

31 July 2018

To the Review Panel,

**Re: The Independent Review into the Australian Public Service**

Thank you for the opportunity for Save the Children Australia to comment on the Australian Public Service Review.

The Australian Public Service (APS) plays a critical role in designing and implementing public policy to improve the lives of all Australians. We endorse the view that the Australian public and successive Australian governments have generally been well served by a highly professional and capable APS.

However, given the challenges Australia faces, we believe that it is vitally important that focused investments are made to improve the APS' skillsets and capacities in a number of key areas.

**i. The current challenge**

Save the Children is concerned that the capacity of the APS to identify, implement, monitor and evaluate 'what works' to address complex policy areas has been eroded.

For example, we draw attention to the challenges posed by issues of complex disadvantage and inequality recently highlighted by the Secretary of the Department of the Prime Minister and Cabinet who argues that 'we need to ensure the rising tide lifts all boats and strengthens our societies, rather than fomenting inequity and division'.<sup>1</sup> To that end, our submission will focus specifically on the importance of the APS reinvesting in skillsets and capabilities that support complex policy implementation in both the domestic and international development context.

Save the Children believes complex disadvantage has a substantive economic and social cost, particularly for young people. Complex disadvantage entrenches intergenerational inequality and increases the burden on the taxpayer.<sup>2</sup> For example, younger people whose parents or guardians had a very high level of welfare dependency are 5.8 times more likely to be on income support payments compared to young people without that parental history.<sup>3</sup> Some young people engage in multiple statutory systems simultaneously. This further entrenches disadvantage, as we can see with almost 40 per cent of young people under Australia's youth justice supervision coming from the child protection system.<sup>4</sup> These cohorts would engage with government services on a daily basis, and yet, government policy and programs struggle to shift them towards more positive outcomes.

We further note that Australia's future economic growth is tied to the prosperity and stability of our region and beyond. We therefore cannot afford to lose geopolitical influence in helping shape equitable development outcomes in neighbouring countries. In addition to the decline in our overseas aid

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<sup>1</sup>L.Bourke 'The challenge is different': Top bureaucrat's warning to London audience', SMH, 19 July 2018. Accessed at: <https://www.smh.com.au/politics/federal/this-challenge-is-different-top-bureaucrat-s-warning-to-london-audience-20180719-p4zsag.html>

<sup>2</sup> See for example:

Lamb, S. and Huo, S. Counting the costs of lost opportunity in Australian education. Mitchell Institute report No. 02/2017. Mitchell Institute, Melbourne. Available from: [www.mitchellinstitute.org.au](http://www.mitchellinstitute.org.au).

<sup>3</sup> Department of Social Services, 30 June 2017 Valuation Report, Final Report 2018, Australian Government, pg 3.

<sup>4</sup> Young people in child protection and under youth justice supervision 2015-16; AIHW. See: <https://www.aihw.gov.au/getmedia/06341e00-a08f-4a0b-9d33-d6c4cf1e3379/aihw-csi-025.pdf.aspx?inline=true>

expenditure which risks our capacity to influence these outcomes, the merger of the Department of Foreign Affairs and Trade (DFAT) and AusAID has resulted in a significant loss of aid and development expertise within the APS. DFAT has sought to mitigate this loss of expertise by outsourcing an even larger proportion of the aid budget to private contractors and increasing funding for multilateral partners.

## **ii. Our submission – enabling the APS to effectively respond to complexity**

To be an organization fit for purpose in the 21<sup>st</sup> century, the APS must reinvest in the skills and capacity to support the people and communities they seek to serve both here and overseas, especially the ‘hardest to reach’. Our submission will focus on three areas for action to address these challenges:

- A. The APS should strengthen its capacity for cross sector collaboration with civil society and business to better address complex policy problems;
- B. The APS should reinvest in its implementation capacity to improve outcomes;
- C. The APS should support greater investment in evaluating the effectiveness or otherwise of programs, including building evaluation into program design and delivery.

Ultimately, this submission will argue that for the APS to be better positioned to help solve complex policy problems, it must rebalance its skill set and capacity investment to look more like an iceberg - with 10 per cent of the effort going into developing the policy and 90 per cent into its implementation and evaluating outcomes.

### **A. Strengthening capacity for cross-sector collaboration**

Progress on society’s most complex problems will not occur without all levels of government and all sectors of society collaborating more effectively. Harnessing this potential requires public sector leaders (especially its most senior leaders) with specific skills and experience in leveraging government’s convening power and working cross-sectorally. The issue for a future focused APS is how to better foster partnerships and collaboration across government, civil society, business and academia.

