

**Chair**

David Thodey AO  
Chair  
Independent Review into the Australian Public Service  
Department of the Prime Minister and Cabinet  
1 National Circuit  
Canberra ACT 2600

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

Dear Mr Thodey

I am providing this submission on behalf of Innovation and Science Australia (ISA). ISA was established by the Australian Government as an independent statutory board with responsibility for providing strategic whole-of-government advice on science, research, and innovation matters. This advice included development of a strategic plan for the Australian innovation, science, and research system to 2030, *Australia 2030: Prosperity through innovation* (the 2030 Plan), which was publicly released on 30 January 2018 and responded to by the Australian Government on 22 May 2018.

ISA's 2030 Plan recommended that the Government commission a broad review of the Australian Public Service (APS), in order to improve its capability to innovate and to guarantee that the APS will remain fit-for-purpose in the 21<sup>st</sup> century. ISA is pleased to see the adoption of this recommendation, and welcomes this opportunity to submit its contribution to this important Review.

ISA's investigations of the Australian innovation system have found that the APS has a long history of effective operation, and has been internationally regarded as one of the best public services in the world. However, societal and technological developments in the 21<sup>st</sup> century will fundamentally disrupt our communities, ways of life, and the economy. ISA's 2030 Plan noted that "for the APS to credibly foster greater innovation and productivity, it will need new mindsets, skills, and capabilities to deliver innovative digital services for businesses and citizens".

ISA's first-hand insights – developed during our engagements with the APS, as well as through our broader experience of how technology is affecting many other industries – indicate that the Government must take action now to ensure the APS remains fit-for-purpose, so that it can continue to serve the Australian people effectively to 2030 and beyond. ISA has identified four basic challenges in which action is particularly needed:

1. **Agency silos in the APS are not the future** – The APS needs to become more cross-sectoral and multidisciplinary in its structure and processes, in order to develop new policies and programs that can address challenges of the future.
2. **Innovation as a way of life in the APS** – The APS should continue to nurture a culture which incentivises innovation and risk-taking, and which fully leverages the potential of all its staff.
3. **Greater preparation for the digital future** - The APS needs to get better at managing and using new technologies in order to meet the growing expectations of Australians and Australian businesses.
4. **Ensuring greater trust in Government** – The APS needs to re-commit to its core principles of providing impartial, evidence-based, and ‘frank and fearless’ advice to the Government of the day.

We believe the ideas outlined in this response will present a positive and constructive roadmap towards achieving these goals.

### 1. **Agency silos are not the future**

*Intergenerational ‘wicked’ problems will increasingly require the APS to apply whole-of-government and cross-sectoral approaches.*

Between now and 2030, Australia will face great challenges in the form of intergenerational ‘wicked’ problems such as climate change; an ageing population; the changing nature of work through artificial intelligence (AI) and automation; and growing social inequality. Some of these problems will threaten the Australian way of life if bold, decisive, and innovative actions are not taken now. The APS must become increasingly cross-sectoral and multidisciplinary in its functions and structures in order to develop effective new policies, programs, and services that can address these challenges. Actions enabling such cross-agency capabilities include:

- a) **APS workplaces will need to become environments where staff are trained in cross-sectoral settings, with frequent opportunities to work in ‘tiger teams’ which pools together people from different agencies to pursue common, whole-of-government agendas.** This is a model that works well in private consultancy firms. ISA is also seeing much success in this workstyle through APS taskforces that are increasingly coming together to achieve common priorities – the National Innovation and Science Agenda (NISA) Taskforce being one such example. This must, however, be enabled by budget measures that allow departments to share and pool their resources – otherwise cross-disciplinary teams will not succeed.
- b) **Agency and departmental heads must have robust incentives to promote work across agencies.** Promoting a more collaborative APS cannot be delivered through the rank-and-file alone. The Service can learn from international examples such as New Zealand, where agency heads are measured on how they deliver collective outcomes against broader government priorities. Similarly, the Estonian government adjusts agency funding levels depending on how well services deliver whole-of-government objectives such as in eGovernment.

