



everyone's family

Review of the Australian Public Service

Submission to the Independent Panel

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Overview of The Smith Family

The Smith Family is a national charity founded in 1922 to improve the lives of disadvantaged children in Australia. Almost a century on from its founding, it is now the nation's largest children's education charity.

Our vision is a better future for young Australians in need. Our mission is to create opportunities for young Australians in need by providing long-term support for their participation in education. This mission is founded on the belief that every child deserves a chance.

Our mission guides every element of our work, including program development and delivery, research, advocacy and fundraising. The Smith Family delivers programs in each state and territory in Australia, in over 90 communities, including many regional and rural communities.

In 2016-17, The Smith Family supported more than 151,000 children, young people, parents, carers and community professionals through its programs. Over 120,000 children and young people participated in programs run by The Smith Family. This includes almost 39,000 children and young people participating in our largest program, *Learning for Life*.

In 2016-17, The Smith Family's total income was approximately \$100 million. Around 70% of this funding comes from private donations from individual supporters, corporate partners, universities, trusts and foundations, and bequests. There are over 230 partnerships helping to sustain our programs. Only a quarter of The Smith Family's income is sourced from different levels of government.

As part of our leadership and collaborative work in the sector, The Smith Family is a member of a number of organisations and represented on a number of advisory groups and boards, including the Community Council of Australia.

1. Introduction

The Smith Family welcomes the opportunity to provide a submission to the Independent Panel (the Panel) on the Australian Public Service (APS). The APS is a unique national institution safeguarding the public interest. It is tens of thousands of talented people dedicated to public purpose and ethical service to the community, be it in the departmental headquarters in Canberra or providing essential services across the country. The APS connects in some way with all Australians.¹ Equally, all Australians should be concerned with the performance and capability of the APS. Reforming the APS to better function in the present era is crucial for three chief reasons.

Firstly, to ensure that the APS is positioned to best meet community need. Australia is faced with a series of complex long-term policy challenges on which we are failing to make sufficient progress. It is crucial that the APS is recalibrated to better tackle these and other challenges, and in doing so, make a meaningful positive impact in peoples' lives. This recalibration requires greater evidence-led policy development and improved service delivery.

Secondly, the APS is fundamental to protecting and promoting a vibrant, diverse and democratic nation, where civil society and business have strong, durable voices in shaping public policy.

Thirdly, an active, impactful and accountable APS can help restore public confidence in Australia's democracy. Australians' trust in their political system has been waning significantly over the past decade. The Edelman Trust Barometer highlights that in both 2017 and 2018, only about one-third of the general population trust the institution of government.² In the 2018 survey, government was listed as the institution most broken (56% of respondents) when compared to media (17%), business (6%) and non-government organisations (4%).³ However, Australians are waiting to have their confidence and trust restored. According to Edelman in 2018, Australians still think that government remains one of the main actors in creating a better future.⁴

The APS is pivotal in helping our country maintain, and hopefully improve, its quality of life, in protecting the openness and vibrancy of our society, and in safeguarding our democracy against the perpetual tumult of the 21st century, including the challenge presented by alternative, anti-democratic governing models.

¹ Advisory Group on Reform of Australian Government Administration, *Ahead of the Game: Blueprint for the reform of Australian Government Administration*, March 2010, p 2.

² Edelman, '2018 Edelman Trust Barometer – Australia Results', p 9.

³ Edelman, '2018 Edelman Trust Barometer – Australia Results', p 11.

⁴ Edelman, '2018 Edelman Trust Barometer – Australia Results', p 11.

The main points that The Smith Family makes in its submission align with the Terms of Reference, and are as follows:

- The Panel should draw on existing research examining the state of the APS and build on findings and recommendations from previous inquiries where relevant.
- The Panel should take a holistic approach to the role of innovation in driving meaningful change, and go beyond a focus just on productivity or economic impacts.
- The APS must be recalibrated into a structure, and develop a culture, more suitable for tackling contemporary national policy challenges. This includes investing in necessary capabilities to ensure the APS workforce thrives.
- The APS needs to improve its relationship with the community it serves. This includes in particular how it designs and delivers services.

These are outlined in more detail below.

2. Building on existing research into the APS

Credible research examining the state of the APS and ways to improve its functioning is already available to the Panel. In particular, a formal government review was held in 2009, when the Australian Government established an Advisory Group, comprised of senior public servants and leaders from business and academia, to review Australian Government administration and develop a blueprint for reform. The Advisory Group undertook an extensive consultation process, including with the APS, the wider public and received more than 200 submissions.

