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5 April 2024

The Hon Julian Hill MP
Chair, Joint Committee of Public Accounts and Audit
PO Box 6021
Parliament House
Canberra ACT 2600

Via email: jcpaa@aph.gov.au

Dear Mr Hill

Re: Australian Competition and Consumer Commission (ACCC) submission to the Joint Committee of Public Accounts and Audit inquiry into probity and ethics in the Australian Public Sector

Thank you for your correspondence dated 27 February 2024 and for the opportunity to provide a submission on the issue of culture to the Joint Committee of Public Accounts and Audit inquiry into probity and ethics in the Australian Public Sector (APS).

The ACCC shares the views of the Auditor-General noted in your letter that 'ethical behaviour and integrity aren't just doing narrow compliance' and that 'meeting mandatory requirements is not sufficient to ensure compliance with the high expectations set out in the principles-based legislation and frameworks' that govern work in the public sector. The ACCC, including the Australian Energy Regulator (AER), is committed to promoting a pro-integrity culture and values-based leadership at the Agency and to ensuring we have the appropriate metrics in place to provide evidence of our efforts and performance in that regard.

Culture is the shared attitudes, values, goals, and practices that characterise institutions, organisations, and societies. Culture is dynamic, evolving over time. Agencies, as part of the APS and as employers, are accountable for developing and supporting an appropriate culture within their organisations.

The ACCC places a high importance on building and sustaining a culture that aligns with the expectations of public service institutions, our people and the broader public. We are committed to upholding the [APS Values](#) of being Impartial, Committed to Service, Accountable, Respectful and Ethical (ICARE).

As part of our commitment to continue to embed an ethical culture across the Agency, we also have additional complementary ACCC values, including that we are:

- Independent: We inspire confidence in our work by being impartial and objective.
- Trustworthy: We act ethically, with integrity and honesty.

Broadly, the ACCC considers that there are three main ways that an integrity culture can be measured, and that an Agency and its leaders can be held accountable for its culture:

1. Public transparency and reporting, including through the use of clear metrics along with qualitative measures to inform assessment of, and changes in, culture over time.
2. Requiring leaders to demonstrate pro-integrity behaviours as part of their performance assessments and cascading this expectation to all employees.
3. Setting higher expectations above mandated requirements and adopting best practice guidance.

Transparency and reporting

Employee census results, levels of engagement, turnover levels and trends in performance management are all indicators of an Agency's culture. The APS Census regularly captures data on corruption, bullying, respect and supervisors' behaviour. Since 2021, the ACCC has voluntarily published its [annual Census results](#) and last year it also started publishing its [action plan](#) in response to the census results. For the most part, Census results are presented as quantitative data, but some questions allow for free-text responses. When asked as part of verbatim responses in the 2023 census, what the ACCC did "really well" in, the highest response was the ACCC's culture.¹

Public transparency is an important way to increase an agency's accountability for its culture. In a competitive job market, organisational culture can impact an agency's employee value proposition and ability to attract talent. We often receive feedback from new employees that one of the reasons they joined the Agency was because of the transparency of sharing the census results and the open and regular communication across multiple channels.

The level of internal fraud and corruption detected within an agency can also reflect its culture, particularly if comprehensive systems and other measures are in place for detecting such conduct. If an agency is receiving reports from its own people about their concerns (including, but not limited to potential integrity issues) this may reflect an organisational culture that encourages them to speak up if they see or hear something that doesn't seem right. That said, a high, or increasing, number of reports could also reflect significant underlying integrity issues and/or a culture (in at least part of the organisation) that does not deter such conduct. 'Whistleblower' reports are an important indicator of a pro-integrity culture, but must be considered in the context of broader systems and processes an agency maintains to mitigate, as well as detect, fraud and corruption.