- c) ISA believes that an increased use of national missions can further enable this sort of cross sectoral approach to the APS's work. **National missions can help to galvanise Government agencies – and the broader innovation ecosystem – to solve large-scale challenges for Australia.** ISA welcomed the Government's announcements in 2018 to support a Genomics Health Futures Mission and a Reef Adaptation and Restoration Programme. These are hallmark investments that provide long-term clarity and certainty for stakeholders in Australia's innovation ecosystem, and should be considered for other areas of strategic priority to build critical mass and achieve a real step-change in the delivery of common outcomes. We urge the Government to, as a matter of priority, work with ISA to develop a robust framework for further identification and development of national missions.

#### Ideas for consideration

1. Accelerate the adoption of cross-sectoral, cross-agency, and multi-disciplinary workstyles across the APS, and develop robust incentives for agency and departmental heads to promote cross-sectoral work by 2030.
2. Increase the use of national missions to galvanise cross-sectoral work across the APS, and work with ISA to develop a robust framework for the identification and development of national missions.

## **2. Innovation as a way of life in the APS**

*An innovation culture must be embedded within the APS to meet community expectations.*

By 2030 the APS will need to have a vibrant workplace culture that promotes innovation and risk-taking if it is to attract the best and brightest Australians from all walks of life to work within its ranks – people with an insatiable desire to do good and to make social impact. Far too often today the potential of APS staff is hampered by bureaucratic structures, a culture of avoiding mistakes rather than risk-taking or experimentation, and a Budget framework that actively constrains innovation activities. It is important that these hurdles are surmounted by 2030, so that the APS can fully unleash the potential of its staff. Delivering effective policies, programs, and services in the era of wicked problems will require bold, ambitious, and creative thinking.

### Supporting fresh thinking in the APS

#### **A problematic Budget framework continues to act as a 'hand brake' on APS**

**innovation.** Agencies are required to identify monetary offsets from their portfolio funds for all new portfolio policy proposals. As a result, agencies with no or minimal portfolio savings have little to no incentive to bring forward fresh ideas, and tend to adopt risk-averse approaches to policy and program ideas in order to avoid possibly losing funding over a failed experiment. The work of the APS Reform Committee in overseeing initiatives to reform the APS, including the APS Modernisation Fund projects, is progressing important reforms in the short- to medium-term ranging from workforce and culture through to investment and resourcing. However, broader and longer term reforms are required. Revisiting the requirement to identify offsets for all new policy proposals, and setting aside dedicated

funding for innovative projects, will help to accelerate the development of new, grass-roots ideas and promote cross-agency collaboration.

To further embed an innovation culture within the APS, ISA believes that the Service needs to adopt operational practices that seek and reward fresh ideas. **At all levels of the APS - and particularly at senior executive levels - innovators, technologists, strategists, and disrupters should all be engaged in discussions of organisational and innovation strategy.** ISA notes that the APS has pockets of successful exchange programs with industry. For example, the Treasury has an extensive secondment program which has provided exchanges of staff between Australian and international organisations, and with the private sector, academia, peak bodies, industry think-tanks, and other agencies within the public sector. Further thought should be put to exchanges between the APS and non-government sectors, including with high-growth and innovation-intensive companies. Secondments into agencies are likely to be more attractive to industry stakeholders located outside of Canberra, so consideration should include the best locations in which to offer secondments.

**Fresh ideas can also be found in State and Territory governments.** ISA has observed that State and Territory governments are well-placed to trial or roll out ground-breaking initiatives, particularly in areas such as digital health and eGovernment, and the federal Government can capture the learnings through larger scale deployment. Some State and Territory jurisdictions deliver innovative programs particularly well, and often within much tighter budgetary constraints. An example is the NSW Data Analytics Centre established in 2015, which was the first of its kind in Australia. The Centre, supported by enabling legislation, facilitates data sharing across NSW government agencies to inform more efficient, strategic, and evidence-based decision-making across the whole of government. The NSW Government has been drawing on the data to support ongoing policy development and to ensure investment is targeted to programs with the greatest benefit. The success of this model has led to it being replicated in other jurisdictions.

