

# Submission on Reform of Australian Government Administration

Beyond the Ballot Box -  
The Development of Citizen Centric Governance

November 2009



*I would like to see the Australian people own our own future, and do something about it. At Federation, Australians had a big bright view of our nation; we seem to have lost that vision - An Australian Citizen from PricewaterhouseCoopers "What would you like to change?"*



## Disclaimer

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# 1 Reform of Australian Government Administration

## Introduction

In August 2009 PricewaterhouseCoopers asked Australians to comment on the things they would like to change in their community, the world, or in their own life. Over 4000 responses were received across a number of different topics. Listed below is a sample of unedited comments received around the general area of government.<sup>1</sup>

*“The way that Medicare rebates are given. Surely it can be simplified so that all providers are reimbursed automatically.”*

*“There is a massive problem with the way the notion of "ACCOUNTABILITY" is being implemented across all areas of government. Central authorities set out detailed "benchmarks", professionals are overwhelmed, morale is low, and initiative is destroyed.”*

*“I wish our politicians weren't politicians; ie We could appoint business people with great ideas and drive to key positions such as Treasurer rather than a politician who is always thinking of the next election.”*

*“Have a central agency which all government agencies (Federal, State and Council) use. For their HR, IT, Payroll, Finance etc. Then maybe a centralised approach could start being adopted between all agencies and departments.”*

*“Short term thinking in government - we need bipartisan strategies that look beyond one term in office and put a greater vision ahead of personal agendas.”*

*“I would like to change how social and welfare services in Australia are all privatised. The state should be providing effective social services to all people in need.”*

*“The system of government in Australia - increase the centralisation of service delivery, keeping some ability for nuance & subtlety at the local level. (ie - do away with state governments)”*

*“I'd like to see more Australians inspired by the ability to change & lead. They say only the lonely and ambitious run for office... let's see more 'real people' take the lead!”*

*“State government to look further into the future than their current term & build a transport network suitable for the population growth.”*

*“I would like to see the Australian people own our own future, and do something about it. At Federation, Australians had a big bright view of our nation; we seem to have lost that vision.”*

The sentiment expressed by this small sample of the Australian population aligns very closely with the issues outlined in “Reform of Australia Government Administration: Building the world’s best public service”. Issues such as, collaboration, service delivery and the need for a long term vision to address Australia’s economic challenges that transcends the electoral/political cycle.

*“...By the highest global standards, the Australian Public Service is independent, professional, ethical and efficient. But at the same time, its challenge now is to become more strategic and forward looking, more outward looking, and more citizen-centred....”*

*Prime Minister, Hon. Mr Kevin Rudd, Sir Robert Garran Oration, Brisbane, November 2009*

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<sup>1</sup> PricewaterhouseCoopers (2009) <http://www.whatwouldyouliketochange.com.au/>

In commenting on the blueprint for reform of the Australian Public Service (APS), our submission draws on the experience we have gained, both in Australia and overseas, in undertaking transformation projects in both the private and public sector.<sup>2</sup>

At the heart of these programs is the citizen, either in terms of improving citizen service and/or collaborating in the design and delivery of services. Equally important is the ability to ensure the right organisational capabilities are in place; together with a committed leadership and employees. We believe one should not underestimate the linkage between employee engagement, citizen engagement and organisational performance.

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<sup>2</sup> PricewaterhouseCoopers (2008) Insights into Transformation, Seven lessons learnt by top Australian CEOs and senior management executives on leading and executing major change programs. A white paper by Stephen Woolley, PricewaterhouseCoopers Partner and Advisory Transformation Leader

## 2 Forces shaping the future of the APS

The discussion paper highlights a number of challenges confronting the public sector. These include increased complexity, increasing public expectations, demographic change, technological change, globalisation, financial pressures and the need for systemic change. We may add here a more optimistic challenge confronting Australia is how we manage a period of prolonged prosperity.<sup>3</sup>

Just as each generation has their own set of challenges, these are the issues of our time and perhaps the distinguishing characteristics are that, for many, they are global. In recent years, following 9/11, we have been confronted by global terrorism and related issues of border security; global pandemics (SARS & H1N1); the global financial crisis; regional instability (eg Fiji and Solomon Islands); and perhaps the greatest challenge of all- global climate change. The latter is of particular significance given our carbon intensive economy, large dry and arid land mass and heavily reliance on commodity based exports. We are seeing an internationalisation of Australia's challenges.

These events and trends, together with domestic challenges (e.g. ageing of the population, housing affordability and closing the gap of indigenous conditions) will continue to drive policy directions, but one of the biggest challenges for the public service over the next ten years is the ability to perceive the next set of challenges. It is as much about the process as it is of current issues. As Ken Henry noted, policy advisers need to have a strategic focus:

*"...The need for strategic thinking is best illustrated by the fact that the most important policy challenges facing Australia are complex, cross-cutting and have systemic implications. These challenges cannot be addressed through short-term, reactive and incremental decision-making. Moreover, in the absence of a strategic policy perspective, there is a risk that debate will focus on partial questions, short-term considerations, and the demands of special interest groups...."*<sup>4</sup>

An emerging trend of strategic importance to the APS is the rise of the "assertive citizen". In a study sponsored by PricewaterhouseCoopers,<sup>5</sup> it was argued that the rise of the assertive citizen and generally increasing expectations, have created profound challenges for public services including health and education. Three challenges identified in the report were the move away from "one-size-fits all" approach to more tailored and individualistic response to public service delivery; service users and providers sharing responsibility for outcomes (i.e. a co-production of outcomes); and, finally, greater autonomy for public service professionals.

