency heads should be reintroduced. It should be led by the Public Service Commissioner with an emphasis on peer review, including also consultation with ministers and the Prime Minister, and without performance pay attached (*p. 26*).

Recommendation 6.3

Unification of the human resource function in the APS should be supported by vesting the Public Service Commissioner with responsibility for classification standards and public service workplace relations (*p. 27*).

Recommendation 6.4

The Public Service Commissioner should be appointed for terms of five years (*p. 28*).

Recommendation 6.5

The option should be introduced of having Associate Public Service Commissioners on a part-time and/or temporary basis, engaged on particular management reviews or to assist in succession management and performance assessment (*p. 28*).

Recommendation 6.6

Significantly less reliance should be required of the APSC to raise revenues from fees; appropriation funding should be increased (*p. 28*).

Recommendation 6.7

More effective collegial leadership of the APS should be pursued through active use of the Management Advisory Committee (*p. 28*).

Recommendation 6.8

An appropriate high-level mechanism should be developed for consultations with business and non-government sector leaders about relevant APS matters (*p. 29*).

Recommendation 6.9

Portfolio and agency structures should be maintained to support ministerial and organisational accountability for government decision-making, notwithstanding the importance of APS-wide connections:

- i. With Cabinet, supported by the central agencies, as the primary mechanism for coordination and collective responsibility;
- ii. With “portfolio secretaries” having a critical coordinating role, allowing continued use of separate specialist agencies able to focus on particular responsibilities with a greater degree of independence (*p. 29*).

Recommendation 6.10

Apart from classification and workplace relations responsibilities, to be transferred to the Public Service Commissioner, devolution of financial management and human resource management should continue, with an emphasis on accountability for results (p. 29).

Recommendation 6.11

Continued effort should be made to address the unintended consequences of some of the initiatives of the last decade (for example the outcomes/outputs framework and accrual accounting) to make performance reporting more readily understandable and relevant to the public sector (p. 30).

Recommendation 6.12

Efficiency dividend arrangements should be revised and complemented by selected whole-of-APS management improvement measures which do not undermine individual agencies' effectiveness (p. 30).

THE AUSTRALIAN PUBLIC SERVICE: REFORM TRADITIONS, RENEWAL AND THE UNCERTAINTIES OF THE FUTURE

(This section addresses the issues and questions in Chapter 2 of the Discussion Paper and related matters.)

Reform, review and renewal have formed an important tradition of the Australian Public Service (APS) since its inception. After federation, the APS was soon recognised as a national institution. The Parliament, barely a year old, placed the APS on a statutory basis when it passed the first Public Service Act in May 1902. By contrast, at Westminster itself, neither at the time nor since has there ever been general legislation covering the Home Civil Service.

To underline the non-political character of this important national institution, its administration was assigned not to a minister but to a Public Service Commissioner appointed for a renewable term of seven years. Public accountability was a part of this inaugural scheme: one of the Commissioner's statutory obligations was to report annually on the "condition and efficiency of the Public Service," an obligation honoured, except occasionally during periods of war, throughout the 110 years of APS history.

More significantly, the legislation required the Commissioner to "set forth any changes and measures necessary for improving the method of the working of the Public Service and especially for insuring efficiency and economy" in any department. The succeeding 1922 legislation made it even clearer that the quest for efficiency and economy in the APS was a goal to be pursued on a continuing basis.

Throughout the 110 years there have been many examples of this culture of review and renewal. These include the measures taken by the inaugural commissioner, Duncan McLachlan, to forge the various components of the public service transferred from the States – especially customs and excise staff, postal workers, and those involved in defence - into a recognisably cohesive, unified body; and similar endeavours during the 1920s to restore order after the disruptions of the First World War.

Even more significant in terms of the modern public service is the plethora of change and innovation effected especially in the generation following the Second World War, coinciding with increasing location of the public service in Canberra. Reforms in this era included a general overhaul of recruitment practices; graduate recruitment for the general administrative ranks of the APS; progressive removal of barriers to employment of women throughout the public service; related measures for groups with identified disadvantages; conduct of extensive staff development and

training programs; streamlining and rationalisation of the classification structures of the service, often based on increasing standards of education; and modernisation of the pay system.

The career service basis of the APS was frequently at the forefront of reform projects. There was a sustained effort to remove impediments to untrammelled application of the merit principle in recruitment, promotion and advancement. These impediments included the numerous discriminations against women (many eventually removed under the banner of equal employment opportunity), veteran preferences, seniority in several guises, and age limits.

Very significant, though, ironically, usually overlooked, was progressive introduction, from the mid-1950s, of computers and other methods of automatic data processing, essential innovations in equipping Commonwealth administration for the multiplicity of tasks it assumed both domestically and internationally in the final decades of the twentieth century. The 1980s and, more so, the 1990s, marked a shift in the public service from the era of the typewriter to that of the word processor.

Internal initiative has been, through the years, usefully supplemented by various ad hoc bodies (sometimes parliamentary committees) constituted for purposes both of general review and particular investigation. The many examples include:

- Early inquiries into the Post Office and Defence prior to the First World War.
- Major royal commissions on the public service and national expenditures as a basis for reconstruction in the 1920s.
- The Bailey and Boyer reports, respectively about promotions appeals and recruitment
- The Kerr and Bland reports on administrative review.
- The Royal Commission on Australian Government Administration.
- The Bland Administrative Review Committee.
- The Public Accounts Committee inquiry into the Selection and Development of Senior Managers in the Australian Public Service.
- The Review of Commonwealth Administration.
- The Task Force on Reforming the Australian Public Service.
- The Review Committee on a New Public Service Act.
- The Review of the Corporate Governance of Statutory Authorities and Office Holders.

The final third of the twentieth century witnessed other developments in the structure of Australian government and the practice of responsible government in Australia. These changes extended ministerial control over administration (removal of tenure for departmental secretaries; growth of ministerial staff), expanded opportunities for parliamentary scrutiny (especially Senate committee hearings on expenditure estimates), new arrangements for administrative review, and reorganisation and rationalisation of the departmental machinery of government.

These years have also been marked by other major reforms in budgeting, financial management and control, and management practice.

Much of this record of reform derived from parliamentary and government interest, ideas and endorsement, combined with public service advice and detailed design, followed by implementation.

Most of the reform history of the APS involves renovation of legislation, administrative structure and practice of considerable longevity, some of it dating from the earliest decades of the Commonwealth.

The review announced by Prime Minister Kevin Rudd in September 2009 is different. It is into a legislative, administrative and management structure of very recent vintage. The key statutes – the Public Service Act, the Financial Management Act, the Commonwealth Authorities and Companies Act and the Auditor-General Act – are just over a decade old. While still settling, there is much evidence that this structure has provided ample scope for necessary innovatory activity. Most of what is foreshadowed in the discussion paper can be accomplished without significant amendment to the existing, very recent legislation, largely adopted on a bi-partisan basis. The blueprint for the Government can, thus, be built on inherent strengths. There is no need to construct fresh foundations.

Governmental structures, especially those of nation states with large and widely dispersed populations, are active and dynamic. They are rarely perfect. This is so at any time in the history of the APS. Our proposals for improvements accord with the long-held view that efficiency, in its broadest sense, must be a continuing preoccupation, and with the equally long-standing APS traditions of reform and renewal outlined earlier.

None of this stands in the way of a general view that the APS has, and has long had, a deserved reputation in Australia and internationally as a highly professional civil service – competent, honest, efficient – and as a critical participant in Australia's success economically and socially as a democratic nation.