#### New approaches to innovation leadership and governance

**Within the private sector, an institution with the equivalent scale of employees and annual expenditure of the APS would be led by a Chief Executive Officer (CEO), who would be responsible for reporting to a Board on performance and innovation outcomes. ISA proposes that such a model be explored within the APS with potential flow-on changes to other governance structures.** While unorthodox, it is not without precedent in the context of the Westminster system. ISA observes the United Kingdom Cabinet Office (equivalent to the Australian Government's Department of the Prime Minister and Cabinet) has a Chief Executive of the Civil Service alongside a separate Permanent Secretary role. The CEO position, currently served by a candidate drawn from the private sector, has horizontal responsibility for cross-portfolio outcomes such as digital transformation, skills, major strategic projects, and shared services. In contrast, the APS currently distributes similar responsibilities among multiple roles, including the Cabinet,

Cabinet sub-committees, the Secretary of the Department of the Prime Minister and Cabinet, and the APS Commissioner.

It is encouraging to see innovation champions slowly changing practices from within APS agencies. **ISA considers that a new position of a Chief APS Innovator, situated within a central agency such as the Department of the Prime Minister and Cabinet, could provide leadership across the APS on innovation** – and support agencies to identify and remove barriers to innovative policy ideas and service delivery. To be effective, a Chief APS Innovator would need to have equivalent authority to an APS Deputy Secretary and, subject to further role definition, could report to the proposed new CEO. This role could be supported by a network of current Innovation Officers from key innovation agencies such as the Department of Industry, Innovation and Science, the Department of Foreign Affairs and Trade, and others alongside the Public Sector Innovation Network (PSIN) to build momentum for innovation across all parts of Government.

#### Incentives and rewards for innovation and experimentation

The APS needs to do more to reward – and not penalise – those who try adventurous approaches. Failure is part of any innovative activity; it is how we treat and react to failure, and how we reward those who take *informed* risks and 'have a go', that will determine the benefit to be gained from innovative and risky activities.

**Introducing new incentive structures can help to generate bottom-up momentum to complement leadership from the top.** The seeds of this have already been planted - ISA acknowledges the work of the PSIN in organising the annual Public Sector Innovation Awards<sup>1</sup>, which recognises the best ideas for service delivery to emerge from within the APS. Prizes have a long history of effectively encouraging creativity; technology companies have in recent years been offering cash incentives to staff for undertaking innovative and experimental activities at work. While cash bonuses may not be appropriate in a public sector context, reward for innovation could be offered in the form of additional staff benefits such as access to further study support and priority access to industry exchange programs nationally and internationally.

Importantly innovation and experimentation should be part of the matrix by which the performance of staff is assessed. **Those who fail to innovate when the role should reasonably have entailed innovation should be held accountable.** This would reflect a more modern take on accountability – where business planning for the future is equally as important as planning for present priorities.

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<sup>1</sup> Institute of Public Administration Australia 2018, *2018 Public Sector Innovation Awards*, Institute of Public Administration Australia, <<https://www.act.ipaa.org.au/innovation-awards>>

## Strengthening strategic policy capabilities

Public political conversation is becoming increasingly tactical, but by 2030 the APS needs to make space for more strategic approaches in addition to priorities influenced by the inevitable shorter-term political considerations. During the process of developing the 2030 Plan, ISA found it challenging to engage the APS in deep thinking about longer term policy opportunities. **Agency policy processes should seek to establish a robust evidence base, an evolving bank of policy ideas, and long-term strategic planning capabilities to identify and seize future policy opportunities.**

These capabilities already exist within some parts of the APS; the Department of Defence and the Attorney-General's Department, for example, regularly undertake futures analysis projects to inform the development of national security agendas, including in partnership with academia. Other good examples include megatrend mapping and horizon scanning exercises undertaken by CSIRO and PwC, as well as the Treasury's Intergenerational Reports. More work can be done to disseminate and embed such processes throughout the APS. The APS can also draw insights from non-government sectors such as Australia's research communities which have successfully forecasted their research support and infrastructure requirements through decadal plans, and the Australian Government's Industry Growth Centres which have developed long-term sector competitiveness plans. Public services abroad take similar approaches: the UK Government, for example, has had a dedicated foresight office since the 1990s to develop policy proposals looking forward 30-50 years<sup>2</sup>.