*"...However, while, on the one hand assertive citizens will pose challenges for both government and professionals, on the other they also hold the potential to make major improvements in public service outcomes...."*<sup>6</sup>

We now turn to how this potential can be realised in the APS.

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<sup>3</sup> Stevens, G (2009), "The Road to Prosperity", 2009 Economic and Social Outlook Conference Dinner, The Melbourne Institute and The Australian, Melbourne.

<sup>4</sup> Henry, K.(2007, "Challenges confronting economic policy advisers", Views From the Inside No.3, Australian and New Zealand School of Government, Melbourne.

<sup>5</sup> Griffiths, S., Foley, B., & Prendergast, J. (2009), "Assertive Citizens. New Relationships in the Public Service." The Social Market Foundation and PricewaterhouseCoopers, London.

<sup>6</sup> Ibid, p23.

### 3 Our view in summary

In our view any reform of the APS should reinforce and strengthen the Westminster based principles of public administration and good governance including:

- Transparency and accountability
- Fairness and equity in the treatment of citizens and employees
- Efficiency and effectiveness
- Respect for the rule of law
- High standards of ethical behaviour
- Apolitical engagement with government.

Potential reforms need to be fully assessed against these principles, and on their impact on the values and ethos of the public service.

These principles are embodied in our view of a citizen centric model of the APS. The public service is increasingly expected to run itself effectively, efficiently and in a citizen-centric manner and this means aligning every action/strategy towards a meaningful citizen experience. While the citizen should sit at the centre of service-delivery strategy, the preferred implementation approach needs to take into account the ways in which public service organisations are structured. In particular, hierarchical, 'siloed' structures can present a major challenge to the delivery of citizen centric services across all agencies.<sup>7</sup>

To become truly citizen centric, public service organisations need first and foremost to gear their cultures towards serving the citizen. That means aligning agency and citizen priorities. It means understanding the complexity of different citizen groups and providing them with a choice of channels and interfaces via a demand-driven model – the more citizens that there are, the more channels they tend to use according to the level of support and guidance they need. It means addressing agency silos so citizens can be served effectively through a single point of contact. And it means using truly citizen centric metrics to attract, retain and motivate staff.<sup>8</sup>

However, the approach to date has focussed on front end delivery of the things that citizens want to know and the services they need to obtain from government (Figure 1).

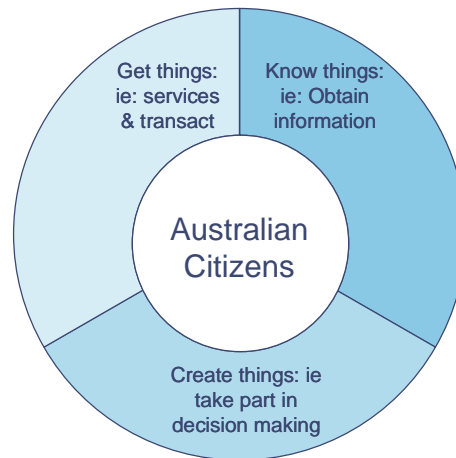
While “one stop shops” are delivering useful results, further improvements can lead to even greater gains in developing innovative policy and service delivery outcomes, increasing citizen participation and attracting and retaining skilled employees.

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<sup>7</sup> PricewaterhouseCoopers (2008) The road ahead for public service delivery. Delivering on the citizen promise PricewaterhouseCoopers Public Sector Research Centre, London at <http://www.psrc-pwc.com/>

<sup>8</sup> Ibid

Figure 1 The Citizen Centric Model of Public Service Delivery<sup>9</sup>



Two innovations discussed below are:

#### Reorganisation

- A reorganisation of government departments into a set of Citizen Touch Point Clusters. As the title suggests, government agencies would be aligned to minimise the number of touch points an individual, citizen has with government. Reforms to date have focussed on making that interaction as efficient as possible. However, the Citizen Touch Point Cluster goes beyond the “one-stop shop” concept and pushes the collaboration upstream, into policy development and program design.

#### Co-design

- The move to Citizen Touch Point Clusters makes it easier for policy makers and practitioners to embrace closer collaboration between service users and their designers in a process of co-design. Co-design provides an avenue for addressing disengagement from politics and democracy and can contribute to the development of social capital.

With the redesign and restructure of the APS it is important to consider the future development of technology and the impact this will have on the delivery of services and transacting business. As we move beyond Web 2.0 we’re now contemplating Web 3.0. Government should now consider this as the world within which the redefined citizen centric APS will need to operate. Web 3.0 is a vision of drawing together data from different sources and creating and using the relationships to provide analysis and facilitate collaboration.