Some of the deficiencies and concerns identified in recent years since the present legislative structure came into force have already been addressed by the present Government. There has been extensive criticism of the robustness of advice provided by the APS and its professional "independence." The measures include removal of performance pay and re-introduction of five-year rather than three-year appointments for departmental secretaries; reforms of freedom of information; a code of conduct for ministerial staff; and tighter control of government advertising.

Beyond immediate concerns are the hurdles likely to confront the APS in succeeding decades. The discussion paper enumerates a list of six: increasing complexity; increasing public expectations; demographic change; technological change; globalisation; and financial pressures.

It is not without interest that a similar list might have been assembled at almost any time since federation. Each item needs to be dissected more carefully to clarify their particular relevance today. They may be seen as challenges; in most cases they should also be seen as opportunities.

It may be that policy issues are becoming more complex but this stems as much from enhancements in technology and increased community expectations as to any inherent increase in the importance or difficulty of the issues themselves. Certainly there are today what are referred to as "wicked problems;" but they have been a feature of government for centuries. One policy area that has most clearly become more complex is the environment, where the global impact of human activity is of increasing concern. While policy problems are in scale, at least, apparently more difficult, the means available to governments in tackling them are also immeasurably greater than in previous eras.

Increases in public expectations may be likely, but they are not necessarily inexorable. Governments can influence them. Indeed, it is one of the higher duties of governments, including their senior counsellors, to reflect upon what matters are best addressed by governments, and how; what matters can be appropriately handled by individuals or private organisations; and what matters fall to some combination of individuals, private organisations and governments.

While Australians will certainly bear in mind Sir Keith Hancock's observation of 1930 that they habitually think of the state as a vast public utility, it is also essential – perhaps more for the governors than the governed – to bear in mind that it would be very harmful to our democracy if government has to be the first port of call whenever assistance or guidance is needed.

The community will nevertheless be influenced by their experiences of private sector products and services, and of public services abroad. A probable implication of these experiences is that there will be a search for personalised services and choice in responding to different community needs. The APS's longstanding skills in utilisation of technology for servicing and administrative tasks will need to be maintained at a very high level so that Australian government organisations have a wide range of capabilities to meet these demands.

Indeed, nothing will be more central to the APS's future than its adeptness in exploiting technological change. For a quarter of a century or more, technology has been the most important driver of change within society as within government, coping with and exploiting globalisation, bringing a more closely connected society. It has had a dramatic impact on the APS workplace and the skills composition of the APS.

Management of technological advances is a major task for government organisations, but success in doing so offers many opportunities for improving services whilst containing costs. Technology will be the more important in tight labour markets. The community should benefit directly through greater and more equitable access to services.

Advances in communications technology lie behind the increased pervasiveness, in government circles, of the media and the emergence of the 24/7 media cycle, in turn leading to new demands on ministers. The consequential pressures for immediate responses and short-term thinking are unlikely to abate. Neither ministers nor government organisations have yet devised effective or systematic means for integrating longer term analysis and research, and deliberative decision-making, into this frantic environment.

The APS will certainly need to give serious attention to demographic change especially during the next decade. Demand for government services will be affected, as also will be recruitment and retention of staff. Bearing in mind that the causes are mostly positive - people living longer, women having more control over their fertility, for example - the consequences can be ameliorated by purposeful policy such as that embodied in Treasury Secretary Ken Henry's advice that governments focus on "population, participation and productivity." Removal of obligatory ages of retirement and the Government's decision to increase the age at which people become eligible for age pensions are steps in meeting the consequences of demographic change.

In the APS itself, a likely decline in the supply of new entrants can be partly met by ensuring continued development of the skills of existing staff, and a stronger effort to retain them. There will also need to be more active search for productivity-improving methods.

Globalisation will continue to have a profound impact on all Australian governments as on Australian society. Most directly is the increasing demand for connectedness internationally, both to respond to international agendas and to contribute to them, throughout government. This is likely to continue to contribute to increased national government involvement in all parts of the public sector, requiring further increases in connectivity domestically as well as internationally, as evidenced by the current active COAG agenda.

Financial pressures are a perennial circumstance of government, obliging an ordering of demands according to priority. Very old skills of the public service in prudent use of public funds and ensuring the productivity of public expenditure remain essential even as they must be refreshed to take advantage of new technologies to achieve these basic objectives. The financial tasks of government during the next decade and more are not unprecedented, at least in a generic sense, though the burden will be heavy as governments look to repay the debts arising from the global financial crisis of 2008, a task which will take many years to achieve. This will require not only careful prioritisation by government but also added attention by the public service to improving productivity including through the effective use of new technology.

The future is always uncertain. This is why analysts talk of complexity and unprecedented burden. It is an important task of policy advice and formulation, supported by quality research, investigation and data analysis, to appreciate the variety of possibilities and to place government in situations where they can be handled. The mechanisms and instruments available to modern governments are vastly superior to those at the disposal of predecessors. The question is whether judgment, perception and wisdom, as well as technical expertise, are sufficient to take full advantage of the available tools.

2

THE AUSTRALIAN PUBLIC SERVICE: PROFESSIONALISM, VALUES AND ROLES

(This section addresses most of the issues and questions in Chapters 1, 3 and 4 in the Discussion Paper and related matters.)

The Australian public service is one of the central institutions which comprise the national government of the federal Commonwealth of Australia. It is as old as the Commonwealth itself, older than the ministry to which it is subordinate, and the Parliament to which it is, within the framework of ministerial responsibility, accountable. It is a *public* service, not a government service only. Its professionalism is underwritten by statutory foundation – since federation there have been three public service acts (1902; 1922; and 1999); administration by commissioners rather than by ministers; and subject to annual report to parliament by the commissioner on the condition and efficiency of the service.

In Australia's system of responsible parliamentary government, the principal officers of government, the ministers of state, must be members of parliament. Public servants mainly work in departments of state, which are headed by ministers; others, however, work in organisations established by statute, some very large, headed by statutory officials such as the commissioner for taxation, the comptroller-general of customs, and the Australian statistician.

While the legislative and executive parts of Australian government are linked by the requirement that ministers are drawn from parliament, the judicial branch (High Court, Federal Court, Family Court) is largely separate.

Thus, in Australia, power is dispersed within the Commonwealth itself, and within the nation through the federal structure of government. Within the federation, the Commonwealth has a number of defined powers but often works with State and Territory governments, and also local government, under concurrent powers or on the basis of special funding of programs.

The essence of public service professionalism lies in the distinction between the ministerial (political) and official (administrative) roles, notwithstanding that public servants swim in politics "as fish swim in the sea." Ministers control policy especially through their command of the legislative and budgetary processes. In performing these roles, they are supported by the public service and other public officials (for example, those from the Reserve Bank where economic policy matters are concerned). The task of implementing policies and programs, efficiently, equitably, fairly, and according to law, falls also to the public service.

In fulfilling this diversity of roles and responsibilities, ranging from advising ministers to service to citizens and other members of the public in line with the Government's policies and programs,

public servants bring much expertise and experience derived from working with and under governments drawn from both sides of politics, and having both depth of experience in administration and knowledgeable consciousness of the consequences of different courses of action. It is these circumstances of public service which require that it be non-partisan and impartial. It has a duty to serve any government irrespective of party complexion, and implement its policies without regard to party or any other political consideration.

A special aspect of the public service role is that, of all those providing advice to governments, and there are many, it alone does so without any special interest of its own. Such advice as it provides is based only on public interest grounds. The public interest in any particular matter is determined by ministers. But it is inherent in the advisory process that public servants assist ministers in identifying where public interest lies, and how it relates to the advice they are giving. Their assistance ensures ministers can take a broad view and a long-term perspective, and have access to detailed expertise.