**Enhanced capability needs to be matched with more space and time for APS staff to engage in creative, blue-skies thinking.** Space for creative thinking is an essential ingredient for innovative workplace cultures; the Canadian public service, for example, has engaged staff in competitions as part of its 'Blueprint 2020' public service review initiative to identify fresh ideas amongst its workforce<sup>3</sup>. Such incubation opportunities are gaining momentum within the APS; the Australian Public Service Commission, for example, runs an annual 'GradHack' event for new APS graduate recruits, while the Digital Transformation Agency has been leading 'GovHack' events across Government to explore new uses of public data in Australia. ISA commends these initiatives, and hope similar activities will become an embedded feature across the APS by 2030. The role of the Chief APS Innovator would include monthly monitoring of agency innovation projects.

## Strategic procurement to foster innovation both inside and outside the APS

Developing an innovation culture in the APS does not necessarily result in benefits for Government alone. **It can also support the Government to do more and lead by example**

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<sup>2</sup> HM Government 2018, *Foresight projects*, Government Office for Science, London, <<https://www.gov.uk/government/groups/futures-and-foresight>>

<sup>3</sup> Government of Canada 2018, *Blueprint 2020 and public service renewal*, Privy Council Office, Ontario, <<https://www.canada.ca/en/privy-council/topics/blueprint-2020-public-service-renewal.html>>

**in fostering innovation in Australian industry through its procurement processes.** The Australian Government's spending on procurement is significant - \$47.3 billion across 64,092 contracts in 2016-17. Yet, in 2015-16, Australia ranked only 70<sup>th</sup> out of 144 countries in terms of governments' effectiveness in fostering innovation through procurement<sup>4</sup>.

The Government should seek to continually improve and leverage its procurement processes as part of a broader shift towards an innovation mindset. The Government is already engaged in major projects that will have a transformative impact on the nation's industry and service delivery landscape. For example, the National Disability Insurance Scheme, new surface ship and submarine capabilities from the Defence portfolio, and major infrastructure projects such as the National Broadband Network all provide opportunities to plan for, harness, and measure innovation and spill-over benefits.

**The APS can play a role in collaborating with innovative businesses to solve policy challenges while simultaneously building the innovation capacity of businesses - and ultimately increase Australia's Business Expenditure on R&D (BERD).** ISA's 2030 Plan made a number of recommendations for innovative procurement strategies to improve outcomes and optimise government operations. We encouraged the Government to investigate options to incrementally scale-up the Business Research and Innovation Initiative (BRII) more rapidly to achieve greater impact. BRII provides the APS with an opportunity to leverage its procurement activity to drive innovation and commercialisation within Australian SMEs. Initial evaluation of the BRII pilot program suggests SME participants are undertaking new R&D, commercialising IP, and developing new collaborations. On the Government side, it is already acting as a catalyst for innovation within some of the participating agencies.

The 2030 Plan also recommended the Government increase the SME procurement target to 33 per cent of contracts (by dollar value) across agencies - without higher targets, it is difficult to achieve real change. ISA would like to see this target initially trialled in one or two departments to determine if there is an increased benefit, and be rolled out more broadly across the APS following positive evaluation. The Government's response to the plan supported in principle these recommendations, and we look forward to seeing the Australian Government's further endeavours on this front.

**The Government should also build a central procurement unit, with public and private experience, working in partnership with APS agencies first, and then rollout to interested states and territories.** This would entail joint accountabilities between the line agency and the procurement unit, and should support procurement through the whole value chain - from BRII-style challenge grants through to scaling product/ services and to market assistance and exports. This would achieve the goal of building innovative businesses by better integrating and leveraging government procurement practices.