Understanding and managing data is essential in the redesigned world. This includes intelligent stratification of data and its storage and access. Reusing and sharing data is an essential ingredient of success.

A key feature of any high performing organisation is the requirement that there is alignment between the strategy and the organisation’s skills and capabilities required to deliver the strategy. The use of APS wide capability and performance management frameworks, based on the required set of behavioural and

<sup>9</sup> Adapted from OECD (2005) Public Sector Modernisation: Open Government , OECD Paris

technical competencies, would provide a basis for recruiting, training and developing public service employees in line with the key competencies identified.

The move to a citizen centric APS, supported by technology and a strong APS capability set both strengthens the Westminster traditions of transparency and accountability, and is consistent with the shift of power from government to citizens. Citizen participation in government will no longer be principally measured by electoral participation. In the future it will also include the extent to which they participate in the development and delivery of government policies.

## 4 The Structure of the APS

*“...We need to enhance the mobility of APS officers, enabling them to move across departments without sacrificing pay or conditions. We also need to make sure barriers do not prevent the transfer of knowledge, skill and people across different levels of government...”<sup>10</sup>*

*Terry Moran AO, Secretary, Department Prime Minister and Cabinet*

To date, significant public service reforms have focussed on the delivery of online services to citizens through “one-stop shops”. However, scope remains for these concepts to move further upstream in the public service value chain to include policy innovation and program design.

In the discussion paper, the Advisory Group noted the lack of a unified one-APS culture and that a high proportion of employees identified more with their agency than the APS more broadly.

The existence of a silo mentality inhibits the development of a high performing public service. In particular, it inhibits cross-agency collaboration, inter-agency mobility, and leads to a narrow perspective on citizen needs. However, at the same time, the current structure creates extensive policy development and service delivery experience in the departments, allowing for continuity and consistency over time.

The current departmental structure of the APS is organised along functional lines, with 19 departments. This structure has the disadvantages of increasing the number of “touch points” citizens have with Government, and is ill suited to emerging issues that transgress traditional departmental boundaries e.g. the global financial crisis, climate change, globalisation of business and finance, terrorism, natural disasters and global pandemics. Moreover, the large disparity in classifications and remuneration across agencies exacerbates the problems of mobility and collaboration.

This suggests that we need a public service structure aligned along citizen needs, rather than functional lines, through a set of *Citizen Touch Point Clusters*. An example of the clusters, based on the current departmental structure, is presented in Table 1.

**Table 1 The Australian Public Service & Ministries – “Citizen Touch Point Clusters”**

Proposed Cluster	Current Departments
Economic	<ul style="list-style-type: none"> <li>• Finance &amp; Deregulation</li> <li>• The Treasury</li> <li>• Education, Employment &amp; Workplace Relations</li> </ul>
Legal / Legislative	<ul style="list-style-type: none"> <li>• Attorney-General's</li> <li>• Prime Minister &amp; Cabinet</li> </ul>
Industry	<ul style="list-style-type: none"> <li>• Agriculture, Forestry &amp; Fishing</li> <li>• Broadband, Communications &amp; the Digital Economy</li> <li>• Resources, Energy &amp; Tourism</li> <li>• Infrastructure, Transport, Regional Development &amp; Local Government</li> <li>• Innovation, Industry Science and Research</li> </ul>

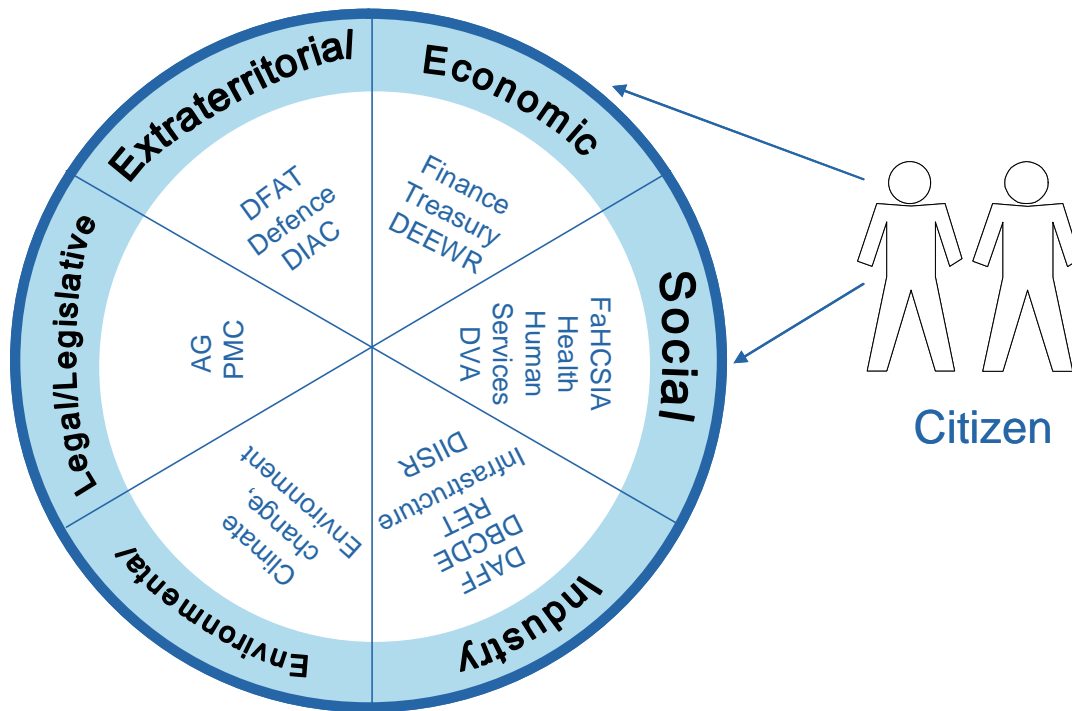
<sup>10</sup> Moran A.O., T., “Challenges of Public Sector Reform”, Public Administration Today, Institute Of Public Administration (ACT Division), No. 19, April-June, p7-11.

