Submission to the Australian Public Service Review

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**Overview**

The APS review (the review) intends to examine the capability, culture and operating model of the APS and make recommendations aimed at ensuring the APS can better serve the Australian public in the decades ahead.

This review is timely and necessary. The APS is appropriately subject to high levels of public scrutiny and accountability in relation to the expenditure it is responsible for and the effect it has on Australian life.

As an APS employee for 23 years, and an SES for 16, I was part of a service which strived to impartially and effectively serve the government of the day. The APS I worked for strongly believed in the importance of its activities, whether it was service delivery, protecting consumer rights, policy design or working with stakeholders.

However, the APS, like all public administrations, can be a slow moving behemoth unwilling or unable to respond effectively to the requirements placed upon it. Based on my experience in the APS, and several years as a private sector lawyer, this submission outlines some of the operating and cultural factors which inhibit the APS from improving and innovating and offers suggestions which may assist the momentum needed for change.

The issues identified are deep seated, complex, structural and cultural. They require changes to the employment, performance and reward frameworks, removing current entitlements and the accompanying entitlements mentality, replacing an obsession with process with a positive risk management approach, avoiding jargon, changing recruitment biases and actively embracing collaboration.

These challenges require moving the APS leadership from a hierarchical *power-based* model to an *inclusive-based* environment, where leaders are accountable to their teams they manage and foster an inclusive and partnership based approach which encourages ideas and delegates responsibility for decision making, thereby building trust.[[1]](#footnote-1)

Some suggested reforms are set out below.

**Reform suggestions**

1. The APS and agency employment frameworks should be amended to:
   1. remove all SES specific entitlements not available to non-SES staff
   2. enable SES type roles to be flexibly adjusted up or down in terms of pay and management responsibility
   3. place a stronger management training emphasis on inclusive leadership and positive risk management
   4. encourage and support increased recruitment of persons outside the APS with technical expertise, particularly at EL and SES type levels, and
   5. develop a transparent and accountable performance management framework that:
      1. incentivises and rewards inclusive leadership behaviours in addition to other behaviours, such as project management and delivery, and
      2. identifies and deals with misuse of power, other inappropriate behaviours and underperformance
2. Managers should incorporate inclusive leadership into daily activities. Actions could include explicitly seeking alternative viewpoints from staff and direct reports, delegating real responsibility and encouraging measured risk taking, holding back on opinions or views until others signal their views, avoiding defensiveness when views are challenged, being more aware of biases and seeking input on ways of working and collaborating.
3. Review, clarify or remove processes where the rationale or operation is unclear, vague, requires multiple levels of approval and/or cannot be understood by a person with little or no APS experience. Move the focus away from process and risk aversion and towards clarity and accountability.
4. Significantly increase organisational investment in risk management systems and training, linking risk management to day-to-day decision making and not just as an occasional process. This requires trust, time, effort and resources (i.e. senior management support, ASL, training budgets and encouraging networking).
5. Withdraw the APSC’s guide *Making public comment on social media – a guide for APS employees* to enable APS employees to participate in social media and express opinions that can be expressed by the rest of the Australian community.
6. Review, clarify and simplify APS terminology and position titles.
7. **Challenges facing the APS**

The APS is a significant enabler of Government policy and programs and its 152,000 staff represent a significant part of the community they serve.

And yet, the diversity of people, ideas and innovation that characterises our society is inadequately reflected in the APS. Instead of the ‘broad church’ of ideas required for evidence based and stakeholder engaged policy or for inclusive leadership, there exists a much narrower construct.

This is in part due to the APS operating model and culture, which reinforce key behaviours including ineffective delegation and a lack of trust, inflexibility, vagueness and blinkered thinking, all of which stifle staff engagement, diversity and innovation.

This dynamic is reflected and reinforced through:

* a leadership model focused on maintaining power, hierarchies and entitlements
* process driven culture
* risk aversion
* a lack of diversity
* APS jargon, and
* recruiting and skills biases.

*1.1 Power, hierarchies and entitlements*

While hierarchies and structures are necessary to enable a bureaucracy or large organisation to function, it has become a crutch unable to be relinquished by many in the APS, justifying many rusted on patterns of behaviour (chain of command, need to know and security of information etc.), stifling collaboration and effective decision making.