The foregoing considerations illustrate the important responsibilities that public services have to ministers. There will be occasions when it falls to them to tender advice on matters which ministers would prefer were not raised. Advice may not be especially welcome to ministers. A course of action may be proposed which may cause the minister discomfort on party, parliamentary or electoral grounds. It is for these reasons that the qualities sought in a public service have been famously defined as “sufficient independence, character, ability and experience.” Herein is the essence of public service professionalism.

Appointments to and promotions within the APS, like most public services around the world, are based on merit, usually as displayed in open competition between qualified candidates. Merit is often defined in terms of competence and suitability for the duties of the post.

Relations between the ministerial and official levels of executive government have fluctuated in the century-long history of the APS. Various innovations during the 1970s and 1980s were intended to strengthen the position of ministers in relation to their departments. These included introduction of ministerial staff, removal of tenure for departmental secretaries combined with routine turnover in a number of posts following elections, and the barely used facility of “ministerial consultants.” The combination of these measures has been seen by some commentators to put the obligation of the public service to be “apolitical,” and its readiness to bring unpalatable matters to ministerial attention, at risk.

Some changes introduced by the Rudd Government – for example, retaining the services of the departmental secretaries it inherited, reintroducing five-year contracts and introducing a code of conduct for ministerial staff – have ameliorated the situation. This submission advances additional proposals to strengthen the professional character of the APS as it plays its role in Australia’s system of responsible government.

A key feature of the 1999 Public Service Act is a statement of Values set down in section 10. These encapsulate the fundamental role of the APS in Australia’s system of government. The Values are supported by a Code of Conduct and are thereby enforceable by various means. Promotion of an understanding of the Values is an explicit responsibility of the Public Service Commissioner and also departmental secretaries, agency heads and the senior executive service.

Although there has been debate about the utility of a statement of values, there is little to be gained in reopening it. The APS has long had “values” such as impartiality, merit, probity, equity and accountability. Existence of a formal statement has proven expedient from time to time; and there have been cases where officials have found them of substantial assistance in guiding conduct in complex situations.

There is, by contrast, continuing debate about the content of the Values and the fact that their effectiveness is impaired by their length with the inclusion of many desirable attributes which are not unique or particularly special to the APS. One analyst has described the list as a “dog’s breakfast.” It is easy to imagine wordsmiths running a fine-tooth comb over the 15-point list in section 10, proposing deletions here, amendments there, an occasional addition here and there. The benefits of such refinements may be outweighed by added confusions.

There would, by contrast, be unambiguous advantage in a markedly more concise statement based on pre-eminent themes concerning the distinctive role and responsibility of the APS. After examination of various statements of values used in other Australian jurisdictions and by some other national public services, and the efforts of the Australian Public Service Commission (APSC) to explain and promote the Values, the IPAA suggests that a simpler recapitulation be considered:

The Australian Public Service is:

- *Professional and non-partisan, and openly accountable to the Parliament within the framework of Ministerial responsibility;*
- *Responsible for providing the Government and ministers with frank, fearless, comprehensive and timely advice, and for implementing policies expeditiously, efficiently, equitably, and economically;*
- *Staffed according to merit and equal opportunity, free from discrimination;*
- *Impartial in all its interactions with the Australian public, delivering services fairly, effectively and courteously;*
- *Honest and professional, with the highest ethical standards.*

This articulation of Values is purposely intended only to include the most important. There are many implicit in the above list even though not mentioned. “Leadership,” for example, is not mentioned, partly because it is, in an ordinary sense, an inherent feature of a quality public service, something to be valued rather than a “value” as such. “Non-partisan” is suggested rather than “apolitical,” recognising that the APS cannot divorce itself from politics and must be politically aware, but it must be able to serve loyally whichever party is in government.

It also reflects the grouping used by the APSC successfully since 2002 to highlight the unique roles of the APS in its relations with the Government and the Parliament (the first two points in the above formulation), its relations with the public (the third point), its own workplace relations (the fourth point), and its members’ personal behaviour (the final point).

The IPAA is conscious that the formulation now contained in the legislation was the result of considerable discussion between the then Government and then Opposition and thus has the great advantage of bipartisan support in the Parliament. Any new articulation will likewise require support

across the political spectrum, reinforcing the non-partisan role of the APS in serving governments irrespective of their party political complexion.

An important advantage in a statutory statement of values is that it furnishes an authoritative basis for consideration of the principles governing a public service. It will be amplified by agency statements, codes of conduct and guidelines. This should be borne in mind in dealing with temptations to seek an all-embracing, comprehensive list. All agencies must uphold the values legislated for the APS as a whole, but it might be expected that they will place extra emphasis in their training and other promotion activities on those that have the most immediate relevance to their particular work (Centrelink for example on the suggested value concerning relations with the public, and Treasury on the suggested values concerning relations with the government and parliament).

There is a continuing need for training about the Values, and governmental professionalism in general, in orientation programs. Such programs should have a government-wide perspective. Those joining the APS above the regular recruitment grades should also be provided with advice about the Values and related material. The material issued by the APSC in 2003 on embedding the Values remains apposite, and should continue to be refreshed frequently and applied in all APS agencies.

The effectiveness of the Values statement is also limited if their existence is known only to staff of the APS. Others who need an active knowledge of the APS Values are parliamentarians and their staffs, ministers and their staffs, and in publicity distributed to the public.

Ministers, and when the opportunity allows, the Parliament, should press agencies and organisations not staffed under the Public Service Act to apply the APS articulation unless there are clear reasons for doing otherwise. An example of an articulation adapted to particular distinctive circumstances is the statement to be found in the Parliamentary Service Act. Staff of members of Parliament, by contrast, are not expected to be non-partisan so that such a requirement would be out of place in a statement of values for them. In some cases, as has been identified by the Department of Finance and Deregulation and the APSC since the Uhrig Report, agencies now not under the Public Service Act should become so, and be bound by the APS Values.

Once the Australian Parliament has endorsed a new articulation of the APS Values, the Prime Minister may wish to consider suggesting to the Council for Australian Governments that other Australian jurisdictions review their value statements with a view to achieving greater consistency in statements of public sector values.

Recommendation 2.1

The APS Values should be reformulated – briefer, more succinct and confirming the role of the APS in responsible government.

Recommendation 2.2

Statements of values for other Commonwealth Government sectors and agencies should be developed or revised, based on the APS Values statement, but reflecting any significantly different role. Unless there is strong reason for not doing so, agencies should be brought within the umbrella of the Public Service Act.

Recommendation 2.3

Statements of values for State and Territory public services should be promoted through the Council of Australian Governments. These statements should be readily recognisable as consistent with the APS values and promote a culture of shared professionalism throughout the Australian public sector.

Recommendation 2.4

The Values should be promoted actively throughout APS agencies with increased emphasis on the responsibilities of the APS leadership – both agency heads and the Senior Executive Service – to promote and embed the Values.

Recommendation 2.5

Further measures should be taken to foster effective relationships between the APS and the Government and Parliament, including through training for ministers and their staffs, as well as for public servants, on respective roles and responsibilities.

3

SERVICE DELIVERY AND CITIZEN-CENTRED SERVICES

(This chapter addresses the issues and questions in Chapter 6 of the Discussion Paper and related matters.)

This submission, like the Discussion Paper, casts the responsibilities of the APS in simple terms of advice to governments and implementation of their policies and programs. This description has the advantage of brevity but it needs to be amplified when it forms the basis for a major exercise about the shape, structure and modus operandi of the APS in the twenty-first century.

