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Independent Review of the Australian Public Service
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Private Submission

A recent headline in Singapore's *Straits Times* noted that:

> **"trust in government is essential to allow government to deliver unpopular but necessary measures".**

The APS is a key element in developing such trust in government.

Aim: The APS should be <u>the</u> trusted, authoritative, efficient and effective primary source of advice to Governments, the public, industry and others who deal with Australia. It should be highly-respected for efficient and effective implementation of government policy, including the delivery of key services.

How: to achieve these aims, the APS needs to be well led, have a well-educated, well-trained workforce supported by transparent, efficient, effective and agile processes, a well-developed legislative, regulatory and policy framework. A fundamental element is the management of information, data and intelligence in support of good decision-making at all levels. The APS needs to be confident that its decisions are evidence-based, timely, and relevant for the recipient of such advice.

Culture: At every level, APS staff should act with integrity. Every member should be empowered to raise issues and concerns and leaders at all levels need to process these concerns to achieve a process of continuous improvement, respond to changing

The Innovation Edge

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environments and ensure that advice provided within the APS and to government has a sound foundation of fact.

The culture should encourage trust in official processes and prevent unofficial work-arounds from evolving (eg in recruiting, promoting and placing staff, managing procurement).

Individuals within the organisation need to have 'ownership'[1] of processes rather than simply 'turning a handle' for a process before moving on.

There should be no fear of failure, provided the failure is not caused by incompetence, negligence, criminal conduct or other avoidable circumstances – and it should not be the desired outcome or an unfortunate habit!

> "Failure should be our teacher, not our undertaker. Failure is delay, not defeat. It is a temporary detour, not a dead end. Failure is something we can avoid only by saying nothing, doing nothing, and being nothing." - Denis Waitley

Generalist Leadership without Domain Knowledge

While a mechanic who does not understand principles and processes of management might not be the best choice to head an engineering firm, having a CEO who understands little about engineering as a head of that firm is equally likely to lead to poor outcomes.

Executives who have little if any domain knowledge to the area they lead are vulnerable to acting on poor or inadequate advice. Members of the Government have known about this skills/knowledge deficit for some time. Acknowledging the soundness of Minister Angus Taylor's directions in 2017, the *Canberra Times* noted:

> *… aspects of Mr Taylor's policy seem obvious, too:* ***reskilling the public service so that the Commonwealth is not reliant on the advice of sales reps with products to spruik for projects of national importance****.*
> *– The Canberra Times,* Editorial "Public service tech reform badly needed, long overdue" February 18, 2017 (Emphasis added)

Investment in training and development needs to incorporate specific domain knowledge before executives are selected to head Branches and Divisions and in-house specialists (without external vested/commercial interests and a strong stake in achieving success <u>for</u> the APS) need to have a seat at high-level decision-making tables.

While commercial organisations that over-promise and under-deliver are partly to blame, the APS manages the marketplace and is ultimately held responsible for any failures. Its members need to be equipped to see when vendors (and others) are

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[1] In some instances the term 'stewardship' may be more appropriate but here the point being made is that individuals need to feel that they have (and retain) responsibility for the project/process/case/etc until the matter has been delivered/resolved.

providing poor or misleading advice with the aim of obtaining financial (or other) gain.

Responsibility for Delivery

Senior executives need to be held accountable for the delivery of outcome, not just processes. Executives who 'pass through' agencies and roles and feel that their main role is to manage processes will find it difficult to motivate the teams to achieve outcomes.

Blame for failure is assigned to 'before my time' or 'after I left' factors and responsibility is dispersed to such a degree that nobody is held accountable for failure. Clearly, any executive who takes on a role should understand that they are personally and professionally responsible for specific and tangible deliverables and that success is not only defined by being able to claim that the met the 'manage the Branch' selection criterion.

Where possible, executives should remain in their position until the job is done and that specific outcomes have been delivered. It should also be made quite clear, through the promotion and future-employment processes, that their previous success will be judged on their ability to deliver agreed outcomes, not just processes.

Committees

Committees and similar structures are potentially powerful tools that can create great synergies if well-led. Unfortunately, many committees are used to obfuscate decision-making and assign the leadership role to a diverse group that will be seeking consensus from members who see no reason to come to such a consensus. The advantage to the members is that blame for delivery-failure cannot be easily assigned to a single person. Periodic committee meetings can drive an agenda or hinder it. They can become the focus for action but, more often than not, a reason for not acting. Other actions might be deferred pending the outcomes of work done by a committee.

Long-term committees see personnel change over time, much to the frustration of long-serving members who find that they go back over well-trodden ground to continuously bring new members up to date.

Training and Development

There is clearly an obligation to provide training and development opportunities that enable APS staff to undertake their duties. While it may well be possible to use the recruiting, selection and promotion processes to identify individuals who have all or most of the prerequisite knowledge, skills and attitudes, any deficit should be dealt with by appropriate mechanisms.