The partnership-decision vacuum in the APS is reflected in almost every brief, minute, media communication, meeting with a minister’s office, attendance at an Interdepartmental committee or at Senate Estimates. Too often, Deputy Secretaries or Secretaries have to be the ‘last word’ on issues that could easily be dealt with at far lower management levels, including at EL1 or EL2. The perceived ‘value add’, which can come down to a personal preference or a mere need to show that they ‘own’ the outcome, is often not worth the extra days taken to get the document up and down the building and out the door.

The APS structures, particularly those relating to the Senior Executive Service (SES), strongly support the status quo. In some respects, it resembles a class feudal system between the SES ‘nobility’ and the ELs/APS 1-6 ‘serfs’. This arises through an operating model and behaviours such as:

* a lack of emphasis on leading and being responsible for staff (as noted below) and the strong focus on the result only
* the salary, superannuation arrangements, car and other allowances available to SES and not others (e.g. higher travel and accommodation rates than for ELs/APS1-6)
* other extras such as airline lounge memberships, allocated car spaces and the provision of telephones and computers (whether they are necessary or not)
* entitlement to an office, often leading to the ‘I’m busy, don’t bother me’ closed door mentality of many SES
* the belief that SES can mostly be ‘generalists’ and can move around organisations in various roles and remain fully effective decision makers without any specialist training
* the lack of significant SES movement between agencies[[2]](#footnote-2), despite an ongoing APS commitment to broaden such movements. Anecdotally, a regular scan of the *APS Gazette* every Thursday highlights how often a tranche of SES promotions are entirely within the one agency. The only major SES movements seem to occur when a Secretary moves to another agency and takes a cadre of their preferred SES with them, overriding any merit selection process and cruelling the promotion prospects of the EL2s and SES already at that agency
* endless all staff emails announcing SES movements
* the effective permanency of SES appointments and their employment entitlements, together with an ongoing failure to manage or discipline poorly performing SES.

How many of these entitlements remain necessary or relevant to the future APS, and how many of these behaviours should still be tolerated? These and other characteristics manifest an unhealthy focus on holding decision making and other powers for the sake of it, or as a badge of success in becoming an SES. It also maintains the view that SES are the ones with ‘the answer’ and that it is a failure of leadership or weakness to be genuinely open to the views or ideas of others.

Unfortunately, the strength of this culture means that the EL and APS 1-6 staff also accept it as the status quo. Taking the analogy one step further, it resembles aspects of the famous 1971 Stanford Prison Experiment[[3]](#footnote-3), which showed how power, even vested for only a few days, can lead to significant behavioural changes in both the empowered and the powerless.

In that study, twenty-four people were split evenly into two groups, with 12 being given the role of jailers/guards and 12 being prisoners. While no prior training was given to the subjects about their roles, they lived in a prison like setting, were provided with uniforms, other props (handcuffs, police clubs, whistles, signs on doors, and had to follow institutional rules which substituted individual names with numbers (prisoners) or titles for staff (Warden, Superintendent) and provided guards control/power over prisoners.

The experiment was terminated only after six days. As Professor Zimbardo noted:

*… the negative situational forces overwhelmed the positive dispositional tendencies. The Evil situation triumphed over the Good people. Our projected 2-week experiment had to be terminated after only 6 days because of the pathology we were witnessing. Pacifist young men were behaving sadistically in their role of guards, inflicting humiliation and pain and suffering on other young men if they had the inferior human status of prisoner. Some guards even reported they were enjoying doing so.*

*Others, who had been intelligent, healthy college students were behaving pathologically, many having "emotional breakdowns," as in stress disorders, so extreme that five of them had to be terminated within that first week. Their fellow prisoners who adapted better to the situation were those who mindlessly followed orders, became blindly obedient to authority, (my emphasis) who allowed the guards to dehumanize and degrade them ever more with each passing day and night. The only personality variable that had any significant predictive value was that of F-scale authoritarianism: the higher the score, the more days the prisoner survived in this totally authoritarian environment.*

