

SECRETARY'S REVIEW



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To the best of my knowledge, an annual report is never read twice. That is a pity, for it is rarely apparent from first reading that the report, at its heart, is about people.

PM&C has around 370 people. I say 'around' because one of the department's great attributes is that it is organisationally cosmopolitan. During 2004–05, some 39 individuals had periods on loan from other government agencies. Some worked in departmental positions, many as part of the Development Opportunities Secondment Scheme, which allows public servants in line agencies to work at the centre of government. This year we hosted secondees from the Australian Bureau of Statistics, the Australian Taxation Office, Centrelink and the departments of Employment and Workplace Relations, Health and Ageing, Family and Community Services, Environment and Heritage, Veterans' Affairs, and Immigration and Multicultural and Indigenous Affairs.

Others joined us for periods to play a key role in the various taskforces by which the department often leads a whole-of-government approach to the development of complex public policy. Most of our people (93 per cent) are permanent public servants; others (7 per cent) work with us on a temporary or contract basis. All, in my eyes, are part of PM&C. They are the engine of achievement.

Some of what the department does—responding to correspondence, managing records, providing IT support or accessing information services—is routine. None of it is mundane, and a goodly proportion is arcane. This year, for example, we were responsible for setting up a royal commission of inquiry. We offered advice on the caretaker conventions which apply from the dissolution of the House of Representatives until the outcome of the election, the swearing-in of the new Ministry and the preparation of a new Administrative Arrangements Order. We coordinated the development of regulations for the new Australian Defence Medal and the extension of the Humanitarian Overseas Service Medal. It may sound dull, but it's not. That latter decision, for example, ensured that appropriate recognition could be given to those who provided emergency help in the wake of the 2004 Indian Ocean tsunamis and the earthquake on Nias Island.

The work of PM&C often involves extraordinarily challenging logistics. This year, for example, there were 11 visits to Australia by heads of state or heads of government. Indeed, the second half of the year was the busiest period ever recorded for high-level visits. The Prime Minister undertook eight trips overseas to 13 countries. It required careful attention to detail to make the

arrangements that helped to ensure that the visits of heads of state and heads of government were successes. It was equally demanding to undertake the planning of the Prime Minister's attendance at forums such as the APEC Leaders' Meeting in Santiago, Chile.

There are bigger challenges ahead. In 2007, Australia will host a series of important ministerial meetings for the APEC group. The task will need a mighty administrative effort. At its conclusion, in September 2007, the APEC Leaders' Meeting will bring 21 heads of government to Sydney. That's why a PM&C taskforce has already been established to plan, prepare and manage the delivery of this major international event, the organisation of which must reflect well on our nation.

At the heart of PM&C's role lies the development and coordination of policy advice. Public policy is wickedly complex. It spins an intricate web of relationships and entanglements. There are often simple solutions, but they are rarely right. To address one set of issues often has flow-on implications for other parts of the policy framework.

One of PM&C's most challenging jobs is to ensure that such implications are foreseen. Public policy involves the art of what is possible, informed by what is probable, responsive to the directions set by elected government and scrutinised in an environment of political contest. It is hard. It is demanding. That's why so many of Australia's best and brightest graduates seek to join the department.

The provision of 'frank and fearless' policy advice is an important goal for PM&C. This year, as this annual report elaborates, we have been vigorously engaged in the development of policy options on matters that will have a significant impact on the lives of Australian citizens. Issues such as tax, medical indemnity insurance, workplace relations, welfare-to-work provisions, health and aged care, vocational education and training, immigration and offshore maritime security affect everyone in the country. So will, less immediately, the Australia–United States Free Trade Agreement and, less directly, the provision of governance support to Solomon Islands and Papua New Guinea—all issues on which the department made a major contribution.

The trouble with 'frank and fearless' is that it has become a cliché, slipping too easily off the tongue. It doesn't tell the half of it. The advice that the department provides to the Prime Minister needs to be both comprehensive and timely (sometimes an uneasy balance). Equally important, if policy options are to reflect well on the department, they need to be strategic and innovative. Creativity, pragmatically based and responsive to compromise, is central to the attributes sought of those in PM&C who prepare policy advice.