The Advisory Group's final report, *Ahead of the Game: Blueprint for Reform of Australian Government Administration* was released in March 2010. The findings and recommendations of this report remain pertinent. It identified major, complex, cross-portfolio public policy challenges at the domestic and international levels, which, relevant to The Smith Family, included the quality of Australia's education and skill base.⁵ It also assessed the performance of the APS, and laid out a roadmap for reform, which, included the following recommendations which remain relevant today:⁶

1. Delivering Better Services for Citizens,
2. Creating More Open Government,
3. Enhancing Policy Capability, and
4. Reinvigorating Strategic Leadership.

The Smith Family recommends that the Panel build on this expert work, utilising it as much as possible, as well as updating the findings, trends and recommendations where necessary.

⁵ Advisory Group on Reform of Australian Government Administration, *Ahead of the Game: Blueprint for the reform of Australian Government Administration*, March 2010, p 9.

⁶ Advisory Group on Reform of Australian Government Administration, *Ahead of the Game: Blueprint for the reform of Australian Government Administration*, March 2010, p ix-xi.

3. Role of innovation in reforming the APS culture and practice

The APS as an institution needs to build a common culture of innovation. It needs to see innovation as a 'means' to improve economic and social outcomes, rather than 'an end' in itself.

The Smith Family provides services to over 151,000 children and families in 94 communities across Australia. Given the scale and complexity of our work, innovation is an important element in continuously improving both our organisational culture and our educational services. From The Smith Family's perspective and experience, what is required for the APS is not formulating large-scale innovation strategies or striving to 'be innovative' per se but rather creating meaningful change using innovative methods across all areas of work. Whilst the Panel is interested in recommendations regarding 'driving innovation and productivity in the economy', we would recommend that the Panel take a more holistic approach to how the APS can best use innovation across the entire machinery of government.

The Smith Family has adopted a definition of innovation developed by Inventium⁷ for application across every area of its activity, which is 'change that adds value'. This definition means that all staff can bring an innovation lens to their work, regardless of their level of seniority or portfolio. We have an organisation-wide innovation strategy and have embedded this approach in our annual performance development agreements. This in turn is helping build a common culture of innovation.

Additionally, we are rolling out an innovation-themed program for finding creative solutions to various business challenges that can be tested and rolled out quickly. We can then capture learnings to apply to other areas of our organisation. We have also established a Research and Development Incubator to develop different techniques aimed at improving our programs for children and young people, which will be trialled and tested quickly so that we learn, improve and adapt new ideas for wider rollout to the communities we serve. This incubator is charged with looking at various aspects of our services, for instance, how we improve parental engagement in their children's education, how we better help build children's resilience and wellbeing, or how we improve their transition from school to work or further study and training.

Similar to these examples, a range of other civic and corporate organisations are working in the area of innovation. Their experiences can help inform the APS of lessons learnt.

4. Positioning the APS to tackle major public policy challenges

Australia is presently not well placed to tackle whole-of-society challenges with whole-of-government, cross-jurisdictional and cross-sectoral strategies that make best use of available resources and capabilities. One crucial component in rectifying this problem is recalibrating the APS to be fit-for-purpose for the 21st century.

⁷ Inventium, ['What does innovation actually mean?'](#), 21 April 2015.

New operating models should be developed in order to harness the abilities and expertise of the APS to the fullest potential. This includes supporting the APS to develop additional, requisite skills relevant to the contemporary era of policy-making and service delivery.

The APS has operated in a similar manner for almost 40 years. Due to a lack of comprehensive reform to structure and purpose, a reliance on outsourcing for major service delivery, and a sustained focus on curtailing the workforce headcount⁸, the APS is currently not well placed to deal with major national public policy challenges. The Panel must reassess the present collection of individual portfolios and agencies, because the services and policy initiatives offered do not adequately match the scale, complexity and entrenched nature of these challenges. It must also determine the best way to reinvest in APS capabilities, including public policy development and data and research literacy skills. Doing this will help ensure the APS adapts, thrives and continues to deliver significant, positive impacts for the community. This is a significant reform challenge, but one offering significant reward when done successfully.

From the perspective of The Smith Family, entrenched inequality, and increasing numbers of Australians living in poverty and disadvantage are relevant challenges highlighting the difficulty the APS has in designing, developing and delivering impactful policy solutions. Inequality is one of the defining problems of our era. The OECD argued in 2015 that inequality is a fundamental issue when considering how growth is distributed across societies.⁹ Contemporary research demonstrates that inequality is stagnating at best, and widening at worst. Wealth inequality in particular is more pronounced in the last five years.¹⁰

Of particular concern to The Smith Family and Australia's long-term economic and social wellbeing, is that 1.1 million Australian children and young people live in poverty and the number is rising.¹¹ These young people are at significant risk of experiencing long-term negative life experiences. Significant numbers of adult Australians are living in poverty, particularly single parents, those experiencing long-term unemployment and people with a disability.¹² Poverty has a negative flow on effect in people's lives. For instance, poor Australians have limited capacity to find quality, secure employment in a rapidly changing labour market, especially so for young people and women.¹³ Poverty also impacts a person's health, their overall wellbeing and their capacity to contribute to the community. There is also no standard national measurement on poverty for which to make consistent, longitudinal national comparisons.

