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Reform of Australian Government Administration: Building the world's best public service

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Reform of Australian Government Administration

Submission

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Submission

The proposed reform is motivated by a desire to build the adaptive capability of the Australian Public Service (APS) to deal with emerging issues, such as demographic shifts, and with challenges which are as yet unidentified, in the context of a turbulent global environment and (at least in the medium term) constrained resources. Because Australia has resisted the global financial crisis better than most nations, and because this reform is being undertaken without other external shocks, there is a risk that its importance, and its complexity, will be underestimated. However, improving the public sector's capability to adapt to rapid rates of change will demand much more than developing an array of specific skills within the APS: capability is reflected across the full range of how an organisation behaves and interacts with its environment to bring about sustainable outcomes that are valuable to its diverse stakeholder groups. It depends on how well-adapted the organisation as a whole is to its evolving environment and how well its leadership is able to anticipate and prepare it for change. It is made visible through concrete examples of innovation and adaptation to volatile demands, which at the same time reinforce its central values and traditions.

This submission to the Reform of Australian Government Administration process examines some of the key issues inherent in such a large-scale capability-building process, and makes some proposals to address them. It does not attempt to be exhaustive, focussing instead on two core recommendations, which we believe to be the most powerful drivers of a coherent approach to the challenge.

1. *The concept of 'citizen focus' should be fully developed and placed at the centre of the Reform. Because it is self-evidently valuable to the public, it has the potential to act as a driving force and a design principle for a renewed Public Sector.*

Whereas change processes that are put in place in response to a specific event or defined external development carry their own imperative, the task of building capability often lacks urgency or focus because it is driven by emerging needs that may only just be beginning to be visible, and which are therefore difficult to coalesce action around. The Reform's proposed aim – 'Building the world's best public service' – together with the measurement that goes into defining what might constitute such a service, goes some way to providing such a motivating theme. However, because it is based on comparison with other public services, it remains in some sense reactive – raising the question 'what if being the best is not good enough'? Furthermore, 'being the best', while encouraging a general performance orientation, is not directly connected to what the Public Service actually does, focussing instead on doing whatever that is well. Whilst the recent UK Institute for Government report entitled 'The State of the Service'¹ attempts cross-service comparisons, it also acknowledges that 'the complexity of government means this kind of international comparison will always be open to challenge'. A focus on being the best is unlikely to be good enough in the context of fiscal conditions following the global financial crisis – public services around the world will be faced with the challenge of transforming their productive capability.

On the other hand, a strong theme expressed in the Discussion Paper, and both the Paterson² and Garran³ Orations delivered by the Prime Minister, is the need for the Public Service to focus on the needs of the citizen. We believe that, implemented well, this theme could become a powerful driver of change. The needs of the citizen are a particularly meaningful point of focus for all public servants, as well as being politically appealing.

¹ Institute for Government, July 2009

² Paterson Oration, 3/9/09, delivered to the Annual Conference of the Australia and New Zealand School of Government.

³ Garran Oration, 20/11/09, delivered to the Annual Conference of the Institute of Public Administration Australia, Brisbane.

However, the concept of citizen focus needs to be understood in more depth if this potential is to be recognised.

Firstly, it is important to recognise that much of the work of the APS serves the citizen indirectly rather than directly. This is so in two senses: the APS not only serves citizens directly through the provision of services, but also indirectly by serving the citizens' elected representatives; moreover, the APS performs many roles (such as defence, foreign affairs or corrective services) which only indirectly benefit citizens, and usually benefit them collectively rather than individually⁴.

Secondly, to focus on the 'needs' of citizens leaves open the difficult question of how to achieve balance between the demand for services with available resources; between the 'needs' of different citizen groups; and between conflicting needs (particularly over the short- vs. long-term). When considering the needs of the citizen, it is also vitally important to recognise the importance of engaging the citizen, in some practical way, in determining what those needs are, and what trade-offs might need to be made between them.

A more powerful way to understand this, which moves far beyond merely meeting citizens' needs, is to consider what value the Public Service creates through its interactions with or impacts on citizens. 'Value' in this context is intended in its broadest sense, rather than being limited purely to economic value. When considering the collective citizenry, focussing on value also encourages a long-term perspective – the enduring value that is created by a highly performing public service – and ultimately an increasing belief in the 'trustworthiness' of government⁵.

Proceeding in this way, it is possible to see the concept of 'citizen-focus' as a powerful central theme of the Reform that spans both short-term individual interactions and long-term enduring value:

- As noted in the Discussion Paper, citizen-focus can be used as a means to encourage better service delivery. However, its potential is much greater than simply improving narrow measures of service performance. A value creation focus provides an overarching standard that can guide the redesign of service delivery processes to generate significantly improved productivity for a given level of investment, and at the same time contribute to a broad objective of increasing long-term citizen satisfaction with government as a whole.
- An understanding of how value is created for the citizen by the various activities of the Public Service can serve as a principle to guide the design of its component organisations and their processes. This applies not only to organisations with a direct client interface, but also to non-citizen facing roles such as 'back office' services. It helps shed light on decisions about what roles to centralise and what to locate closer to the 'front-line'.
- Creating greater clarity and focus on the way the Public Service interacts with citizens leads to more actionable and meaningful inputs to policy-making, and provides a clearer standard against which to evaluate policy alternatives. Without this, policy-making can become 'decision-making on cursory information leading to a lack of appreciation of application at the community level'⁶. Hence, adopting 'citizen-focus' can lead to much more productive linkages between service delivery and policy roles. It provides a way to keep strategic thinking grounded, or connected to the realities of the citizen's

⁴ See Alford, J. 2002. Defining the Client in the Public Sector: A Social-Exchange Perspective. *Public Administration Review*, 62(3): 337-346.