Broadly the APS, throughout its history, has performed a great variety of roles: support for ministers; policy advice; research and investigations; revenue collections; administration laws; regulation; defence and security; conduct of international relations; consular services to citizens abroad; income security; and provision of welfare services. It is integrally involved in the trade, industry, commerce and business affairs of the nation, including workplace relations, as a promoter of economic growth and as a regulator. What is known as the welfare state is very much a government creation; governments are active both in a direct sense and by funding others to perform specified tasks.

Especially in public and parliamentary terms, the work which the APS undertakes directly on behalf of ministers generally attracts much attention. This is particularly the case when a new government comes to office. It is important to emphasise, however, that besides such conspicuous and pressing assignments, most APS staff are routinely engaged in long-standing and continuing work which often passes from one government to another with only periodical alteration. This type of work is evident enough to many citizens, be it in the numerous activities of Centrelink or consular services of the Department of Foreign Affairs and Trade. Another example is the statistical collections of the Australian Bureau of Statistics. Thinking only of government work in terms of novelty really only picks up a part of the picture. Public service management must embrace the whole picture.

It is common for commentators to suggest that the Commonwealth has little experience in service delivery as it is primarily involved in policy advising. That is far from the case. The vast majority of APS employees work in non-policy areas on activities more akin to service-delivery even if it does not necessarily involve personally serving the public. These staff work in Centrelink, the Australian Taxation Office, the Australian Bureau of Customs, in the Defence organisation, in procurement and support for the Defence Force, in Health or the Department of Education, Employment and Workplace Relations or the Department of Families, Community Services, Housing and Indigenous Affairs managing contracts and agreements for the delivery of services by third parties, and in regulating different industries.

Governments determine, and will always determine, the range of services to be provided and the quality which taxpayers collectively should be required to fund. It is for the APS and its partners in service delivery who are responsible for maximising effectiveness and quality within the resources available and the program parameters.

In advising on and implementing government policy, the APS has to take account of various factors:

- Community expectations, often affected by what they see being done in the private sector and overseas, which today increasingly involves services tailored to personal or community circumstances, and even providing choice and opportunities for “self-service;”
- Advances in technology which continue to provide fresh opportunities for improved services as well as greater efficiency;
- The capacity to draw on third parties (non-government as well as for-profit organisations) which, while of long standing in areas such as aged care, is now offering new opportunities to deliver innovative and more accessible services by contracting out, franchising, collaborative agreements, etc;
- The increasing interest of the Australian Government in standards of service delivery by its own agencies or by States, Territories and local government, and by business and the voluntary sector.

The IPAA believes that APS agencies involved in service delivery, directly or by funding others, could be assisted greatly in the future by the following measures:

Recommendation 3.1

A greatly strengthened cross-APS strategic approach should be introduced to the use of information, communications and technology (ICT) to support improved service delivery involving:

- vi. **The continuing development of standards to ensure interoperability and to encourage consideration of new technology**
- vii. **Firm Cabinet authority to enforce standards**
- viii. **Stronger involvement by service delivery agencies to ensure investments are not driven solely by technical or financial considerations but focus primarily on the quality of services and their responsiveness to the needs and preferences of the public**
- ix. **Development of standard and secure linkages which reduce the need for multiple collections of the same data from individual people and organisations**
- x. **Exploration over time of including State and Territory and local government services, and the possibility of relevant non-government sectors, within the same set of standards for interoperability.**

Recommendation 3.2

Menus of service delivery options, with costs, should be developed and regularly updated through a network of service delivery agencies interacting with policy agencies and staff, and with close links to ministerial decision-making processes.

Recommendation 3.3

Information on the needs and preferences of different groups in the public (for example, the aged, families with young children, students) should be developed and maintained, regarding service delivery mechanisms that allow integration and personalisation of services.

Networks of staff throughout service delivery agencies based on key citizen groupings should be established to share data, developments and lessons learned.

More integrated service delivery responsive to individuals and communities also requires good place management. This is an area where State and Territory governments and local government have a particular role and considerable experience. It requires both physical and social planning and coordinated service delivery, even where advances in information technology facilitate multiple points of service access. Certainly where APS agencies are involved in the delivery of personal services (whether directly or through third parties), it is important that they cooperate with each other and with the relevant State or Territory government, and local governments, to achieve overall value for money in serving the public. Often, this will benefit from having “clout on the ground” as advocated by the Management Advisory Committee in its 2004 report, *Connected Government*: staff with sufficient authority and experience to work with other levels of government and local community and business leaders to ensure services are tailored to local circumstances.

Recommendation 3.4

More emphasis should be given to place management of services:

- iii. **With closer cooperation with States and Territories, and local government, given their particular roles in place management and planning;**
- iv. **Agencies looking to cooperate on the ground seeking overall value for money in serving the public rather than agency-based views of efficiency and effectiveness.**

Many APS agencies use service charters and complaints systems to ensure regular feedback from clients, and some also use surveys of both clients and the general public to help them to assess their performance and identify areas for improvement. There would be benefit in developing more sophisticated approaches including the linking of agency surveys through the use of some standard types of questions and, perhaps in time, through some whole-of-government approach as is being pursued by some other countries such as Canada.

Recommendation 3.5

Greater emphasis should be placed on regular and linked surveys of the public by Australian Government agencies about the quality and effectiveness of the delivery of all major services.

There are many examples of and opportunities for services better tailored to individuals and communities. Centrelink and the Job Network are but the most frequently cited examples of

innovation in service delivery. Other examples include the possibility of replacing Medicare offices with virtual offices in every surgery, hospital, pharmacy and allied health centre, linked by electronic health records better to coordinate care and to ensure adequate financial insurance cover, the greater use of franchises such as those introduced by Australia Post, and the more extensive use of the internet for paying tax, applying for social security or gaining licences.

Such service delivery innovations bring with them risks which call for careful management:

- Policy and administration need to be carefully linked even where third party delivery agents are used, possibly reporting to different portfolios;
- The different values and perspectives of public service employees and those of non-government and private sector employees need to be appreciated when third parties are used;
- Service quality and effectiveness as well as efficiency gains from new technology need to be pursued (which has not always been the case, for example, with call centres not offering timely personal contact);
- The public's varied readiness and capacity to use ICT innovations (with consequences for equitable access to services) need to be recognised together with community unease about potential misuse by government (with consequences for privacy or human rights).
- Contract management and supervision of partnerships require close attention as accountability may be blurred.

The Discussion Paper uses the term "citizen-centred services." This may overcome some of the problems of alternative terms such as "customer-focus" or "client-focus" which fail to reflect the obligations as well as rights and preferences of the people the public sector delivers services to, but APS agencies provide services to many people apart from citizens. Conspicuous among these agencies are the Department of Foreign Affairs and Trade, the Department of Immigration and Citizenship, the Australian Customs Service and the Australian Quarantine Inspection Service; other agencies include the departments of Health, Transport, and Education. A preferable term might be "people-focussed services."

4

POLICY-ADVISING

(This chapter addresses the issues and questions in Chapter 5 of the Discussion Paper and related matters.)

The IPAA agrees with recent criticisms about a decline in strategic policy capacity within the APS. Causes include diversion of resources to assist ministers in meeting the many pressures upon them from the Parliament and its committees, the work of the Council of Australian Governments, the activities of interest groups, and the media. The focus on these, often justifiable, immediate pressures has the effect, maybe not intended, of deflecting staff from substantial research, investigation and analysis, what has been portrayed as strategic policy. Where consultants are used as a substitute for depleted APS resources, valuable developmental experience is lost to the public service. In this context we have noted with much interest reports that Dr Ken Henry, Secretary to the Treasury, had observed at a National Library event on 12 November 2009 that using consultants for policy work amounted to outsourcing the core business of the APS and denuding it of essential skills.

