Attachment A

Senate Standing Committee on Finance and Public Administration

Inquiry into Reform of Australian Government Administration

Submission by the

Australian National
Audit Office

Australian National Audit Office

27 July 2010

1.   Background

Ahead of the Game: Blueprint for Reform of Australian Government Administration (the Blueprint) outlines a comprehensive reform agenda based on four broad areas that the Advisory Group considered to be characteristic of a high performing public service, namely: meets the needs of citizens; provides strong leadership and strategic direction; contains a highly capable workforce; and operates efficiently and at a consistently high standard. This framework is underpinned by nine interdependent reforms that are supported by twenty-eight specific recommendations.

On 8 May 2010, the Prime Minister announced that the Government had accepted all of the recommendations in the Blueprint, saying: *'We are committed to building an Australian Public Service with a culture of independence, excellence and innovation − in policy advice and service delivery.'[1]*

The Blueprint provides an indicative timeline and a brief high-level implementation statement that identifies that:

> *The first priority for implementation would be the development of a detailed implementation plan based on appropriate consultation and a thorough assessment of the steps required for each recommendation.[2]*

In responding to the request from the Senate Finance and Public Administration References Committee to provide a submission into its Inquiry into Reform of Australian Government Administration, the ANAO has focused on the central terms of reference:

- the implementation of the recommendations contained in the review; and

- possible amendments to the *Public Service Act 1999*.

2.   Implementation of the recommendations contained in the review

The Blueprint represents a positive step in ensuring that the Australian Public Service (APS) remains well positioned to respond to emerging issues and opportunities. Most of the proposed reforms are both wide-ranging and constitute a significant undertaking in their own right. Given the cross-cutting nature of these reforms, many are also interrelated and dependent upon each other to inform directions and proposed solutions.

At page 71 of the Blueprint, the high-level implementation statement outlines broad oversight arrangements and implementation activities and states that:

- lead agencies have been identified for each reform and would be responsible for developing more detailed implementation plans in consultation with other agencies and in some cases external organisations;

- priorities will depend on the impact on outcomes for citizens, significance as reform building blocks, and scope to implement quickly; and

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- the Australian Public Service Commission (APSC) will have responsibility for monitoring and reporting progress across all reforms, including the provision of regular progress reports to the proposed Secretaries Board.

The implementation of the reforms will require a concentrated effort on the part of agencies with leadership responsibilities for implementing the reforms and all other agencies, to realise the expected benefits. It will also be important for agencies not to lose sight of the benefits of sound governance, risk management and the many other aspects of public administration that contribute to effective policy development and program implementation. The following comments on the central terms of reference are based on insights from relevant ANAO performance audits and Better Practice Guides (BPGs) that have concentrated on the implementation of policies and programs.

To assist public sector chief executives and senior officers responsible for overseeing the implementation of policy and program initiatives, the ANAO and the Department of the Prime Minister and Cabinet prepared a BPG on program implementation.[3] The focus of the BPG is on overarching principles for effective implementation, drawing on the experience of APS agencies, as well as lessons from overseas.

This BPG and others published by the ANAO[4] demonstrate that optimal outcomes from policy and program initiatives are more likely to be obtained where there is early and systematic consideration of the practical aspects of implementation, beginning at the concept stage. These features are: establishing sound governance arrangements, including identifying a lead agency when appropriate; weighing up and managing risks; and ongoing monitoring and reporting.

Establishing sound governance arrangements

Establishing sound governance arrangements for the implementation of policy and program initiatives is critical to their success. At the least, consideration needs to be given to: the roles responsibilities and accountabilities of those involved; guidance and procedures for decision-making; and the integration of responsibility for any project deliverables within a broader governance framework.

Most of the initiatives in the Blueprint have a whole of government dimension, which will be critical to their implementation. An important direction of the APS in recent years has been to operate across organisational boundaries, in order to strengthen whole of government policy implementation, service delivery, and sharing of information. To facilitate productive coordination between Australian Government agencies, cross-agency agreements are frequently used to formalise collaborative relationships and define essential business requirements. Better practice principles that aid in achieving productive relationships between agencies are included in a recent ANAO report that examined effective cross-agency agreements.[5]

Where a number of agencies are contributing to the delivery of a program or taking action to achieve program goals, the costs and benefits of different whole of government approaches to

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3   Department of the Prime Minister and Cabinet and the ANAO, *Implementation of Programme and Policy Initiatives*, October 2006, available from www.anao.gov.au.

4   See, for example, ANAO Better Practice Guides: *Innovation in the Public Sector: Enabling Better Performance, Driving New Direction*, December 2009; and, *Planning and Approving Projects – an Executive Perspective*, June 2010, available from www.anao.gov.au.

5   ANAO, Performance Audit Report No 41 2009-10, *Effective Cross-Agency Agreements*.

implementation should also be considered. However, as a minimum, identification of a lead agency is generally beneficial and, in this context, it is noteworthy that the Blueprint has identified lead agencies having responsibility for each of the 28 recommendations.

