

Mr Terry Moran
Chair
Advisory Group on
Reform of Australian Government Administration

Dear Mr Moran

REFORM OF APS ADMINISTRATION

Thank you for the opportunity to contribute to the reform of APS administration. I offer my comments and suggestions as a person who has spent more than 23 years in the APS. I have worked in 2 agencies over 2 states (ACT and Victoria), and have had exposure to, or worked with multiple other government agencies (Commonwealth and state governments).

The role of the APS

While the role that you have outlined in your discussion paper is fundamentally correct, my view is that there should also be an element that limits the APS' role to providing the Australian public with services that are not already provided by the private sector, and providing regulation where it does not already exist. There was a big shift towards this goal in the 90s with the privatisation of the Commonwealth Employment Scheme and other such entities. The Government's role should be to: step in and fill the gap; establish sustainable, long-term arrangements; and step away. It should be more focussed about reinforcing this role, and proactive about undertaking it. For example, e-health standards are a nightmare. Individual software vendors have progressively established their own standards, and now we are left with an electronic environment where individual medical providers' software program can't talk to each other. The Government could have been more proactive in this space and saved significant effort that is now being spent on fixing it all up.

The term 'public servant' still has negative connotations within the community, eg. 'shiny bum', and there is still a perception that an APS job is a cushy job. It is not surprising that staff identify with agencies rather than the APS more broadly, and it is possible to provide a description of what you actually do, especially if you can't necessarily see how your individual role fits into the broader government agenda.

Challenges in the strategic environment

Individual agencies are developing recruitment and retention strategies (eg. Department of Defence (DOD) has 'the black ute' strategy) but these are not well shared among agencies. Innovation is necessary in this space, particularly with the Generation Y cohort being harder to engage for extended periods. In addition, people need to feel valued, want to be associated with credibility, and want reasonable work/life balance. Agencies with bad reputations in this regard will have difficulty with staff retention. Department of Finance and Deregulation (DOFD) and Prime Minister and Cabinet (PM&C) have bad reputations for work/life balance

and only those wishing to further their career will work there as those that wish to progress through the APS ranks need to have 'done time' at a central agency.

The Government has been slow with exploitation of technology. There are things that the private sector has been doing well for many years that the public sector is struggling with. For example, HICAPS is a payment mechanism that was originally developed by the National Australia Bank and adopted more broadly outside the banking industry. It has since evolved and is now used jointly by many health funds as a mechanism to pay allied health providers. However, electronic billing of health professionals (particularly allied health professionals) through Medicare Australia has been embarrassingly slow. If these things can't be achieved in-house in a timely manner, they should be outsourced.

Agencies should be properly structured to manage their tasks within the appropriate environment. For example, Veterans' Affairs (DVA) attempts to operate as a Health Insurance Fund as a purchaser of hospital services for veterans. However, it is not appropriately equipped to manage in a business-like way. These programs are susceptible to cross-the-board agency dividend savings, which impacts on business credibility.

In addition, the APS restricts itself in sharing of best practice models. While it is recognised that DOFD is best practice for contracting/templates, other agencies should be more forward in sharing their services to maximise economies of scale. For example, DOD presumably has its own fees for purchasing health services, which would differ from those established by agencies such as DVA. Surely one or the other is best practice.

An aspiration for Australia's public service

The concept of policy contestability is novel, as the APS does not compete with anyone.

Inclusive policy development processes should be encouraged, but often policy is developed in a vacuum, based on short turn-around times, sharing policy development on a need-to-know basis, and 'shaving down' of policies based on central agency views about how policies should be applied (regardless of their non-expertise on such matters). Whole-of-government policy development would work better with joint ownership of such ventures.

There are some areas where whole-of-APS processes should be considered, to maximise economies of scale. Years ago, large corporate processes (such as payroll processing), were the same for all agencies. However, these have since been devolved. Different agencies are at different stages of advancement with automation of payroll-type, 'employee self-serve' functions. Surely there are advantages of only undertaking this type of development work once (APS-wide rather than agency-wide). Even if these processes are too far advanced to now achieve economies of scale, there are other, purchasing-type processes that should be considered for consolidation using e-technology. For example, APS business cards should be designed via electronic template by all agencies, and corporate stationery purchasing should be streamlined and enabled electronically, consistently across agencies. One agency should be tasked with developing the infrastructure and sharing it across agencies, rather than each agency doing it.

While the discussion paper has identified five characteristics of high performance, the glaring omission is creative policy advice *that meets an identified need*.

