

Independent Review of the Australian Public Service

Department of the Prime Minister and Cabinet

July 2018

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Summary and recommendations

Since the 1974 Royal Commission into the Australian Public Service provided a detailed examination of the machinery of government, there has been a steady cycle of reviews of the federal public service. While much has changed since the Coombs Inquiry, many of the challenges identified in the report remain relevant today.

A forward-looking Australian Public Service (APS) that values genuine relationships with stakeholders across all sectors of the community (including academia) will be necessary to meet the substantial challenges associated with technological and communications advances in the next 10-15 years. This recognition does not imply strong criticism of the current public sector, but rather an acknowledgement that high-quality relationships will enable more evidence-informed policy and timely responses to crisis, emerging issues and technological advances.

Technological change has led to significant sectoral challenges especially those relating to digital government, communications and business innovation. It also continues to significantly impact the scope and rate of change, the communication requirements of the APS, and customer service expectations of the APS. In addition to reviewing the public service itself, the current review process will enable an appreciation of the ongoing core values and benefits of a highly competent APS. We welcome the opportunity to contribute to this review.

Recommendations outlined in this document are:

1. Australia would benefit from tapping into the knowledge, policy ideas and solutions already available in other jurisdictions, and thus reduce the risk of overly optimistic expectations of policy approaches that have previously been embraced in Great Britain. There is considerable, relevant experience in countries such as Canada, France, Germany, Japan, South Korea, and the United States, as well as from the European Commission, that can be drawn on.
2. Just as the World Bank has done, a comprehensive review should be undertaken of the opportunities that new and emerging technologies – especially relating to the Internet of Things – offer in relation to how the APS could achieve greater efficiency, regulatory oversight and program effectiveness.
3. The APS could play a more proactive role assisting lower levels of government on critical issues affecting infrastructure investment and sustainable development standards. A purposeful move towards greater engagement with, and even mobility between, the APS and their counterparts in the States and Territories would facilitate greater efficiency, and arguably more ‘fit for purpose’ policy outcomes.
4. Measures should be taken to enhance the positive image of the APS, in the eyes of existing employees, new graduates seeking employment, and the community more broadly. This would help to position the APS as an employer of choice. A well-designed engagement campaign with universities and selected community and private sector organisations would go a long way to achieving such an aim, and lessons from the approach taken by the ADF are relevant here.
5. Create materials and provide incentives for expanding the teaching of civics and public integrity within the school systems. Such materials found create a foundation for understanding the distinctive role of

the public service, its employment opportunities, and its significance for social and economic development.

6. Encourage programs in tertiary education that include the study of national and state politics and government, including recognising the contributions of the public service in driving 'innovation and productivity in the economy'.
7. The APS should highly value its daily interactions with all levels of government and relevant stakeholders, and the value of such engagement for collaborative planning and delivery of services. A multi-level government approach is required to achieve enhanced service delivery at the state and regional levels, and to build the required strategic capacity to respond to future, complex issues.
8. Capability Reviews of APS agencies were undertaken during 2012 to 2015 but appear to have ceased. These seem to be an important form of performance evaluation focusing on capabilities to address core business and emerging challenges. Given widespread concerns about building and nurturing policy capability, this should be a focus area for a continuing program.
9. Greater investment in federal 'one stop shops' could ensure citizens receive a seamless experience, but issues such as privacy, security and equity relating to the use of such platforms need to be comprehensively and carefully assessed *prior to implementation*.

Comments in relation to the Terms of Reference

i. Driving innovation and productivity in the economy

The policy levers available to the APS are necessarily somewhat limited, owing to several factors including globalisation of financial services, the structure of the Australian economy (e.g. reliance on export of raw materials, the relative dependence on imports of manufactured goods), the division of responsibilities between the Commonwealth and State/Territory governments, and the relatively low levels of investment in research and development by Australian firms compared with OECD averages.

In order to foster a more diverse economy, and encourage a stronger entrepreneurial mindset, the APS could focus on improving its relationships with partner organisations such as research centres, business sector associations, and the eight State and Territory Governments which themselves already deploy a wide range of grants and incentives.

