



DECISION
SOUNDING
BOARD

**Submission by Decision Sounding Board, for the Reform
of Australian Government Advisory Group Re: Building
the world's best public service**

November 2009

Prepared on behalf of the Decision Sounding Board organisation

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Executive Summary of proposals put forward for consideration

It is with great delight that the Decision Sounding Board team submits these recommendations to the Australian Public Service Reform Group and commends the opportunity for open submissions via a formal process.

The proposed changes and considerations contained within this document have been developed by the Decision Sounding Board team (data gathering, analysis and insights) and its sister organisation InnoNumero (building the opportunity platforms and ideas into proposals).

Our reason for submitting this proposal is centred on our belief in the democratic system that has already brought Australia great status as one of the most desirable societies to belong to.

However we recognise that in order to continue delivering this high level of societal benefit, this system needs to evolve and our recommendations are targeted at fostering changes that will force the next series of steps of Australian Public Service evolution.

Summary of Opportunities Considered and Proposed Changes for consideration:-

Discussion Question from Reform Advisory Group	Opportunities For Improvement	Proposed Solutions
High quality, forward looking and creative policy advice	1. Improve public understanding of the APS so they can provide better contributions to their public services	<ul style="list-style-type: none"> a) Develop APS annual performance reports which are aimed at general public b) Hold an Annual General Meeting so the public can comment on performance
High quality, forward looking and creative policy advice	2. Make it simpler for the people of Australia to have direct input into nationally important decisions	<ul style="list-style-type: none"> • Australian Public Service Council to hold 'mini' referendums on specific nationally important issues
A values driven culture that retains public trust	3. Leverage the natural cultures of each APS department rather than make all APS departments performance culture homogenous	<ul style="list-style-type: none"> • Split the APS into two arms of public outcomes, each with their own natural performance cultures

Outcomes from Proposed Changes

We believe that these four changes to the APS will take it down the path of continued alignment to the values and standards of all Australians now and in the future.

The corner stone of these changes is the philosophy that the voting citizens of Australia be more included in the day to day running of the Australian democracy and the workhorse of this system being the Australian Public Service.

It is no longer the domain of pure representation (being the elected parliamentarians) that can determine what is best for us all, but the power of education and changes in social values have allowed the everyday citizen to be just as well educated, experienced and engaged in having a direct say in what ought to be done.

There is enormous value for everyone to have both the current system of representative decision making (via the parliament) AND the direct input of the Australian people to arrive at optimal social outcomes.

This is the gravity of change that we have proposed and there are four key changes that we believe, if implemented, will take us down the new road of possibilities for our democratic nation.

Section 1 Opportunities & Proposed Changes

Using the questions documented by the Advisory Group as well as our own series of key questions, we extracted what we believe to be the most productive opportunities to pursue for the APS reform agenda. Utilising creative processes we then developed ‘out of the box’ ideas to address each of the opportunity areas. The most practical and effective ideas were then built into solutions against each opportunity as per Table 1.

Table 1 – Opportunities and Proposed Solutions (Aligned to Discussion Questions from the Advisory Group)

Discussion Question from Reform Advisory Group	Opportunities For Improvement	Proposed Solutions
High quality, forward looking and creative policy advice	1. Improve public understanding of the APS so they can provide better contributions to their public services	<ul style="list-style-type: none"> c) Develop APS annual performance reports which are aimed at general public d) Hold an Annual General Meeting so the public can comment on performance
High quality, forward looking and creative policy advice	2. Make it simpler for the people of Australia to have direct input into nationally important decisions	<ul style="list-style-type: none"> • Australian Public Service Council to hold ‘mini’ referendums on specific nationally important issues
A values driven culture that retains public trust	3. Leverage the natural cultures of each APS department rather than make all APS departments performance culture homogenous	<ul style="list-style-type: none"> • Split the APS into two arms of public outcomes, each with their own natural performance cultures

By making it easy for the general public to engage in the policy reform process as well as being able to make judgements for themselves about the level of performance of the APS, we believe our democracy will be able to deliver much higher quality social outcomes.

We understand that there is a positively reinforcing improvement loop that is created when the stakeholders of a system are directly involved in the improvement decisions of the system that they are a part of.

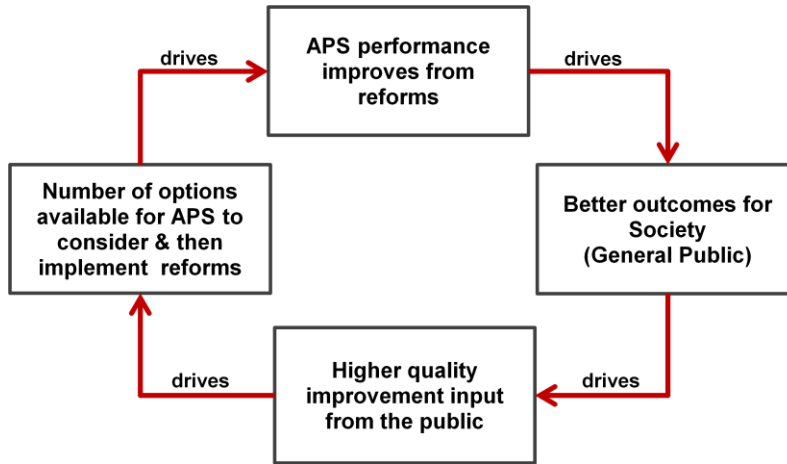
For the APS, this would work as per figure 1 below, where APS improvement will come from:-