- APS-wide training and development is generally available for generic skills and knowledge.
- Agency-specific training for non-executives is generally skills-based and delivered at various levels of quality. Training for executives is rarely assessed and delivered

as workshops or information sessions that tend not to measure the effectiveness or efficiency of the training and the competence of participants at the conclusion.

- Professional development is left largely to the individual – there is little career-planning designed to develop cohorts of experienced, highly-skilled leaders within domains. Lateral recruiting and the use of contract (non-APS) staff is used to 'fill the knowledge gaps'. External staff entering organisations through such mechanisms are rarely given the time or opportunity to develop an understanding of the domain-specific knowledge and attitudes to enable them to fully understand the implications of their work.

Equal Pay for Equal Work

The APS offers a range of good conditions of employment and satisfactory levels of pay. It does not seek to compete with the private sector on pay but offers a range of potential benefits as compensation.

There are two issues to note here:

1. Within the APS, individuals performing very similar functions, even within the same portfolio, are often on very different rates of pay. In many cases, people of on different rates of pay (perhaps as a result of organisation restructuring) work in the same small teams! Clearly this is an issue of equity and organisational effectiveness that can be easily addressed (albeit at a financial cost).
2. APS work can be extremely rewarding for well-led teams. APS staff should feel that they are in a privileged position, working for a well-respected service and doing important work. When Australian society acknowledges that a member of the APS is doing prestigious and important work, the reward will be felt in the workplace through productivity gains well beyond any financial cost to the public purse.

Under-Deliver and Over-Promise

The APS is seen to frequently fail, having promised delivery. This reflects on the public's perception of the government. Examples abound but here are some recent cases that have eroded public confidence in Government:

- Australian Census – Connectivity issues
- Social Security 'Robo-Debt' error rates
- National Broadband Network

In each of these cases the public expectation was higher than what could be delivered. Over-hyping expectations is not uncommon. Potential commercial solution providers seek to generate income and profits, APS staff are looking for ways of delivering the government's agenda and political leaders need to communicate benefits to the electorate. Over-simplified messages tend to lead to risks being hidden in the 'fine print' at best. The APS sits in the centre of the problem and also the solution. Having the skills within the APS to thoroughly test claims by commercial solution providers

and the capacity and will to appropriately brief Government to ensure that the government's messages are appropriately balanced is critical.

Innovation

Innovation is: *executing new ideas to create value. All three parts are important – to innovate you have to do something new, you have to actually execute the idea, and doing so must create value.* – Tim Kastelle, UQ

The APS would like:
- to **be on the 'front foot'** with world's best practice (ie a leader, not a follower);
- the **agility** to respond to or, better still, anticipate changes in our environment;
- as much **certainty** as possible about business benefits, returns on investment and capability before committing substantial resources;
- **solutions that work**;
- to **work smarter** (and not necessarily harder); and
- to be part of an **innovative** organisation.

Unfortunately, structures and processes tend to inhibit innovation.

For innovation to exist, the following are required:

- **Permission to get it wrong** (Failing is a sign that people are trying new things. Provided the failure is recognised early, lessons are learnt, and consequences of failures are contained and managed, occasional failure is a positive sign of life!).
- **Flexible infrastructure** – A 'lab' is a safe environment to try new approaches, tools, ideas, business processes (it is not free but relatively cheap and provides a solid evidence base for further decisions).
- **Time and resources** to experiment.
- **Smart people** to conceive, develop and deliver solutions.
- **Listening to staff at the front line and clients.**

> *Many of life's failures are people who did not realise how close they were to success when they gave up.*
> – Thomas A Edison

Innovation is not enabled through the establishment of an *Innovation Section* alone – it needs an organisational culture, resources, supporting mechanisms, courage and endurance across an organisation. Importantly, good ideas that are not or cannot be incorporated in an organisation's business model are not innovation.

Organisations that have rigid and inflexible structures and procedures tend to leave little room for innovation as the embedded status quo means that nothing 'new' will gain traction.

Resourcing

Despite efficiency dividends and other control methods, the APS is able to access very large amounts of public money. Given the scale of services that have to be delivered, this is to be expected and arguments could be made that some areas need more resurges to function effectively.

Additionally, areas that struggle to deliver basic services tend to have little time to think and innovate. Staff tend to become disenchanted if they cannot do their job well.

The distribution of resources tends to become skewed at times and some work done by the APS is over-resourced.

> *"Now that we have run out of money we have to think." – Winston Churchill*

New policy proposals, particularly ones quickly constructed to deal with a crisis of major problem are looked on by some senior executives as a means of bringing sizable sums of public money into an agency. The proposals are costed by agencies but usually in a hurry and with little research.

The availability of very large resources attracts 'solution providers' who tend to present themselves as the answer to all agency problems. Without the capacity to test such claims and under pressure to do something, vast amounts of money can be (and are) wasted. Moreover, the new funding tends to distort agency focus and poorly-informed commercial partnering solutions tend to create:

- downstream dependencies on external providers;
- conflict between the agency and the provider when the new programme starts to fail; and
- agencies failing to develop their own skills base.