⁵ See also Alford, J., & Hughes, O. 2008. Public Value Pragmatism as the Next Phase of Public Management. *American Review of Public Administration*, 38(2): 130-148, and Alford, J., & Speed, R. 2006. Client focus in regulatory agencies. *Public Management Review*, 8(2): 313-331.

⁶ D. Borthwick, 2009, Panel Discussion, Annual Conference of the Institute of Public Administration, Brisbane.

day-to-day existence. Grounded strategies are crucial to maintaining both the perception and reality of government's relevance to the community. Furthermore, an appropriate rebalancing towards the reality of implementation is essential if policy is to be framed in a way that can be enacted without either distorting policy intentions or being prone to confusion, particularly in the early stages.

- Although the Reform is focussed on the APS, it is clear that its ramifications will reach far beyond the Service itself, with changed arrangements and ways of working impacting State and Territory public services, local government, and the enormous diversity of non-governmental organisations and external suppliers through which the APS interacts with citizens. Because the concept of creating value for citizens is not confined by organisational, or even sectoral, boundaries, it provides a powerful tool to develop cross-boundary solutions and collaborative and productive relationships between all players. It offers the opportunity to improve the adaptive capability of the sector as a whole because it opens the possibility of changes in roles and practices between and across organisations.

Citizen-focus, seen in this way, helps give substance to what it means to build the world's best public service', and a set of measures that are not purely focussed on 'competing' services, but on the ultimate arbiter of success: the satisfaction of citizens with government, over the long-term and across the full range of their interactions. For this reason, we would support giving it a much more central role in the Reform process.

2. A sophisticated and pragmatic approach to understanding the cultural implications of the reform will be necessary to enable its successful implementation.

The Discussion Paper raises the question of whether the APS, and particularly the SES, has become too fragmented to meet the challenges of working across agencies on complex policy issues, or to allow sufficient mobility to support the development of leaders who have the necessary broad experience and understanding to rise to future challenges. At the same time, it raises the possibility of recruiting more senior leaders from outside the public service, and suggests that the SES might be more widely distributed geographically, rather than remaining as strongly focused on Canberra as it is at present. It is important to recognise that each of these concerns has significant cultural aspects. On the one hand, measures to improve the unity of the APS suggest a stronger emphasis on common values, alignment of remuneration and performance standards, and potentially structural changes that reduce the number of agencies. On the other hand, the introduction of new leadership with its roots outside the APS, and increased geographical dispersion, could be expected to lead in the opposite direction, encouraging further cultural differentiation, and the bolstering of regional differences. To resolve such an apparent conflict, we believe it is important to clarify the role organisational culture plays, not only as a representation of unity, but as a force for innovation and adaptation. By using leadership tools that work with cultural difference, it is possible to move beyond the limitations of structural change and centralized prescription of values to action that is appropriately aligned to common purpose.

We believe that organisational culture is best understood as an emergent property of the organisation, arising from the complex interaction of the organisation's history, present challenges, and the several aspects of its design and leadership. As such, we believe that it is not amenable to direct 'modification', but that changes to any important aspects of the organisation can be expected to both affect the organisation's culture, and at the same time produce culturally-driven responses. Furthermore, although it may be possible to identify common cultural features across even very large organisations, these commonalities will coexist with differences that arise from varying external or business demands, leadership style or even simply geographic distance. While cultural similarity helps support ease of communication and consistent behaviour across the organisation,

cultural diversity (within acceptable boundaries) increases the organisation's ability to adapt to changing demands and develop innovative ways forward.

Because of this, it is often more practical to focus on the interactions produced by the relevant aspects of organisational culture in specific contexts, rather than striving for a particular single culture – neither unity nor fragmentation are completely desirable or undesirable per se. This is not to say that important specifications of what unites the APS, and even more importantly its SES, such as the work already done under the heading of 'One APS'⁷, is superfluous, but rather that once it is in place, it is insufficient – culture is only relevant through its on-going effects on the business performance of the organisation⁸, and this means any attempt to encourage continuous improvement in performance will demand associated cultural evolution.