In particular, while the majority of public servants are motivated by a mix of a strong work ethic, expertise and desire to contribute to the public good – there is some concern over attitudes to engagement with the public. For example, the recent Future of Australia’s Federation Survey of State and Federal public servants found a degree of ‘elitism’ from public servants regarding their perceptions of the general public’s capacity to engage in policy-making and decisions.<sup>5</sup> We wonder whether this lack of engagement arises from a lack of skills to effectively engage the public in policy discussions, rather than any aversion per se to public engagement.

With the right skills and experience, as the McClure Welfare Review identified, sectors can be incentivized towards collaboration, particularly in social policy. For example: ‘Civil society organisations benefit from human resources, expertise and capital. Businesses that recognise their social responsibilities boost staff morale, enhance their reputation and make a difference in their local area. Governments meanwhile reap the benefits of innovation and better social outcomes that arise from these partnerships’.<sup>6</sup> We endorse the Community Council of Australia’s call for a change of culture in the way government relates to the community, particularly through better engagement, transparency and accountability.<sup>7</sup>

We suggest that the APS can facilitate collaboration between public servants, non-government organisations and business through greater engagement with ‘boundary riders’ – those people who

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<sup>5</sup> R. Levy, “Australia’s public servants are dedicated, highly trained and elitist”. The Mandarin, 22 June 2018. Accessed at: <https://www.themandarin.com.au/94692-australias-public-servants-dedicated-highly-trained-and-elitist/>

<sup>6</sup> P. McClure et al, A New System for Better Employment and Social Outcomes Final Report, Australian Government, 2015, pg 167.

<sup>7</sup> Community Council of Australia, Draft Open Government National Action Plan, Submission to the Department of the Prime Minister and Cabinet, July 2018.

understand the capacities and limitations of government, civil society and business and have the skillsets required to negotiate outcomes.<sup>8</sup>

Practically, this may mean greater use of secondments between government and non-government organisations or businesses to improve understanding of the priorities and pressures each sector faces. This could be used to particular effect by mandating that cross-sector experience is necessary at higher levels of the bureaucracy.<sup>9</sup> This should not only be limited to civil society organisations but extended wherever possible to cross-jurisdictional experience in States and Territories, business experience as previously advocated by the Business Council of Australia<sup>10</sup> and where appropriate, international experience – particularly in the case of development expertise.

### **Recommendation**

1. *The APS should invest in, and reward staff who have or seek out cross-sector experience, particularly through career progression. Where possible, it should facilitate and support secondments between the APS, non-government organisations, business and international organisations. This will help enhance cross-sector understanding and develop potential ‘boundary riders’ to navigate complex program delivery.*

### **B. Reinvest in implementation capacity to improve outcomes**

We observe that APS policy roles are more likely to support public servant career progression than implementation roles. This creates a strong incentive for the most capable public servants to move into policy roles. It also creates an incentive for senior people to spend more time on policy issues than implementation issues. This is the opposite of what is required. The APS needs its best staff, and most of their effort, focused on policy implementation.

The 2010 *Ahead of the Game* report into the Australian Public Service (Advisory Group on Reform of Australian Government Administration 2010) provided a plethora of recommendations to improve government service delivery, enhance the Australian Public Service’s policy and implementation capability and facilitate cross-sector working. Many of these recommendations remain relevant and should be revisited. In particular, progress on implementing recommendations 1.1-1.3, 2.1 and 3.3 of *Ahead of the Game* has been too slow.<sup>11</sup>

We note implementation expertise is an issue, not just in domestic policy, but also in the international development context. The integration of AusAID and DFAT in 2014 led to the loss of staff with experience in managing and overseeing aid programs. As acknowledged in the OECD DAC Peer Review of Australia 2018 ‘DFAT has a limited number of specialists working on the aid program, preferring to invest in the skills of generalists and outsource implementation to contractors’.<sup>12</sup> This is reflected in the sharp rise in the amount of ODA allocated to private companies, which is currently 20% in the current budget year - up from 14 % in 2012.<sup>13</sup>

This trend towards increased use of contractors is not of itself a problem. However, it is critical that departments retain sufficient knowledge and capability to select the most suitable mode of

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<sup>8</sup> Ronalds, P. ‘The Challenge of Change’. In *The Three Sector Solution*, ANU Press, 2016, pg. 348.