Proposed Cluster	Current Departments
Environment	<ul style="list-style-type: none"> <li>• Climate Change</li> <li>• Environment, Water Heritage &amp; the Arts</li> </ul>
Social	<ul style="list-style-type: none"> <li>• Families, Housing, Community Services and Indigenous Affairs</li> <li>• Health and Ageing</li> <li>• Human Services</li> <li>• Veterans' Affairs</li> </ul>
Extraterritorial	<ul style="list-style-type: none"> <li>• Foreign Affairs &amp; Trade</li> <li>• Defence</li> <li>• Immigration &amp; Citizenship</li> </ul>

The clusters have been designed from the perspective of citizen needs, including both external and internal stakeholders:

- **Economic** – represents the economic interests of citizens and is responsible for the delivery of budgets, financial advice, tax and spending policies and programs.
- **Legal and Legislative** – responsible primarily for the delivery of legal and parliamentary services. From a citizen's perspective, the main touch point would be the Federal Court system. The Department of Prime Minister and Cabinet will continue to play a co-coordinating role.
- **Industry** - responsible for the development of a broad range of industry policies, which would be of particular interest to business. Other regulatory agencies outside the cluster would increase the number of touch points for business. From a policy perspective, coordination within the cluster has the potential to reduce conflicting industry demands, remove unintended consequences of one policy over another and improve consistency in policy settings across industries.
- **Environment** – the central point for environmental, climate change and related advice. The near certainty of the CPRS/ETS enables all activities, including the allocation of permits, to be clustered within this grouping. For business, this and the Industry and Economic clusters become the main touch points.
- **Social** – the big one as far as the individual citizen is concerned. The provision of health, education and welfare are coordinated within the cluster. Detailed information can be used to assess citizen needs from birth through to admission to an aged care facility, while at all times ensuring the citizen has access to all the services consistent with their circumstances/ stage of life. Policy development would be able take a holistic approach to the provision of these services.
- **Extraterritorial** - managing Australia's interaction with the rest of the world. The current refugee crisis is a perfect example where the three departments could collaborate in developing policy, managing the rescue, processing of new arrivals and diplomatic efforts to resettle refugees.

Figure 2 The Citizen and Government



The rationale behind the clusters is that they reduce the number of areas the citizen, be they individuals or companies, need to deal with on a day to day basis (Box 1: Tell Us Once). For example, an individual may only need to deal with the Social and Economic (paying tax) clusters and even the latter may in future be unnecessary for some cohorts (Figure 2: The Citizen and Government). To some extent, Centrelink already provides a one-stop delivery for many Government services. We have talked in this paper about the touch points of “John Citizen”, and much has been written about this in other studies that have been conducted. It is important to acknowledge the potential impact of reducing the number of interactions for small and medium sized enterprise when they open and operate a business. As discussed below, technology developments will play an important role in allowing all business data to be available in one place.

**Box 1: Tell Us Once**

Sir David Varney's review into Transformational Government in the UK cited one example where a citizen had to make 44 separate contacts to government departments following the premature death of her husband.

Not long afterwards, the UK Government set up "Tell Us Once" to make it possible to let the authorities know about a change of circumstances, death or birth, with just one visit or phone call.

The Department for Work and Pensions (DWP) is undertaking a number of trials. The new cross-government service between the DWP, HM Revenue & Customs, Local Authorities, Driving and Vehicle Licensing Agency, and the Identity and Passport Service should mean in future that people only have to tell Government once when registering a birth or death. There are also plans to extend this to cover change of address.

Financial Secretary to the Treasury, Stephen Timms, said:

"We recognise that, following a birth or a death, having to contact several different departments and authorities can seem a daunting task.

"The "Tell Us Once" pilot is a result of close working between departments across national and local government. The new service should make it easier for people in the North West and the South East to notify us of a change in circumstances by making just one call, taking away some of the burden at a difficult time."

*Source: UK Department for Work and Pensions, Press Release, "Tell us once, because your time matters", 14 November 2008*

A more radical set of groupings could reduce the individual touch points by, for instance, including within the Social cluster the section of the ATO that deals specifically with personal tax. Individuals would then have one point of contact with Government, and potentially only need to deal with one person who could have access to all relevant information. Tax, family payments and social security payments could all be coordinated through one agency. Other more radical examples include environment and climate change issues related to business being included in the Industry cluster. The further you move away from the existing department structure and begin to focus at the agency level, the greater the possibilities for reconfiguring the structure.