ANAO experience suggests that whole of government or 'joint' work presents a new set of challenges for the effective operation of the APS, including that existing accountability arrangements are primarily designed for departments working individually to achieve the outcomes set by government using the funds appropriated for this purpose. In this environment, departmental Secretaries and the Senior Executive Service play a key role in influencing the behaviour and attitudes towards collaboration across organisational boundaries. They are ideally placed to model collegiate behaviour and ensure that there is practical support for those involved in whole of government activities. The proposed establishment of a Secretaries Board and the APS 200 can be expected to facilitate the implementation of the reform measures by providing a focused leadership platform for the APS into the future.

Weighing up and managing risks

A central aim of the Blueprint is to deliver better services to Australian citizens. The Blueprint proposes:

> *a systematic evaluation of how services are delivered from the citizen's perspective, in order to develop a whole of government strategy. Opportunities for new and aligned technological solutions must be pursued, while better models for partnering with the community and private sectors need to be developed.[6]*

To be successful, such change requires structured process and resources to examine, trial and operationalise new ideas. In this context, a theme arising from the ANAO's work is that engaging with citizens and key stakeholders is central to managing implementation risks. Apart from enriching the development process, at the very minimum proactive engagement with citizens and key stakeholders will confirm assumptions, identify unexpected issues and help build understanding and support for change.

The best results are likely to flow from a process of strategic and frequent engagement. Such engagement goes beyond what might be thought of as more traditional forms of consultation to establishing a positive, proactive relationship. Traditional consultation processes such as discussion papers, submissions and public hearings continue to play an important role and are readily enhanced through use of web-based technologies.

Much of the momentum for increased engagement with citizens is being assisted by innovations in information and communication technologies (ICT). ICT has already enhanced productivity by providing new and more efficient ways of delivering public services. As part of appropriate communication strategies, ICT also offers a vehicle to engage more actively with citizens in order to obtain 'citizen inspired' approaches to delivering better quality services that are more responsive to community needs.

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[6]   The Blueprint, p. ix.

Establishment of partnerships with private sector, not-for-profit and community-based organisations can promote innovation as well as offer innovative solutions in their own right. There is a broad range of models that can be explored, ranging from public-private partnerships for large infrastructure projects, to social service delivery arrangements through both for-profit and not-for-profit organisations, to policy and program development through research alliances. Appropriate identification and sharing of risks are fundamental to the success of such arrangements recognising that some risks cannot be priced or effectively transferred from government.

Ongoing monitoring and reporting

The Blueprint outlines a multi-year process for implementing the proposed reforms – with some recommendations being implemented in 2012. Given the complexity and inter-dependence of the initiatives, monitoring and review activities should be designed to track progress and to determine whether the new approaches are working together as intended and to modify them as required.

An appropriately tailored monitoring and review strategy includes the collection and analysis of data and performance information that provides for both an early indication of policy/delivery effectiveness, and the longer-term evaluation of outcomes.

Early reviews, which can be undertaken before data is available to sustain a full evaluation, can be useful in providing information on short term results and likely future performance. Lead indicators, including preliminary feedback from public servants working 'on the ground', customers and stakeholders, could be used to detect any significant problems and enable corrective action to be taken. Obtaining such feedback can provide valuable information and insight on the initial uptake and likely impact of initiatives and add credibility to any adjustments that may need to be made.

Subsequently, longer-term evaluations could be used to better understand the details of the impact of the reform package. Evaluations also have the capacity to establish causal links. Over time, an evaluation strategy has the potential to provide credible, timely and objective findings, conclusions and recommendations to aid in resource allocation, program improvement and program accountability.

3. Possible amendments to the Public Service Act 1999

The Blueprint outlines an expanded mandate for the APSC with a view to: developing an APS-wide approach to recruitment, leadership and professional development; a greater role for the APS Commissioner in providing advice on the appointment of Secretaries and monitoring the performance of departments, particularly with respect to meeting APS-wide policy, service delivery, and institutional development priorities. The Blueprint contains related recommendations to amend the *Public Service Act 1999* including:

- revised processes for appointing and terminating Secretaries;
- the removal of references to the Management Advisory Committee and the establishment of a Secretaries Board and a new senior leadership forum, the APS 200; and

- the APSC providing advice to Government to ensure the Public Service Act 1999 reflects the changing needs of the public service, including proposing revised and streamlined values.

As articulated in the ANAO's submission to the Advisory Group's discussion paper[7], the ANAO supports the review of the APS Values to ensure ongoing relevance and sees benefit in the Values being sufficiently streamlined to allow public servants to know them and readily recall them, and guide their approach to the handling of all issues whether significant or not. Values offer one method of monitoring public service performance and, for this reason, they should be formulated and articulated in such a way to facilitate ease of understanding and measurement over time.

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[7]   ANAO, 2009, *Reform of Australian Government Administration: Submission by the Australian National Audit Office, 30 September 2009*, also available from: http://www.dpmc.gov.au/consultation/aga_reform/pdfs/0131%20ANAO.pdf.