While the APS is good at developing 'black-and-white' rules for the majority of the public (Pareto principle), it is really bad in the way that it deals with the 'grey' minority. There needs to be a more sensible whole-of-government approach for dealing with outliers.

A values driven culture that retains public trust

Public trust is engendered by the public's view of how an agency handles (or mishandles) a seemingly logical case (as per my previous comments about managing 'grey' cases). Unfortunately, the public's exposure to these type of situations is usually portrayed (badly) on popular TV current affairs shows. The public need to be reassured that their individual circumstances will be appropriately considered by an adequately qualified decision maker, and they will not just be treated like a number by a bureaucrat.

The existing APS values are still very relevant. However, one can have very strong values but still be highly restricted in developing appropriate or innovative policies based on the agency's existing processes and operating environment. For example, some agencies may have devolved particular strategic processes to lower level staff, which enables the staff to operate in a more contextual environment. Other agencies may not.

While I think the concept of merit is a sound one, I don't think it is consistently applied across all levels within the APS. My view is that this is absolutely necessary at lower levels. However, the selection processes for higher level positions are strongly (informally) influenced by reputation. In reality if the executive don't want you, you will not get the job. Maybe it's about time the policy was changed to match the process for senior selections.

It is very clear within senior selection processes that those people that are 'wanted' are provided with high profile opportunities for success. Where staff achieve great results as a result of the opportunities provided, there is an underlying expectation of reward, via promotion. This is well understood among senior public servants. For example, a rotation at the Minister's Office (working stupid hours and dealing with ridiculous timeframes) will pretty much guarantee an aspiring EL1 access to the EL2 level.

Managing performance is also not what it used to be in the APS. In the 'old days' staff were actually counselled and formal processes were undertaken where staff were identified as underperformers. These days, with ongoing cuts to resources, managers no longer have the time to properly manage these types of issues. They are usually forced to **either** meet their current operational requirement, **or** manage underperforming staff (which can be a significantly resource-intensive process). In many cases, managers choose to continue with their operational activities and mildly encourage the underperforming staff member to seek employment opportunities elsewhere. This usually ends up with staff in the 'departure lounge' on special projects, leading up to the next round of voluntary redundancy packages, which are used to cull dead wood.

I am convinced that this generation of public servants have seen too many instances of what I call 'squeaky wheel syndrome', where those members of the public who complain often and loudly enough are given what they want so they will go away. I believe that the impact of this will be that these public servants, in their retirement boredom, will become squeaky wheels themselves. God help the next generation of public servants!!

While succession planning is an effective and sensible strategy, it fails to recognise that some people do not want a career within the public service, and that they are perfectly happy (just) with a satisfying job. Taking the reins is no longer an attractive option, with the existing expectation that executive staff are available 24/7, with little or no work/life balance. There are many highly capable, highly intelligent, innovative and creative people within the APS that do not aspire, but could still provide a strong contribution to informing government policies.

As I have mentioned previously, the existing APS values are still appropriate, but maybe it is time to add a few words about work/life balance.

High quality, forward looking and creative policy advice

Provision of well-thought-out policies is difficult in the current reactive environment, where there is an expectation of immediate 24/7 access to advice and answers. Similarly, it is difficult to provide expert views in this environment.

There are inconsistent messages about investing in people, with a Senate Estimate question only last week criticising DVA for spending \$1 million on staff training. To ensure high performing staff, they need to feel valued.

There is a broader government agenda for water reforms, energy reforms etc, but there is no APS-wide ownership of these types of reforms, or ownership to contribute at an individual agency level. How many agencies have policies for turning off the lights when no-one is in a room, use of energy saving light bulbs, installation of solar power units, or re-use of grey water technology? A self-responsibility approach was very successful with the OH&S agenda a few years back, where individual staff were encouraged en masse to consider their working environments and individually take ownership of addressing identified problems. The APS needs to lead by example in this regard.

My view is that the APS sends mixed messages regarding risk management. On one hand, an EL2 who has portfolio responsibility for multi-million dollar programmes and is trusted to manage these programmes on a day-to-day basis (under the appropriate mitigation strategies of signed confidentiality clauses, security clearances and other such protection) is still required to spend an inordinate amount of time logging and justifying minor Cabcharge usage.

As mentioned previously, economies of scale don't get realised and there are a ridiculous number of examples across all levels of government where the wheel is continually reinvented. Take state-based road rules, for example. If best practice were able to be measured, then there would be no need for such variations. Shouldn't the effort be directed to identifying best practice?