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<sup>4</sup> Australian Government 2017, *Business Research and Innovation Initiative: proof of concept*, Australian Government, Canberra, <<https://www.business.gov.au/assistance/business-research-and-innovation-initiative>>

## Towards an outcomes-based APS

It is undeniable that like most governments the APS operates in a high accountability environment. Every public service around the world has to make an impact – and needs to know if it is having an impact – regardless of the risk profile. While Australian businesses are held directly accountable to their shareholders for their performance, departments are held accountable to the tax paying public through indirect and highly politicised forums, such as Senate Estimates and Freedom of Information requests. As a consequence, **too much of the APS is still weighed down by process instead of outcomes.** Having outcomes-focused approaches can provide agencies with greater freedom to innovate in order to achieve a particular outcome. Approaches which seek to avoid risks can in themselves create gaps for new risks to emerge. Important opportunities can be missed in an environment with a strong focus on procedural approaches.

To help in moving towards an outcomes-based system, the APS could do more to engage external experts at regular intervals to review the performance of agencies. **Each department, or the APS as a whole, could be reviewed every five years by an international panel similar to the panel engaged for this current APS Review.** An independent review would offer a balanced perspective on the outcomes achieved by the Service and the efficiency of its delivery. The reviews, which will be made public, would provide the APS with a robust and independent gauge of its own performance and progress over time. The date of the five yearly reviews would be pre-set and not determined by election cycles.

At the program level, ISA is aware that there are shortcomings in Australia's innovation metrics, and we are engaged in a national activity to improve this situation in order to develop more robust and timely metrics to inform program design. We support the work that is occurring in parallel to this Review through the APS Reform agenda, including the establishment of the Data Integration Partnership for Australia (DIPA) and the Business Longitudinal Analysis Data Environment (BLADE), which are working to discover greater insights into data to ascertain impact of programs across portfolios. We also believe the proposal by economist Nicholas Gruen for the creation of an "Evaluator General"<sup>5</sup> is worthy of closer consideration, and could build on existing evaluation capabilities such as those in the Department of Industry, Innovation and Science's Office of the Chief Economist.

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<sup>5</sup> Gruen, N. 2016, *Why Australia needs an evaluator-general*, The Mandarin, <<https://www.themandarin.com.au/64566-nicholas-gruen-evaluator-general-part-two>>

### Ideas for consideration

3. Revisit requirements to identify offsets for all new policy proposals and set aside dedicated funding for innovative projects, to accelerate the development of new, grass-roots ideas and promote cross-agency collaboration.
4. Significantly increase secondments and exchange programs with industry across the APS.
5. Work in collaboration with State and Territory governments to trial and roll out ground-breaking initiatives.
6. Establish the role of Chief Executive Officer for the APS.
7. Establish the role of Chief APS Innovator to provide leadership across the APS on innovation, and to support agencies to identify and remove barriers to innovative policy ideas and service delivery.
8. Introduce new incentive structures to generate bottom-up momentum for innovation.
9. Drawing on best practice from parts of the APS and public services abroad, develop and strengthen strategic planning capabilities to better identify and seize future policy opportunities.
10. Create more space and time for APS staff to engage in creative, blue-skies thinking through likes of competitions and hackathons.
11. Seek to continually improve and leverage the Government's procurement processes as part of a broader shift towards an innovation mindset.
12. Investigate options to incrementally scale-up the Business Research and Innovation Initiative (BRII) more rapidly to achieve greater impact.
13. Increase the SME procurement target to 33 per cent of all Government contracts.
14. Build a central procurement unit with both public and private experience.
15. Establish regular, five-year innovation performance reviews of each department and the APS as a whole by a panel of similar composition to the panel engaged by the current APS Review. This will be facilitated by the current development of better ways to evaluate Australia's innovation activities and impact.

It is important that these and similar initiatives are sustained through to 2030 and beyond. This will ensure that the APS and other sectors can participate in innovative activities with the confidence that the value of those activities are appropriately measured and recognised.