⁸ Burgess, Verona, '[Burgess: have public service cuts given us small government?](#)', 20 April 2017.

⁹ Whiteford, Peter, '[Good times, bad times](#)', *Inside Story*, 5 July 2018.

¹⁰ Sheil, C, & Stilwell, F., '[The ABS is wrong: inequality is getting worse in Australia](#)', University of New South Wales Newsroom, 18 September 2017; Clarke, C., '[RBA Governor says inequality getting worse, contradicting Scott Morrison](#)', ABC News, 27 July 2017.

¹¹ Social Poverty Research Centre & Australian Council of Social Services, *Poverty in Australia 2016*.

¹² Social Poverty Research Centre & Australian Council of Social Services, *Poverty in Australia 2016*.

¹³ Australian Bureau of Statistics, '[Spotlight on Underemployment](#)', 6202.0 – Labour Force, Australia, November 2016.

Combatting these and other challenges requires the APS to be able to develop concerted, long-term policy responses. However, our current responses to these and other major challenges is piecemeal and incoherent, often slipping between the gaps of different Commonwealth portfolios. The APS is not set up to devise and execute whole-of-government strategies to such whole-of-society problems because they do not fit neatly into the current silos of the public sector. The additional challenge for the APS is that these responses will also often need to involve other jurisdictions and sectors. As a result, it is difficult to execute a coherent, coordinated and collaborative strategy that makes inroads on these inequality and poverty trends.

This difficulty was exemplified in Australia's Report on the Implementation of the UN Sustainable Development Goals (SDG). Australia has committed to the SDGs which include objectives of eliminating poverty and reducing inequality. The Report demonstrated that there is no coordinated strategy to meet either objective. Instead, because of the structure of the APS we largely rely on respective, individual departments to provide 'business as usual' services to address poverty and inequality over time.¹⁴ The report argues that by offering individual programs in education, employment and social security, Australia will eventually make inroads into poverty and inequality. A 'business as usual' approach is insufficient and we are failing to make a deep impact on the problems. An important component of changing this reality is reform of the APS and maximising its capacity and abilities.

There are important lessons that can be absorbed from comparable jurisdictions abroad when considering how to reform the APS. For instance, the New Zealand approach to poverty reduction is a leading example of how to create coordinated, long-term public sector responses to whole-of-society challenges. In February this year, the New Zealand Government introduced legislation aimed at addressing child poverty, acknowledging the importance of the SDG.¹⁵ The Bill includes the development of a child wellbeing strategy and measures for how success will be determined and reported on, both in the short and long-term. Australia need not reinvent the wheel on public sector reform, but rather learn from the practice and progress of neighbours and allies alike, adapting it to our own particular circumstances and governance arrangements. The Smith Family therefore welcomes the establishment of the international reference group to advise the Panel.

Our inability to deal with poverty and inequality is a demonstration of why the APS needs to be recalibrated and restructured to meet the present. This includes a sustained investment in boosting public policy capabilities, in particular its capabilities in analysing quantitative and qualitative data. Given the importance of data in identifying policy problems and designing targeted responses, not to mention the volume of data routinely produced currently, the APS must have high proficiency and literacy in this area. This was a key recommendation as well in *Ahead of the Game*.¹⁶ This will help ensure the APS is sufficiently skilled to be able to tackle problems like

¹⁴ Department of Foreign Affairs and Trade, *Report on the Implementation of the Sustainable Development Goals*, 2018, p 23-24.

¹⁵ New Zealand Government, *Child Poverty Reduction Bill – a background summary; Child Poverty Reduction Bill 2018*.

¹⁶ Advisory Group on Reform of Australian Government Administration, *Ahead of the Game: Blueprint for the reform of Australian Government Administration*, March 2010, p ix-x, 20, 23, 25.

poverty, for instance offering crucial policy leadership on the lack of common national measurement.

There are other major challenges such as climate change, population growth and ageing, that are equally challenging and permeate our entire community, on which we are suffering from a similar lack of progress. These and other challenges highlight why people are increasingly losing trust in government.

5. Improving the relationship with the community

The Panel should consider ways to improve the APS' relationship with the community it seeks to serve, as part of reforming its broader functioning and purpose. Often there is an institutional disconnect between Commonwealth policy makers and program managers on one hand, and non-government service providers and service users on the other. This disconnect means services are not as impactful as they should be in meeting community and individual need.

