Submission to the APS Review

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Overview

This submission reflects recent research on Anglophone systems in the 2010s, and only covers a few of the potentially wide-ranging questions confronting the Review. The deadline for the Review has meant that several important questions have had to be omitted, including options for addressing problems identified.

Several of the comments and generalisations derive from analysis in a forthcoming book: Halligan (2018); and are also informed by thirty years of publishing on public sector reform in Australia and the Anglophone countries.

Much of what is in this submission has been referred to in official reports on the Australian public service. There are also many questions that need systematic documentation and analysis, and it is to be hoped that the Review will undertake such work to buttress the historical significance of this exercise.

There is a case for arguing that the Australian system has been more ‘politicised’ and bureaucratised than comparable Anglophone countries. There have also been significant capability problems, and this has applied to both the public service (and often to ministerial offices), which has had an impact on the quality of public policy and governance.

The system of public management and governance has been unbalanced in terms of internal and external roles and the relationship between ministers and secretaries. Unless Australia seeks to address the weaknesses in the system it will drift without being able to confront properly the questions that political executives want addressed.

Politicisation

By politicisation is meant the expansion of the political realm within the executive branch. Ministerial leadership and their agents (advisers and other staff) have become integral elements in government, and they perform legitimate roles. The debates are about how they may operate in practice and the consequences of less constrained behaviour.

The basis for arguing that Australia is higher on politicisation than other Anglophone countries (with the possible exception of Canada) is ministerial roles and behaviour, the role of the prime minister’s office, ministerial advisors (numbers and roles), and the process of appointments and terminations. Note that these indications refer to the propensity of the Australian system to operate at the high end at certain points in times. There are notable variations between prime ministers and ministers.

Australia has shared issues with other countries: the environmental pressures on ministers, continuous electioneering, the fixation on the short term, the hyper demands of policy active ministers, and department heads’ sensitivity to stances that can be career threatening.

The overt and apparently arbitrary displacement of secretaries is an Australian speciality. Australia has also been distinguished by the practice of new governments choosing the chief advisor i.e. the head of the DPMC (Canada may be the closest of the Anglophone countries, although Canadians have contested this). Debate and party polarisation have also now become associated with two other central agency positions: the Public Service Commissioner and the secretary of Treasury. No other Anglophone country has this record for central agencies.

*Bureaucratisation*

Debureaucratisation was central to the early managerialist reform agendas in Australia, yet within two decades *internal* ‘red tape’ was diagnosed as an expression of a generalised condition (Shergold 2003). Five public inquiries have since addressed the issue in less than a decade, two mapping its growing incidence and three focusing solely on red tape. A comprehensive reform review derided red tape because it reduced agency agility and the capacity to achieve objectives and was regularly mentioned as an issue in consultations with public servants who specified the volume of regulatory and compliance requirements (AGRAGA 2010). A major challenge was removing unnecessary red tape according to a review of financial accountability, which declared that the compliance burden would increase with regulatory creep if inaction persisted (DVD 2012).

The position was deemed to be a whole-of-government matter by the most recent and definitive review, the issues applying across the public service. Regulation was excessive, inefficient, unclear and inaccessible, and embedded in a risk averse culture (Belcher 2015). The level and volume of internal regulation was growing (covering more than 600 documents entailing 8,000 requirements) and had increased since the previous count five years earlier. The inefficiencies derived from the scale of data collected, and compliance reporting that involved duplication and wasted resources, and the level of ad hoc reporting on specific tasks without a clear purpose. Confusing regulatory requirements created further problems because it was unclear whether compliance was mandatory and meaningful guidance was lacking. Many practices existed that were not required for internal control purposes and added to the burden of process (Belcher 2015).

*Risk aversion*

Risk aversion is the behaviour of ministers and public servants who seek to reduce uncertainty by choosing lower risk options and adopting measures or regulations that cover activities with compliance requirements. It was often closely related to red tape, the negative side of regulation. All Anglophone countries have had a problem with risk aversion, but it has been deep-seated and systemic in Australia (and Canada) during the 21st century.

The striking feature in Australia was the pinpointing of the problem in major reviews by central agencies during the 2010s: the Blueprint for reform advocated reducing red tape from excessive risk aversion (AGRAGA 2010); risk aversion was reported to be growing and dominating departmental culture (APSC 2014); of 18 capability reviews, risk aversion was at significant levels in 72 per cent (Belcher 2015); and was embedded in officials’ psyche and practices (Independent Review 2018).

