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| ATO Submission Review of the Australian Public Service |
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# Introductory statement

The APS should be striving to provide policy advice and services that are contemporary, fit-for-purpose, streamlined and integrated.

The APS needs to further embed a “culture of service, accountability and collaboration” that supports a whole of government approach to the delivery of services and the sharing of assets and resources; information, research, experience and expertise.

This whole of government approach should enhance Australian citizens’ experience with all their touchpoints across APS agencies, ultimately minimising the requirement to transact with government.

This will require a preparedness and willingness by all areas of the public service and government to take a more holistic, citizen-centric approach that includes shared risks and accountability for outcomes across agencies.

# The ATO’s Key observations

1. The ATO believes that for the APS to be best placed to serve Australian governments and the community into the future, it is essential there is visible, cohesive leadership and a clear strategic vision for the APS delivering on the principle that a citizen’s interactions with government are as integrated and seamless as possible. In making our submission to this review, the ATO considers there are three priority areas where this review can have the most impact in meeting this objective:
* Leadership, Accountability and Funding Models across Whole of Government
* Leveraging data across the Public Service to enhance the Citizen Experience
* Consideration of Whole of Government approaches to people and resource management

## Leadership, Accountability and Funding Models across Whole of Government

1. While the need for a whole of government approach, where appropriate, is currently widely accepted, the issue remains of how this is most effectively delivered. It is essential the APS establishes clear leadership and accountability models that require both collaboration and timely delivery of whole of government initiatives across agencies.
2. The ATO considers there is potential for stronger and more effective collaboration between agencies across the APS. This can lead to government services that are more integrated and seamless. To be effective, collaboration activity must be balanced against the need to remain agile and responsive in a fast changing environment.
3. For example it is clear that the APS needs to become more agile to address the regulatory and administrative issues caused by digital disruption. Too much collaboration activity (such as meetings for meetings sake) can adversely impact on actually achieving outcomes. Where processes are overly governed, it leads to too many decisions being made ‘by committee’ which in effect dilutes accountability for delivering outcomes within appropriate timeframes. Information technology and community expectations are moving quickly. Long term projects can no longer be the norm; otherwise the outcomes will be outdated before they are delivered.
4. Akin to the current approach for Memoranda-of-Understanding (MOU) that govern working relationships across public sector entities, one of the things that would support the culture of collaboration would be the development of a consistent set of principles for working together. These might include principles for:
* shared accountability and consistency regarding expectations and arrangements for consultation;
* shared objectives and outcomes;
* roles and responsibilities, especially when one agency takes the lead on an initiative;
* drawing on strengths of existing capabilities;
* shared risk management; and
* dispute resolution.
1. In addition to formal MOUs and principles, it is important to promote and support effective working relationships at all levels of an agency, including with agency heads. A strong top leadership team of the APS will help foster the culture and environment for collaboration within the Service.
2. Government policies and the associated services that are provided to citizens need to be designed with the complete citizen pathway/lifecycle in mind, highlighting the touch points a citizen will have with multiple agencies and leveraging off natural systems that already exist. While policies are developed with clear beneficial outcomes, the administration of policies and their possible consequences must be fully understood before they are enacted.

**Funding models**

1. The ever accelerating change in our operating environment is impacting on the make-up of workforces, the use of information technology and data analytics, as well as the nature of citizen expectations. As such, financial arrangements across the APS need to allow for greater flexibility in supporting the most effective delivery of whole of government outcomes.
2. Funding needs to be focused on ‘investment’ and transforming whole of government services rather than solely on ways to realise efficiencies and cut costs. The funding model should be explicit regarding impact on the triple bottom line – not just financial, but environmental/ecological and social aspects as well. Rather than a focus on effective spending of amounts allocated to individual agencies, spending against priority government outcomes and effective delivery across agencies will be increasingly important. Our view is that any future funding models need to support this approach.
3. A greater focus on cross agency delivery of outcomes brings with it the need for better and consistent effort recording across the sector, which more effectively attributes costs against government programs. Greater attention needs be paid to whole of government arrangements and ensuring benefits are both realisable and realised.
4. The APS funding model should allow flexibility for different business models - reflecting the balance between economies of scale (such as shared services) and specialist functions or competitive tension. Shared services is not the answer for everything or everyone but should be utilised where sensible. Where agencies have historically accessed savings to achieve optimised effectiveness and these savings are now being harvested through whole of government arrangements (such as shared services or services on behalf of another agency), future funding models need to reflect that these savings are no longer available within an agency.
5. A future APS funding model should also provide clarity around the cost of doing business with government rather than attracting premiums to manage uncertainty. Current procurement restrictions can sub-optimise the value and value for money to be gained from contracts.
6. The model should additionally provide further flexibility in dealing with commercial entities, for example by positioning the Commonwealth to forego value, where appropriate, through a trade off in costs. For example, the development of some intellectual property is of no value to the APS but is of high value to a commercial entity. Accordingly, the APS should not give up its intellectual property for free; but nor should it hold on to it when its commercial value is higher than its value to the APS.
7. The future funding model for the APS should also consider the current non-discretionary levies on agencies for centralised services that are not contested. For example, APS agencies are required to pay a levy to the APS Commission for training and development regardless of whether or not services are meeting the needs or even used.
8. A review and re-baselining of agency funding is required as we move to the APS of the future. A specific focus needs to be given to appropriate funding of endemic and constantly evolving risks, contrasted with the funding model for one-off programs to address transient risk.

