

SUBMISSION

REFORM OF AUSTRALIAN GOVERNMENT ADMINISTRATION

Introduction

As a public servant with 27 years experience in policy development and program delivery - including the past 8 years in whole-of-government processes developing a variety of major policies - I offer suggestions on reforms to policy making processes and practices. These suggestions seek to ensure that the Australian Public Service (APS) establishes a more integrated and coherent policy making process to efficiently and effectively meet the broad range of policy objectives of the Australian Government of the day. The need for an integrated and coherent approach is becoming increasingly important as Australia faces a diverse range of challenges as identified in a recent speech by Treasury Secretary, Ken Henry¹.

In the discussion paper issued by the Advisory Group on Reform of the Australian Government Administration (AGRAGA), it is stated that there are concerns about the ability of the APS to provide innovative and creative policy advice to government. In examining this issue, it is important to ensure that the APS learns from the lessons of the past and does not 'reinvent the wheel'. In particular, the APS needs to harness and build upon the components of a best practice policy making process which already exist or have been proposed by agencies such as the Productivity Commission (PC), the Australian Public Service Commission (APSC) and the Office of Best Practice Regulation (OBPR).

Elements of an integrated and coherent policy making process should include:

- evidence-based policy making
- whole-of-government approach
- frank and fearless advice
- open public consultation and communication

Each of these elements is explored below.

Evidence-based policy making

The Prime Minister has called evidence-based policy-making a key element in the Government's agenda for the public service². The challenges of evidence-based policy-making are explored in a recent paper by Gary Banks, Chairman, Productivity Commission.³ The paper outlines essential elements of evidence-based analysis including the use of a sound methodology and good quality data, the adequacy of the

¹ Henry K (2009) *The Shape of Things to Come*
<http://www.treasury.gov.au/contentitem.asp?NavId=008&ContentID=1643>

² Rudd K (2008) *Address to Heads of Agencies and Members of Senior Executive Service*
<http://www.pm.gov.au/node/5817>

³ Banks G (2009) *Challenges of Evidence-Based Policy Making*
<http://www.apsc.gov.au/publications09/evidencebasedpolicy.htm>

time and the appropriateness of the skills, and independence from pre-conceived opinions and perceptions.

The best practice regulation process has many of the ingredients of evidence-based policy-making. However, it is often compromised by the agency managing the preparation of a regulation impact statement (RIS) having a preconceived view about the most appropriate course of action, rather than approaching an exercise with an open mind and being guided by the best available evidence.

In some instances, contentious methodologies (e.g. life cycle analysis, multi-criteria analysis, willingness to pay surveys) are advocated when conventional methodologies contained in guidelines developed by the Council of Australian Governments (COAG) and the OBPR⁴ (e.g. cost benefit analysis, risk analysis) fail to demonstrate a net benefit to the community. While evidence-based policy-making should be open to the use of alternative methodologies, it is important that the strengths and weakness of alternative methodologies^{5,6} are recognised and taken into consideration. For example, if a willingness to pay survey is to be used as a methodology in a RIS, those surveyed should be fully informed about the impacts of the proposed regulation, rather than rely upon their perceptions of the environmental, social, and economic benefits.

While decisions which are proposed to be enforced by regulation are guided by formal procedures (e.g. Best Practice Regulation Handbook), there is no corresponding guidance for policy development. In many instances, policies are only subject to rigorous analysis by agencies such as the PC when they have already been put in place. There would be value in an agency, such as the PC, developing guidelines for policy-makers relating to evidence-based policy-making. Such guidelines could encourage policy makers to:

- clearly identify the problem (e.g. market failure) with existing policy settings,
- identify a range of potential policy tools to address the problem, and
- encourage the adoption of the policy tool which addresses the problem as efficiently and effectively as possible.

Guidance on best practice policy making also needs to cater for trade-offs between competing policy objectives as was recently highlighted in a speech⁷ by Terry Moran, Secretary of the Department of Prime Minister and Cabinet. In some situations, it should be possible to resolve these trade-offs, at least cost to the Australian economy,

⁴ Office of Best Practice Regulation
<http://www.finance.gov.au/obpr/about/>

⁵ Productivity Commission (2006) *Waste Management*
<http://www.pc.gov.au/projects/inquiry/waste/docs/finalreport>

⁶ Dobes L, Bennett J (2009) *Multi-Criteria Analysis: Good Enough for Government Work?*
<http://epress.anu.edu.au/agenda/016/03/pdf/whole.pdf>

⁷ Moran T (2009) *Don Dunstan Oration* http://www.pmc.gov.au/media/speech_2009_11_05.cfm

through the use of market mechanisms. For example, a recent study⁸ recommended that carbon and water markets be used to address trade-offs between water consumption and greenhouse gas emissions in the generation of electricity.