Governments today receive policy advice from a multiplicity of sources, many of them well-informed and well-resourced. Multiple sources of advice have many advantages, not only bringing important depth to policy-making, but contributing to the rigorous testing of evidence and the views advanced by others including officials. The effect is not always advantageous. There is an obvious danger of overload and, at times, the process can become a contest for the ear of the minister. We believe it is important in these situations that the APS should have the opportunity to scrutinise and coordinate advice coming to ministers from other sources.

The APS has a special place in policy-making. It does so from a vantage point of experience in administration; and its advice is not infrequently seasoned by the realisation that should a policy be adopted, the business of implementation will fall to it. Public service advisers are acutely conscious of the dangers of policy which brings short-term benefit but at a price of longer-term costs. Officials almost never have a personal interest in the outcome of advice. More than others, they are disinterested in the result. Few others who claim or seek a place in the policy process operate from such a clearly detached position.

There are a number of steps which departments and agencies, collectively as well as individually, can take to restore and strengthen their capacity in the policy field, especially for developing strategic policy, policy with horizons of five to ten years and, in many cases, longer. Each could usefully do a stock take of their resources for policy work, the information held or readily available, and the skills, competencies and experience of staff with the requisite interests; they could also share with all other interested agencies information on the data sets they hold. Larger organisations will often have a central policy unit or branch. Their resources and operations should be examined in light of likely tasks and assignments. Our expectation is that in many instances there will be a strong case for additional investment in these units. Where possible and appropriate, such units should have a

measure of autonomy to allow them to report their research findings publicly and to bring in professional expertise for data collection and analysis. Capacity of this kind is vital if policy is genuinely to be evidence-based.

Evaluation of policies and programs is also an essential component of quality or evidence-based policy advice. There appears to have been some reduction of effort in this area during the last decade, particularly since the requirement was removed for cabinet submissions to identify evaluation evidence in support of proposals and specify details on how the proposals would be evaluated in future. IPAA has for some years supported the Evaluation Society in the ACT, and suggests a more systematic approach to program evaluation be reintroduced together with wider fostering of evaluation skills.

It follows from the views we have advanced about policy and research capacity within departments and agencies that, correspondingly, we support maintenance and strengthening of agencies such as the Productivity Commission with their considerable experience in investigation and research, capacity and skills in public consultations, and established independence in publishing their findings, conclusions and recommendations.

In past decades various institutions have developed forums and journals for publication, discussion and debate of ideas and research. These bodies include, apart from the Institute itself, the Australia and New Zealand School of Government and contracted research organisations such as the Social Welfare Research Centre. Their role is crucial not only in providing policy analysts in government with opportunities to test ideas and for professional development generally, but as forums for meeting many others involved in policy work in business and community organisations as well as academics.

Linking academic activity to the current priorities of policy-makers is a perennial issue. An important ingredient to successfully using academic expertise in support of policy advising is having “brokers” who help practitioners facing immediate policy issues to learn from research and help academics in their longer-term research work to take into account likely issues for future policy attention. There is room for ANZSOG and the central agencies in particular to establish broker arrangements on a more systematic basis.

Use of consultants for policy work has, as already observed, contributed to a weakening of policy capacity within government departments and agencies. On occasions, it is recognised, they offer expertise not readily available within the APS and synthesise information and analysis better and more quickly than public service advisers. They may draw on the experience of retired public servants willing to continue to contribute from time to time. While consultants have some strengths in policy work, there are often problems also. These derive frequently from lack of prior involvement in the field, and a tendency to fall back on formulaic analysis and recommendations.

Our conclusion is that consultants should be used more sparingly in policy work, basically only when there is some clear advantage in doing so and generally in close association with APS policy officers. Our views are based on issues of quality of work and the development of APS expertise rather than cost considerations which have attracted attention from others.

As a general rule, whatever measures are taken to improve policy advising must relate closely to the decision-making processes used by ministers. They should be principally related to portfolio arrangements in the first instance; and only secondarily to central agencies which support the Cabinet and its committees.

There may be a case for some cluster arrangement to support cross-portfolio advice but mainly when there is a corresponding regular forum of ministers who see value in such advice. A more successful approach over the years has been to use task forces to examine identified policy matters with staff seconded for a period from relevant agencies and with a reference group of agency representatives able to ensure individual ministers, and the group of ministers concerned, are well served to make informed decisions. Such arrangements have been well supported by the Department of the Prime Minister and Cabinet, and are to be preferred to an expansion of permanent staff in that department which runs the risk of reducing the capacity and influence of portfolio departments and their ministers.

Other risks of special cross-government policy collaborations are excessive separation of policy from administration, and “group think,” where the demand for cooperation discourages creative tensions and the testing of different perspectives and interests.

Recommendation 4.1

There should be more investment in portfolio departments’ central strategic policy units and specialist portfolio agencies, rotating skilled staff through these to ensure good links across policy areas and between policy and administration, and to develop policy analysis skills:

- **With an increased focus on research and evaluation.**

Recommendation 4.2

There should be a more selective approach to the use of consultants in policy work, with some reduction overall, to address the risk of de-skilling APS policy capacity.

Recommendation 4.3

The role of semi-independent agencies such as the Productivity Commission conducting policy reviews and research through open processes which engage with external experts and community groups should be strengthened.

Recommendation 4.4

The use of external forums and networks such as ANZSOG and IPAA, and contracted research units like SWRC, should be extended to engage more with academics and international experts as well as with other jurisdictions.

Recommendation 4.5

Because of the importance of links to ministerial decision-making, the emphasis should be on portfolio arrangements with central agencies assisting with coordination by supporting

Cabinet and its committees; other policy “hubs” are most likely to be valuable on time-limited projects and with external expertise including international experience as well as APS expertise.

5

APS WORKFORCE AND PROFESSIONAL DEVELOPMENT

(This Chapter addresses the issues and questions in Chapter 7 of the Discussion Paper and a number of related matters.)

IPAA supports the proposal to develop an APS-wide human capital strategy. Developed and promulgated under the auspices of a body like the Management Advisory Committee, such a framework could set an overall framework in which individual agencies prepare and monitor their own human capital strategies. The framework would promote increased understanding of the Australian Government as an employer of choice, within which there are opportunities for a varied career over time, continuously or otherwise. While it should address the demographic pressures facing the APS, it should not be limited by such a focus.

The main elements of such a framework should be to create and maintain values, culture and innovation that attract high quality people, recruit them efficiently, ensure systematic and continuing development of skills as an integral part of the working environment, place value on high quality leadership and people skills, and hold people accountable for their performance across a range of qualities and behaviours. These are the elements of working life in which government employment should have some advantages over the private sector, if the literature on the attraction of young people to socially responsible organisations is noted.

Since recruitment has been decentralised to agencies, there are various selection methodologies (although most rely on outdated and risky interview methods). This has also sometimes meant a short term view in leaner economic times, resulting, for example, in a dearth of graduate recruitment in the second half of the 1990s for which the APS will continue to pay a price as its baby boomers retire.

At a more decentralised level, there is room for the APSC better to assist agencies to design and validate their recruitment methods to attract and recruit suitable people from our community, including men and women of more mature age, Indigenous Australians, those from ethnic backgrounds not traditionally attracted to government service, and those with disabilities. These people will assist a more citizen-centred approach in both policy and service delivery roles.

Similarly, high quality job design against particular classification standards and pay rates has been largely ignored by agencies and by the APSC in recent years.

It is essential to equip APS leaders for their people responsibilities, and appraising their performance. This will require a refocusing on the people aspects of leadership. In today's pressured work environment, leadership skills are less likely to include the mentoring and coaching which were a feature of the APS in the past. Both policy makers and service delivery staff were well schooled in the art of public administration in those times of slower pace and less rapid promotion.