**Servicing regional areas**

1. Providing services to citizens in regional areas particularly highlights the need for agencies to operate with a whole of government mindset. Citizens in regional areas tend to have more limited access to certain technology based services and infrastructure. The capacity for many government services to be delivered at a single location significantly enhances the experience for citizens in regional areas, noting that agencies have been reducing shopfront-style services recently.
2. The current operating model of the APS, including funding models, staff flexibility, and information sharing, creates considerable hurdles for this to happen. In particular there is pressure for regional offices to deliver their agency specific “business as usual” work, in preference to working with other agencies to offer “whole of government” services to their region.
3. There are also challenges presented to APS staff in regional areas who wish to access training and development opportunities, particularly when those opportunities are delivered in a “face to face” format. These challenges arise due to a combination of more limited offerings in the regional areas and the disproportionate impact of a user-pays system on staff and agencies in regional areas (for example due to the need to meet both course and travel costs).

***What needs to happen***

1. Digital disruptions are increasingly having implications for multiple agencies, which currently have different views of their accountability (or lack of) to deal with associated risks and issues, their expectations around speed of response to issues and how they collaborate with other affected agencies. This illustrates why whole of government leadership is increasingly important into the future. To create a “culture of service, accountability and effective collaboration” that supports a whole of government approach, the APS needs to take a more centralised leadership approach to set an integrated strategic agenda.
2. Specific agencies need to be given the mandate to lead a collaborative approach across the APS to deliver particular services or functions or deal with emerging risks or issues. This mandate must be accompanied by the appropriate funding and authority to make expenditure decisions to ensure delivery across whole of government. This mandate must also ensure that directives from the lead agency are not optional and, as such, the lead agency accordingly takes ultimate accountability for delivery, with appropriate support and advice from all relevant supporting agencies.

## Leveraging Data across the Public Service to enhance the Citizen Experience

1. Having the APS make better use of the data that exists in both the public and private sectors is of the utmost importance. An effective use of data has the ability to improve the citizen experience with government benefits and regulation, assist government agencies in fulfilling their statutory duties, and realise efficiencies.
2. As one of the main collectors of data in the public sector, the ATO is one of the nation’s most important data custodians. The ATO is dedicated to assisting the Government to have a clear unified message when dealing with the public’s data. As such the ATO believes it is imperative that the Government has clear strategies around how data should be used (both in the public and private sector) and how data should be shared:
* amongst all Australian government agencies;
* with state and local government agencies;
* with private sector organisations; and
* with international public and private sectors.
1. To this end, the ATO supports the findings and recommendations from the 2017 *Productivity Commission’s report into Data Availability and Use.*