The Smith Family is particularly mindful of the disconnect in areas relating to the human services, social services and employment portfolios. Programs and policies developed and implemented by the APS increasingly fail to substantively recognise, or address, the structural economic and social factors that make life difficult for disadvantaged individuals and families. For instance, the responsibility for breaking the poverty trap and inter-generational disadvantage has disproportionately shifted to individuals and families who are in need of high-quality public services and other government support. Whether it is, for instance, the payment of childcare subsidies and social security supports, or assistance in finding employment, members of the public are required to navigate complex systems and compliance regimes and are under constant scrutiny. Less focus is applied to how the government can work *with* people to improve their lives and mitigate the structural factors at work in denying these same people opportunity, such as persistent unemployment and underemployment.

One of the best ways to improve the relationship between the APS and the community is to improve the ways services are designed, delivered and evaluated. The rationale for service delivery must derive from an accurate understanding of community and individual need as determined by members of the community. The delivery of services must also be based on the best evidence available of what is effective in bringing about desired outcomes. Initiatives and programs must be tied to an overarching, explicit purpose and a clear articulation of the problem being solved. Without this clarity it is incredibly difficult to produce, or measure, tangible outcomes. As a result, inputs and outputs tend to be measured instead of outcomes.

The Smith Family recommends that the APS move to fully embrace co-design methods for services. Whilst there is much rhetoric regarding co-design, it is still inconsistently applied by the APS in service design and it tends to be used to 'tweak' services rather than for large-scale reform. There are still too many instances where the APS develops programs and initiatives without properly collaborating with non-government experts and end users from the start. This limits the quality and effectiveness of programs. The genuine application of co-design principles helps ensure

broader ownership of programs as well as maximising the likelihood of the programs having a positive impact on service users and the community.

Further, in moving to a proper co-design service model, the APS should also be placing the individual service user at the centre of the design process, ensuring that programs are created according to the needs of those who access them. An important way this can be accomplished is by incorporating end users into the design process and engaging them throughout the initial rollout. The perspective, experience and insight of users will help reform service systems and ensure they are better able to address the identified problem. The NDIS is a notable reform that places users at the centre of the service design, but it remains the exception to the rule.

Additionally, the APS should combine a user-centric approach with a strengths-based framework, similar to that being developed in Aboriginal and Torres Strait Islander policy.¹⁷ This framework accentuates the advantages, skills and positive qualities that individual service users have, including those who are disadvantaged or vulnerable. Harnessing the strengths of individuals is an important and missing element in user-centred service design. For instance, in assisting people in poverty, a user-centred approach would not only work out the best ways to assist someone, but also the individual traits a person can draw on, such as resilience, determination or personal aspirations for work, training or study.

The community sector also has incredible expertise and institutional memory that can be better utilised by the APS. The Smith Family, for instance, can lend its service expertise, and research and evaluative expertise, to help the APS design programs targeting the relief of educational disadvantage for children and young people.

Improving the design and delivery of services includes finding ways to personalise large-scale services to better meet the needs of individual persons. The best way to make services personal is to make them local. The APS must tailor national programs to local communities, in order to improve the impact of these programs. This can be done effectively within national frameworks. It requires the APS to work more collaboratively with other levels of government, as well as with the NGO sector, business and the community generally. These other levels bring additional expertise and insight on regional and local conditions.

There is also an increasing focus in public administration research on policy decision-making and management emphasising the value of engaging across the boundaries of public agencies, levels of government and across sectors.¹⁸ More effective collaboration with state and local government involves forging close, coordinated, constructive working relationships with clear delineation of responsibilities and mutually agreed objectives and measurable outcomes. It requires a high level

¹⁷ Council of Australian Governments, *Closing the Gap, The Next Phase: Discussion Paper*, p 4; Department of Prime Minister and Cabinet, *Indigenous Advancement Strategy: Evaluation Framework*, 2018, p 6.

¹⁸ Australia and New Zealand School of Government, '[Deputy leaders to learn why collaboration is an essential part of leadership](#)', 5 July 2018.

of skills. The Smith Family can see a material benefit to improved collaboration across government, given that we operate in 94 communities across Australia and regularly liaise with all three levels of government for different programs and initiatives.

6. Conclusion

The importance of a well-functioning, fit-for-purpose and highly effective APS to the economic and social wellbeing of Australia cannot be understated. The Panel has a unique opportunity to develop a reform plan that truly matches the scale and size of the policy challenges facing the country. A public sector better connected with the community it serves, structured in a way to deliver whole-of-government, and cross-government solutions, whilst drawing on relevant expertise and experience outside government, will be well positioned to make headway on seemingly intractable problems. This in turn will contribute to Australia's economic and social wellbeing. It can restore people's faith in government as an institution of progress and achievement, helping ensure Australia's democracy is fit-for-purpose in a volatile and uncertain era.