Carefully designed, Portfolio strategic policy units and across-government policy task forces (or the policy hubs proposed in the Discussion Paper), could have the spin-off of producing high quality learning environments for less experienced staff who can observe the breadth of other members' skills.

Workforce planning is a perennial issue in agencies. There is confusion about how a workforce plan, and particularly succession planning, for key positions, fits with the merit principle, as evidenced in some of the comments in the Department of the Prime Minister and Cabinet's on-line discussion forums. Again, an APS-wide human capital framework should deal with this issue and provide guidance to agencies on how best to effect their own plans.

Recommendation 5.1

A human capital strategy for the APS should be developed, perhaps under the auspices of the Management Advisory Committee, with a wide brief incorporating, inter alia, recruitment, retention, mobility, continuing professional development, diversity and classification and skills profiles, as well as systematic workforce planning.

Recommendation 5.2

Such a human capital strategy should:

- i. Give priority to recruiting, developing and retaining the best and the brightest in a much more competitive labour market, with complementary APS-wide and agency-specific measures drawing on proven methods used by both the private and public sectors in Australia and overseas;**
- ii. Promote innovative ways of retaining older staff including such measures as panels of retired people able and willing to contribute to particular projects on a part-time basis, including on boards and committees;**
- iii. Strengthen APS-wide measures to improve employment of Indigenous Australians, people with disabilities and people from non-English speaking backgrounds, with the aims of both broadening the employment pool in a tight labour market and ensuring the APS is broadly representative of the Australian community and provides equal employment opportunities;**
- iv. Encourage agencies to apply more rigorous standards to classification and work value assessments, including in particular within the Senior Executive Service, amongst the Executive Level grades and at base APS grades, and to improve the quality of job design to support more effective staff development and more efficient use of human capital;**
- v. Canvass the diversity of career patterns and opportunities in the APS and how these might be supported and better marketed;**
- vi. Promote regular agency capability reviews, including through peer reviews.**

Professional development is a matter of major interest to the Institute and the aspect of public service upon which it is best informed and where it makes its most direct contribution. There is

considerable scope for improvement in this field. Indeed, the Institute broadly supports the concerns which the Prime Minister expressed in his Patterson address in September.

During the past decade there has been a substantial effort to up-grade capacity in staff development and training. Much of this effort has gone into establishment of the Australia and New Zealand School of Government (ANZSOG). This body, bringing together, as it does, most of Australia's public services and many leading universities, represents a large addition to the resources of public services in the crucial task of building up the skills of their staffs for the future. It has, to some extent, reversed a downward trend in academic involvement in the teaching of government and public administration and in resources for research on matters of government and administration. It has also proven to be an innovative alternative to the model used often overseas of a substantial civil service college, with the advantage of being a "virtual" school based on a network of existing and somewhat competing independent universities.

ANZSOG's teaching programs are primarily intended for middle ranking staff with high potential for higher level posts, and for senior executives seeking to refurbish and/or expand their skills prior to further advancement. It has met a perceptible gap in this area of professional development, providing increasingly important opportunities for cross-jurisdictional networking and shared learning. It has the potential now to complement this by developing opportunities for shared learning across more international boundaries including especially with our Asian neighbours.

ANZSOG's success is due in part to cross-institutional as well as cross-jurisdictional collaboration, establishing a common network.

Now, six years after its establishment, it may be possible to give some consideration to a more pluralistic, more competitive approach to fostering professional leadership in the APS without foregoing the benefits of cross-jurisdictional, shared learning and without putting at risk ANZSOG's success.

Because its clientele, though strategically placed, is small, ANZSOG cannot be seen as the central institution for professional development in the APS, or indeed in the public sector of Australia and New Zealand, despite its undoubted success in its short existence.

Other important areas for professional development which ANZSOG does not address, and arguably is not well positioned to address, include the orientation of new recruits – of great significance if a government-wide culture is to be fostered for improved policy formation and administration – and short courses which are largely left to private initiative with limited guidance as to requirements, and the development of those in specialist vocations. And, of course, professional development in the form of broader or deeper experience, including mobility opportunities, is not part of its mandate.

Information on professional development, in the broad sense, suggests that it is still somewhat haphazardly directed and sporadic in impact, notwithstanding the introduction of the Integrated Leadership System in recent years by the APSC and initiatives by a number of agencies such as Centrelink.. Too often professional development opportunities appear to be more a reward or recognition for service beyond the ordinary and call of duty rather than, as it should be, a preparation for further, more complex and demanding work.

In order to place professional development on a satisfactorily firm foundation for a national public service in the twenty-first century, what is needed is a searching examination, on a consultative basis, of the professional development requirements and capacities of the APS and other staff in related agencies, in regional as well as central offices. It should embrace important questions as:

- Who needs development and at what levels;
- What sort of development do they need (formal courses, special assignments, broader experience?);
- How does it fit into career progression;
- Who should provide it;
- How should it be funded and otherwise resourced;
- How should it be monitored (in a management sense) and appraised;
- Relationship of professional development to staffing policies and practices;
- Organisational arrangements for professional development, service-wide and departmental/agency;
- Respective responsibilities of the APSC and departments and agencies;
- The role of professional associations (including the IPAA) in fostering a culture of continuing professional development.

It ought, in particular, take a close interest in how major corporations approach professional development. Their approach is at times more substantial and more purposeful.

The APS is one of the few public services in the English-speaking world never, in its history, to have produced a broad policy statement (however modest) about staff development and its place in the staffing system. It is not that the APS has not had policies in the field, or that it has been a laggard in performance, but it has never had a comprehensive over-arching policy statement. Direction has too often been largely a matter of intuition.

The new Public Service Commissioner should be commissioned to develop a detailed, over-arching framework for professional development as a particular component of a human capital strategy. In the present governance arrangements for the APS the APSC is the logical location for revitalisation of professional development. The activities in question are closely related to the responsibilities of the Commission in several respects apart from the staffing system itself. The APSC's own experience as a training provider will likewise be useful. And there is no other place so suited for the tasks of higher level policy and leadership in this field. It would have the added advantage of providing the APSC with a valuable vehicle for forging stronger and more constructive relations with the departments and agencies of the APS.

This review of professional development should be conducted by the Commissioner in association with three or four suitable colleagues with appropriate and informed backgrounds.

Recommendation 5.3

The Australian Public Service Commissioner should develop, in consultation with APS agencies, a more detailed framework for continued professional development of APS staff, in regional as well as central offices. It should include:

- i. A more systematic approach to deepening and broadening skills, and updating and refreshing them, through rotations and placements with on-the-job training as well as through training programs, and through opportunities for mobility including in and out of the public sector;**
- ii. The importance of shared leadership skills and responsibilities through mandated training of those entering the Senior Executive Service by the Australian Public Service Commission;**
- iii. An emphasis on development which helps APS members to build networks across jurisdictions both nationally and internationally;**
- iv. An emphasis also on the responsibility of individual APS members to continue their professional development including through professional associations like IPAA, AHRI, CPA, AIM and the Economics Society.**

6

GOVERNANCE OF THE AUSTRALIAN PUBLIC SERVICE

(This section addresses the issues and questions raised in Chapter 8 of the Discussion Paper, and a number of other issues of governance and structure.)

The APS is a general purpose government workforce which staffs the departments of state and a wide range of kindred agencies such as the Customs Bureau, the Australian Taxation Office and the Productivity Commission. For management purposes departmental secretaries, the administrative heads of departments, are mostly designated as portfolio secretaries and advise ministers about allocation of resources within the portfolio as a whole as well as the departments themselves. The departmental machinery of government has been structured on this basis for more than two decades and has generally worked satisfactorily.