<sup>9</sup> *Ibid.*

<sup>10</sup> M. Grattan. Business lobby urges new government thinking to boost Australia’s competitiveness, *The Conversation*, July 28 2014. Accessed at: <https://theconversation.com/business-lobby-urges-new-government-thinking-to-boost-australias-competitiveness-29777>

<sup>11</sup> 2010 *Ahead of the Game* report into the Australian Public Service (Advisory Group on Reform of Australian Government Administration)

<sup>12</sup> OECD DAC Peer Review of Australia 2018, DAC’s main findings and recommendations, pg 23.

<sup>13</sup> H. Belot, ‘Australia’s decreasing foreign aid budget offers chance for private companies to cash in’, ABC, 24 Aug 2017. Accessed at: <http://www.abc.net.au/news/2017-08-24/private-companies-to-cash-in-on-australias-foreign-aid-budget/8836390>

implementation, appropriately monitor and engage with contractors where they mode is selected, ensure program outcomes are achieved and the taxpayer receives value for money.

We do not think this is the case in the context of Australia's aid program. It is unclear why there has been such a sharp increase in the amount of funding allocated to private contractors as compared with other development partners. There may be an assumption that private contractors are more cost efficient, but there is a lack of transparency on the terms on which private contractors are engaged by DFAT, including a lack of disclosure of project costs, overheads and the profit margins of for-profit entities. Furthermore, there is a lack of transparency on what operational and technical advantages private contractors offer in ensuring aid effectiveness for each award, particularly given they often do not have an established operational presence, long term development programs and existing relationships with local stakeholders in the geographic locations for which they are awarded grants despite overwhelming evidence that this is usually critical to success.<sup>14</sup> Overall, it is therefore questionable whether they are able to deliver aid programs in a more efficient and effective manner. In particular, as noted by the OECD DAC Peer Review of Australia in 2018, this approach poses risks to Australia's oversight of aid programs, ability to deliver on its commitments to aid effectiveness and also its reputation.<sup>15</sup>

More broadly, we share the concern of Terry Moran and the Centre for Policy Development in a recent joint submission, that there has also been a contraction of APS capability following a focus on outsourcing to consultants and contractors. There is merit to their argument that there must be reinvestment in the APS's 'policy memory and capability, greater independence and service-delivery experience to be the crucible for reform'.<sup>16</sup>

### **Recommendation**

- 2. The APS should invest in skillsets relating to implementation as well as policy design to make better decisions about which implementation modality is appropriate in a given context. In particular, skills to: provide genuine opportunities to contribute to design and delivery of local solutions to local issues; the ability to bring together economic and social outcomes; negotiation and facilitation of cross sector working and management of implementation of programs designed to achieve complex social and economic outcomes, including in difficult physical or politically charged environments.*

### **C. Support greater investment in evaluations of the effectiveness of APS programs**

Save the Children notes evaluations in government can often be of mixed quality, with insufficient rigor applied to developed methodologies. As a result, at best we are not achieving outcomes and at worst, we may be causing harm to those we are seeking to support. This makes it challenging to determine with rigor 'what works' in practice to deliver improved outcomes, and to then bring them to scale.<sup>17</sup>

At a Commonwealth level, the focus on evaluation remains mixed. Government departments have lost much of their program evaluation capability over recent times. The World Bank once suggested that Australia was a case study for best practice in monitoring and evaluation (in the period 1987–1997).<sup>18</sup> During this time, the Department of Finance was responsible for overseeing evaluation and acted as a key

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<sup>14</sup> This issue has also been considered the UK Parliament in their Inquiry into the Department for International Development's use of private contractors. For further information see: Eighth Report of Session 2016–17, *DFID's use of private sector contractors*, on 4 April 2017 as House of Commons Paper HC 920. Accessed: <https://publications.parliament.uk/pa/cm201617/cmselect/cmintdev/920/920.pdf>

<sup>15</sup> OECD DAC Peer Review of Australia 2018, Section 4, pg 71.

<sup>16</sup> Centre for Policy Development, Australian Government Contract Reporting - Inquiry based on Auditor-General's report No. 19 (2017-18), Submission to the JCPAA Inquiry, February 2018, p. 2.