A critical success factor is the acknowledgement that new thinking can emerge from forums and summits that bring together diverse groups of stakeholders, both in Australia and internationally.

Historically, the APS has looked towards the United Kingdom (UK) for its innovation systems and strategies, but this past dependency needs to be broadened to engage directly with innovation in other jurisdictions, locally and internationally.

By broadening its attention beyond the UK, Australia would benefit from knowledge, policy ideas and solutions already available in other jurisdictions, and reduce the risk of overly optimistic expectations of policy approaches embraced with great zeal in Great Britain. For example, Australian governments followed the UK and embraced Private Finance Initiatives (PFIs) and Public Private Partnerships (PPPs) as the preferred approach for the financing and construction of major infrastructure projects, even though at that stage the approach was still suffering from major teething problemsⁱ. These lessons seem to have not been taken into account, and this may well explain why so many major infrastructure projects in Australia have not lived up to expectations identified in the business caseⁱⁱ. Clearly there is a natural tendency to look towards the United Kingdom first, but countries such as Canada, Germany, France, South Korea, the United States, Israel and Japan have much to offer in terms of policy innovation. Similarly, the willingness of the European Commission to adopt progressive policy positions on issues relating to the environment, advanced manufacturing, ICT, biotechnology and industry policy more broadly, means it provides an ideal source of lessons – good and bad – from which the APS could learn.

Regardless of the approach taken, the public service must be open to the risks and opportunities arising from experimentation and learning quickly from failure – it is such innovation that will allow the opportunity for the APS to grow and evolve, ultimately leading to long-term solutions for problems that have the potential to lead to bipartisan support.

Another question worth asking is whether Australian policy makers have missed opportunities to 'leapfrog' forward in areas that have suffered long-term underinvestment. A case in point is the next generation of telecommunications where Australia should be a leader among developed countries. The APS could enhance its capacity to identify areas in which it makes good economic sense for Australia to invest proactively, while maintaining the advantages of diversification and adaptive management (see ToR ii).

ii. Delivering high quality policy advice, regulatory oversight, programs and services

The Australian Public Service has a number of strong qualities, that should be preserved through any review process. It is well placed amongst its international public sector peers, in terms of its strengths and skills; its preparedness for the future; and its ability to adapt and sustain its capacities. However, the APS has a significant image problem: it is not good at communicating what it does well, and thus building trust and confidence with partner organisations, state governments and the general public.

A multifaceted approach is required to address this issue. Two possible initiatives are mentioned below as examples of a more proactive approach to building relationships of trust and mutual understanding:

- A proactive graduate recruitment program, whereby public servants regularly give lectures on university campuses to articulate the nature of their work and the value that they are generating for Australian society.
- Formal secondments between universities and the APS. By embedding academics in the public service, and vice versa, there would be a natural interchange of knowledge leading to better understanding of roles. The importance of ensuring those secondments take place in the cities and communities *beyond Canberra* is manifest.

Improving the image of the public service would, in turn, improve stakeholder and community engagement. There is also a need for wider understanding of the role and function of the public service and its links via political processes with the wider community. The objective of the review as stated by the Committee includes the aim that ‘a modern APS will be an employer of choice’. However, the image of the public service and the employment aspirations of young people are typically forged during the teenage years within the school system. The teaching of ‘civics’ has been squeezed out of a crowded curriculum, when it could play an important role in engaging all students and providing an understanding of the role of the public service, the importance of public integrity, and the attractiveness of careers within the APS.

The capacity of the APS to maintain robust and rigorous regulatory oversight will be both enabled, and constrained, by the emergence of new technologies. For example, new drone technology is being deployed to assist regulators in identifying whether land holders are complying with vegetation management laws; tax agencies are using ‘big data’ integration technologies to identify tax evaders; and GPS tracking technology is being used in South Korea to combat the instances of child kidnapping. Just as the World Bank has doneⁱⁱⁱ, the APS should undertake a thorough assessment of the ways in which new technologies – particularly those relating to the Internet of Things – could be deployed to provide more efficient and effective regulatory oversight of APS business. Similarly, a risk assessment of those technologies most likely to undermine or restrict the oversight functions of the APS should also be undertaken.