This understanding of culture is relevant to several key issues raised in the Discussion paper:

- A concrete statement of the desired functional capability of the APS needs to be developed, and related to its organisational antecedents. Although this supports the Discussion Paper's suggestion that robust workforce planning is necessary, it should go still further. For instance, in addition to answering questions like 'What levels of mobility are needed to support the development of leaders over the medium to long-term?' and 'What is the desirable level of external recruitment now and in the medium-term future?', a systemic understanding needs to be developed of how existing practices and procedures work to produce the behaviours currently observed within the APS. Such an understanding would look particularly at the role and operation of performance management systems and job classification systems, not so much at a technical level, but more significantly as drivers in a broader system.
- A major concern of the reform process is how to drive collaboration across the APS and beyond. We also see this as being critical to drive performance improvement, because collaboration requires the recognition of other points of view, disabling any tendency toward insularity. In this light, there is a clear need to build capability to operate across boundaries, both to address complex strategic issues, and to ensure coherent responses from the perspective of specific citizen groups. However, this must be done in a way that reinforces the functioning of the organisation, rather than weakening it. Solutions that treat collaboration as something additional to, or outside of, the organisation (such as, potentially, the proposed Strategic Policy Centres) risk being counterproductive, for two reasons: firstly, they can reduce role clarity for those involved, and detract from their and their organisation's performance; secondly, they risk promoting perceptions that collaboration is a specialist way of working, which can be safely ignored by those who are not involved in specific projects that need it, beliefs that can produce cultural distinctions and ultimately conflict between the special purpose groups and their home units. A better approach may be to start from a clear definition of roles across the system, which embraces the necessary linkages and enablers of collaboration.
- The capability of the APS to address unforeseen and unforeseeable issues depends on its being able to thrive in complex and changing contexts. This implies a culture that is both oriented to learning, and which favours action – a culture that encourages and rewards considered risk-taking and

⁷ Australian Public Service Commission, 11/10/2005, <http://www.apsc.gov.au/mac/oneaps.htm>

⁸ Britton, G. M. 2007. 'On Reading Lines in Shifting Sands: making organisational culture relevant'. Australian National University, Canberra.

experimentation⁹. Building such a culture is a possibly the most significant challenge for the APS leadership, one which will require far-reaching intervention at the level of both systems (particularly reward systems) and the symbols that people react to¹⁰. It should be underpinned by the development of an empowering concept of accountability, which on the one hand ensures people understand what they must achieve, but on the other hand encourages them to innovate and understand emerging change within their area of role. If accountability is seen as being about revealing failure and allocating blame, as is frequently the case, it will almost certainly smother innovation, encouraging a retreat into narrowly-defined organisational 'silos' and tried-and-true ways of doing things, or focussing only on aspects of performance which can be easily measured. For this reason, developing a positive approach to innovation and risk-taking is not just about adjusting the attitudes or behaviours of individual managers, but about developing new ways to understand accountability and performance measurement that drive changed behaviours across the entire system. We believe that this should be linked to the concepts of creating value for citizens already discussed, building on and extending thinking beyond the experience of approaches to 'managing for outcomes' which have been implemented in various other jurisdictions.

- We strongly support the Discussion paper's emphasis on increased interaction between the academic sector and the APS, and believe this is likely to be highly productive for both. These kinds of external inputs should not be limited to the provision of 'training', but also provide for the active exchange of ideas and, in some cases, personnel between the sectors, bringing the best thinking to bear on novel issues at the same time as introducing a sense of real world concerns into research. The central role of ANZSOG in this exchange is self-evident, and should be reinforced. However, we would argue that it is also important to build a real openness to new ideas and developing thinking, and believe this supports building diverse and flexible relationships with the best researchers and schools, both within Australia and internationally. Furthermore, the concept of the 'academic sector' should extend beyond Universities to encompass all people who actively think about and write about the system of government. It should include those who use their practical experience to understand the way the sector works at depth and who can foster change within the system. Diversity of ideas and approaches is important to enhancing and enabling the adaptive capability of the Public Service. Research funding schemes should be developed accordingly.
- To enable the development of more innovative cultures, an important area of reform is the process by which services are procured. The existing tender system encourages 'specification' of the services needed rather than enabling generative conversations with potential suppliers prior to defining the service required. This favours an internal focus rather than exploration of a full range of different approaches. The outcome is paradoxically a less open system and one that resists innovative contributions from outside the public service.

⁹ Tanner, R. H. Fancy P Cooper 2009. Creating a learning culture. Public Sector 32 (1): 12-14, Institute of Public Administration, New Zealand

¹⁰ Macdonald, I C. Burke, K. Stewart 2006. 'Systems Leadership: Creating Positive Organisations' Gower Publishing, Aldershot

Credentials

Advanced Dynamics was formed in 1997 through collaboration between academics at the Australian National University and private sector managers. Its purpose is to foster an advanced understanding of the dynamics of organisations and their performance, which informs both practice and academic thought. Advanced Dynamics continues to focus on supporting senior leaders in learning and developing organisational capability through their practical leadership practice. In the Public Sector, our work has encompassed reform projects at all levels of government including projects with the Australian Public Service, New Zealand Public Service, NSW, Victorian, Queensland and Northern Territory Public Services. It is from this practical experience over the last 12 years, underpinned by deeply researched organisational principles, that this submission is made.