- 1) Involving the public in the improvement suggestion process will encourage them to contribute
- 2) Their contributions will drive diversity of ideas and ultimately improve the volume of improvement options available for consideration by APS management
- 3) The more options available to choose from the better chance of instituting more fruitful changes that benefit society (particularly as some of them will have come from the general public who are users, investors and judges of performance of these services)
- 4) The more the APS improves its’ value add’ to society, the more people will be interested in contributing

improvement ideas

- 5) the more people contributing, the more the improvement loop reinforces itself

Figure 1 - Simple illustration of positively reinforcing improvement loop



Our proposed solutions have been developed independently against each opportunity, however once developed we considered the total impact on the APS if all proposed changes were implemented. From both these perspectives we believe these proposed changes are adequate to address their respective opportunities and will not negatively impact the APS if all proposals were implemented.

The next section will detail each of the proposed changes in detail, including the rationale used, how the proposal would work (as we see it) and the benefits that would be gained.

Section 2 Proposed Changes in Detail

Change 1a – Develop APS annual performance reports which are aimed at the general public

i) Rationale behind this proposed change to the APS

Currently the APS reports its performance to the federal parliament and makes these submissions available to the public after these documents have been vetted by parliament.

Within these annual reports and other performance reports, the information presented requires a detailed knowledge of the actual department itself and/or knowledge of other documents which relate to that departments performance that are not as publically available¹.

However we believe (and know as it is the basis for a large part of our business) that performance metrics can be a lot more productive than this. And in making this performance data friendlier to wider public audience, the amount of feedback received will increase several fold, improving the chances of suggestions for improvement by a quantum leap (as per the improvement loop in figure 1, section 1).

ii) How it would work

All APS Annual Reports submitted to parliament (for which a process already exists) should have a supplementary report that is specifically design to inform the general public and allow them to make their own objective performance judgements.

This supplementary performance report should be written in a public friendly format, with easy to understand performance measures that are consistent to allow for year to year direct comparisons.

For example, the Centrelink Annual Report 2008/2009 we have extracted and summarised relevant data and displayed it in Table 2 below. We have then used this data to produce Table 3, a people friendly performance report in plain English, for use by everyday Australians to understand how Centrelink has performed. Please note this is only for one year, ideally it should compare performance year to year, highlighting the changes:-

Table 2 – Consolidated Centrelink Data used to Produce Table 3’s Public Friendly Performance Indicators

	2008-2009
Number of employees	27,954
Number of payments administered	\$86,800,000,000
Number of customers	6,840,000
Costs of administration (rev for services rendered as per	\$2,260,000,000

¹ For example, Centrelinks’ Annual Report 2008/2009 chapter 7 “Demonstrating Value for Money” table 26 shows the deviation from specific performance benchmarks as the mark of successful performance. Without knowing the basis for this there is no way for a member of the general public to determine objectively for themselves if this is good or bad, or could have been a lot better in the circumstances

Annual Report page 4)			
Number of individual entitlements	10,430,000		
Average value per individual entitlement	\$8,322		
New claims in 08 09	2,700,000		
Savings from 3 million reviews resulting in reduced centrelink benefits	\$2,272,582,000		
Number of reviews resulting in reduction in payments	641,504		
Average annual savings per review	\$3,543		
Total contacts received in 2008	76,013		
Compliments	9,422	12%	of contacts
Suggestions	2,104	3%	of contacts
Complaints	64,487	85%	of contacts
Ave complaints per customer	0.01		

Table 3 – Centrelink Public Friendly Key performance Indicators (for one year only):

Payments administered per employee	\$3,105,101
Average payment per customer	\$12,690
Centrelink cost per \$1 of payments administered	\$0.03
Average cost per customer to administer payment	\$330
Average cost per individual entitlement to administer payment	\$217
Total Centrelink costs divided by number of employees	\$80,847
New claims as % of existing customer base	39%
% increase in costs on last year	10%
Number of complaints received for every compliment received	7

If this information (on a single page) could be compared year to year, all Australian voters could see what was happening to the performance outcomes of Centrelink as part of the Human Services portfolio of the APS and the single largest APS employers.

Questions that should be raised from this public friendly data are:-

On effectiveness:-

- What has happened to the average payment value per customer and why?
- What has happened to the proportion of new claims against existing customers?
- Has the volume of complaints versus compliments increased or decreased?

On efficiency:-

- Has the value of payments administered per employee increased or decreased?
- Has the cost per \$1 of funds administered increased or decreased?
- Has the total costs to run Centrelink divided by the number of employees increased or decreased?
- Have costs increased or decreased compared to last year? How does this increase compare to the change in the number of Centrelink customers?

When it comes to reporting on the entire APS, the same principles should be adhered to, ensuring the general Australian public understands what has been spent and achieved, relative to previous years.