**Data sharing to improve the Citizen Experience**

1. One of the greatest irritants to citizens when dealing with government, both in their capacity as individuals and running businesses, is the current requirement to separately interact with multiple agencies. A single ‘client facing’ government approach is needed to streamline the number of touch points citizens have when dealing with government. This requires a new way of thinking to empower an agency to deal with all of a citizen’s issues across government, including different levels of government (for example issues relating to tax, social security, veterans’ affairs and licencing). This would require a whole of citizen view to both using citizen data and engaging with citizens. While a long term goal, this approach would solve a major irritant for citizens, making interactions with each of the systems they must deal with seamless.
2. At the centre of this seamless experience for citizens is the ideology of ‘tell us once’ – so that essential data can be shared across agencies. To mitigate the discomfort regarding the required level of data sharing which exists in some areas of the community, there is a need for an informed public debate and education campaigns. The recent public discourse regarding ‘My Heath Record’ and associated concerns regarding protecting personal data highlights the need for public education in data security and associated ethics. Different generations have differing views when it comes to how their personal data is shared and used. Public debate and education would therefore create a more contemporary public view of the benefits and risks of capturing and sharing data in delivering government services.
3. Citizens need to be educated in how institutions use and share data and the actual benefits to their experience that can be provided. Even more importantly there needs to be clear awareness of what protections exist to maintain privacy and ensure ethical boundaries are not crossed. This message needs to be clearly articulated to dispel the myths around the collection and use of the data that is held by governments and the private sector.
4. Collating personal data into micro-segments to understand common behaviours and preferences would also provide a radically different approach to designing, tailoring and executing both public and private sector products and services.

**Data sharing to assist government agencies**

1. Across government agencies there is a large issue with identification of members of the public, and at the heart of this is data quality and completion. Partial visibility of a member of the public is adequate for providing a single isolated service but does not allow for a set of seamlessly integrated services. Proper, complete, validated and contemporary data, not partial or old data, is required to provide the services we envisage.
2. Barriers need to be removed, including legislative change to allow agencies to share data, in order to understand an individual’s complete relationship with government. Removing these barriers allows agencies to tap into natural systems, including accessing data collection platforms created by other agencies for particular purposes. This would enable the use of that data for different purposes while negating the potential costs associated with building an almost identical platform within individual agencies.
3. Understanding an individual’s complete relationship with the public sector gives a complete picture as to how an individual is meeting their obligations while at the same time potentially accessing government services and/or benefits. At present these functions effectively operate in complete independence, which can lead to unwanted scenarios. For example, a taxpayer (whether an individual or business) can be deliberately not meeting their tax obligations while still accessing government benefits they would otherwise not be entitled to should their true financial situation be known to government. Conversely a taxpayer could be meeting all their obligations but because of a lack of shared information they are unwittingly incurring substantial debts to government.
4. Just as data sharing is required across all levels of government within Australia to promote effectiveness and efficiency, there is a similar need when dealing with international counterparts. Global developments will accelerate over the decades ahead. Our experience in providing leadership at the G20, Organisation for Economic Co-operation and Development (OECD) and the Joint International Tax Shelter Information Centre (JITSIC) in relation to international tax matters (for example, common reporting) may be increasingly important in supporting the Australian economy into the future. Similarly the APS, as a whole, will increasingly need to provide international leadership towards greater commonality of regulation and reporting obligations to provide more seamless international interactions with Governments.

***What needs to happen***

1. The current limitations on data sharing, outside of legislative requirements or formal MOUs, results in billions of dollars of inefficiency in the Australian economy. An improved seamless use of aggregated data sets would result in a positive material effect on the lives of citizens through improved services as well as making it easier to run businesses. However in order to obtain these benefits, it would require the use of both public and private sector acquired data.
2. Further to improving the seamless sharing and use of data, there is also the need for data interoperability and integration standards, so that there is a consistent format for data when it is sent and received across agencies. Similar standards already exist across many of the major private technology companies. To fully take advantage of the opportunity, these changes need to be implemented quickly, with clear leadership and backing from the Government with prominent visibility to build trust in the public arena. There needs to be a single accountable authority which can centrally mandate, govern and fund the key changes required.
3. The 2017 *Productivity Commission’s report into Data Availability and Use* recommended the establishment of an Office of the National Data Custodian (NDC) to provide broad oversight and ongoing monitoring of, and reporting on, Australia’s national data system and associated legislation and advising on ethics and emerging risks and opportunities in data use. In this regard, the APS should draw and learn from the experiences associated with the operation of the Digital Transformation Agency in seeking to deliver initiatives that allow the community to deal with government digitally.