Senior leadership performance expectations

Senior Executive Service officers (the SES) play a key role in shaping the culture within the Agency and their own work areas. The SES provide input into the policies, objectives, values,

¹ 212 out of 643 verbatim responses, followed second by "Agency output" with 160.

and corporate plans of the Agency, and through their own behaviour set important expectations around what is acceptable and what is not. Without SES leadership and accountability, it would be difficult to embed an agency-wide, pro-integrity culture that has lasting impact and is role modelled by all of its leaders.

We set an expectation that our people managers and senior leaders are responsible for modelling and championing a pro-integrity, professional and inclusive culture. This expectation is set through mandatory training, regular reiteration of expectations from the ACCC and AER CEOs and performance measures set out in the 'Performance Expectations and Measures' of our SES 24(1) determinations (qualitative and quantitative). These measures are currently being updated to reflect expectations of our senior leaders under the new SES performance framework.

SES are held accountable for the culture they foster through their APS Census results and through a long standing 360 feedback program. As noted above, the Agency's professional culture is demonstrated through consistently excellent engagement scores in the APS Census and our focus is on sustaining and improving those results year on year. The ACCC ranks highly on the APS Census indices of Employee Engagement, Leadership – Immediate Supervisor and Leadership – SES Manager.²

The Agency is in the process of implementing the SES leadership performance framework, with the aim of rolling out new SES performance plans in the second half of 2024. The new framework increases the SES's accountability for Agency culture by placing equal emphasis on behaviours and outcomes. Under the framework, solely achieving outcomes is not sufficient for effective performance. The ACCC is enhancing the expectations of behaviour for the SES. They currently encompass the requirements for SES, APS Values and the [Secretaries Charter of Leadership Behaviours](#).

Best practice

The ACCC is also conducting an Integrity Maturity Assessment in line with the guidance provided by the [National Anti-Corruption Commission's Integrity Maturity Framework](#). The self-assessment will identify practical improvements to the Agency's integrity literacy and ways to better support our Agency's leaders. Our Agency has an Integrity team, led by a Chief Integrity Officer that supports the Agency's pro-Integrity culture and provides practical support and guidance on best practice to senior leaders. Current priorities for the team include uplifting our Fraud and Corruption Control Plan to ensure compliance with the new [Fraud and Corruption Control Framework](#), as well as reviewing our Conflict of Interests and Gifts and Hospitality Policies.

Our Gifts and Hospitality Policy demonstrates the Agency's commitment to go beyond mandated requirements and guidance as to best practice. For instance, while the APSC guidance requires all agency heads to disclose gifts and hospitality accepted and their immediate family/dependants valued at over \$100, the Agency has been publicly disclosing such items valued at over \$50 and it will soon be disclosing accepted items regardless of their value, as recommended by the Australian National Audit Office (ANAO). While the disclosure of gifts and hospitality received by agency employees is not a requirement under the APSC guidance, the APSC strongly encourages statutory office holders to adopt its guidance and has a strong expectation that agency heads will also publish gifts and benefits received by staff (exceeding the \$100 threshold). For several years the Agency has been

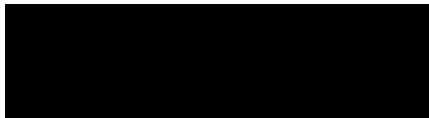
² See page 22 of 2023 [Census Results](#).

publicly disclosing the gifts, hospitality and benefits (valued at over \$50) accepted by its employees and statutory office holders.

Agencies APS-wide would currently be in the process of implementing the APS reform agenda (announced in October 2022). A number of the reforms, including positivity duty obligations and actions set out in the [Louder Than Words](#) report, seek to uplift agencies' integrity skills, knowledge and culture. This includes the proposed introduction of a new APS value of Stewardship and the SES leadership performance framework. As set out above, the ACCC is in the process of implementing an enhanced SES leadership framework. Moreover, we will continue to ensure that all of our employees understand what it means to be APS 'stewards'.

If you require further information, please contact me or Sarah Proudfoot, acting Chief Executive Officer, at the contact details above.

Kind regards



Gina Cass-Gottlieb
Chair