The benefits of aligning the APS to citizen needs through a cluster structure include:

- Increased mobility within the cluster
- Ability to build on embedded policy and program delivery knowledge
- Standardised technology platforms and systems, including shared services for finance, human capital, IT, etc.
- Enhanced scope for collaboration among the cluster departments, through networked departments
- A simpler entry point for collaboration with external stakeholders
- An ability to develop cluster based continuous learning and performance management frameworks.

Development of the clusters should not involve the creation of any additional departments, agencies or programs and will, via the shared services concept, improve effectiveness and efficiency. The Government needs to be wary of investing in co-ordinating mechanisms, unless it could be demonstrated the additional costs would be more than offset by an improvement in efficiency or effectiveness.

In moving to connected government, the pace and order of change are both key factors. The optimal route is to start with understanding citizen needs – redesigning the "front office" to interact effectively with the citizen and realigning the "back office" to effectively deliver through the front office, before attempting to address the integration of individual agencies (Box 2: Connected Government)

Citizen Touch Point Clusters are not only about government restructuring. They also call for the implementation of a common vision, supported by integrated objectives, outcomes, information and

process flows. Technology plays a key role in this integration. While the integration of technology is challenging, it is often easier than the integration of hearts and minds.

Key elements for a Citizen Touch Point Clusters strategy should include:

- Visible leadership at a strategic level
- Common goals for connected government – and common service standards
- Focus on front end of public service delivery – achieve quick wins and visible improvements
- Break down intra-agency silos before starting to break down cross-agency silos
- Put enabling regulatory and legal frameworks in place
- Development of privacy frameworks to ensure confidential information remains so.

### **Box 2: Connected Government**

#### **Service Canada**

In 1998 the Canadian Government began developing an integrated citizen centred service strategy in response to Canadians' expressed desire for better, more responsive, less cluttered service from Canadian governments. A few years later in September 2005, Service Canada officially began operations with a mandate to provide a single point of access to a wide range of government services and benefits either in person, by phone, by Internet, or by mail.

Service Canada offers single-window access to a wide range of Government of Canada programs and services for citizens through more than 600 points of service located across the country, call centres, and the Internet. The values of Service Canada are expressed in their Service Charter as 'people serving people'.

Service Canada also works in collaboration with other federal departments and other levels of government to explore innovative and efficient ways to serve Canadians better. By May 2007, Service Canada had partnered with over 14 other departments and agencies to provide access to more than 50 government programs and services.

The vision is for all Canadians, regardless of where they live or how they wish to interact with the government, to have a single point of access to all government programs and services.

Source: Service Canada <http://www.servicecanada.gc.ca/eng/about/index.shtml>

## 5 Innovative policy advice

*“The report [Benchmarking Australian Government Administration Performance] also found Australia’s public service to be less adept than other nations at incorporating non-government expertise and the views of citizens into its policy development and service design process”*

*Prime Minister, Hon. Mr Kevin Rudd, Sir Robert Garran Oration, Brisbane, November 2009*

In an increasingly complex and volatile world, the need for innovative policy has perhaps never been greater. New challenges demand new responses and in cases where the APS has lacked the necessary skills, the policy development task has fallen to consultants and ministerial offices. The outcomes have not always met the criteria of efficiency and effectiveness.

The impediments to innovative policy advice include:

- Barriers to collaboration emanating from a single agency accountability for policy, performance and budgetary outcomes
- A reluctance to explore creative outcomes due to a low tolerance for failure and a low appetite for risk
- A short term focus driven by the immediate needs of program and service delivery and external pressures on government driven in part by media demands
- The lack of an APS wide strategic policy capability reflecting single agency accountability and the absence of a diverse range of employment experience among many APS officers
- Lengthy and costly timeframes on procuring specialist external advice.

In this section we address the question: How can internal and external collaboration be strengthened to improve policy development and implementation?

Policy makers and practitioners are embracing closer collaboration between service users and their designers.<sup>11</sup> Collaboration can both contribute to the delivery of user centric public services, and also involve key external stakeholders in the design of policy. Based on a survey of 446 public service practitioners in the UK, USA, Europe, Latin America and Asia-Pacific a DEMOS/PricewaterhouseCoopers report<sup>12</sup> noted:

*“...Co-design helps public services to be more efficient, to understand and better meet the needs of their users, and to build a sense of reciprocity between those users and service providers....”*

Co-design, or collaboration, stimulates innovation by allowing participants to volunteer relevant information previously unknown to the provider. It therefore helps overcome skills and knowledge gaps. At a philosophical level, participative government builds social capital and tackles disengagement from politics and democracy. Along with democratic renewal, participation enhances trust in, and positive engagement with, service providers. Increasing trust and engagement could be positive motivators for the next generation of public servants.