PM&C's role is also to ensure that the policy brought forward for consideration is coordinated. Coordination is not just a mechanistic process undertaken by the taskforces that PM&C has led during the year or the interdepartmental committees to which the department has contributed. It's a process driven by purpose: to ensure that the policy prepared for the consideration of the Prime Minister and his Cabinet colleagues has clear goals, includes a robust assessment of its costs and benefits, identifies the full import of its implementation and is capable of being delivered in the manner that the government intends.

Coordination, in short, requires not just people who are bright, committed and technically competent (we have those aplenty). It demands those who are skilled in negotiation, can work as part of a team, can manage people and are collegial in their approach. It calls for people with long experience, but it also calls for young people with new ideas. To recruit, develop, empower and lead such people is a challenge that faces my colleagues as well as me. It is for that very reason that portfolio secretaries have this year collectively provided categorical advice to our senior executives on what we expect of them.

In the Management Advisory Committee paper, *Working together*, we emphasised the importance of collaborating across organisational barriers to ensure a connected government in which policy is 'joined up' and its implementation is 'seamless'. Let me be clear. We were not encouraging the APS to think but one thought or speak with a single voice. Rather, we wanted to make clear that we valued 'working together in a whole-of-government manner. Well-coordinated policy development and well-delivered government services rely on the avoidance of narrow thinking driven by departmental ambition.'

It's not just a matter of espousing the easy rhetoric of connectedness. An increasing part of my job this year has been to work with other departmental secretaries and agency heads, individually and collectively, to ensure that the Prime Minister is supported across the whole of government. I chaired regular meetings of portfolio secretaries and the Management Advisory Committee, the Secretaries' Committee on National Security (in keeping with the acronym, scones are now served with our cups of tea) and the Secretaries' Group on Indigenous Affairs. I have no doubt that such collegiate leadership helps to provide better governance and, I trust, models the behaviours that we expect to see exhibited by those who work with us.

Working together involves more than just overcoming agency territorialism within the Commonwealth. PM&C plays an important role in supporting the Prime Minister as head of the Council of Australian Governments. Many, perhaps most, major policy issues involve ambiguous demarcations between the financial and administrative responsibilities of the three tiers of government. Those boundaries are imperfectly understood by the public. As the Prime Minister has pointed out, when the jurisdictions talk of cost shifting, Australian citizens hear only the language of blame shifting.

From that perspective, the goal of PM&C—working behind the scenes with our senior colleagues from the states and territories—has been to build 'cooperative federalism'. It has been a year of progress, making me cautiously optimistic that in the year ahead we can achieve genuine outcomes on competition policy, reducing the burden of regulation, improving the delivery of services to those who are sick, ageing or suffering a disability, and addressing the shortage of traditional trade skills.

There are positive signs. The year saw significant steps taken in reaching intergovernmental agreement on the establishment of a market in water which will ensure access entitlements, set prices and facilitate trading; enable the purchase of water for environmental purposes; and allow Australia to move towards the more efficient and effective management of water storage and distribution. The National Water Commission was established as a statutory agency within our portfolio to give substance to the intergovernmental National Water Initiative. The department will continue to provide policy advice.

There was progress, too, on national security, in part through the Commonwealth–State National Counter-terrorism Committee. There was agreement on how best to work together to protect critical infrastructure and, in a small but important concrete step, on a licensing regime for ammonium nitrate.

Of course, bilateral negotiation with individual Australian states remains important. Nowhere was this more apparent than in the manner in which PM&C led other Commonwealth agencies in negotiating the Tasmanian Community Forest Agreement. The agreement, which balances issues of employment and environment, and which seeks to preserve both jobs and old-growth forests, required careful attention to detail and recognition of the distinctive interests of diverse stakeholders. Our people will remain closely involved in the agreement's implementation.

In October 2004 the Prime Minister, responding to a question from the press, noted that 'one of the things we lack in the public service both at a Commonwealth and at state level is a consolidated focus on the efficient and timely and sympathetic delivery of services. We tend to look at service delivery as an afterthought rather than as a policy priority'. It was a point well made.