Whole-of-Government approach

A whole-of-government approach has an important role to play in the pursuit of evidence-based policy. All agencies need to be mindful of the Government's overall policy agenda, and not just that the policy for which it has primary responsibility. The policy-making process will also be assisted if the agency managing the process is receptive to alternative approaches, particularly where the alternative approach could be more efficient and effective and is more compatible with other Government policies. For example, reforms which are presently under way in relation to water and telecommunications could have much to learn, in relation to market design and governance structures, from reforms in electricity markets which have been underway since the 1990s⁹.

Whole-of-government considerations have important implications for APS agencies when dealing with other jurisdictions, such as state and territory governments. For example, there are situations where APS agencies need to serve their Minister in two capacities; as a Minister in the Australian Government and as a member of a Commonwealth/State Ministerial Council. It would be beneficial if it was made clear to APS officials that their primary responsibility is to serve the Australian Government of the day, and do so by serving their Minister. This would avoid any confusion and ensure that whole-of-government approaches are adopted in dealings with other jurisdictions.

A greater focus on a whole-of-government approach is not only in the national interest, but also in the interests of the APS. In recent years, public policy making has become highly contested. The APS is well placed to prosper in this competitive arena, provided it operates in an integrated manner to provide the cohesive advice that the Government requires to govern in the national interest. After all, no other organisation can draw upon the breadth of experience that exists across the APS to deal with competing economic, social and environmental challenges that face Australia.

The AGRAGA discussion paper suggests the establishment of strategic policy hubs to tackle complex, long term, whole-of-government policy challenges. Whatever administrative arrangements are adopted, the APS - like any large organisation - will always face the challenge of acting coherently.

⁸ Smart A, Aspinall A (2009) *Water and the electricity generation industry – implications of use*
<http://www.ret.gov.au/energy/Documents/sustainability%20and%20climate%20change/Water%20and%20the%20Electricity%20Generation%20Industry%20Report.pdf>

⁹ Business Council of Australia (2006) *Water Under Pressure*
<http://www.bca.com.au/Content/100665.aspx>

A whole of government approach to policy-making – entitled ‘Connected Government’¹⁰ - was developed in 2004 by the APSC and the Management Advisory Committee (MAC). There would be value in bodies such as the APSC and the MAC building upon the earlier work and further exploring how the APS can give better effect to evidence-based and whole-of-government approaches.

The real challenge is to ensure that an evidence-based and whole-of-government approach becomes second nature in day to day operations in all agencies and that any guidance material is not simply left on the shelf. The challenge is all the more pressing when one recognises that 70% of current public servants are likely to retire in next decade and that many of the new APS entrants no longer regard APS as a career for life.

Frank and fearless advice

In his aforementioned speech to the Senior Executive Service last year, the Prime Minister stated that ‘we cannot afford a public service culture where all you do is tell the Government what you think the Government wants to hear’. In principle, it is in the interests of both the Australian Government and the APS to ensure that advice is frank and fearless. Such advice provides the Government of the day with the opportunity to consider any issues it had not previously noted before implementing its policies and, where deemed appropriate, amend its policy settings.

The challenge for the APS is to ensure that it is seen to be receptive to implementing the Government’s stated objectives and is greatest when an APS agency is building a working relationship with a new Minister. Frequently this occurs following an election where the policies of incoming government have been crafted without the benefit of advice from the APS. There would be value in a body such as the APSC developing guidelines to assist with the provision of advice.

Open public consultation and communication

Agencies with primary carriage of developing a policy need to engage with all sections of the community in an open, consultative, manner. Too often, consultation processes are compromised by the lead agency being rigidly committed to a specific - and often prescriptive - approach to achieving a policy outcome and are only interested in those sections of the community and/or business which support this position. The process would be assisted if the policy making process is strongly based on evidence and the agency is open to consideration of a range of approaches for meeting the policy objective. Adequate timeframes and equity of access (e.g. on-line, hard copy, regional centre and capital city meetings) for consultation are also important considerations.

Following Government decisions on policy being made, it is important to articulate the reasons for the decision. While Government decisions are rarely likely to be universally supported, they are more likely to be accepted if the policy is evidence-

¹⁰ Australian Public Service Commission *Connecting Government: whole of government responses to Australia’s priority challenges*
<http://www.apsc.gov.au/mac/connectinggovernment.htm>

based, alternative views have been seen to be taken into consideration, and reasons for the decision are clearly articulated.

It would be valuable if guidelines are developed for the APS on consultation and communication relating to policy development and that these are adhered to by all agencies.

Summary of key suggestions

In summary, I offer the following suggestions which seek to ensure that the APS establishes a more integrated and coherent policy making process to efficiently and effectively meet the broad range of policy objectives of the Australian Government of the day:

- Develop evidence-based policy-making guidelines
- Further develop procedures for giving effect to whole-of-government policy-making
- Develop guidelines for providing policy advice to Government
- Develop guidelines for public consultation and communication on policy development