*I terminated the experiment not only because of the escalating level of violence and degradation by the guards against the prisoners that was apparent when viewing the video tapes of their interactions, but also because I was made aware of the personal transformation that I was undergoing personally. I had become a Prison Superintendent, the second role I played in addition to that of Principal Investigator. I began to talk, walk and act like a rigid institutional authority figure more concerned about the security of “my prison” than the needs of the young men entrusted to my care as a psychological researcher. In a sense, I consider that the most profound measure of the power of this situation was the extent to which it transformed me.*

Although this was an extreme (and now scientifically unrepeatable) experiment, the world of the SES and the staff they manage echoes some of the trappings of power and somewhat similar behaviours. There is palpable pressure to abide by and maintain the organisational and cultural status quo. ‘Rocking the boat’ requires significant and sustained effort to overcome these institutional barriers, and as shown by the Royal Commission into the Home Insulation program, may not occur even in life threatening situations.[[4]](#footnote-4)

Robin Ryde (ANZSOG Executive Fellows Program Co-director) in an article published in the *Mandarin* on 6 June 2018 referred to the APS review and noted:

*…what modus operandi should modern public leaders use, both within their organisations and in their interactions with the public? … [The APS review considers that there should be more] … agility, innovation and collaboration ... However, the question remains as to how this can be done. Because be sure, once the data is in, the review is concluded, and the ink dries on the report, it is the leadership that will have to make this happen.*

*So, what does this have to do with leadership development? The answer is that we need leaders to loosen their grip on command and control models dependent on positional power, and learn to raise their game in engagement, in co-design with employees and with communities.*

*Without these qualities, the mandate to lead rests on a very flimsy premise. Leadership programs need to address this before those in leadership positions wake up and find that they have already spent all their authority.*

I understand that the APSC is in the process of reviewing its 2014 guideline for optimal APS management structures and how management structures can be improved, streamlined and lead to more effective spans of control, however this is unlikely to address the underlying cultural factors mentioned.[[5]](#footnote-5)

*1.2 Process driven culture*

The APS’s obsession with decision making process suffocates innovation like a strangler fig.

Such behaviour is obviously not limited to the APS. In her book *Powerful – Building a culture of freedom and responsibility*, Patty McCord, while COO of Netflix, noted that:

*To my mind, people across the full spectrum of functions would love nothing more than to be free to tackle projects in the way they think will produce the best results in the shortest possible time. So often, though, they are thwarted by management second-guessing them or by inefficient systems.*

*… [After a layer of middle management had been removed] … everyone moved much faster without all those layers of opinions and approvals. Now we decided that maybe people could move even faster and get more done if we started doing away with policies and procedures.*

*I discovered I loved throwing away convention. One of my favourite days was when I stood up in front of the company and said, “I’m going to get rid of our expense policy and I’m going to get rid of the travel policy, and I want you to just use good judgment about how you spend the company’s money. If it turns out to be a disaster, like the lawyers tell us it will, we’ll go back to the old system.”*

*Again we found that people didn’t abuse the freedom. We saw that we could treat people like adults and that they loved it.*

*We experimented with every way we could think of to liberate teams from unnecessary rules and approvals. As we kept methodically analysing what was working and how we could keep freeing people to be more creative, productive, and happy, we came to refer to our new way of working as the freedom and responsibility culture. We worked for years to develop it—and the evolution continues today.*

*They were all built upon the realization that the most important job of management is to focus intently on the building of great teams (my emphasis).*

The Netflix travel allowance example has a useful parallel in the APS. Despite many Auditor-General reports (and similarly at State level) about travel allowances and recommendations to streamline payment arrangements (most often through credit/debit cards), improve transparency and limit fraudulent claims, there is no common system across the Commonwealth and no common understanding of travel entitlements or payment methods, leading to a proliferation of conflicting and unnecessary red tape.

Similarly, while the importance of cabinet confidentiality and the need for the APS to facilitate this cannot be overstated, the APS approach to managing cabinet submissions has only very recently moved into the electronic age, allowing the APS to more efficiently transact the business of government. The effectiveness of this arrangement will still depend on the extent to which electronic access is shared beyond the SES.