It is for that reason that the Cabinet Implementation Unit was established in the department. This year, the unit celebrated its first birthday. Its aim is to provide the Prime Minister with assurance that the delivery of government policy meets his high expectations. The unit requires any new policy proposal to identify clearly how the initiative will be executed. This year, the unit produced quarterly 'traffic light' reports for the Prime Minister, detailing—in green, amber and red—how more than 150 government policies were being delivered. The unit has also actively promoted good practice in project management.

Sometimes, in the dark hours before dawn, I have worried whether the department can meet the expectations of the Prime Minister that we will drive a strategic approach to the development of policy across agencies and jurisdictions, and ensure its delivery to citizens in a timely and effective manner. Then, just occasionally, something wonderful happens.

Such, this year, was Australia's response to the appalling tragedy of the Indian Ocean tsunamis disaster. During the Christmas holiday period, Commonwealth and state public servants worked together for long hours to ensure that aid and assistance could be provided to those most in need. I was delighted that people from the department contributed so cooperatively to the interdepartmental emergency taskforce that coordinated a massive relief operation with appropriate haste. And I was particularly pleased that the department played a lead role in supporting the Prime Minister to establish the long-term Australia–Indonesia Partnership for Reconstruction and Development.

As the Prime Minister acknowledged in his address to the nation in January 2005, public servants had met the high standards to which they aspired. They had 'come together in a great national effort. This crisis has seen the Australian Public Service working at its dedicated and professional best.'

Which brings us back to people. It's people who are responsible for the quality of the support provided by the department to the Prime Minister. They undertake their work under ever-greater scrutiny. A network of institutional arrangements ensures integrity.

This year the department appeared nine times before parliamentary committees. PM&C dealt with more than 207 parliamentary questions placed on notice, many of them involving numerous subcomponents (this was, incidentally, well over twice the number of questions faced in earlier years). The department also responded to 34 requests made under the Freedom of Information Act. The department's processes are also being scrutinised by the Commonwealth Ombudsman as part of his investigation into the way freedom of information requests are administered.

The Australian National Audit Office did not audit only the financial statements set out in this report. It also examined the manner in which we managed consultants, the contracts into which we entered, the arrangements that were made for the provision of legal services and the way we made superannuation payments to independent contractors.

Our people realise that this scrutiny goes with the territory of being a public servant. They are well aware of the responsibilities they accept. A confidential survey undertaken by the Public Service Commission this year indicated that 93 per cent of our staff knew that the agency had

a clear set of values about the behaviour expected of them as public servants. Importantly, 95 per cent thought their colleagues acted in accordance with those values. Some 89 per cent of employees believed that PM&C actively encouraged ethical behaviour by its employees, and 87 per cent attested to the fact that the APS Code of Conduct was relevant to their daily work.

Each month this year, at the induction programme for new staff, I emphasised the high expectations that I have of those who work in PM&C. I set out the complementary but distinctive roles of public servants and political advisers and the importance of establishing a relationship of trust between the two groups. I am pleased, therefore, that 99 per cent of our people indicated that they were confident (71 per cent highly, 27 per cent moderately) that they could undertake their job in an apolitical, impartial and professional manner.

The department's people have much to be proud of this year. Well over half are 'Generation X' (53 per cent, born between 1964 and 1979) and 'Generation Y' (5 per cent, born since 1980). Most are graduates. A majority are women. Just 3 per cent are, like me, grizzled 'veterans' born in 1946 or earlier. Our challenge—and it is considerable—is to lead this youthful workforce in a manner that engages them. The X and Y generations, so I read, want clear expectations, to make a contribution and to express their views. They need to stay interested. They want (thank heavens) real feedback on their performance. Luckily, they enjoy solving problems, expressing their views and making decisions. PM&C, properly managed, can provide ample opportunities.

The performance of the department during 2004–05 suggests that those opportunities are being seized. My earnest hope is that, through working smarter and providing flexible career (and non-career) opportunities, we will retain the energy and commitment of our people that has been so evident this year.