

Committee Secretary
Department of the Prime Minister and Cabinet
PO Box 6500
CANBERRA ACT 2600

Submission to Independent Review of the Australian Public Service

To whom it may concern,

Thank-you for holding this Independent Review of the Australian Public Service (APS).

I make this submission as a member of the APS based on my observations from my time in the APS. I have set out what I believe are key issues for consideration along with a recommended course of action for your consideration, grouped by the following headings taken from the Review's Terms of Reference.

Capability

In my brief time in the APS, I've been amazed by the amount of contractors employed, especially in Information and Communications Technology (ICT) roles. Often these contractors are receiving two to three times the pay of an equivalent APS employee (albeit with a percentage usually going to the labour hire company providing the staff). I also note the total amount spent on contractors is reported to be unknown due to a lack of reporting processes¹. The number of contractors employed in the APS appears to be due to a number of factors, including the Average Staffing Level (ASL) which caps the number of APS employees a Department or agency can employ. Whilst the aim of the ASL may have been to ensure the APS did not balloon, I believe it has had the adverse effect of higher public expenditure due to the need to get around the ASL by hiring contractors.

Recommendation: Remove the ASL to allow Departments and agencies to employ ongoing or non-ongoing APS staff members instead of contractors at a saving to the taxpayer.

The other reason for the increased spending by the APS on contractors I believe is due to the reduced capability of the APS, forcing Departments and agencies to turn to the private sector to fill the gap. As noted above, I would submit this is at an increased cost and does very little to build permanent capability in the APS. Whilst admittedly discrete projects have a need for short term expertise, it is also the case from my direct experience that there are instances of contractors who have been employed for years on end, moving from one area within an agency to another, which can hardly be said to be a short term need. In combination with the above recommendation, the requirement for short term staff could be filled through non-ongoing APS positions rather than contracts once the ASL was removed. An alternative consideration to ensure flexibility in being able to deploy assets when needed, especially in ICT, could be to staff an agency such as the Digital Transformation Agency (DTA) with staff members who can be deployed to work on discrete projects across APS Departments and agencies.

¹ <https://www.smh.com.au/public-service/aps-bosses-defend-booming-contractor-spend-as-headcount-remains-unclear-20180323-h0xutr.html>

Recommendation: Employ permanent APS employees, especially in ICT, who can be deployed individually or in teams to other Departments and agencies in the APS to work on discrete projects.

In my time in the APS, I've also been amazed at the amount of money spent on consultants, namely from the big four consulting firms (KPMG, PwC, Deloitte and Ernst and Young). It has been shown in recent reporting that spending on consultants neared \$700 million in 2017². In my experience, the value that consultants from these firms bring to the APS is circumspect as the reports produced are mainly the work of public servants or are simply the regurgitation of information provided by the APS. However, it also seems to me that the APS have become hesitant to make or proceed with a policy or program without the imprimatur of one of these four consultancies. Again, this would appear a symptom of the hollowing out of the capability of the APS and further unwillingness of the APS to provide "frank and fearless" advice, lest the advice upset the APS' political masters, and in an attempt to shift responsibility for any policy failures to these consultancies.

Recommendation: Build the capability of an existing agency (such as the ANAO) to provide the same type of consulting services (as the big four consulting firms) to the broader APS at a reduced cost compared to the use of the big four consulting firms.

Culture

It has been raised in media and other areas, including interviews with long term observers of the APS, that the APS has "lost tenure"³. I believe this comes from the top-down in the public service namely through the move of the heads of Departments and agencies to individual contracts. Further, the expressed need to compete with the private sector by offering the heads of Departments and agencies pay rates equivalent to that found in the private sector fails to take into account other reasons that people prefer to work in the public sector.

Recommendation: The remuneration of the heads of APS Departments and agencies should be taken off individual contracts and their pay and benefits returned to be dealt with under an Enterprise Agreement.

There is still a great reluctance to share information freely amongst Departments and agencies. Whilst this can be understood when it comes to sensitive information held by national security and law enforcement agencies, there is little reason non-sensitive information cannot be shared more broadly and easily. I have personally witnessed legal advice, obtained by one agency but of that was of relevance to all Departments and agencies, unwilling to be shared by the Attorney-General's Department until the Department that requested the advice threatened to release it unilaterally, despite the Commonwealth being the same legal entity and could be said to be the "client" for the legal advice. One can imagine the cost to the APS if Departments and agencies were forced to seek and pay for legal advice on the same issue, and the outrage from taxpayers if they knew that this was occurring. This is just one example of how the current approach to information sharing in the APS is increasing the cost to taxpayers.

² <http://www.abc.net.au/news/2017-12-29/cormann-defends-consultants-cashing-in-on-public-service/9291634>

³ <http://www.abc.net.au/7.30/alan-ramsey-joins-the-730-report/2673838>

Recommendation: Allow non-sensitive (such as non-national security or law enforcement information) to be freely shared between Departments and agencies, including allowing Departments and agencies to access legal advices held by AGS paid for by other Departments and agencies, such as creating central repositories of information.

Operating model of the APS

Whilst the idea of contestability between APS Departments and agencies has merit in some regards, the idea of each Department and agency with a separate enterprise agreement with largely the same conditions has needlessly complicated APS staffing, most notably staffing movements between Departments and agencies in the APS. I don't believe this policy has produced the outcomes initially envisaged when you consider that each Department and agency needs to negotiate an enterprise agreement with its staff, vote on and then maintain their agreements by registering with Fair Work Australia. Added to this price can be the cost of seeking legal advice in the event of a dispute over a clause in the enterprise agreement, advice on interpretation, etc. Furthermore, as mentioned above, the removal of a whole of government enterprise agreement and the placing of Department and agency heads on individual contracts could also be said to have created a more territorial approach to APS Departments and agencies. I have personally been witness to agencies being given the "agency line" to cite in meetings with other APS Departments and agencies in order to defend its territory, without regard to what would be to the benefit of the whole APS, and as a consequence, the Australian people as a whole.

Recommendation: The APS should once again offer a whole of government enterprise agreement but giving certain Departments and agencies the flexibility to maintain their own agreements where that Department or agency has particular, unique employment circumstances (such as the Australian Federal Police).

It is also staggering to think that each Department and agency has its own payroll system, human resources section, finance section, legal section, graphic designers, etc. As a public servant and a taxpayer, I believe there is a lot of fat to be trimmed by having whole of government functions, such as payroll which should be largely automated, moved to a central Department, such as a new Department of Administrative Services. Another example is that the leasing of premises could be centralised within the Department of Finance, with each Department and agency maintaining a small team of staff to deal with property services in regard to that lease, which should lead to greater utilisation of existing space and better examination of accommodation requirements across the whole APS, at a reduced cost to taxpayers. Another example of where there is an increased running cost of the APS is desk top and software purchasing which, in my experience, is undertaken on an agency by agency basis, with the result that the bargaining power of the APS to drive down operating costs is reduced.

Recommendation: Consideration should be given to centralising as many government functions as possible to reduce overheads and staffing levels over time.