### **3. The APS needs greater preparation for the digital future**

*Technology is disrupting the APS and the Government as much as it is business. The time to act is now.*

Adoption of digital technology is a strength for the Australian Government, as evidenced by Australia's 2<sup>nd</sup> place ranking in the UN's E-Government online index and e-participation index.<sup>6</sup> However, between now and 2030 the Australian economy will continue to be transformed by powerful new technologies such as AI, distributed ledgers, and advances in domain technologies such as genomics and precision medicine. We anticipate that the

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<sup>6</sup> United Nations 2016, *UN E-Government Survey 2016*, United Nations, New York, <<https://publicadministration.un.org/egovkb/en-us/reports/un-e-government-survey-2016>>

Government will become one of many players delivering value-added services based on the data traditionally held only by Government. It will be essential for the APS to develop deep technology capability and find productive ways of working alongside new external providers.

**ISA encourages the APS to continue to find new ways to deliver services more cost-effectively and to improve the experience of citizens and businesses.** As ISA observed in its 2030 Plan, “service digitalisation is vital to meet the demands of Australians, who expect more and better digital services from government, delivered to the same standard as other private sector organisations”. McKinsey’s *Digital Australia: Seizing opportunities from the Fourth Industrial Revolution* found that the digitalisation of interactions between the Commonwealth Government and its citizens has the potential to reduce total departmental expenditure by up to 12% by 2026<sup>7</sup>. This needs to occur across agencies, and not just within a single agency responsible for digital transformation.

ISA welcomes the current reforms to improve the openness and availability of Government data for use by non-Government players, which will require the APS to be prepared for technological disruption to its monopoly in the delivery of services to the Australian people. We are also encouraged by the collaboration between APS agencies and Data61, Australia’s leading data innovation group, to make regulatory rules more accessible so that new services can be developed as part of the ‘Regulation as a Platform’ initiative. The examples highlight that the future success of the APS will depend on how well it is able to adopt new technology into its core functions.

**Moving forward, ISA encourages the APS to pursue an ambitious agenda for deploying technologies such as AI and machine learning to transform Government functions.** We are particularly excited by the potential for AI-powered technologies to automate routine, administrative processes, which will help to free up talent and resources that can be re-invested to promote innovative and multidisciplinary activities in the APS. ISA also believes that AI-powered technologies will enhance the Government’s interactions with citizens and businesses. We are encouraged that some agencies, such as IP Australia and the Australian Taxation Office, have introduced AI-powered chatbots that are helping users navigate complex regulations and legislation. We envisage a future APS will be able to deploy new services leveraging AI that will offer even greater value to Australians, for example by allowing the Government to make useful predictions through big data analysis, similar to the approach in the United States where AI is applied to public datasets to predict and prevent child abuse<sup>8</sup>.

AI represents an example where joined-up thinking will be essential if the APS wishes to fully capitalise on the technology’s potential. The opportunities created by AI are wide-ranging and can benefit a range of Government activities, ranging from tax and social security to education and the justice system. It is important that the use of AI in the APS does not

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<sup>7</sup> Blackburn, S., Freeland, M. & Gärtner, D. 2017, *Digital Australia: seizing opportunities from the Fourth Industrial Revolution*, McKinsey&Company, <<https://www.mckinsey.com/global-themes/asia-pacific/digital-australia-seizing-opportunity-from-the-fourth-industrial-revolution>>

<sup>8</sup> Hurley, D. 2018, *Can an algorithm tell when kids are in danger?*, The New York Times, New York, <<https://www.nytimes.com/2018/01/02/magazine/can-an-algorithm-tell-when-kids-are-in-danger.html>>

become siloed in individual agencies. The APS must also actively foster discussions about values, ethics, and future regulations to balance the opportunities created by AI against its risks. ISA acknowledges the various communities of practice which have recently been established in parts of the APS to explore these issues, alongside the establishment of a senior inter-departmental committee to analyse opportunities for AI in the APS and to oversee the implementation of the Government's new package of AI-related Budget measures. We encourage the APS to strongly support these efforts now and into the future, and ensure deep thinking around the application of new and emerging technologies become an embedded capability within the Service.