Table 4 below is an example of what can be produced to convey to the general public what has happened to their investment in the APS in total:-

Table 4 – APS simple performance measures

In 2009/2010 budget...	In 2008/09 this was...	Good or Bad???
for every \$1 in taxes the government collects it plans to spend \$1.16	\$1.09	Up 6.4%
for every \$1 of National Income we generate we plan to give \$0.29 to the Australian Public Service to reallocate or spend	\$0.27	Up 7.4%
for every \$1.00 of tax raised by the federal government \$0.20c comes from company taxes	\$0.21	Down 4.7%
for every \$1.00 of tax raised by the federal government \$0.15c comes from sales taxes (including the GST)	\$0.15	No change
for every \$1.00 of tax raised by the federal government \$0.03c comes from taxes on superannuation	\$0.03	No change
for every \$1.00 of tax raised by the federal government \$0.42c comes from personal income taxes	\$0.42	No change
Of the \$0.42c personal income tax paid: - \$0.11c (27% of all your personal income tax) goes to the Dept of Families, Housing, Community Services and Indigenous Affairs,	- \$0.11c (26%) to Dept of FHACSA	No change
- \$0.07c (17%) goes to the Dept of Education, Employment and Work Place Relations	- \$0.07c (17%) to DEEWR	No change

- \$0,07c (16%) goes to the Dept of Health & Aging	- \$0,09c (21%) to Health & Aging	Down 22%
- \$0.07c (16%) goes to the Dept of Defence	- \$0.05c (15%) to Defence	Up 40%
- \$0.03c (5%) goes to the Dept of Finance and Regulation	- \$0.02c (5%) to Finance and Regulation	Up 33%
- Total of these five is \$0.36 or 84% of all personal income tax	- Total was \$0.35c or 84%	

Source: Base data taken from 2009/2010 Budget Statements; 2008/2009 Budget Statements

iii) The benefits

The major outcome of having annual performance reports aimed at the general public is that it gives all Australians an idea of what level of performance their APS departments are really generating. Comparing this public performance with their own experiences of these departments gives the public a strong foundation from which to offer productive improvement suggestions and/or to cast their democratic vote as a more informed citizen.

If the public can deliver productive improvement suggestions, then the APS will have a great source of improvement feedback from the people it directly serves. The net result will be a positively reinforcing loop of performance feedback and public improvement suggestions.

Continuing the Centrelink example, imagine how much constructive input from the public would be generated if they knew some of these measures?

Change 1b –Hold an Annual General Meeting so the public can comment on APS performance

- ***Rationale behind this proposed change to the APS***

This is an extension of Change 1a and is a complimentary element to improving public understanding of the APS.

- ***How this would work***

Our view is that the heads of each of the 18 APS departments address a public forum on the performance of each of their respective departments. Each presentation would only be a ten to twenty minute presentation of the one page performance metrics that they have already produced for their annual public performance report.

The most senior public servant shall present on the performance of the APS as a whole (maybe presenting the data and some qualitative commentary contextualising Table 4 above).

Seeing as this cannot be run to include all members of the public, an equitable attendance system is required. Our suggestion is that the public audience would total no more than 1,000 people and be selected by a combination

of:-

- 1) 750 attendees by self nomination. Where the number of nominated attendees exceeds the places available for the meeting, all nominations go into a random lottery for selection to attend.
- 2) 150 attendees are available for allocation by state and federal members of parliament who have constituents who wish to attend.
- 3) 100 attendees are available for allocation by the APS Council. They should use these places to ensure anyone who has a particular grievance or issue with the department has a chance to attend.

All attendees must attend at their own cost (travel and accommodation if required).

Those who cannot attend will be encouraged to submit their ideas, suggestions and questions to APS management prior to the AGM and if time permits these will be read out during the AGM's questions and answer time allocated (to be no less than 50% of the total time allocated for the AGM).

Question and answer sessions will be staged to ensure that each APS department has a fair allocation of time.

A full list of all questions and answers should be made available online post the meeting.

The AGM should not go longer than 4 hours and should be held in each state on a rotating basis year by year to ensure that each state has ample opportunity to take part over time.

- ***Benefits***

We believe this will open up the democratic dialogue between the APS and those members of the general public who want to have a say in how the APS is run.

This is a two way improvement process, where the APS management has to confront the direct scrutiny of the general public (where the general public are enthused enough to go out of their way to attend these meetings) and for the members of the public to see the real people that have devoted their careers to public service.

Putting a face to the APS is of significant importance because unless the public can feel that the APS is run by people who are able to listen and take feedback, they will not be encouraged to participate in its improvement.

Public accountability rather than judgement by fellow public servants (i.e the parliament) will deliver a new level of accountability. It is much easier to be judged by another public servants who intimately understand the stresses and strains of public service, however the general public can afford no such understanding. They will see things only from a 'user perspective' and/or a 'contributors' perspective', both of which are critical points of view for developing robust improvements.

Change 2 - Australian Public Service Council to hold 'mini' referendums on specific nationally important issues

i) Rationale behind this proposed change to the APS

This is a key advancement in the role of the APS. Traditionally its role in formulating policy has been driven by 'expertise' in public administration. However we believe the next evolution is to use this expertise to engage the people rather than only make decisions on their behalf, because public servants know better than the public.

Historically, public servants did have greater education and experience opportunities than the general voting public. However in 2009 it is just as likely that the people who are in the public service have the same education and experience as those who they are deciding for.