It is in this context that the governance of the APS itself must be considered. The present arrangements are mainly contained in the Public Service Act. The essential features as set out in the legislation are:

- Most management responsibilities are vested in the secretaries of departments (heads of agencies) who must exercise them in accordance with the Public Service Act, especially the Values, and other related legislation (including for most APS agencies the Financial Management and Accountability Act);
- Departmental secretaries are appointed by the Prime Minister following a report from the Secretary to the Department of the Prime Minister and Cabinet (except in relation to an appointment to that post when the report is provided by the Public Service Commissioner);
- The Public Service Commissioner is responsible for overseeing the personnel system including promotion of the Values and the Code of Conduct. The Commissioner has particular duties relating to the Senior Executive Service; and
- There is an APS Management Advisory Committee, chaired by the Secretary, Department of the Prime Minister and Cabinet, with the function of advising the Government on matters relating to the management of the APS. It consists of all departmental secretaries and others nominated by the Secretary to the Department of the Prime Minister and Cabinet. The Public Service Commissioner is the Executive Officer.

Responsibilities vested elsewhere under the Administrative Arrangements Order are:

- Policy on public service pay and employment conditions fall under the Department of Education, Employment and Workplace Relations;
- Policy on 'departmental expenses' (including the costs of salaries and wages) falls under the Department of Finance and Deregulation.

These arrangements with some variation date from 1987. During the late 1980s and 1990s service-wide policy was often considered by a smaller management advisory board which included some external representation from business and the unions. It was supported by a group of senior officers called the management improvement advisory committee.

The IPAA believes that the structure embodied in the Public Service Act should be strengthened to reinforce the professional leadership of the APS and to provide a comprehensive basis for fostering quality performance by the APS and its capacity for innovation. Our proposals are set out in the following paragraphs.

First, appointments (and terminations) of departmental secretaries should be on the basis of a joint report from the Secretary to the Department of the Prime Minister and Cabinet and the Public Service Commissioner after consulting the responsible minister. This would be consistent with the approach recently adopted by the Government to appointments of other agency heads which involve reports from the relevant departmental secretary and the Public Service Commissioner.

The professional character of the process would also be strengthened by a provision that rejection of a recommendation would be reported to Parliament.

This proposal is based upon several considerations. It is consistent with the apolitical, impartial and professional character of the APS that appointments to the highest posts should reflect the Values which, by statute, the Service is enjoined to exemplify. The Commissioner, the custodian of those Values, and effectively the professional head of the APS, should be formally part of the process whereby those occupying the chief posts in the Service are chosen.

Such a move would be a public affirmation that merit and open competition, the rule for the APS generally, is as active at the top as it is elsewhere.

Moreover, the Commissioner would bring expertise and knowledge to such appointments. Because of the Commissioner's role in appointments to and within the Senior Executive Service, the Commissioner has systematic knowledge of the strengths and capacities over a period of time of internal candidates for the highest posts. This knowledge is unmatched anywhere else in the APS.

If, as the IPAA favours, secretary and other posts of comparable rank are increasingly filled in a more open manner, the presence of the Commissioner in a formal sense will foster public confidence in the integrity of the process, especially its impartiality and non-partisanship.

Finally, giving the Public Service Commissioner a joint role in secretary appointments will remove questions and doubts about the appropriateness of an arrangement in which one person alone provides advice to the prime minister.

In this connection, the Advisory Group and, indeed, the Government should ponder thoughtfully the counsel it has received from the distinguished scholar, Professor Richard Mulgan, now of the Australian National University, whose expertise embraces not only Westminster practice here and in New Zealand, but also classical political philosophy. His advice in this matter is as follows:

. . . [C]onsideration should also be given to strengthening the role of the Public Service Commissioner as guardian of public service values, including giving the Commissioner a

more central role in Secretary appointments and service-wide initiatives. Allocating the main leadership role of the Secretary of PM&C gives insufficient weight to maintaining the full range of APS values, especially in so far as these values may require preserving a proper distance from the short-term partisan concerns of government. The primary role of the Secretary of PM&C is to coordinate and implement the government's policy program and he or she is inevitably drawn into a very close relationship with the Prime Minister and the government. Moreover, while recent incumbents have been public servants of impeccable integrity, the position has become *de facto* politicised, with each Prime Minister appointing a congenial Secretary of PM&C early in his term of office. We are fortunate at present to have a Prime Minister and Secretary of PM&C who both understand and respect their traditional roles but we should plan for a future in which one or the other does not. Placing the Commissioner at the centre of Public Service control would be a good institutional insurance for the future.

Recommendation 6.1

Appointments of portfolio secretaries by the Prime Minister should be made following a joint recommendation by the Secretary, Department of the Prime Minister and Cabinet, the operational head of the APS, and the Public Service Commissioner, the professional head of the APS, following consultation with the relevant minister.

Consideration should be given to the Government reporting the matter to Parliament where the recommendation is not accepted.

IPAA also believes that performance review should be reintroduced and led by the Public Service Commissioner. It should be on a professional and peer group basis using two or three senior secretaries or others of secretary rank. It should include consultation with the prime minister and also portfolio ministers. We are specifically not advocating reintroduction of performance pay for secretaries.

At present there is no regular mechanism for review of performance or for bringing possibilities of improvement to the attention of secretaries despite ample evidence that timely performance feedback to staff at all levels is an essential ingredient of improved organisational performance. These gaps would be filled by a review procedure and filled better because it is a professional review rather than a pay review.

Recommendation 6.2

Performance assessment of agency heads should be reintroduced. It should be led by the Public Service Commissioner with an emphasis on peer review, including also consultation with ministers and the Prime Minister, and without performance pay attached.

In addition to strengthening the office of Public Service Commissioner as the professional head of the APS, the IPAA also believes that the professionalism of the APS would be reinforced by unification of the human resource function of the public service. This may be accomplished by vesting responsibility for pay, classification and employment conditions matters in the Public Service Commissioner.

Division of remuneration and related functions between the Commissioner and the Department of Education, Employment and Workplace Relations (DEEWR) is a weakness; workplace relations under this arrangement will not receive the attention they require in future decades – indeed, public service matters rank so lowly in DEEWR’s conception of its responsibilities in the public service field that they are barely visible on its web-site. Annual reporting on workplace relations in the public service is correspondingly slight. There is no reason given the size of the public pay roll that these important matters should not be dealt with in a manner comparable to staffing and personnel management.

A further factor lying behind this proposal is that it is unwise to confuse the Government’s general responsibilities for workplace relations with its own particular responsibilities as an employer with its own work force. This creates either functional conflict or, as at present, a measure of neglect. Nor should these responsibilities as an employer be transferred to the Department of the Prime Minister and Cabinet which has virtually no role in these matters to build on and where it may not be given the attention it deserves given that Department’s higher tasks to coordinate policy advice to the Government and marshal the resources of the public service to implement the Government’s policies and programs.

The Institute has no firm view on the precise way in which the Commissioner might manage responsibility for pay and classification, but believes there is urgent need for more consistency perhaps through clearer classification standards, some form of APS-wide pay ‘spine’ and processes for timely consideration of agency proposals for new classifications related to particular agency requirements. The Commissioner should also promote good practice in job design. Because of the implications for departmental expenses, the Commissioner will need to work closely with the Department of Finance and Deregulation in exercising responsibility for pay and classification, and abide by any publicly-stated Government policy on workplace relations and funding of departmental expenses.

Recommendation 6.3

Unification of the human resource function in the APS should be supported by vesting the Public Service Commissioner with responsibility for classification standards and public service workplace relations.