There have been numerous attempts to tackle ‘red tape’ in the APS with *The independent Review of Whole-of-Government Internal Regulation (Belcher Red Tape Review)*[[6]](#footnote-6)being a more recent report. The Office of Best Practice Regulation also seeks to improve decision making procedures and there are De-regulation units in almost every department. But these steps are processes designed to consider other processes, and do not consider a key driver of process – risk aversion.

*1.3 Risk aversion*

The APS has not fully accepted the need to acknowledge and deal with risk, and commonly seeks to avoid it. Whether it is fear of failure, or of being held accountable or responsible if things go wrong, or untrained ignorance, the APS hides, defers or transfers responsibility (usually through process) for decision making.

In 2013, the Commonwealth issued its first ever risk management policy, the Commonwealth Risk Management Policy (the CRMP) as part of the implementation of the *PGPA Act 2013*. The current review of the PGPA Act and PGPA Rule[[7]](#footnote-7)also considered the CRMP, and made a number of recommendations. The comments below draw on my submission to that review.[[8]](#footnote-8)

The intervening years since 2013 have seen an improved dialogue within the APS about risks and risk management, however implementing risk management systems and changing the way APS staff evaluate, deal with and report on risk remains patchy across agencies. Often, optimism is misplaced in the fact of a risk framework, rather than the operational reality that no effective risk controls are in place.

The PGPA Act review was aware of some of these issues and made several suggestions to improve the APS risk approach. Recommendation 11 dealt with increased leadership on risk, risk appetite and the need for an improved dialogue with ministers and Parliament about risk management. The review noted that:

*The risk appetite of accountable authorities is strongly influenced by that of ministers and the Parliament. To effectively instil a more positive risk culture within entities, accountable authorities need support from their ministers, and the Parliament. Put another way, they need to be given some leeway to fail. However, there is no evidence the risk appetite of ministers, or the Parliament, has shifted in recent years…*

…*Entities’ approach to risk could be enhanced if the Parliament acknowledged the complex environment in which government operates…*.

The risk appetite issue influences many interactions at SES levels, also driving the control-based behaviour identified above. Heightened concerns about the risks of failure, how it will be reported, and potential career impacts are hardwired into the APS. Changing this dynamic requires robust relationships and conversations between Secretaries, other agency heads and ministers, a willingness ‘to ride out’ the media storm when it occurs, and an ability to maintain a focus on the ‘big picture’. It is also about trust.

Recommendations 12, 13 and 14 of the PGPA Act review suggested setting up specific committees to deal with risk issues or having a Chief Risk Officer (CRO). Such initiatives may be useful signals of cultural change and identify risk as something that must be addressed. As the review noted, Professor Peter Shergold’s 2015 report arising from the HIP *(Learning from failure)* also suggested that CROs be seriously considered.[[9]](#footnote-9)

Around the time of the Shergold report, some Commonwealth agencies began to employ CROs. They were mostly SES already within the organisation, who were given a new title, variable senior executive time and support, little or no training and very limited resources. Often they had to undertake the CRO job as part of a suite of other corporate roles.

While well intentioned initial steps, this thinking continues to reflect the concerns highlighted above that the SES have all the answers, irrespective of their training and expertise. Further, that SES with little formal training in risk management commonly then create a suite of risk initiatives which are process heavy, increase the reporting burden, and do not improve risk management or decision making culture.

By comparison, one of the few places where SES expertise is valued is as a CFO, where it is well understood that CFOs require specific training and skills to oversee the finances of organisations responsible for billions of dollars of public expenditure. The same mindset does not consistently apply to CROs, risk management or the SES more generally.

Elevating consideration of risk to CROs or committees also moves risk further away from those who are actively dealing with the risk, stretching lines of communication and accountability. Page 40 of the Shergold report noted that:

*In organisations that have achieved positive risk cultures, individuals are expected to identify and respond to risks in their own sphere of influence, rather than assuming that responsibility sits with senior managers or risk committees (my emphasis). They know who to approach in their agency if they need help, they receive support to identify and treat risks as early as possible, and they know that when they identify problems their concerns will be appropriately addressed by management. Knowledge of risk needs is widely shared.*

*… The APS too often places exclusive responsibility for risk management too high up the bureaucracy, away from the people who may be best placed to identify and act on it. This unwittingly creates two problems: it overcrowds senior leaders’ agendas; and it removes management of implementation risk from those who may be most informed about how to manage it.*

Improving the risk aversion culture of the APS will not happen without an increased organisational investment in the APS more generally, not just the SES. Line areas, and not just the SES, need to be risk owners. This requires trust, time, effort and resources (i.e. senior management support, ASL, training budgets, risk networking).