There is also a great deal of evidence to suggest this type of behaviour is already being utilised by various members of parliament, albeit much more informal and not as transparent. Politicians are regularly using Facebook and Twitter to ask their 'followers' what their views are on a specific issues such as the Emission Trading Scheme².

We believe that now is the time to take the next evolutionary step and seek the decision wisdom from those members of the public who are willing to make a contribution. In order to do this productively, there must be a transparent, equitable and formally coordinated procedure for contributing.

ii) *How this would work*

This is our suggestion and we believe there are many ways this could be achieved.

Our approach would be to implement a new voluntary voting system specifically for these 'mini referendums'.

Members of the public will be asked to register their eligibility to vote and then their details will be published in all voting transactions they engage in.

Each voting registration will have a unique user name and password identifying a) their eligibility to vote and b) that they have only voted once in each instance.

The APS council will receive instructions from the parliament or APS agency on what question they would like to pose to the voluntary voting public and the APS council will coordinate the vote on their behalf.

There are a number of rules that could be applied but we believe the following should be instituted in deciding a course of action from this system:

- 1) Two thirds of votes required to instigate a binding action
- 2) Votes must be cast within the specified time period of one week from gazette of the referendum question posed
- 3) No results published until the voting period has ended
- 4) Results published online along with the details of those voluntary voters who cast a vote (obviously which

² Reference to Joe Hockey's Tweets on www.twitter.com/joehockey 27 November 2009 asking for 'your views on the ETS policy and debate'

way they voted is confidential)

The nature of these mini referendums will be quick, low cost and highly transparent. The APS council will be the centre for coordinating and broadcasting the results to parliament and become the dynamic link between the people and the parliament.

There are many recent examples where this could have been implemented, such as the recent Emissions Trading Scheme – a mini referendum could have been used to decide whether the people of Australia wanted to pass this legislation before the meeting in Copenhagen or wait until after this meeting.

The role here would be the people decide what to do and the parliament and executive government determine how it should be done.

iii) Benefits

This type of process in addition to the existing parliamentary processes, would see a shift in the capability of the Australian democracy to make decision for the people by the people.

Given that 226 federal parliamentarians decide the legislative rules for 22 million others, in this technologically advanced world we now live, where millions of votes are cast to determine the next Australian Idle week to week, it seems a natural progression.

Utilising the education standards we have built into our society, the unique Australian way of life, where there really is no capability gap between politicians and the general public any longer, why should it be the exclusive domain of the parliament to make these judgements? Let alone, how much does it cost the public to fund the debates and inquiries surrounding such decisions, when they could just ask the public themselves, at a much lower cost and much quicker result so the parliament can get on with the action that adds the value?

Having both systems at work would vastly improve the experience of democracy for all Australians. We know the world moves a great deal faster than once every three to four years as our democracy allows for. We are not suggesting this should be changed, merely an additional process to compliment this system to improve the democratic outcomes for more Australians.

Change 3 - Split the APS into two arms of public outcomes, each with their own natural performance cultures

i) Rationale behind this proposed change to the APS

We believe there are two 'macro performance outcomes' that distinguishes one APS department from another:

- 1) moral/ethical outcomes for society
- 2) security & financial outcomes

Where an APS department has a natural focus on moral/ethical outcomes it should behave differently to one which has a natural focus on security or financial outcomes. For instance we would expect the Department of Finance and Deregulation to have a very different natural culture than that of the Department of Human Services.

However, it is evident that the forces driving change in the APS over the past decade have sought to homogenise these natural differences to make each department more financially 'accountable'. We believe this is having the opposite effect by:-

- 1) Confusing the outcomes focus – are we a focused on moral/ethical outcomes or are we prioritising financial outcomes?
- 2) Confusing the natural culture – are we here to improve society or to make budget? What if I joined the public service to improve society and all I end up doing is being accountable for budgets?

When this confusion sets in, it becomes much harder to retain the right staff, deliver the outcomes necessary for social improvement and to inspire a progressive culture that will last long enough to transcend generations of employees.

Our view is that the APS should be split according to the natural focus of each APS department as per Table 5 below:-

Table 5 – APS Budgets 2009 – 2010 split by outcomes focus

Portfolio (Ranked by Budget Allocation 2009 - 2010)	2009 2010 Resources Allocated		Natural Focus
Families, Housing, Community Services and Indigenous Affairs	\$67,682,221,000	26%	Moral/ethical
Education, Employment & Work Place Relations	\$45,199,881,000	17%	Moral/ethical
Health & Aging	\$42,869,222,000	16%	Moral/ethical
Defence (include Vet affairs and housing)	\$42,854,600,000	16%	Other focus
Finance and Deregulation	\$20,024,645,000	8%	Other focus
Human Services	\$6,128,000,000	2%	Moral/ethical
Environment, Water Heritage & Arts	\$5,729,900,000	2%	Moral/ethical
Innovation, Industry, Science & Research	\$5,553,306,000	2%	Other focus
Foreign Affairs and Trade	\$5,287,081,000	2%	Other focus
Dept of Attorney General	\$5,079,761,000	2%	Other focus
Infrastructure, Transport and Regional Dev & Local Govt	\$4,457,200,000	2%	Other focus
Broadband, Communication & Digital Economy	\$2,976,900,000	1%	Other focus
Immigration & Citizenship	\$1,830,200,000	1%	Other focus
Agriculture, Fisheries & Forestry	\$1,735,572,000	1%	Other focus
Resources, Energy and Tourism	\$1,332,887,000	1%	Other focus