These various proposals entail a significant augmentation in the role of the Public Service Commissioner. Elsewhere IPAA has also recommended that the Commissioner should take a lead role in placing the leadership and direction of professional development within the APS on a much higher plain.

Accordingly, the IPAA believes that the present provision in the legislation whereby the Commissioner is appointed “for a period of up to five years” should be amended. Terms of less than five years erode the institutional integrity of the office and inhibit the longer term perspective necessary. This is particularly so when, as has happened, the Commissioner is appointed for an abbreviated term the end of which falls at a time when general elections are expected. Such a practice, in relation to this office, compromises the post in meeting its responsibilities to an APS which is, by statute, “apolitical, performing its functions in an impartial and professional manner.”

Recommendation 6.4

The Public Service Commissioner should be appointed for terms of five years.

To give added capacity to the Commissioner's role in professional leadership of the APS, the IPAA believes there should be a facility in the Public Service Act for appointment of associate commissioners, either on a temporary or a part-time basis, for such tasks as the Commissioner may assign to them. This facility is available to the Productivity Commission and is used with advantage. It would work with comparable usefulness in this context.

Recommendation 6.5

The option should be introduced of having Associate Public Service Commissioners on a part-time and/or temporary basis, engaged on particular management reviews or to assist in succession management and performance assessment.

The Institute considers that the Commission, in supporting the Commissioner in key responsibilities, has been distracted by requirements that it meet a high proportion of its funding from revenue raising activity. The Commissioner should basically concentrate full-time on the responsibilities assigned under the Public Service Act. Its funding, in the main, should come from appropriations.

Recommendation 6.6

Significantly less reliance should be required of the APSC to raise revenues from fees; appropriation funding should be increased.

The Institute notes that the Management Advisory Committee has from time to time (particularly in the early 1990s but also for a time in the 2000s) proven to be a most effective forum for plenary consideration of policy and in smaller groups for intensive examination of issues. This is a major means whereby the collegial leadership of the APS can be expressed and should be used more consistently and effectively. It also provides opportunities for high-flying senior executives to gain experience in cross-Service management issues and to be observed by the leadership of the APS as part of succession management.

The Institute also considers there would be advantage for the APS if some formal means of involving and informing the interest of the broader community in its affairs were to be developed. The Prime Minister of Canada has a panel composed of leading figures in business and universities to provide advice on issues of general public concern. There could be value in a comparable body in Australia, also bringing in people from the non-government and voluntary sectors, as a bridgehead for the APS into the community.

Recommendation 6.7

More effective collegial leadership of the APS should be pursued through active use of the Management Advisory Committee.

Recommendation 6.8

An appropriate high-level mechanism should be developed for consultations with business and non-government sector leaders about relevant APS matters.

In other respects, as mentioned, the broad structure of Australian Government administration works satisfactorily. Important to this structure is its links to the political decision-making processes of the Government and to ministerial and collective accountability to the parliament. Increased requirements for 'connected' policy and administration should build on the portfolio and cabinet structures first introduced in 1987. These entail the central agencies playing the main role in helping cabinet and the Prime Minister to coordinate policy and administration across government, and portfolio secretaries having a critical role both coordinating policy advice for portfolio ministers and advice on resource allocation across the range of agencies in the portfolio.

Alterations stemming from the Uhrig report may achieve a more consistent approach to which financial management legislation should apply to which agency, and whether an agency should come under the Public Service Act or have separate employment authority. The Institute supports in particular the broadening of Public Service Act coverage to all agencies that are not commercially oriented or otherwise have good reason for separate employment arrangements, noting this would support a more connected and cohesive public sector. But it is not appropriate for public service agencies to be absorbed into ministerial departments, as separation often facilitates more specialised service delivery and more independent administration (for example, of regulation) where that is in the public interest. In such cases, however, the role of portfolio secretaries to help in the coordination of policy and resource allocation is of great importance.

Recommendation 6.9

Portfolio and agency structures should be maintained to support ministerial and organisational accountability for government decision-making, notwithstanding the importance of APS-wide connections:

- i. With Cabinet, supported by the central agencies, as the primary mechanism for coordination and collective responsibility;**
- ii. With "portfolio secretaries" having a critical coordinating role, allowing continued use of separate specialist agencies able to focus on particular responsibilities with a greater degree of independence.**

The Institute also favours continued devolution of financial management and HR management, apart from reassignment of the classification and pay functions. This was progressively introduced over the 1980s and 1990s, and has helped agencies to focus on their different business requirements and to improve their capacity to achieve the results expected of them by the Government and the parliament.

Recommendation 6.10

Apart from classification and workplace relations responsibilities, to be transferred to the Public Service Commissioner, devolution of financial management and human resource management should continue, with an emphasis on accountability for results.

There is, nevertheless, a strong case for review and reinvigoration of many of the initiatives of recent decades, partly to adapt them to current conditions, and partly to address unintended consequences – the outcomes/outputs framework and accrual accounting particularly fall into the category of needing a revamp, as evidenced by the recent work on Project Sunlight. The efficiency dividend also needs revising as recommended by IPAA last year to the Joint Committee on Public Accounts and Accountability. A new approach could be complemented by selected whole-of-APS management improvement measures so that departments and agencies have strong incentives to improve performance rather than a hesitancy that steps will undermine effectiveness.

Recommendation 6.11

Continued effort should be made to address the unintended consequences of some of the initiatives of the last decade (for example the outcomes/outputs framework and accrual accounting) to make performance reporting more readily understandable and relevant to the public sector.

Recommendation 6.12

Efficiency dividend arrangements should be revised and complemented by selected whole-of-APS management improvement measures which do not undermine individual agencies' effectiveness.

CONCLUSION

The Discussion Paper and the KPMG Benchmarking Study suggest that the APS is amongst the high performing public services internationally, but that further effort is needed in the areas of strategic policy advice, citizens-centred services and workforce capacity.

While supporting these priorities, the Institute would favour a more comprehensive agenda to encourage continued improvement in the performance of the APS and reinforcement of its existing strengths, and to extend the impact of the Review to the broader Australian public sector.

As the KPMG Study recognises, international comparisons are fraught with dangers, despite the importance of constant monitoring of international practice and initiatives. It is always critical to “learn about” before “learning from,” to understand the context in which countries’ public services operate, and to appreciate the need always to adapt any good ideas to our own situation.

The last comprehensive review of the APS was the Royal Commission into Australian Government Administration. It reported in 1976. Within its wide range of recommendations three themes have been identified which have affected public administration enormously during the following thirty years:

1. Responsiveness to the elected Government and its policy initiatives;
2. Efficiency and effectiveness with a focus on objectives and results;
3. Community participation.

To a large extent these themes remain relevant today, but we suggest the actions arising from this Review might reflect the following broad themes relevant to today’s challenges and opportunities:

1. Confirmation of the critical role of the APS in Australia’s system of responsible parliamentary government, serving the public and the Parliament as well as the government, with a stronger whole-of-service identity and greater capacity for strategic policy advice and management in the public interest.
2. Quality public services, responsive to individual and community needs and preferences, particularly through better use of technology
3. More interconnectedness, particularly with other governments, both nationally and internationally, given the stronger role of the national government today.

These themes run through this IPAA submission and the range of recommendations on the role and values of the APS, service delivery and citizen-centred services, policy advising, APS workforce and professional development, and governance.

The Discussion Paper and the KPMG Benchmarking Study also refer to public trust and confidence. Following the Global Financial Crisis there has been increased recognition world-wide of the

importance of governments and of the limitations and failures of markets without effective government intervention. This recognition, however, will only lead to a lasting increase in trust and confidence in public services, if public services are competent and have high levels of integrity. Both these ingredients are emphasised in the suggested themes above, and in the Institute's recommendations.