The APS must also strengthen its ability and readiness to work and innovate in a digital economy, whether through new approaches to staff development or introducing new criteria in staff recruitment. The APS can also seize easy wins by taking up modern day productivity and collaboration tools that are in common use in the private sector. Tools of the sorts of Slack and Trello could be made available for use across the APS for non-classified work to support more effective team-based work, and alleviate difficulties faced by staff working across agency and sectoral boundaries. Tools like these can support teams by creating a shared perspective on any project, regardless of geography, and to stay connected to project teams and monitor progress while on the run.

**ISA believes that appropriate maintenance of the APS' technology infrastructure is essential to ensure the continued effectiveness of Government.** In our own work on the 2030 Plan, we have observed that critical ICT infrastructure assets in the research community have previously suffered from the absence of a long-term roadmap to plan for the investment and management of these assets – leading to an 'infrastructure deficit' which is now starting to be addressed. We urge the Government to actively maintain and upgrade its own ICT infrastructure, with the required capital expenditure factored into each annual budget. It is essential that these assets are managed as multigenerational investments, able to support the APS in keeping pace with community expectations for security, reliability, and efficient service delivery.

**If the APS can successfully deliver these outcomes, then it will be in an excellent position to be an exemplar in the use and management of data and digital technology** – with the opportunity to lead Australia's development of a national data capability. The APS has the scale and reach to recruit data expertise from around the world to train, develop, and apply advanced data capabilities on public sector priorities and, as appropriate, for secondary access by researchers and business innovators. This would require sustained investment in data custodianship, maintenance, and release across the APS – alongside ensuring that future skilled migration policies continue to support a pipeline of data scientists and technologists available to both government and non-government employers. This activity could build on the current Data Integration Partnership for Australia (DIPA) investment, which is designed to maximise the use and value of the Government's data assets to inform complex policy questions. Once scaled at the Commonwealth level, this national capability could be made available to other sectors, including State and Territory Governments.

#### Ideas for consideration

16. Strengthen the APS's ability and readiness to work and innovate in a digital economy, whether through new approaches to staff development or introducing new criteria in staff recruitment.
17. Pursue an ambitious agenda for deploying technologies such as AI and machine learning to transform Government functions.
18. Seize easy wins by taking up modern day productivity and collaboration tools that are in common use in the private sector.
19. Actively maintain and upgrade the Government's ICT infrastructure.
20. Sustain investment in data custodianship, maintenance, and release across the APS and appropriately support secondary use, while ensuring that future skilled migration policies continue to support a pipeline of data scientists and technologists available to both government and non-government employers.

#### **4. The APS will play a key role in ensuring greater trust in Government**

*Recommit to core principles – a 'frank and fearless' APS*

Reforms to the APS will be undermined if the Australian Government cannot secure the continued support and trust of the Australian community. ISA is concerned by trends of declining trust in Australia's public institutions over recent years; a 2018 Edelman report showed that trust levels amongst the Australian community towards their government are at historic lows<sup>9</sup>. If this were to continue, ISA envisage that the ability for the APS to deliver impactful outcomes will be seriously impeded.

It is a fundamental value of the Service that it exists to provide 'frank and fearless' advice to Government – yet ISA has observed multiple occasions where public servants have sought to leverage ISA as a platform to convey bold and innovative ideas to the Government, rather than using their own channels to Government. This includes instances in the preparation of this response. ISA is uniquely positioned - and indeed required - to offer an independent and whole-of-government perspective, and will continue to support the APS with its voice for innovation – an independent voice that can withstand machinery of government disruptions. However, **we are concerned that these experiences reflect a broader trend of public servants feeling that they can no longer provide frank and fearless advice to Government through their respective agencies**, and instead seek to channel them through a body such as ISA. These experiences run counter to the notion that the APS can be a bold and courageous advisor to the Government.