Four sources of risk aversion have been identified: ministers concerned with media demands and the focus on the ‘gotcha’ function, public scrutiny and electoral factors; central and oversight agencies reporting, and accountability demands on departments; fear of failure and external scrutiny; senior management afflicted by politicians’ angst and the public accountability framework, and other staff afflicted by all the above.

There are strong indications that the Australian public service is more prone to risk aversion and over-regulation than other Anglophone countries.

*Innovation and risk*

A central aspiration, innovation, has often been thwarted. A stronger fixation on risk emerged internationally with the interest in innovation, but similar patterns have been apparent: innovation was often directly and negatively linked to either the inability to manage risk or managers’ unwillingness to undertake risk. The trend towards a compliance culture had adverse effects. Innovation was restricted by systemic risk aversion and decision making centralised at senior departmental levels (Belcher 2015). The imposition of ‘red-tape standardisation’ on delivery agencies stifled creativity and weakened innovation (Shergold 2013). Unless risk aversion can be addressed, the public sector is expected to lag behind other sectors in responding to technological change and citizens’ expectations (Independent Review 2018).

*Risk management*

Implementing risk management has been a hard slog: the APS has grappled with making risk management work effectively, and some progress has occurred, but it remained variable across the system. In organisational capability assessments, risk management ranked poorly; two-thirds of Australian agencies ranked below the required level (APSC 2013). Risk management was often a compliance exercise rather than a way of working’ (APSC 2014). Risk practice has remained relatively immature. A more effective risk culture is unlikely without support from political leaders (Independent Review 2018).

Policy capability

Policy capability is an integral component of the public management system but has been identified as an ailing field in the 21st century that was not readily amenable to resuscitation. The public service’s policy role changed with the rise of managerialism as senior executives and department heads were expected to manage and their role within the advisory system was reduced as political executives became more assertive (Halligan and Power 1992). Studies have since reported that the policy capability of departments has been eroded, and their policy expertise valued less. An official view was that the policy capability of the public service required strengthening, particularly innovative and strategic advice (AGRAGA 2010). The ambiguous status of the policy role of departmental secretaries was such that it required legislation to revive it as a formal responsibility of departmental secretaries (Halligan 2013).

Specific details about the loss of departmental policy capability offer insights about the extent of the problem. Capability reviews were used to provide systematic assessments of departments’ capability from 2011-15. Departments varied widely in terms of the quality and extent of their policy capability, ranging from well-developed to laissez faire, but were generally weak on six dimensions: policy development, strategy, research and analysis, policy implementation, stakeholder engagement and evaluation (Halligan 2016).

There were substantial variations in departments’ ability to offer choices, ground advice in evidence (particularly where departments had a large data base), draw on effective consultation internally and externally, and be forward looking, other qualitative factors varied. Most departments either lacked a strategic focus or made inadequate provision for it or simply neglected it in practice. Strategic policy was often ad hoc and siloed. Departments were reactive and disinclined to be forward looking, which was attributed to day-to-day pressures and issues, a culture of problem-solving, and a prevalence of tactical and transactional considerations. There was a need to recognise strategic policy development as a capability, organisationally and within a policy framework aligned with departmental objectives. The policy and implementation relationship was a perennial issue. For departments, there was often a lack of systematic feedback loops from the service delivery coalface to those who developed policy and designed national programs. Departments generated rich intelligence from the interactions of networks with clients and service providers, but the evidence was largely untapped or unstructured in being relayed back to the national office. Stakeholder engagement on policy was a pervasive theme, but consultation was usually inadequate for various reasons (e.g. too late or lack of proper engagement). Evaluation was not formally embedded in contrast to other countries (e.g. Canada), and was patchy or under-developed, except for several departments. The most telling result was the passive approach to policy overall, which was reflected in the relative lack of policy advocacy and leadership (Halligan 2016).

Some departments have been able to maintain a core capability, but there is apparently no analysis of how much departments’ position has improved under resource constraints. We have it on the authority of the head of DPMC that consultants have been used too much (by some departments) and that policy capability has continued to be constrained. Some ministers do not take kindly to policy leadership by departments.

New Zealand and the United Kingdom have given the most attention to improvements to the policy function through mounting programs for developing the policy profession. This investment in centrally-led professional networks has had some impact in raising consciousness, enhancing skills and professionalisation in the policy field. The question remains as to the extent of the impact on capability and policy advice. In contrast, Australia has no comparable generic networks and no apparent consciousness raising.

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