Community and Public Sector Union

Response to Interim Report:

Independent Review of the APS

May 2019

Introduction

The CPSU welcomes the opportunity to make a submission in response to the APS Review's interim report *Priorities for Change*. The CPSU has participated in the APS Review process through submissions and meetings with the panel. We note that some of the issues highlighted in our previous two submissions have been noted in the interim report.

The rapidly changing operating global environment means the role of the Australian Public Service will be even more vital over the coming years. The CPSU is, however, concerned by the lack of detail in the interim report. The interim report, as is, does not offer the substantive solutions that are desperately needed to the challenges our community faces.

This lack of detail combined with unclear language makes it difficult to discern what is being proposed and whether it is code for a specific recommendation. We are extremely wary of some of the language used in the interim report such as references to flexible APS operating models or developing external partnerships. It must not mean reducing job security or outsourcing functions.

There are also a range of other issues identified, not only by APS agencies, that are absent from the report. There is nothing proposed to fix the major problem of inconsistent and unfair differences in pay and conditions across the public service nor do any recommendations recognise the damage caused by decades of cuts and outsourcing, and the ever-increasing use of labour hire.

Our submission will address the following issues from the four themes that were raised in the interim report:

1. Strengthen the culture, governance and leadership model
   • Role of the APSC
   • Making reviews public

2. Build a flexible APS operating model
   • Funding
   • Management
   • Additional and ongoing resourcing
   • Workforce
   • Common pay
   • Staffing cap

3. Invest in capability and talent development
   • ICT
   • Professions
   • Recruitment

4. Develop stronger internal and external partnerships
   • Engagement
   • Diversity
   • Seamless service
   • Procurement
   • Geographic spread of APS

The real test will be whether the APS Review can be used as the basis for sensible reforms that rebuilds internal APS capacity or instead is just another top down process that ignores public servants.

We are looking for recommendations that will rebuild internal capacity, increase staff numbers to provide the level of services the public needs and expects, and stop the wasteful drain on resources and talent through the blatant overuse of contractors, consultants and labour hire.

<u>1. Strengthen the culture, governance and leadership model</u>

Role of APSC

The CPSU is strongly supportive of measures to ensure confidence in the appointment process for the APS Commissioner, such as requiring parliamentary consultation. The previous Commissioner was not fit to hold the office, failing to uphold public service values and affecting the reputation of the APSC. He promoted an ideological agenda to undermine collective bargaining and acted in a partisan manner. The politicisation of the position through his appointment had a detrimental impact on the APS.

The CPSU notes the interim report also canvasses governance options to support the APS Commissioner discharge their role, such as an advisory board. An additional CPSU representative on any advisory board would help to ensure a more collaborative and constructive relationship.

The CPSU could support more codified processes for the appointment of agency heads, including published criteria, and the roles and responsibilities of the APS Commissioner and Secretary of Prime Minister and Cabinet being in legislation, but more detail needs to be provided about what is proposed.

The CPSU does, however, seek more detail on what a suggested revamped APSC that includes "sustainable" resourcing and strengthened in-house capability would entail. The APSC plays an important role but the CPSU would not endorse its continued role in service-wide bargaining.

New arrangements around APS performance reporting would be useful, but again, more detail is required as measuring the outcomes of the work delivered by the public service can be complex.[1] This needs to be considered if there are any attempts to develop productivity metrics as it may lead to perverse incentives that focus on more easily measurable outcomes like cost, to the neglect of less easily defined outcomes like effects on the quality of the services being delivered, wider social impact and the accountability of the provider.

The CPSU would be supportive of the preparation of a national outlook – with key trends, opportunities and challenges, based on service-wide data and insights – published after each election. Similarly, the CPSU would support the publication of annual APS employee census results for each agency, alongside management responses. The results should be published in such a manner to make it publicly accessible in a user-friendly manner. The CPSU notes that data on APS employees from the APS Employment Database internet interface is provided in a very user-unfriendly manner.

Making reviews public

The CPSU supports any independent capability reviews for all departments and large agencies and management responses being publicly released. The CPSU notes that the Functional and Efficiency Reviews conducted as part of the Contestability Programme were an item of substantial public importance, but the final reports have never been publicly released. Without the public release of reviews, it is difficult to determine what recommendations were adopted, what public expenditure decisions were made, what private businesses may have benefitted from these decisions, and whether those decisions improved functions.