ISA is also concerned that partisan politics is causing uncertainty in the Government's ability to deliver stable innovation policy, in turn contributing to mistrust towards the Government within industry. We observe that in recent years agency heads are increasingly being appointed along partisan lines, while the innovation, science, and research portfolios have struggled under constant machinery-of-government changes. **ISA believes that the APS**

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<sup>9</sup> Edelman 2018, *Australia: Trust in Tumult*, Edelman, <<https://www.edelman.com/post/australia-trust-in-tumult>>

**Review should consider arrangements to more strongly de-politicise the APS in order to ensure longer term stability**, including bolstering ministerial confidence in current and future senior APS leaders through more intensive and hands-on leadership training programs of both APS leaders and ministers. These programs could provide upcoming APS leaders with greater exposure to political operations and greater exposure to a breadth of parties, including the opportunity to undertake a placement within a political office from a minimum of at least two of the major parties. Our recommendation for independent reviews of the APS every five years can also support this outcome.

**Between now and 2030, the APS should continue to draw on the wealth of knowledge held by communities and businesses.** Being able to recognise and effectively leverage external expertise – which complements the APS’s own strengths in policy and program development – will help to close the disconnect among Australians, businesses, academic and not-for-profit institutions, and the Government. Some parts of the APS already performs strongly when it comes to collaborating and partnering with stakeholders; for example, there have been many examples of the APS leveraging ISA’s expertise including:

- ISA Board members advising the Government on the design and implementation of the Biomedical Translation Fund.
- ISA Board members advising on the quantum computing venture co-investment arrangements.
- ISA’s engagement with the Department of Home Affairs on reforms to Australia’s skilled migration arrangements.
- ISA Board members providing input into the 2018 reform of the R&D Tax Incentive.
- ISA coalescing thought leadership and driving arguments through Government for ambitious national missions.

We encourage the APS to continue exploring and adopting new ways of working that promote proactive engagement with stakeholders, including user-centred approaches such as design thinking and participatory democracy methods which engages communities and businesses at the start of policy cycles. It is through close collaboration with these stakeholders that the APS can design policies and programs which are truly fit for the future.

#### Ideas for consideration

21. Re-establish the APS’s core principle of providing ‘frank and fearless’ advice to the Government of the day.
22. Consider arrangements to more strongly de-politicise the APS in order to ensure longer term stability, including bolstering ministerial confidence in current and future senior APS leaders through more intensive and hands-on leadership training and greater engagement with a breadth of political parties.
23. Continue exploring and adopting new ways of working that promote proactive engagement with stakeholders, including user-centred approaches such as design thinking and participatory democracy methods which engages communities and businesses at the start of policy cycles. This might include virtual feedback tools such as social media to promote participation, especially amongst youth.

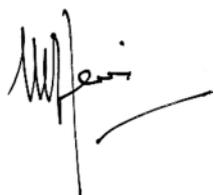
**A successful Australia depends on a successful APS.** When ISA set out the recommendation for an APS Review in the 2030 Plan, we saw it as essential in driving transformative reform that ensures the Australian Government can – and will – continue to deliver for the Australian people.

Reviews into the APS in the 1970s and 80s helped to establish a public service that was fit for purpose in those times. They show that today's Review will be a once-in-a-generation chance to re-define, re-purpose, and re-orientate the APS for decades to come. We urge the Panel and the Government to make the most of this opportunity, and use it to drive radical and transformative – not only incremental – change in Australia's public sector that will:

- Be an exemplar and leader in driving ambitious reform to secure Australia's future prosperity.
- Build a culture across the APS that promotes and incentivises innovation and risk-taking, so that the Service will be in a better position to solve common and 'wicked' challenges threatening Australia's future.
- Be able to fully leverage the opportunities created by new technologies to develop policies, programs, and services that meet the expectations of everyday Australians and Australian businesses.
- Re-build trust in Government and its institutions, ensuring the APS and its staff can continue to make the economic and social impact required to ensure enhanced prosperity for Australia to 2030 and beyond.

Thank you for the opportunity for the ISA Board to offer this input to the APS Review. We look forward to the further development of the Review, and will be pleased to offer our advice as and when it is needed.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Bill Ferris', with a long horizontal flourish extending to the right.

Bill Ferris AC

22 August 2018