While technology will play an important role in the way the APS ‘does’ business in the future, the need for ‘feet on the ground’ is not going to go away, particularly in ‘front end’ agencies in policy domains relating to, for example, quarantine and biosecurity, environmental protection, community services, pensions, health, and immigration. The recent Four Corners Report on Australia’s biosecurity regime was a regrettable example of how the APS has failed to both adapt to new circumstances (increased volume and complexity of trade at the border), and account for challenges inherent in federal systems. As such, it is critically important that the APS understands those services that are ‘non-negotiable’ and which must therefore be retained irrespective of financial pressures, and relatedly, the APS must be sufficiently nimble, outward-facing and collegial as to be able to work effectively with their counterparts in the States and Territories. Again, the importance of

relationships within and between APS departments and State/Territory public services is central, and this review could be a useful opportunity to explore the opportunity for more secondments between levels of government.

iii. Tackling complex, multi-sectoral challenges in collaboration with the community, business and citizens

Senior Australian public servants must navigate a complex web of relationships with an ever-expanding number of stakeholders. Such engagement is necessary to further enhance the image of the public service and the associated perception of the value provided by the APS.

It is noted that the Terms of Reference do not refer specifically to Commonwealth-State relations which constitute an important set of institutional constraints and opportunities (see previous ToR). Relations with other levels of government are fundamental to the leadership role of the Commonwealth, but these appear to have been downplayed in scoping this review. While the Council of Australian Governments formally coordinates key strategic issues and leads engagement with associated councils and peak bodies, the APS should be cognisant of its daily interactions with all levels of government and the value of such engagement. Enhanced service delivery at every level and the strategic capacity to respond to future, complex issues at a national level require a multi-level government approach.

In tackling complex, multi-sectoral challenges, the APS has the opportunity to further develop its collaboration, engagement and the quality of its relationships with a number of sectors. Two examples of where enhanced collaboration is necessary and valuable are noted below:

- **Enhancing research engagement:** The APS is committed to evidence-informed policy advice. This requires strengthening internal capacities to generate and utilize information, including administrative data; and it also requires strengthening external relationships with other producers of high-quality research and evaluation knowledge.
- **Enhancing engagement with Aboriginal and Torres Strait Islander peoples and communities:** Efforts to improve social, economic, health and education outcomes for Indigenous Australians has resulted in an ostensibly unilateral approach in policy development. The ways that all levels of Government engage with Indigenous peoples to develop policy 'with' people, and not to 'them', as put forward in the Uluru Statement from the Heart^{iv}, requires development and embedded processes to ensure the voices and aspirations of diverse Indigenous Australians are reflected in Indigenous focused policy.

Finally, while it is both necessary and appropriate for the APS to remain apolitical, it is also vital for public servants to understand the roles and capacities of many actors at different levels of government, both at a federal and state level. Political neutrality is crucial, but remains an area of ambiguity because of the perceived politicisation risks at the senior levels of government.

iv. Ensuring our domestic, foreign, trade and security interests are coordinated and well managed

The recent review of DFAT's Overseas Development Assistance (ODA) program, as well as the Defence White Paper before that, raised important issues that emphasise the mutually reinforcing nature of Australia's domestic, foreign, trade and security interests. As a small, export-oriented trade-exposed country, the benefits Australia accrues from, and our standing in, the international sphere (on trade, foreign and security policy) are very much a function of our domestic policy settings. For example, Australia's relatively lackluster climate change policy puts it in an awkward position with some of our closest allies, notably the European Union and the Pacific Island Countries and Territories.

Recent turbulence surrounding the international trade system highlights the need for the Australian Government to remain vigilant in its advocacy to retain a rules-based system of international trade, but one which reflects our domestic values relating to environmental protection, biosecurity, social cohesion, and labour standards. Getting that balance right – between free trade and domestic policy agendas – is difficult and inherently political, but getting it wrong risks even greater political populism and uncertainty. At a very practical level, the APS must be sufficiently 'connected' across different government agencies and departments as to be able to identify where misalignment between these key policy spheres exists, and consequently where compromise is needed.