<u>2. Build a flexible APS operating model</u>

Funding

The issue of funding must be addressed in the final report. The interim report says nothing on the ongoing impact of funding cuts, the average staffing level cap or the efficiency dividend. It does state *"the important role of government in setting Budget rules that best support its fiscal strategy and*

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[1] Stone, C. (2014), *'False Economies: Unpacking public service efficiency'*, Centre for Policy Development, Sydney, p.5.

policy priorities." This appears to be code for stating the Government is within its right to impose efficiency dividends and average staffing level caps.

The CPSU is concerned that the APS Review is constrained by an assumption that expenditure on government administration should be reduced. The CPSU does note that when questioned about the average staffing level cap, the Chairperson avoided answering.[2] This is despite multiple agencies making submissions highlighting the impact of the cap and the perverse incentives it creates that cost more.

The interim report avoids directly addressing the issue of funding and instead focuses on reallocation of scarce resources for investment, giving digital platforms as an example. The report instead refers to a budgetary framework to *"align government priorities with public service resourcing"* that may include agreement on cross-portfolio policy priorities and a capital funding approach.

Rebuilding the capability of the APS relies on increasing funding resources to support the staffing levels needed to provide the level of service that the Community expects. There is also a critical need for meaningful investment in capital expenditure to build new and replace existing infrastructure, such as aging IT systems.

Management

The CPSU has concerns about the interim report's recommendations about management and workplace structures. The interim report states that *"simpler workforce structures will support effective decision-making, empower employees and deepen the culture of collaboration across institutional boundaries".* It is unclear what is meant by "simpler workforce structures" and whether that simply means wider spans of control and fewer EL and SES employees.

Without further information, suggestions about optimum hierarchies, management layers and spans of control appear to imply managerial responsibility over a larger cohort of staff and the reduction of staffing levels at senior levels. The APSC noted in 2014 that *"an approach that seeks to reduce overall management numbers as a cost-saving measure—in isolation of broader strategic direction and structural change—has the potential to do more harm than good."[3]*

It should also be noted that greater spans of control may clash against other suggestions such as managers being required to devote significant time developing and mentoring staff. While upskilling is important, there may be practical time constraints.

Additional and ongoing resourcing

The CPSU is supportive of the report's belief there should be additional and ongoing resourcing to build in-house research capability, sustain existing evidence-gathering tools and agencies, proficiently commission external research and develop necessary digital talent and skills, particularly in data analytics and emerging technologies. The CPSU seeks further details about what options to embed and resource integrated policy development functions, with the necessary capability, across the APS are proposed.

The CPSU is concerned that the report does not address how the different types of work the APS delivers requires different models. For example, there is a significant focus on policy and ICT but very little on service delivery despite it being a major function. The most recent APSC data on job families from 30 June 2018 indicates that 25.2% of APS employees are in service delivery roles, followed by compliance and regulation (14.6%) and administration (11.8%).[4]

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[2] Stephen Easton (2019, 21 March) What 'common pay' really means and other things we learned questioning David Thodey. The Mandarin. Retrieved from https://www.themandarin.com.au/105885-what-common-pay-really-means-and-other-things-we-learned-questioning-david-thodey/

[3] Australian Public Service Commission (2014). State of the Service Report 2013–14: Effective management structures. Retrieved from https://www.apsc.gov.au/effective-management-structures

[4] Australian Public Service Commission (2018). Table 24: All employees: Job family by gender, 30 June 2018. Retrieved from https://www.apsc.gov.au/table-24-all-employees-job-family-gender-30-june-2018

The interim report canvasses opportunities for the APS to meet government expectations and minimise the need for MoG changes, and to reduce costs and disruption when they do occur. While better co-ordination and ending silos is important, it is unclear how suggestions to "reconfigure teams and deploy skills when and where needed" without disrupting organisational structures, in effect a mini MoG, can occur.

Workforce

An APS-wide workforce strategy, led by the APSC, could provide a good opportunity to drive new approaches to long-term workforce planning and capability development. However, the CPSU is concerned that this strategy is likely to be replacing permanent, quality jobs with inferior, insecure, lower paid work that costs the Government more and delivers less through contractors, consultants and labour hire.

The CPSU is concerned that references to a flexible operating mode may mean this as there was little in the interim report on workforce composition despite multiple reports highlighting issues with the growing use of non-APS staff and the importance of a professional, permanent public service.

Common pay

Common pay and conditions were mentioned in the interim report; however, the APS Review chair David Thodey has since stated it does not mean standardised pay.[5] This is despite the ACT and Victorian public service having a standardised agreement across the public service. Without addressing common pay and bargaining issues, it will tinker at the edges. While there was discussion about more flexible models to address silos to reduce the need for MoG changes, Structural problems of 110 agreements that affect machinery of government changes. It is seen most clearly with the creation of Home Affairs. The conclusions and recommendations of Ahead of the Game on aligning processes and policies, including pay and conditions, over time, should be taken seriously.