The Shergold report (at page 42) suggested that the APS should adopt the private sector approach of spending around 1 per cent of resources on risk management activities. Whatever method is used to determine the 1%, it is unlikely that entities spend that much now. It is not just about the level of expenditure, but where it is targeted and the cultural change it is aimed at affecting.

*1.4 Diversity and inclusion*

Risk is also about trusting others to be part of decision making, enabling and empowering others to comment on, contribute to or control outcomes.

The highlighted Netflix passage also reflects a common failing among SES in spending too much of their time on learning and adopting the SES entitlement-based mannerisms referred to above, and not enough time engaging with and facilitating their teams to co-deliver the work.

Inclusive leadership and diversity is sorely needed. Simple actions could include explicitly seeking alternative viewpoints from staff and direct reports, delegating real responsibility and encouraging measured risk taking, holding back on opinions or views until others signal their views, avoiding defensiveness when views are challenged, being more aware of biases and seeking input on ways of working and collaborating.[[10]](#footnote-10)

Behavioural scientist Dan Ariely in his 2016 book, *Payoff: The Hidden Logic That Shapes our Motivations* considered that three key elements for engaged employees were: making work rewarding, trusting employees and challenging them. In relation to trust and bureaucracy, he said:

“*Every time you try to create rules, there’s going to be a gap between the rules, and the meaning of those rules. It was through that gap that Wells Fargo‘s employees realized they could meet their sales goals by opening fake accounts in their customers’ names*…. *When you give people trust, people can flourish.”*

One way the APS could strongly signal a renewed commitment to diversity and trust would be to withdraw its current policy on APS staff engaging in social media activities.[[11]](#footnote-11) The nine-page guide, which seeks to justify its existence based on the APS Code of Conduct and the need for APS staff to act and be seen to act impartially in relation to social media, is questionable on several fronts.

First, whatever risks might arise from inappropriate social media behaviour of APS staff, such as inappropriate misuse or release of confidential information, these risks are already able to be dealt with under the Code of Conduct or the *Crimes Act 1914.* Secondly, if the intention is to moderate opinions, or merely commentary on the opinions of others (through a “Like” on a Facebook page) that do not align with current Government policy, then this is a moral grey area. It implies that APS staff are not entitled to a personal life, or personal social media opinions which could possibly be judged (under very vague criteria) as anti-Government on any matter of government policy relevant to their agency, or if in a central agency, possibly every Government policy.

Whether it is intended on not, the guide has an extremely wide reach and has a significant chilling effect on APS employees out of proportion to the risk. It seems to be another example of control and risk aversion when a tolerant and trusting approach is more appropriate.

*1.5 Pardon the jargon*

The social media guideline also exemplifies the need for the APS to be clearer about what it stands for and what it does not. Risk aversion and process obsession is significantly aided by vague and obscure language, which multiplies possible meanings and the subjectivity of outcomes. Progress, change and innovation gets lost in a maze of insincere bureaucratese. Streamlining and simplifying APS-speak is essential.

The terminology in relation to APS classifications is a case in point. Across the APS, definitions differ for EL2 (Director, Manager, Team Leader), SES Band 1 (Assistant Secretary, Branch Manager) SES Band 2 (First Assistant Secretary, Group Manager) and so on. This profusion of titles is unnecessary and should be clear and consistent. Similarly, while the *PGPA Act 2013* sought to simplify the references to Commonwealth organisations and their leaders, the unfortunate terms chosen were *entity* and *accountable authority.* If the APS is to modernise itself, what is wrong with commonly understood language like CEO, or board?