While it may seem that agencies have a short-term focus, it is often these elements that government is interested in addressing, regardless of the innovations put forward by the agencies. For example, where budget monies are tight, the government will be interested in hosing down hot spots (firefighting) in a reactive way, rather than proactively encouraging innovation. Again, I think this is partially due to the 24/7 nature of media and expected responsiveness of government.

The concept of 'strategic policy hubs' is a good one. It would need to be adequately resourced and have access to individual agency business intelligence, which becomes a risk. Again, the last minute 'policy refinement to fit unknown parameters' which is currently overlaid by DOFD and/or PM&C will still have the capacity to derail this type of model, unless central agencies are participants of the hubs.

A watered-down version of this model, which might have some merit is a mandated cross-agency network for agencies that share interest/stake in a particular policy, and can jointly contribute to the development of that policy with shared ownership and an understanding of flow-on impacts across agencies.

An additional difficulty with cross-agency policy development is the restriction of shared data. While the merits of the Privacy Act are understood, there needs to be a sensible mechanism for sharing information, particularly where the permissions are given.

Better systems architecture could help overcome this type of problem. For example, a citizen could have a single number for Government agency self-service, instead of a number for Centrelink and another number for Medicare etc. The data could all be held in a single repository, with appropriate partitioning to ensure only certain elements are released to certain people with appropriate permissions.

Performance measurement for individual agencies can be problematic. While agencies have their own visions, goals, and objectives, there can be overlap in the mechanisms used to achieve the outcomes, and agencies have to compete with each other for priority. For example, DVA and DoHA have to compete with each other for allocation of system resources through Medicare Australia.

Again, a well-designed performance management framework requires data, which is not one of the APS' strengths.

Innovation usually costs money because it often requires changes to existing infrastructure. Most governments are interested in quick (election cycle) fixes, which means a cheap, band-aid approach is attractive. The current environment of health reform is truly unique and encouraging of innovation. What's more is that the public are highly aware that this type of innovation will cost large amounts of money, and this seems to be acceptable to the broader public. I think this approach will lead to radical and necessary changes to the health system.

Flexibility and agility

While your report provides data on the mobility between APS agencies, the fundamental omission is the fact that some people do not want to move. Some people are perfectly happy finding a satisfying niche within the APS and evolving with it over time, rather than moving around. Other people find different challenges within the same agency, within different sections and/or at different levels. I personally have spent over 20 years of my career in one agency, but certainly not within the same job or the same level. I have had extensive experience during this period, which should not be underestimated by the measurement of cross-agency mobility.

Similarly, remuneration disparity is not a driving factor for all public servants, and some would not be particularly motivated to move between agencies for a minor differential in

comparative fees. They are more likely to seek a job that suits them, given the onerous nature of selection processes, but the capacity to negotiate a salary appropriate to the relevant skills is a useful tool. Again, this seems to be unevenly applied within and across agencies. I know of instances where people have negotiated business class travel as a sweetener for a transfer deal, where other people do not have access so such negotiation parameters.

While the concept of graduate rotation programs is a good one, it can be negatively viewed by existing staff who do not get such opportunities. It may be more appropriate to establish cross-agency work rotation programs for all interested staff.

If there does not seem to be a consistent APS-wide connection, it may be because secretaries of agencies are not seen to be working together to achieve common goals. A few years back cross-agency task forces were developed under the guidance of Dr Peter Shergold, (former Secretary of PM&C) which were overseen by committees comprising secretaries of participating agencies. I understand this approach was successful for a few tasks, but I'm not sure whether it has any ongoing merit.

Efficiently in all aspects of government operations

Maximising efficiency within agencies is not the same as generic, across the board efficiency dividend cuts. Appropriate staffing/resource allocation is required to enable staff to get a job done well (instead of just getting a job done). The 'do more with less' culture that is rampant within the APS is not sustainable long-term, especially where the APS is trying to come up with innovative ways to retain good staff. This does not generate high morale.

E-technology should make the realisation of economies of scale across the APS simpler to achieve. Small agencies should be able to tap into the corporate efficiencies of larger agencies, eg. Payroll services, procurement contracts, travel arrangements.

While I recognise that some of my comments may seem to be slightly negative I have tried to provide an open, honest contribution that I hope that you will consider them in good faith. Once again, thank you for the opportunity to contribute to the discussion about APS administration reform.

Yours sincerely

(Ms) Kim Williams

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