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<sup>11</sup> The Economist (2009), “Reforming the centralised state: The great giveaway.”, 29 October

<sup>12</sup> DEMOS, PricewaterhouseCoopers (2008), “making the most of collaboration – an international survey of public service co-design. available at <http://www.demos.co.uk/files/CollabWeb.pdf?1240939425>

The 2020 Summit was an example of the growing co-design movement allowing for greater citizen involvement in policy innovation and or service delivery.

In the DEMOS/PricewaterhouseCoopers report, best practice collaboration/co-design was defined as having the following features:

- A well designed process architecture to ensure its aims are met
- A “safe space” for input. Effective and accessible communication is essential: participation is maximised through flexible timetables and diverse communication channels and a resulting sense of collective ownership
- There is a “balancing act between a desire to hear all viewpoints and a need to maintain manageable and relevant dialogues
- Commitment to participation requires a real willingness on behalf of those who have power to share it
- Need to understand the costs and resources required as we increase the number of interested parties and move to large-scale co-design implementations.

Overseas experience has shown that social welfare, health, education and transport are the key sectors more open to co-design. This is not surprising, as these sectors are the forefront of the government-citizen interface.

An effective co-design program can help mitigate one of the main hurdles to innovation in the public service, namely the inability to attract top talent to the APS. By allowing participation, people would likely contribute ideas and solutions, in the knowledge that they do not necessarily have to leave a private sector role and move to Canberra. The policy making process remains firmly in the hands of the APS but benefits from a wider input from business, state and local governments, academics, third party service providers and, of course, citizens.

A common complaint expressed in the Advisory Group discussion paper is the failure to capture and incorporate frontline experience into service delivery processes. Co-design can create new opportunities for frontline staff to contribute their knowledge and expertise into the policy, program and service delivery programs. If nothing else, it opens up a channel of communication to allow two way feedback. Importantly, co-design is a valuable source of data on citizen outcomes and citizen experience (Box 4: Co-design in the Public Sector). Co-design and collaboration is made all the more simple within an APS structured along the lines of the “Citizen Touch Point Cluster” model as discussed earlier in the paper.

### **Box 3: Co-design in the Public Sector**

NSW Health is responsible for ensuring that the people of NSW are provided with the best possible health care. The Department monitors the performance of the NSW public health system and supports the statutory role of the NSW Minister for Health.

In 2005, NSW Health implemented the Clinical Services Redesign Program (CPRS) to provide new and innovative solutions and models of patient care.

A key feature of the reform is the focus on the customer, in this case the patient, the health workforce and the hospital. Staff and patients were involved in all stages of the project lifecycle, from patient journey mapping, issues collection and prioritisation to solution design and implementation planning. Involving the staff and patients in the process facilitates the design of solutions that are tailored, and builds ownership in the solution.

There is also a strong reliance on data throughout CPRS projects. Data was used to engage stakeholders, particularly clinicians. Similarly, there was a consumer focus with Voice of the Patient and Voice of the Staff demonstrating changes in the patient journey and in the engagement of staff.

Disclosure: PricewaterhouseCoopers assisted NSW Health in the transformation project.

Source PricewaterhouseCoopers

Co-design has far reaching implications and will have significant challenges in implementation. Nevertheless, it is worth trialling on a scale sufficient to judge its efficacy. As identified above, successful outcomes depend on the willingness of the APS to share power, take into account peoples' contributions and, perhaps most importantly, implement the recommendations. In undertaking trials, the selection of APS officers needs to be given careful consideration and appropriate training should take place to ensure there is clear distinction between business-as-usual initiatives versus transformational initiatives<sup>13</sup>. The OECD notes:

*"...There are political advantages in launching reform initiatives but political disadvantages in carrying them through since they upset the status quo and it takes time and effort to get them embedded in the civil service culture..."<sup>14</sup>*

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<sup>13</sup> For a detailed commentary on transformational process please see PricewaterhouseCoopers (2008) Insights into Transformation, Seven lessons learnt by top Australian CEOs and senior management executives on leading and executing major change programs. A white paper by Stephen Woolley, PricewaterhouseCoopers Partner and Advisory Transformation Leader

<sup>14</sup> OECD (2003), "Public Sector Modernisation", OECD Paris

## 6 Considering the impact of technology

*“...There still are risks that government agencies can misuse or mishandle the vast amount of personal information that they now process - a matter that the Government is addressing through the first comprehensive overall of the Privacy Act in more than twenty years. But the lesson we have all learnt since Internet access became widespread in the 1990s is that information technology is changing the relationship between individuals and the state, in favour of individuals....”*

*Prime Minister, Hon. Mr Kevin Rudd, Sir Robert Garran Oration, Brisbane, November 2009*

### Ageing population and demographics

Longer life expectancy and declining fertility rates have seen Australia's aged cohort double in the past 20 years. In 2006, approximately 2.7 million Australians were aged 65 years and over, and 333,000 were aged 85 years and over. This growth is projected to continue, to reach 4.2% of the total population over the next 30 years, or 1.1 million Australians in 2036.

The penetration of both PC technology and the Internet in Australia is substantial, with more than 52% of households having access. The younger baby boomers (i.e. born 1956 and later) have grown up with the PC, as it was a part of their environment. The change in traditional banking practices away from branches to electronic banking is testament to the change (some Gen Y's have never used a cheque book).