Not only is APS speak like this alienating, as Don Watson notes, it has a soporific and deadening effect on human beings.[[12]](#footnote-12)

*‘Dead’ is the right word. Language, as Toni Morrison says, is part system, part a ‘living thing over which one has control’; but in the main it is an ‘agency – an act with consequences’.*

*The more we listen to the public language of our times, the more we are driven to believe that it has been gutted for the specific purpose of denying us that agency, denying consequences, denying control over a living thing. We are left with the system, the shell: ‘a suit of armour… from which the knight departed long ago’*

*1.6 Recruitment and skills*

Currently, there is a tangible perception that APS work is ‘special and different’, which permeates recruitment rounds to prevent talented external applicants, with no prior APS experience, from obtaining positions in the APS between APS5 and EL2.

External applicants replete with real life experience and skills required in the APS, such as project management, policy analysis, stakeholder engagement, facilities management and leadership skills are often unsuccessful due to factors such as not having ‘prior management experience’ in the public sector or comfortably fitting APS selection criteria pigeon-holes.

This bias particularly applies to technical experts, who rarely, if ever, reach SES, further solidifying the lack of diversity in the APS. Those outside the APS who successfully navigate the recruitment process (usually waiting months to do so) find the day to day cultural and organisational challenges difficult to comprehend. For those who had substantive autonomy and responsibility in the private or community sector, the infantilising APS model is a real shock.

Those externals with advanced technical skills (Ph.Ds., Masters etc.) who survive their initiation and cope with the lack of autonomy also have to contend with the APS under-pricing their technical skills compared to the private market. A further problem for many technical specialists is that as the APS often significantly lags the private sector in using technology, an extended period in the APS risks de-skilling external recruits.

1. **Conclusion**

The issues identified are deep seated, complex, structural and cultural. They require changes to the employment, performance and reward frameworks, removing current entitlements and the accompanying entitlements mentality, replacing an obsession with process with a positive risk management approach, avoiding jargon, changing recruitment biases and actively embracing collaboration. These challenges require moving the APS leadership from a hierarchical *power-based* model to an *inclusive-based* environment, where leaders are accountable to their teams they manage and foster an inclusive approach which encourages responsibility and trust.

1. The submission does not identify which specific elements of the APS framework (e.g. the *Public Service Act 1902*, the APS Code of Conduct, APS Values and APS Employment Principles) should be considered in making these changes. [↑](#footnote-ref-1)
2. This submission dogmatically refuses to use the word ‘entity’ for an APS department or agency (see below). [↑](#footnote-ref-2)
3. *The Lucifer Effect: understanding how good people turn evil*, Philip Zimbardo [↑](#footnote-ref-3)
4. Professor Peter Shergold AC, [*Learning from Failure*](http://www.apsc.gov.au/publications-and-media/current-publications/learning-from-failure), 12 August 2015. [↑](#footnote-ref-4)
5. The APS framework for optimal management structures – guidelines for HR practitioners [↑](#footnote-ref-5)
6. https://www.finance.gov.au/publications/reducingredtape/ [↑](#footnote-ref-6)
7. Independent Review of the PGPA Act and Rule [↑](#footnote-ref-7)
8. https://www.finance.gov.au/sites/all/themes/pgpa\_independent\_review/draft-submissions/grey\_swan\_consulting.pdf [↑](#footnote-ref-8)
9. Professor Peter Shergold AC, [*Learning from Failure*](http://www.apsc.gov.au/publications-and-media/current-publications/learning-from-failure), 12 August 2015 Chapter C pp. 36 – 44. [↑](#footnote-ref-9)
10. [*http://www.diversitypartners.com.au/new-blog/2018/7/24/what-do-inclusive-leaders-actually-do*](http://www.diversitypartners.com.au/new-blog/2018/7/24/what-do-inclusive-leaders-actually-do)*>* [↑](#footnote-ref-10)
11. Making public comment on social media – a guide for APS employees, APSC (<https://www.apsc.gov.au/making-public-comment-social-media-guide-employees> ) [↑](#footnote-ref-11)
12. *Watson’s Dictionary of weasel words, contemporary clichés, cant and management jargon*, Don Watson 2004, p5-6 [↑](#footnote-ref-12)