Dept of Treasury	\$472,318,039	0%	NA
Prime Minister & Cabinet	\$431,707,000	0%	NA
Parliamentary Services	\$134,897,000	0%	NA
House of Reps	\$51,794,000	0%	NA
Senate	\$36,232,000	0%	NA
Sub total	\$259,868,324,039		
Other Federal budget elements	\$78,331,675,961		
Total Federal Budget 2010	\$338,200,000,000		
Moral/ethical outcomes focused departments	\$167,609,224,000	64%	
Other outcomes focused departments	\$85,443,767,039	33%	

Seeing as the federal government is largely an institution to protect and maintain moral/ethical standards in society, it is no wonder that the majority (64%) of the government budget is used by moral/ethical outcomes focused departments.

We believe that there should be two macro cultures in the APS, reflecting the gravity each has to either one side or the other of this outcomes spectrum.

This is critical in fostering an effective and efficient public service organisation, because without doing so will result in:-

- a) One homogenous culture for the APS centred on financial outcomes rather than social ones, which will deliver a 'one size suits no one purpose' organisation
- b) Talented staff in the wrong positions (e.g strong financially skilled staff targeted for use in the Department of Human Services to bring it more fiscal capability when this is not going to benefit anyone who uses this service)

Table 6 below attempts to highlight these unique differences of behaviours between this spectrum of outcomes:

Table 6 – differences between Moral/Ethically outcomes focused APS departments and Security/Financial outcomes focused APS departments

	Moral/Ethical Outcomes Focused APS Departments	Security & Financial Outcomes Focused APS Departments
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Values orientation	<ul style="list-style-type: none"> • Social goals over personal goals • Decisions made largely using subjective emotional criteria 	<ul style="list-style-type: none"> • Independence and freedom of individuals the main goal • Decisions largely made using objective data
Cultural norms	<ul style="list-style-type: none"> • Consensus trusted over individual opinions • Team work delivers outcomes not individuals • 'Good will' expected to prevail 	<ul style="list-style-type: none"> • Experts more trusted than consensus • Merit delivers outcomes • Only get what you ask for
Recruitment & Retention drivers	<ul style="list-style-type: none"> • Organisational purpose more likely to drive behaviour • Opportunity to do social good attracts candidates • Relationship with colleagues more influential than employment contract 	<ul style="list-style-type: none"> • Individual rewards more likely to drive behaviour • Elite status attracts candidates • Employment contract seen as the single source of influence
Drivers of Performance	<ul style="list-style-type: none"> • Community satisfaction and recognition • Team satisfaction and recognition • Long term legacy 	<ul style="list-style-type: none"> • Getting the 'right' solution • Individual achievement and recognition • Remuneration and peer status

Looking at these differences it is obvious that mixing these traits is actually going to deliver disbenefits. Asking a moral/ethical outcomes focuses organisation to incentivise individuals using pay for performance will result in discouragement as those drivers of performance are not as highly valued in that culture.

Likewise, offering a financial outcomes focused department to incentivise its staff using only team recognition will not motivate the requisite behaviours.

Therefore it is important that the APS recognise these differences and use them to nurture the best outcomes. This means differential treatment of different organisational cultures.

We understand this is a difficult cultural thing to do as the APS is wanting to be seen as fair and equitable 'across the board' however the trade off is not getting the maximum out of the cultures that naturally will prosper in these different outcomes focused departments.

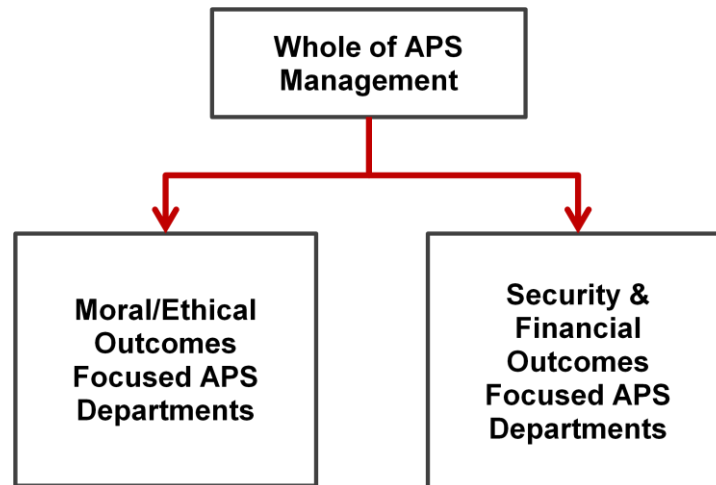
The biggest change in this area we believe, is the financial scrutiny that takes places across the board of all APS departments which is designed to affect 'more accountability'. However this may be false economy if the long term effect if this policy is to drive out the talented staff, alignment of values and purpose and undermine the natural culture of those organisations whose outcomes focus is not financially oriented. In fact it is their delivery of moral/ethical outcomes that will improve society as we know it, not their financial rigour.

ii) How this would work

As a result, we believe the APS should be managed in total according to a balance of financial, security and moral/ethical outcomes but this be done at the macro level not asked of by each individual APS department.