The challenge therefore is how the APS should structure itself to be in a position to capitalise on the advantages technology can provide, while at the same time not disadvantaging those who do not have access to technology. The geography of Australia provides real challenges in servicing the needs of those living in remote areas, including a significant proportion of indigenous Australians. The Government National Broadband Strategy is a key ingredient in being able to provide ongoing and improved support to all remote communities.

With the redesign and restructure of the APS it is important to consider the changing development of technology and the impact this will have on the delivery of services and transacting business.

There are two areas where we suggest there should be focus.

### The World Wide Web & Web 3.0

The World Wide Web (the Web) has evolved at such a rate that even the most technical amongst us are challenged to keep up.

Interestingly, the initial deployment of the Web brought with it a level of paranoia around privacy and access to information, which in one sense is now dispelled by the volume of user defined content which permeates the web. An increasing proportion of all content on the Web is now created by users. This ranges from book reviews on Amazon through to Facebook entries, which in part put an individual's inner feelings out there for all to see. The fear related to online storage of data is also dissipating with the increasing volume of users.

The evolution of the Web from earliest days Web 1.0 (static, one way communication web pages) has been dramatic. We tend to forget that YouTube has only been around since 2005 and Google for around 10 years. The environment now referred to as Web 2.0 is built around user defined content (i.e. a focus on two way interaction between users and based in large part on User Generated Content).

We are now contemplating Web 3.0, which is also referred to as the semantic Web. It is this world that the Government should now consider as the world within which the redefined APS will need to operate. Web 3.0 is a vision of drawing together data from different sources and creating and using the relationships to provide analysis.

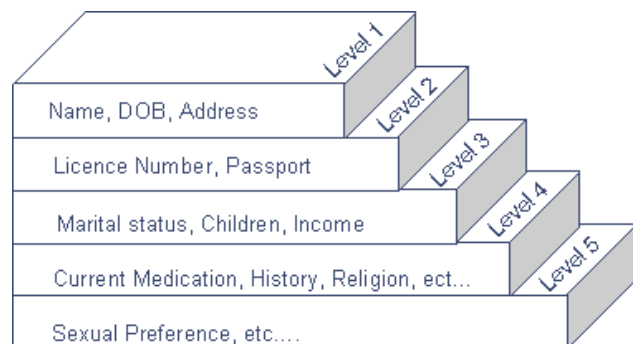
The easiest way to understand this is to think about the ABN (Australian Business Number) used by businesses in Australia. Information already exists in ATO records, ASIC records, Customs, Local Councils, State Governments and many more all making a reference to the ABN. However, we know that today there is limited linking of information and analysis of information to form insights. A Web 3.0 approach would have levels of intelligence developed into small applications which could provide analysis based on “connecting” all the information held and using pre defined templates to provide information back to users.

If we take this analogy and apply it to the citizen and the touch points based on clusters, an initial response will be concern around privacy. This is absolutely correct if the solution were to go forward with an approach that ignored the type and nature of the information held. The balance is to hold sufficient data to provide real and improved service for the customer, without compromising privacy.

We suggest that the secret here lies in the classification and management of information as it is stored, in whatever source system. In almost every data record held about an individual there is certain information which the user (if asked) will most likely allow to be shared. For example, even on a confidential medical record the person may allow the sharing of their Name, Date of Birth, and Address. A lower level of detail may we ask for information such as license number, passport number, etc. Lower still would be information which is far more personal, such as Marital status, Children, Income.

As the following diagram illustrates, there are layers of information which may vary across different organisations.

In today’s world we do not have a conscious stratification of information into those items that we are happy to share and those we are not. As a consequence a specific record may be totally locked away to reflect privacy concerns when in reality only 10% or 20% of the information is that needs to be kept private.



If we are to provide real and substantial benefits to citizens through a cluster approach to service, it will be essential to develop an approach to the recording of information that both respects the privacy concerns of individuals and allows users to choose to “opt in” and share information where the benefit is seen by them to be significant.

For example, in servicing remote and rural communities with remote health services, there will be a real need to allow the transmission of health records on a real time basis if there is to be effective servicing of those attending clinics in remote areas. Being able to also share some of this information (electronically) to other parts of the Government would allow other services to be provided at the same time.

## The potential benefits of integrating technology

If citizen centric clusters are to be successful, there needs to be effective integration of technology at the departmental level.

In “technology speak” there is an approach to the design of systems known as Service Oriented Architecture (SOA). The core of SOA is based around the understanding that different systems need to

be able to interoperate and pass certain pieces of information between them. This is generally data that has a high level of reuse across different systems. SOA can best be thought of as using standard sets of information.

There are major cost benefits to be achieved from streamlining the number of systems and, even more importantly, the definition of data stored in Government repositories. To fully deliver efficiency of operations, data integration must be designed and managed with a Government wide citizen centric view as its core objective.

The benefits of SOA are similar to the concept of “Plug & Play”. We are now all very familiar with the USB plug and use it for loading and unloading data ranging from our favourite songs through to memory devices or even cameras. Creating standards for data across the public service will deliver similar benefits in the portability and ease of linking between systems.