The CPSU is supportive of greater transparency and common terms, standardised approaches and systems (e.g. HR practices, security procedures, IT) consistent and common workplace practices and business processes within and across agencies. However, there needs to be more clarification due to the limited details and the report's comparison to efforts to encourage gender equity are confusing.

3. Invest in capability and talent development

ICT

The CPSU welcomes suggestions of common digital platforms and policies on human resources, finance, ICT and data sharing. The CPSU is strongly supportive of a digitally enabled APS but it requires investment to build internal capacity.

Consolidating and harmonising mainstream IT platforms and associated processes can deliver significant cost savings and operational improvements, but it requires a skilled workforce. The 2017-18 State of the Service report indicated that agencies are reporting a need to develop digital skills and skill shortages in some digital roles.[6] Unsurprisingly, the 2018 APS agency survey found that improving digital literacy was the top learning and development need for agencies over the next 12 to 24 months.[7]

The Commonwealth should also be ensuring "networked-enabling systems and common processes" are kept in-house. The former head of the Digital Transformation Office, Paul Shetler, has pointed out that *"Government is one of the last industries that thinks it can outsource wholesale."*[8] Systems need

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[5] Stephen Easton (2019, 21 March) What 'common pay' really means and other things we learned questioning David Thodey. The Mandarin. Retrieved from https://www.themandarin.com.au/105885-what-common-pay-really-means-and-other-things-we-learned-questioning-david-thodey/

[6] Australian Public Service Commission (2018). 2017-18 State of the Service report: Chapter 7 – Building Capability. Retrieved from https://www.apsc.gov.au/state-service-report-2017-18-chapter-7-building-capability

[7] Australian Public Service Commission (2018). 2017-18 State of the Service report: Chapter 7 – Building Capability. Retrieved from https://www.apsc.gov.au/state-service-report-2017-18-chapter-7-building-capability

[8] Paul Shetler (2016, 3 December). My 16 months of digital transformation in Australia. The Mandarin. Retrieved from https://www.themandarin.com.au/73275-paul-shetler-16-months-digital-transformation-australia/

to be kept in-house to avoid vendor capture and ensure the capacity to integrate ongoing system development with changing Government policy priorities.

Professions

The CPSU is open to discussing suggestions to help rebuild capacity and close skill gaps, however, there is a lack of detail about the proposal of professions and an APS Academy. The CPSU does note there is an existing job families categorisation and it is unclear if professions will build on this or whether professions would be recognised in enterprise agreements.

The CPSU is supports building internal APS wide learning structures but it requires a commitment of funding for learning and development and more details. Initial member feedback, especially from outside of Canberra is that an "APS Academy" is about "high flyers" not APS or most EL staff.

Recruitment

The CPSU agrees that more can be done to remove barriers to entry from outside the APS and encourage people to consider a public service career, however, it is unclear how annual external recruitment modelled on the approach to graduates would work.

Diversity

The CPSU is supportive of specific mechanisms to attract, retain and progress a genuinely inclusive and diverse workforce, including targets with hard accountability. The APS should reflect the broader Australian community. This, however, in part, requires better data and reporting.

For example, Australia trails behind comparative English-speaking countries in the measurement of cultural diversity. Australia does not yet officially collect comprehensive data on cultural diversity within organisations and institutions. It means the full extent of under-representation is not known.

The use of the Non-English Speaking Background category can be problematic because it can overlook underrepresentation of employees with non-European cultural backgrounds and individuals whose families have been in Australia for multiple generations. The 2018 Leading for Change report highlighted that of Federal and State Government Department Heads, only one per cent had non-European heritage. This is despite 21 per cent of the population having non-European cultural backgrounds.[9] Those with European (non-Anglo-Celtic) cultural backgrounds make up 18 per cent of the population and 14.5 per cent of federal and state government department heads. The ABS should be tasked with creating a better metric to measure cultural diversity that the APS could use.

Diversity targets should be considered because measurement and the establishment of diversity and inclusion networks alone has not driven change. For example, the NDIA should set a target to recruit more people with a disability into permanent roles. The high use of contractors and labour hire caused by the average staffing level cap is undoubtedly a factor holding back diversity and it must be scrapped.

4. Develop stronger internal and external partnerships

Engagement

The CPSU agrees that agencies and public servants should engage meaningfully and regularly outside the APS as part of core business. This, however, takes time and resources to build meaningful engagement. The pressures on the APS, cuts to travel, reduction in the geographic footprint of the APS, make this much harder. The CPSU also is adamant that external partnerships should not equate to outsourcing roles and functions as it only hollows out public service capabilities.