Negotiations around non-tariff barriers in trade agreements are a case in point. While there are numerous opportunities for DFAT to achieve better trade agreements through more vigorous pursuit of mutual recognition of non-tariff barriers – outcomes which are no doubt important to domestic producers – not all NTBs are 'negotiable' as they reflect domestic values outside the purview of economic growth. As such, identifying those NTBs that are most problematic demands concerted engagement with industry actors, but also with other government departments, community groups, non-governmental organisations and academics. The APS is traditionally very good at the former, but less at the latter.

The extent to which the APS can create opportunities for coordination and ensure alignment between domestic, foreign, trade and security interests will depend to a very great extent on an area not covered in this review: the division between politics and administration. Nevertheless, it is conceivable that coordination and alignment between these sectors could be enhanced through a number of mechanisms deployed successfully in previous years and for similar reasons. For example, in the late 1980s the Hawke Government established the Ecologically Sustainable Development Working Groups (ESDWGs), to "permit broad-based discussion of the sectorial implications of attempting to 'balance' environmental considerations with the imperative to encourage development and economic growth"^v. Those Working Groups, combined with the Resource Assessment Commission, provided a unique opportunity for "consensus policy-making" that accounted for the different – often competing – agendas that exist between economic, social and economic policy domains. Such an approach could be pursued now, to create opportunities for better alignment between our domestic, foreign, trade and security interests.

Another example emanates from the European Union, which pursued similar efforts of coordination and mainstreaming across portfolios by embedding different officials in 'host' departments. While administratively difficult, the approach is deceptively simple: the territorialism that can characterise departments and thus impede inter-departmental cooperation and understanding is overcome by virtue of proximity, relationship-

building and mandate. Such an arrangement would arguably support and enhance the existing method of establishing Inter-Departmental Committees.

v. Improving citizens' experience of government and delivering fair outcomes for them

At the heart of all government activities, should be the goal to improve citizens' experiences and deliver fair outcomes. However, this aspirational statement is much more complex than it appears. 'Fair' can be a fiercely contested term – both aspirational and divisive.

The very recent roll-out of E-health records is an example of both innovation within the APS and naivety. There are clearly benefits of 'housing' Australians' health records in an integrated on-line system, but the failure of the APS to account for very genuine concerns around the security, privacy and usability of such systems is testament to the need for more rigorous planning processes, more skilled and experienced policy-makers (not just consultants) and more deliberative engagement across the community sector. The APS will almost certainly be developing and implementing many more government services with ICT at their heart, and as such the departments and agencies within it need to improve their relevant skills (see next ToR also).

Further, much of the citizen experience of government is at a state or local government level, with few services being delivered by the federal Government outside of taxation, social security and corporate regulation. The federal Government has developed 'one stop shops' for their interactions with citizens in human services. While service integration can work, it does require significant simplification and ongoing financial investment for end-users to truly see the value in the services platforms. While these agencies are often seen as competent, research has found that citizens tend to want a 'seamless experience' in which their interactions are not only productive but also easy to transact either face-to-face or via digital communications. There should be limits on how much of the interaction can be shifted to anonymous platforms.

vi. Acquiring and maintaining the necessary skills and expertise to fulfil its responsibilities

For the Australian Public Service to acquire and maintain the skills and expertise it requires, it should, first and foremost, explicitly aspire to being an employer of choice for graduates and senior bureaucrats alike.

The on-going acquisition of skills – including through universities and through, for example, the Australia and New Zealand School of Government executive programs – linked to mentoring and performance feedback, would provide the stimulating environment desired by professionals.

Similarly, there are a number of university-based policy institutes – for example, the UQ Centre for Policy Futures, and the ANU Crawford School of Public Policy – that have an express mandate to undertake research, education and engagement on priority policy issues. The APS should seek out such organisations to design and deliver bespoke education and training opportunities that meet current and emerging skills needs of APS staff.

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End notes

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ⁱⁱⁱ <http://documents.worldbank.org/curated/en/610081509689089303/Internet-of-things-the-new-government-to-business-platform-a-review-of-opportunities-practices-and-challenges>

^{iv} https://www.referendumcouncil.org.au/sites/default/files/2017-05/Uluru_Statement_From_The_Heart_0.PDF

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