Case Studies

Attached are a number of case studies that point to some structural and cultural issues. The people and work has been de-identified as much as possible as it is more important to understand the case than to identify the actors for this submission.

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Attachment:

Case Studies (6)

Case 1 – Organisational Inflexibility Stops Optimal Solutions

Tasked with identifying ways of saving a substantial amount of money (10s of millions), detailed research identified a way that would require an investment but generate savings across the portfolio substantially higher than the investment. Assumptions and data were checked and verified by departmental experts.

Outcome: The plan was taken no further.

The reason: 'All the costs will be carried in one Division with the savings harvested in other Divisions.'

Result: As usual, staff cuts were made to generate short-term savings and efficiencies were not able to be implemented. Division heads (and their seniors were still in no mood to take a broader view.

Lesson(s): Lazy thinking dominates even when evidence points to better outcomes.

Case 2 – Merit-Based Selection not Merit-based

Following an application for a merit-based selection process (at level), feedback was offered as part of the process.

Outcome: The senior officer providing the 'feedback' had not read the application, had no idea about the background of rejected applicants.

Result: There is no merit-based process.

Case 3 – Ignoring problems hoping they will go away and nobody (important) will notice

A major systemic/organisational issue was uncovered as part of an internal investigatory process. The issue was raised with the responsible area. No systemic changes were made at the time.

A senior officer, worried about annoying colleagues, did not release the investigation report. The officer's successor did, several months later.

The officer who released the report was then confronted by a colleague who stated that releasing the report was not the sort of thing a 'team player' would do and if that happened to him, he would retaliate.

Outcome: the report eventually forced a required process change.

Result: the officer releasing the report was seen by some as unnecessarily disruptive and not a team player, no doubt affecting chances of promotion.

Lesson(s): There is insufficient trust between some senior officers to face bad news and accept responsibility for addressing tough issues.

Case 4 – Relying on (poor) vendor advice

A large IT project was progressing slowly but, on closer examination, it was clear that it could not deliver required business outcomes. It was recommended that the project cease its current work immediately to prevent further waste of resources. At the same time, a less-complex and potentially more effective and efficient solution was suggested by the business area.

The problem affected critical departmental functions and was elevated to the highest levels within days.

At the top-level meeting that followed, existing vendor representatives and several internal IT staff presented a plan to develop a new functionality over four years and costing fie times the original project cost. The solution suggested by the business area was dismissed by the vendor and IT staff as impractical as IT skills to implement them were not available.

When informed that the skills could be procured by the business area within days, the CIO decided to reconvene the meeting two days later to provide participants an opportunity to re-examine their proposals.

Outcome: The business area's suggestion was accepted and implemented in a six-week period (technical skills were 'discovered' within the department) and the cost was in the thousands, no tens of millions.

Results: the department had an effective solution within weeks.

Lessons: Vendor representatives cannot be expected to provide the best advice when there is no business benefit for them.

IT staff did not understand the technical issues.

Courage was required to confront the highly-paid 'technical advice' offered by vendors and allied' IT staff (who exhibited signs closely related to the 'Stockholm Syndrome).

The business area used its detailed business and systems knowledge to good advantage.

Case 5 – Killing initiative and enthusiasm and wasting resources

An opportunity was identified to deliver a three-fold increase in services by using economy-class air travel (rather than the entitlement of business class). Staff volunteered to travel economy class, knowing that they could take three journeys for the cost of one and they were keen to deliver.

Following the first of the (voluntary) economy class trips, the senior manager was directed to cease that process. "If the government wants this to be delivered, they'll pay for business class."

Outcome: less services were delivered.

Lessons: The area with the power to direct was not directly responsible for program delivery nor outcomes and could not see any benefits. They were more concerned with sending the wrong message, believing that condoning this process might be infectious and threaten 'hard-won entitlements'.

Case 6 – Innovation Can Work

In late 2009 a department was funded (approximately $4 million over 4 years) to enhance risk management of a fast-moving, voluminous caseload using advanced analytics. A small team was asked to develop a 'green fields' advanced analytics-based solution.

Initial scoping indicated that the vendor market was willing to assist but its available products were limited and expensive. Initial estimates were that the entire funding stream would be consumed by scoping and tendering processes and the purchase of software that may not yield required results. Traditional 'waterfall'-driven project management processes would not indicate if any solution could yield value for money until the solution was deployed (four years later).

The designated team decided to access free, open source software solutions, recruit competent technical and business staff and embark on an agile process to test available options and prototype one or two promising solutions.

Outcomes: 12 months later, the prototype had been deployed and fully tested, yielding (as a prototype) annual savings of over $8 million. Access to $400 000 of 'innovation funding' enabled full deployment of an integrated risk management solution. The team had produced evidence of a substantial return on investments, the viability of the technology stack, an outstanding change management process that saw frontline workers 'demand' access to the solution (more than 'acceptance') and a number of world-firsts that drew considerable attention from other countries.

Lessons: given executive support and the opportunity to innovate, the APS is capable of world's best practice in delivering outstanding outcomes.