Seamless service

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[9] Australian Human Rights Commission (2018, April). Leading for Change: A blueprint for cultural diversity and inclusive leadership revisited. Retrieved from
https://www.humanrights.gov.au/sites/default/files/document/publication/Leading%20for%20Change_Blueprint2018_FINAL_Web.pdf

In principle, the CPSU would support a service-wide ambition to ensure people can access seamless and personalised services and support irrespective of which agency, portfolio and ultimately government is responsible for its provision. However, it requires a genuine focus on the users of public services rather than technology.

The Government's Digital Transformation Strategy, especially the priority that "government is easy to deal with by 2025" cannot be fixated on technology at the expense of users. The experience of many customers with Centrelink shows that it can be problematic as cost savings become the focus behind decisions rather than providing services. As Paul Shetler has pointed out, experimenting with technological advances is important but should not come at the expense of fixing the basics first.[10]

The interim report is silent on the importance of modes of delivery to enable personalised services. This is despite the December 2018 Consultation report outlining that *"members of the public expressed a desire for flexible options in the way they engage with government agencies and services"* i.e. people choosing whether to engage digitally online, via phone, or face-to-face.[11] More work can and should be done to improve coordination between different levels of government, but it cannot be at the expense of ignoring the basics and what people want.

Procurement

The CPSU agrees that the APS requires specialist capability to project procurement demands, make strategic decisions about when to procure externally and when to develop in-house and evaluate procurement activities against intended outcomes. We are concerned, however, that government decisions such as the average staffing level cap have created perverse incentives to procure externally such as the efficiency dividend or requirements that functions cannot be delivered in-house.

It matters whether a function is delivered by the public or by the private and non-government sectors. A clear public interest test should be developed and applied prior to any decision to market test or privatise public sector functions and the same test should be applied to services and functions that have already been outsourced.

Not only is public service quality affected if the profit motive is introduced but public accountability and transparency are eroded if services are no longer delivered by the public sector. Privately run services do not have the same requirements of disclosure to parliament and to the public, nor do they have the same levels of independent oversight and audit. Ensuring the APS's standards of ethics and integrity would require the extension of requirements such as freedom of information, the APS Code of Conduct and the limitation of commercial-in-confidence provisions to allow parliamentary scrutiny.

The community has come to recognise that over time outsourced services cost them more and provide lower levels of service.

Accountability and openness

The CPSU is supportive of regularly releasing, and transparency around, data, analysis, research and evaluations. We support approaches that ask Australians about their views and their expectations of the APS, such as through regular citizen surveys.

Geographic spread of the APS

Nearly three fifths of the Australian Public Service is located outside Canberra. The geographical spread of the APS is important. A regional footprint needed for stronger partnerships or the difference between Canberra and agencies outside of Canberra. An arbitrary process of so-called decentralisation does not do this and only weakens the capacity of agencies that benefit from agglomeration.

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[10] Stephen Easton (2017, 2 August). Paul Shetler: forget high tech fantasies if you can't answer the phones. The Mandarin. Retrieved from https://www.themandarin.com.au/82114-shetler-forget-high-tech-fantasies-cant-answer-phones/
[11] Inside Policy (2018, December 3). Independent Review of the Australian Public Service: A Consultation Summary Report. Retrieved from https://www.apsreview.gov.au/sites/default/files/apsir-summary-consultation-report.pdf

It should be noted that agencies outside of Canberra tend to be more operational than policy. Strengthening the APS policy and regulatory capacity is essential but there is a lack of focus on the other operational work that staff at agencies such as NDIA, Defence, DHS, DIBP and Agriculture do. This appear to be an oversight of the APS Review interim report and needs to be addressed.

<u>What else is missing from the interim report</u>

The impact of climate change and growing inequality was downgraded or muted in the interim report. Given the IPCC report indicating that the globe has only twelve years to limit temperature rises to 1.5 degrees Celsius, enabling action on climate change should be a central mission of the Australian Public Service and be integrated into all work done.

Conclusion

The CPSU believes APS Review can contribute to shaping the future direction of the APS. In our rapidly changing global environment, the role of the APS as a steward to help guide us through the challenges will be even more important. We will need a strong and well-resourced Australian Public Service.

Though there are some recommendations that the CPSU could support, limited detail is provided and there are significant issues missing from the interim report such as the impact of the average staffing level cap, the use of contractors, consultants and labour hire, the need for additional funding or even the implications of climate change. Addressing these gaps and providing more specific details and explaining why recommendations have been made would make the APS Review a much more useful contribution.