**Submission to the independent review of the Australian Public Service (APS)**

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**26 July 2018**

We submit that the review needs to give a specific focus to the role and contribution of central agencies. These agencies have the potential to influence both positively and negatively all of the issues within the scope of the review of the APS.

As we have written elsewhere[[1]](#footnote-1) the role of central agencies has been under-researched in the Australian context, and it is only rarely that their contribution is analysed as a group.

It is also relatively rare for the role and performance of central agencies to come under public scrutiny, even though they are often the invisible hand shaping wider public sector performance.

The recent Western Australian Service Priority Review (SPR) observed that “…[s]trengthening leadership across government will require central agencies to take a system stewardship role that supports a culture of collaboration, continuous learning and looking outside for new ideas.” The report sounded a note of warning that the central agencies need to develop much more sophisticated operating styles and that each would be likely to find this transition challenging.

A separate Western Australian Special Inquiry into Government Programs and Projects observed that during the period involved some central agencies had been sidelined and recommended that central agencies needed to be more strongly resourced.

In addition to the three central agencies identified by the SPR – Premier and Cabinet; Public Sector Commission; Treasury – the Special Inquiry added Finance and the State Solicitor’s Office.

Our analysis of these two reviews indicated that it was important that the respective roles of central agencies are delineated clearly, and that whatever roles are assigned and whatever agency structures are in place it is important to ensure that central agencies are required to report meaningfully on their performance, and for a range of measures to be instituted to hold them to account.

With regard to the APS, we submit that the central agencies involved should be reviewed as a group and consideration be given to their combined roles in achieving the overarching priorities of the current review.

Because we are not aware that Commonwealth central agencies have been subject in recent time to any rigorous and vigorous review as a group, it is timely for a comprehensive review. The approach can be understood by referring to the New Zealand Central Agencies Review in 2006.[[2]](#footnote-2)

This review was conducted by three central agencies (the Treasury, the State Services Commission (SSC) and the Department of Prime Minister and Cabinet (DPMC)) and had the following objectives:

* to create a shared understanding of the different dimensions of good performance and how it can be better motivated and supported by central agencies;
* to understand how central agencies influence performance separately and together;
* to determine what practical steps the central agencies could take to improve performance of the system as a whole (New Zealand Central Agencies Review 2006: 4).

While the New Zealand review was not independent of the key central agencies, it identified a number of key issues. These included that:

* central agencies did not have an agreed definition of high performance and what drives (or constrains) it, and are therefore less effective than they should be in monitoring and supporting good performance;
* there was an insufficient focus by the central agencies on performance at sectoral and government-wide levels relative to the attention paid to individual agencies and programs; and
* the performance-related work of central agencies is not well integrated, which adds to the compliance pressures on agencies and deprives the government of best-quality information and advice on sector-wide performance issues.

The review presented a range of specific proposals and concluded that:

*“[t]here are no simple answers to the problems and challenges facing today's State servants. The State sector is an increasingly complex and demanding place in which to work. This applies in the areas of regulation and policy advice as well as in service delivery. Appropriate, flexible structures and good alignment of activities and resources are important, as is the selection and development of excellent State servants. So too are clear signals about the government's objectives and performance expectations. It is in these areas and in promoting and assuring performance, that central agencies have an important role to play.”* (New Zealand Central Agencies Review 2006: 6).

We submit that while there are substantial differences with the context of the 2006 New Zealand review, a focus on the combined role of the central agencies should be an important component of the current review of the APS.

1. Wilkins, P., Coulson K. and Phillimore, J. (2018). ‘Central agencies: part of the problem, part of the solution?’

   <https://www.themandarin.com.au/94547-central-agencies-part-of-the-problem-part-of-the-solution/?utm_campaign=TheJuice&utm_medium=email&utm_source=newsletter> [↑](#footnote-ref-1)
2. New Zealand Central Agencies Review (2006). Review of Central Agencies’ Role in Promoting and Assuring State Sector Performance. <https://treasury.govt.nz/sites/default/files/2007-11/tsy-exgrev-ca-sep06.pdf> [↑](#footnote-ref-2)