<sup>17</sup> Save the Children, Submission to the Productivity Commission, Human Services Reform, 26 July 2016. Accessed at: [https://www.pc.gov.au/data/assets/pdf\\_file/0004/204952/sub222-human-services-identifying-reform.pdf](https://www.pc.gov.au/data/assets/pdf_file/0004/204952/sub222-human-services-identifying-reform.pdf)

<sup>18</sup> K. Mackay, 'The Australian Government's M&E System', in Lopez-Acevedo, G., P. Krause and K. Mackay. 2012. *Building Better Policies: The nuts and bolts of monitoring and evaluation systems*. Washington, DC: The World Bank, pp. 197-209

source of bureaucratic accountability. After this time, however, responsibility was devolved and as budgets were cut, evaluation teams were often the first to go.

Moreover, there have also been recent reported instances of deficiencies in the undertaking of independent evaluations under the oversight of the Commonwealth. This is even the case in high profile, contentious and novel interventions where you would expect the most rigorous evaluations to take place. For example, we note that issues regarding the evaluation of the Cashless Debit Card trial were recently considered by the Australian National Audit Office who found that the Department of Social Services' 'approach to monitoring and evaluation was inadequate. As a consequence, it is difficult to conclude whether there had been a reduction in social harm and whether the card was a lower cost welfare quarantining approach'.<sup>19</sup>

Most program evaluations that do occur now focus on process, inputs or outputs, rather than outcomes. These evaluations often begin at the end of a program, rather than being planned during program design and integrated into the program logic and intended outcomes. Evaluations are often of poor quality—because of a lack of independence, transparency and dissemination of results. Time is also an issue. Previously, the Australian Public Service Commission has noted that whole of government or partnership approaches for disadvantaged communities also often require long term commitments of 10-20 years to deliver lasting and meaningful outcomes.<sup>20</sup>

Accordingly, we suggest a renewed focus on evaluation, particularly in social programs. This is normal practice for DFAT funded international development programs but is not institutionalised across the rest of the APS. This would include strengthening the capacity and skillset of the APS to both undertake, and effectively procure independent evaluations. It would also enable the APS to rebuild corporate knowledge and support greater facilitation of evaluations between government, service providers and participants. It should include increased investment to support the engagement of genuinely independent experts to undertake evaluations, particularly for large-scale or politically sensitive programs or the establishment of a separate arms-length evaluation agency.<sup>21</sup>

An increased focus on evaluation requires a whole-of-government effort that changes incentives to focus on outcomes, rather than outputs or even (as is sometimes the case) inputs. Budget and Cabinet submission processes should require that all new policy proposals include an evaluation strategy. Evaluations should be built into program design and logic to ensure the intended outcomes are understood from the start. This requires consideration of identifying baseline data and a control group from the outset, or at least a clearly identified project population and a clear intent to de-couple actual evaluation outcomes from politically desirable outcomes.<sup>22</sup> This would also require that a reasonable proportion of program funding was dedicated to meeting the costs of undertaking robust evaluations.

### **Recommendations**

3. *A modern APS should have a renewed focus on evaluation, particularly in social programs. This includes:*
  - a. *strengthening the capacity and skillset of the APS to both undertake, and effectively procure independent evaluations;*
  - b. *increased investment to support the engagement of independent experts to undertake evaluations where appropriate, particularly those which are high cost, politically sensitive or have high potential for impact if brought to scale; and*

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<sup>19</sup> Auditor General Report No. 1 2018-1, 'The Implementation and Performance of the Cashless Debit Card Trial', p8.

<sup>20</sup> Australian Public Service Commission, 'Tackling Wicked Problems: a Public Policy Perspective', Commonwealth of Australia, 2007. Accessed at: <https://www.apsc.gov.au/tackling-wicked-problems-public-policy-perspective>

<sup>21</sup> D. Cobb- Clark, "The case for making public policy evaluations public" in Productivity Commission 2013, Better Indigenous Policies: The Role of Evaluation, Roundtable Proceedings, Productivity Commission, Canberra, pp 81 – 91, pg 91.

<sup>22</sup> Ibid.

- c. *ensuring quality evaluations are built into program design and logic to ensure intended outcomes are understood from the start.*
- 4. *Budget and Cabinet submission processes should require all new policy proposals to include an evaluation strategy, and sufficient funding to support effective and robust evaluations.*

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Thank you again for the opportunity to comment on this Independent Review. We look forward to reading the Final Report and the solutions proposed to ensure the APS is capable and ready to grapple with complex policy challenges, now and into the future. If we can be of any further assistance while the Review process is underway, please don't hesitate to contact me or our Head of Government Relations at [marion.stanton@savethechildren.org.au](mailto:marion.stanton@savethechildren.org.au).

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Paul Ronalds', with a long horizontal line extending to the right.

**Paul Ronalds**  
**CEO**