We believe the APS should be managed as two separate entities reflecting the differences in culture and infrastructure to achieve the outcomes they are focused on achieving. Figure 2 below is a representation of what this could look like.

Figure 2: APS Management Structure Split by Outcomes Focus:-



Each side of this structure has unique qualities that drive behaviours and therefore public outcomes, and without paying homage to these differences the APS will never succeed at shifting the productivity of outcomes they achieve.

Therefore, the key performance indicators of moral/ethical outcomes focused departments should do clearly focused on these primary social outcomes. The degree to which they spend above or below their budgets could be done at the whole of APS management level, but not done internally by each APS department, as this will misdirect the natural culture of these organisations.

This 'whole of APS' management entity could also be the best structure to guide total APS improvements, separating out the 'operational APS management' from developing the 'future improvement infrastructure' which again is destructive if asked of by each individual department.

iii) Benefits

Separating out the operational cultures of each department and allowing them to prosper according to their own natural outcomes focus, means that these organisations will be able to:-

- a) More easily attract and retain the best possible staff for that culture
- b) Lower operating costs by having lower recruitment costs and lower operational costs resulting from fewer

errors that result from higher staff turnover

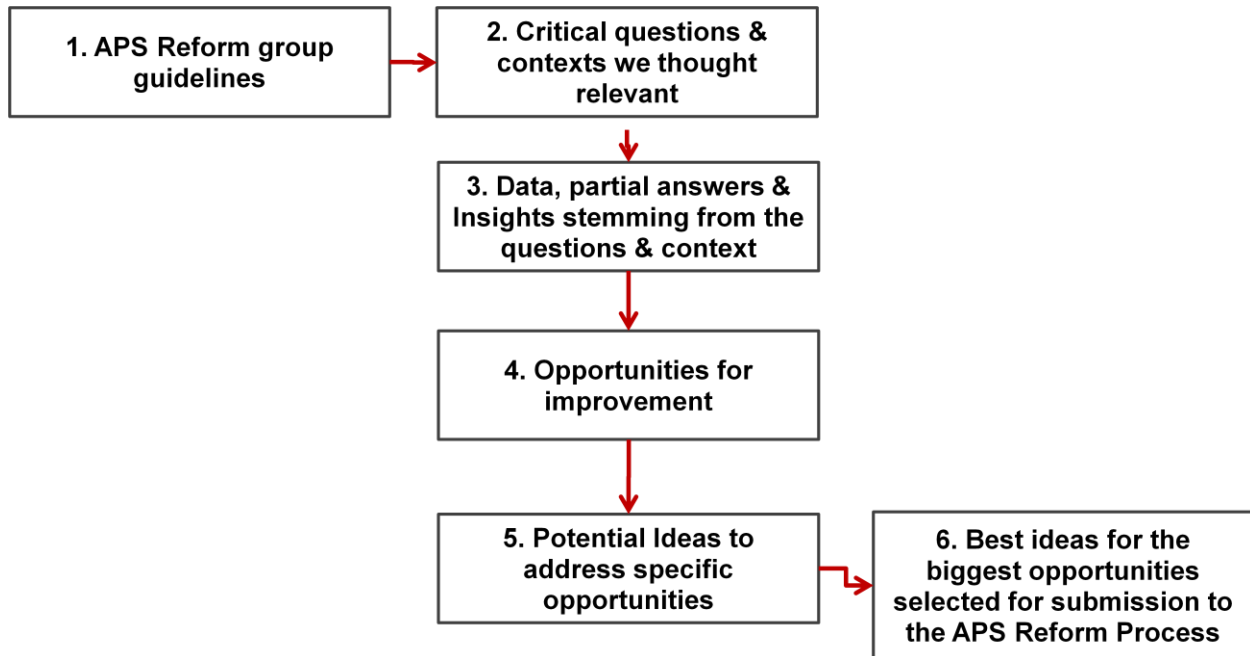
- c) Higher productivity rates resulting from having more time to complete tasks rather than being burdened accommodating tasks that they are not naturally comfortable with
- d) A more prominent and fitting culture that doesn't clash with the total APS management leaving more time for internal alignment of staff and management

Section 3 Appendices

Methodology

This proposal has been developed using the questions from the document prepared by the APS Reform Advisory Group to develop further detailed questions, potential answers, insights and solutions as per figure 1 below:

Figure A1 – The methodology of this submission to the APS reform process



The list of questions (step 2 in figure 1 above) is detailed below and was developed as data, reports and community comments on the APS was investigated. When these questions were categorised they fell neatly into four categories and are presented in Table 1 below:-

Table A1 – Questions and Answers we believe should to be addressed

<u>Question Category</u>	Questions	Source of Answers
Public Understanding	<ul style="list-style-type: none"> • How well does the general public understand the role of the APS? • Do they believe the APS accountable to the public and if so how? • Do they know the approximate budgets of the 5 largest APS 	<ul style="list-style-type: none"> • Primary survey of the general public to find the answers to these • Also can supplement this with what information is available, the format it is and the