## Consideration of Whole of Government approaches to people and resource management

1. To create a more dynamic, flexible and effective workforce across the APS into the future, a whole of government approach is required for the management of a contemporary APS workforce to match the core business of the APS. This requires whole of government future workforce planning. In order to achieve this there needs to be a common job and capability framework to enable the APS to be strategic and flexible and to move resources where they are most needed. Consideration may be given to whether the APS can adopt approaches from large private groups, which operate multiple companies and freely and fluidly move staff between those companies under their umbrella to cross skill staff and meet work demands. Mobility across agencies, especially at the SES level, is vital and achievable, while balancing this against the need to ensure the right level of professionalism and capability for more specialist roles.
2. This need for mobility and flexibility needs to be balanced with the personal interests of potential recruits when attracting talent to the APS. Generic processes for entry level programs and bulk recruitments may have negative effects on the quantity and quality of applicants.
3. In addition, to maintain the right level of talent in the APS, a contemporary approach to recognising and rewarding performance is required, as is the appropriate management of non-performance.
4. The APS needs to understand the emerging risks to its workforce model to cope with the changing ways people are earning an income. Regardless of whether it is the APSC or another centralised agency that has responsibility for this, that agency needs to be given the authority and resourcing to mandate the required changes across government.

**Employment Framework/Workforce Model**

1. Agencies are facing an increasing pressure to be able to bring in staff quickly to meet specific demands. However, the employment process and procedure under the existing framework are a hindrance to this occurring. Again this is a case of bureaucracy having an adverse effect on agility and efficiency.
2. Multiple employment types which are managed differently create inefficiencies in managing personnel. A clear example is the inability to make a long term non-ongoing employee or an employee on long term higher duties permanent in those roles, regardless of performance levels. There needs to be some flexibility in the framework to allow staff who have proven themselves capable to be made permanent in that role. However, in creating this flexibility care must be taken to ensure opportunity still exists to potential candidates and remove any perception of nepotism.
3. Within the APS, there is a need to review the rules governing agency employment to support a more flexible and nimble workforce. With the growth in labour hire and contractor services and an expansion of sharing arrangements, consideration may be given to what this means for future government employees and how agencies manage their workforce through peak and trough periods.
4. In addition, the review may usefully consider how the APS continues to attract and maintain the necessary skills and capabilities in this contemporary environment. It may be argued that the current model of ASL and employment arrangements does not support people having a mix of income from salary, contract and sharing services work.

**Flexible working arrangements**

1. Flexible working arrangements offer agencies more adaptability in being able to meet changing workload demands, however while they are becoming more common, negative connotations remain which mean they are not widely embraced. A common example is that staff budgeting is tied to ASL caps as opposed to the actual dollars spent. In addition, the application of certain APS superannuation schemes do not lend themselves to older staff transitioning to reduced hours, which is at odds with the national policy of keeping Australians in the work place longer. Forcing older staff to leave the APS to seek reduced hours results in an unnecessary loss of experience and expertise.

**Enterprise Agreements**

1. Allowing all agencies to negotiate their own agreements, within a very narrow framework creates significant inefficiencies. Efficiency gains could potentially be realised by allowing agreements to be negotiated as one or in clusters (potentially by portfolio).

**Core policies that apply across the Whole of Government**

1. Due to APS guidelines issued by the APSC not being directives, individual agencies are not able to rely on those guidelines when trying to apply disciplinary actions such as code of conduct sanctions.
2. If there are common standards that all public servants should be held to, these should be mandated to apply across the whole of government. This provides clear criteria for entities to comply with and a consistent view for government and for citizens. Further it potentially eliminates excessive internal processes imposed by some agencies and creates a standardised approach to reporting and transparency, thereby reducing red tape and duplication. This potentially alleviates compliance and reporting burdens for smaller entities.
3. On the other hand, a possible hindrance for standardised policies may be an oversimplification of a diverse array of operating contexts, potentially leading to a decreased scope for individual agencies to develop internal policies that are fit for purpose and flexible. There needs to be a well thought out and balanced view, with guidance from a central agency such as the APSC or PM&C.

***What needs to happen***

1. The APS requires a whole of government approach for the management of a contemporary APS workforce. This approach includes developing a common job and capability framework for the entire APS and core policies that apply to all APS staff. In conjunction with the broader strategic realignment of the APS heading into the future, the workforce framework needs to articulate the future skills and capabilities required for the APS. In terms of the APS increasingly needing to provide international leadership, this might require a wider APS skills base in diplomacy, non-English languages and cultural understanding beyond traditional Foreign Affairs agencies and also require a need to build international relationships beyond the traditional international partners.

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