	<p>departments? Do they know how much of their personal income tax is directed to which departments and why? Do they care?</p>	<p>content it covers</p>
<p>How to Change to APS</p>	<ul style="list-style-type: none"> • How can the behaviour and protocols of the APS be changed? • What ability does a member of the public have to influence the way an agency of the APS works? 	<ul style="list-style-type: none"> • Consult legislation • Consult legislation and conduct primary research of agency users to see what they believe has to happen
<p>Authority & Accountability</p>	<ul style="list-style-type: none"> • Where does the APS source its authority to act? • Who is the APS accountable to? • Where does the APS get its funding from? 	<ul style="list-style-type: none"> • Constitution and other legislative acts • Consult legislation • Consult legislation
<p>Performance</p>	<ul style="list-style-type: none"> • What does each APS department intent to spend in 2010? How has this changed from 2009? Would the public have made those changes? • What is the cost to the APS to change governments? • How 'publically available' is the performance information of the APS? • From a users perspective, how effective has each department been? • How much input from the user public (from all sources e.g solicited feedback, complaints, unsolicited feedback) has each APS department implemented over the past 5 years? 	<ul style="list-style-type: none"> • 2010 Published Budget Statements and previous years annual reports • Uncertain – not easily available • Conduct searches and evaluate • Primary survey of each agency's' users • Contact each APS agency, look in annual reports for feedback statistics

Once the questions were identified and categorised, the Decisions Sounding Board team sought to answer each of

them and in the process develop and document the insights that they regarded as ‘critical for productive reform’ to the APS. We then aligned these to the questions identified for comment in the document produced by the Reform Australia Advisory Group.

Questions, Insights and Opportunities

The process the Decision Sounding Board team used (as per the methodology outlined in Section 1) was to develop a comprehensive list of questions, seek to answer them and in doing so develop and document relevant insights and opportunities that we believe were critical for productive reform of the APS.

A full list of questions can be found in Section 1 above, however below is the table of specific questions we believe are the most critical to be answered that lead to the most significant productivity improvements to the APS.

We have organised these questions into the categories as per Table 2 below:-

Table A2 – Simplified questions to be addressed

<u>Question Category</u>	<u>Simplified Critical Questions</u>
Public Understanding	<ul style="list-style-type: none"> How well does the general public understand the role of the APS and is therefore willing to contribute to its improvement?
Authority & Accountability	<ul style="list-style-type: none"> Who is the APS accountable to and is this different from whom actually funds its activities?
Performance	<ul style="list-style-type: none"> Does the public know what they have invested in the APS and what it has received for this investment?

Each question in each category was then researched, analysed and major insights and opportunities developed as per Table 3 below:-

Table A3 – Insights and Opportunities for Improvement

<u>Question Category</u>	Insights	Opportunities
Public Understanding	<ul style="list-style-type: none"> • There is not a lot of information aimed at the general voter as the majority of APS information is targeted at the parliament • There is very little public knowledge of the APS, their budgets and what they have done 	<ul style="list-style-type: none"> • Help the public get informed so they can provide better contributions to their public services
Authority & Accountability	<ul style="list-style-type: none"> • There is no <i>direct</i> democratic accountability between the APS and Australian public • To change APS accountabilities requires legislative change – this is the role of the elected parliamentarians and not open to public input other than voting once every 3-4 years for parliamentarians who can influence the legislative process 	<ul style="list-style-type: none"> • Make it simpler for the people of Australia to have their say in what the APS is accountable for
Performance	<ul style="list-style-type: none"> • The performance metrics of APS departments are very obscure relating to objectives that the public could not be expected to understand as they are directed to the parliament not the people • Performance is obfuscated by successive governments with different priorities • There are two ‘macro performance outcomes’ 1) moral/ethical outcomes for society 2) security & financial outcomes 	<ul style="list-style-type: none"> • Change the current performance metrics to public friendly metrics so they can productively contribute performance improvement ideas • Make known the costs and complexities associated with changes in governments • Leverage the natural divergence of ‘macro performance outcomes’ rather than make all APS departments performance culture homogenous

Data Tables Used

Appendix Table A4 – APS Budgets 2009/2010 compared to 2008/2009

Portfolio (Ranked by Budget Allocation 2009 - 2010)	2009 2010 Resources Allocated		2008 - 2009 Resources Allocated		Year on Year Change	
	Resources	%	Resources	%	Change	%
Families, Housing, Community Services and Indigenous Affairs	\$67,682,221,000	26%	\$64,597,262,000	27%	\$3,084,959,000	5%
Education, Employment & Work Place Relations	\$45,199,881,000	17%	\$41,259,878,000	17%	\$3,940,003,000	10%
Health & Aging	\$42,869,222,000	16%	\$50,728,515,000	21%	-\$7,859,293,000	-15%
Defence (include Vet affairs and housing)	\$42,854,600,000	16%	\$36,026,300,000	15%	\$6,828,300,000	19%
Finance and Deregulation	\$20,024,645,000	8%	\$11,812,852,000	5%	\$8,211,793,000	70%
Human Services	\$6,128,000,000	2%	\$5,612,000,000	2%	\$516,000,000	9%
Environment, Water Heritage & Arts	\$5,729,900,000	2%	\$3,233,200,000	1%	\$2,496,700,000	77%
Innovation, Industry, Science & Research	\$5,553,306,000	2%	\$4,573,270,000	2%	\$980,036,000	21%
Foreign Affairs and Trade	\$5,287,081,000	2%	\$4,996,631,000	2%	\$290,450,000	6%
Dept of Attorney General	\$5,079,761,000	2%	\$5,351,299,000	2%	-\$271,538,000	-5%
Infrastructure, Transport and Regional Dev & Local Govt	\$4,457,200,000	2%	\$5,316,000,000	2%	-\$858,800,000	-16%
Broadband, Communication & Digital Economy	\$2,976,900,000	1%	\$2,015,180,000	1%	\$961,720,000	48%
Immigration & Citizenship	\$1,830,200,000	1%	\$1,799,818,000	1%	\$30,382,000	2%
Agriculture, Fisheries & Forestry	\$1,735,572,000	1%	\$2,962,021,000	1%	-\$1,226,449,000	-41%
Resources, Energy and Tourism	\$1,332,887,000	1%	\$1,506,300,000	1%	-\$173,413,000	-12%
Dept of Treasury	\$472,318,039	0%	\$471,935,000	0%	\$383,039	0%
Prime Minister & Cabinet	\$431,707,000	0%	\$375,401,000	0%	\$56,306,000	15%
Parliamentary Services	\$134,897,000	0%	\$133,224,000	0%	\$1,673,000	1%
House of Reps	\$51,794,000	0%	\$36,944,000	0%	\$14,850,000	40%
Senate	\$36,232,000	0%	\$44,716,000	0%	-\$8,484,000	-19%
Sub total	\$259,868,324,039		\$242,852,746,000		\$17,015,578,039	7%
Other Federal budget elements	\$78,331,675,961		NA			
Total Federal Budget 2010	\$338,200,000,000		NA			

Appendix Table A5 – APS Full Time Equivalent Employees 2009/2010

Department	FTE's	% Total APS
Centrelink	26,157	16.35%
Australian Tax Office	24,423	15.26%
Defence	21,629	13.52%
Sub Total Top 3	72,209	45.13%
Total APS	160,011	
Total Federal Budget 2010	\$338,200,000,000	
\$/APS FET	\$2,113,605	

Appendix Table A6 – Personal Income Tax Collected and Proportionally Distributed to APS

Distribution to Government portfolio's (APS) of every \$1 of personal income tax paid				
Portfolio in which APS Departments sit	2008 - 09	2009 - 10	Change	% Chg
Families, Housing, Community Services and Indigenous Affairs	\$0.11	\$0.11	\$0.00	-2%
Education, Employment & Work Place Relations	\$0.07	\$0.07	\$0.00	3%
Health & Aging	\$0.09	\$0.07	-\$0.02	-21%
Defence (include Vet affairs and housing)	\$0.06	\$0.07	\$0.01	12%
Finance and Deregulation	\$0.02	\$0.03	\$0.01	59%
Human Services	\$0.01	\$0.01	\$0.00	2%
Environment, Water Heritage & Arts	\$0.01	\$0.01	\$0.00	66%
Innovation, Industry, Science & Research	\$0.01	\$0.01	\$0.00	14%
Foreign Affairs and Trade	\$0.01	\$0.01	\$0.00	-1%
Dept of Attorney General	\$0.01	\$0.01	\$0.00	-11%
Infrastructure, Transport and Regional Dev & Local Govt	\$0.01	\$0.01	\$0.00	-21%
Broadband, Communication & Digital Economy	\$0.00	\$0.00	\$0.00	39%
Immigration & Citizenship	\$0.00	\$0.00	\$0.00	-5%

Agriculture, Fisheries & Forestry	\$0.01	\$0.00	\$0.00	-45%
Resources, Energy and Tourism	\$0.00	\$0.00	\$0.00	-17%
Dept of Treasury	\$0.00	\$0.00	\$0.00	-6%
Prime Minister & Cabinet	\$0.00	\$0.00	\$0.00	8%
Parliamentary Services	\$0.00	\$0.00	\$0.00	-5%
House of Reps	\$0.00	\$0.00	\$0.00	31%
Senate	\$0.00	\$0.00	\$0.00	-24%

Appendix Table A7 – Federal Government Income Sources & Calculation of Tax Collected from Individuals

	<u>2009 to 2010</u>		<u>2008 to 2009</u>	
Federal Government Revenue estimation	290,600,000,000		298,900,000,000	
Personal Income tax	122,710,000,000	42.2%	125,777,000,000	42.1%
Company (& petroleum rent)	56,700,000,000	19.5%	62,804,000,000	21.0%
Sales Tax	44,710,000,000	15.4%	43,716,000,000	14.6%
Petrol Excise	15,090,000,000	5.2%	13,148,000,000	4.4%
All other Excise & Customs taxes	14,530,000,000	5.0%	17,447,000,000	5.8%
Fringe Benefit Tax	3,460,000,000	1.2%	3,581,000,000	1.2%
Super Tax	7,990,000,000	2.7%	9,227,000,000	3.1%
Other Tax	2,537,000,000	0.9%	2,954,000,000	1.0%
Non Tax Revenue	22,884,000,000	7.9%	20,280,000,000	6.8%
Total	290,611,000,000		298,934,000,000	
Individuals make up most of the tax with Income tax, sales tax (30%), excise and taxes on Petrol (30%), tax on superannuation (50%)	149,004,000,000	51.3%	152,683,800,000	51.1%