## 7 A high performance public service

*“...Without the willing commitment of staff to a wider cause, modern public management is impossible...” (Note in a subsequent discussion impossible was changed to hindered)<sup>15</sup>*  
OECD

The quote from the OECD, suggesting that the key to a high performance public service is a committed workforce, marries with our own firm’s experience. This commitment is built over time through attracting, training, retaining and rewarding people. This remains an ongoing challenge for the APS. In contrast, the French public service is one of the best performing in the world, as measured by their citizens’ level of confidence in economic management<sup>16</sup>, and it has no trouble attracting qualified graduates. In France, public service is revered, has a good image and parents would like to see their children join.<sup>17</sup>

### Attraction & retention

Employers need to have a clear understanding why people want to work for their organisation and the public service is no different. Younger workers are more likely to join for public service employers that provide meaningful, important and challenging work as well as training, flexible working arrangements and transparent promotion processes.<sup>18</sup> At a deeper level, public service organisations that create distinctive service cultures are more likely to attract suitable candidates who can align themselves with the organisation’s values and ethos.

In 2008, PricewaterhouseCoopers undertook a global survey of 4,271 graduates, the majority of whom were due to begin work for or were already working for PwC<sup>19</sup>. The survey of “Millennials” (those entering the workforce after July 2000), examined peoples’ attitudes, hopes and expectations. The survey results provide a small, but yet insightful, view of what motivates potential recruits.

Many of the key findings reflect the changing mindset of the new generation:

- Millennials expect job mobility and want the opportunity to experience overseas assignments – 80% would like to work abroad and 70% expect to use other languages during their career
- Corporate responsibility is critical – 88% said they will choose employers who have corporate social responsibility (CSR) values that reflect their own and 86% would consider leaving an employer if CSR values no longer matched their expectations
- The theory that future generations will reject traditional work practices was debunked. The majority expect some element of office based work and only 3% expect to work mainly at home/ other locations. Most expect to be working mainly regular office hours, with only 18% expecting mainly flexible hours
- The notion of portfolio careers may not become a reality for this group – 75% of whom believe they will have between two and five employers in a lifetime. Over 90% expressed loyalty to the

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<sup>15</sup> OECD (2005), *Modernising Government, The Way Forward*. Paris.

<sup>16</sup> Australian Government (2009), *Reform of Australian Government Administration: Building the world’s best public service*, Canberra.

<sup>17</sup> The Economist (2009), “A tough search for talent”, October 29

<sup>18</sup> Australian Government (2005), “Managing and sustaining the APS workforce”, Canberra.

<sup>19</sup> PricewaterhouseCoopers (2008), *Managing tomorrow’s people: Millennials at work: Perspectives from a new generation*

organisation they worked for. Graduates from Australia, Germany and Turkey had the highest agreement that they are loyal to the organisation they work for.

- Training and development is the most highly valued employee benefit with the number choosing this as their first choice of benefit three times higher than those who chose cash bonuses. Working with strong coaches and mentors is an important part of their development for 98% of Millennials.
- They see technology as a key device for social and networking purposes: 85% belong to a social networking site such as Facebook. Millennials seem to believe very strongly that technology will play a crucial role in tomorrow's workplace and emphasised the need for companies to keep apace with advances.
- Only 7% said time off to do community/charity work would be one of the top three benefits they would value over the next five years
- Our Millennials envision a 2020 world where China, India and Russia will have more economic influence than the US and Europe (47%). Only 30% of US respondents disagreed. And over a third of respondents believe that companies will be more influential than governments by 2020.

The survey suggests a number of similarities between Millennials and previous generations. The new generation want stability, security and variety in their working environment. They want to be loyal to an organisation that they are proud to work for and which reflects their own values. However, a key difference is that, in at a time of ageing populations and growing skill shortages, the current generation is increasingly agile and mobile.

The survey responses to the CSR issues and the questions on loyalty indicated that if Millennials do not get what they want with their current employer, they will go elsewhere. Other innovations for managing the millennial workforce include:

- Use metrics and benchmarking to segment your workforce in order to understand what Millennials want and how these desires might differ from older workers. Ongoing electronic surveys of employees conducted on a bi-annual basis can, over time, detect shifts in peoples' expectations and experiences.
- Think creatively about reward strategies and what motivates Millennials. For example, is it time to shift focus from cash bonuses to other things?
- Consider global working opportunities – how might this enthusiastic generation support your global mobility needs? For the APS this may mean regular secondments to overseas organisations eg OECD, IMF, embassies, the United Nations and even other public services.
- Continue to invest in personal development and training – explore expanding coaching/mentoring programmes to younger workers.
- Articulate your employer brand – communicate internally and externally what it means to work for the APS.
- Have a clear statement about corporate responsibility – make this part of your employer brand and be committed to deliver the promise.
- Think creatively about how technology can be used to engage this audience eg avatars, internal networking sites etc. Provide variety and fresh challenges – consider promoting cycles of experience in other parts of the organisation eg a rotation program for graduates entering the APS.

## Training

The move to a citizen centric/co-design/collaborative model for the APS requires empowered employees to take decisions while still retaining the appropriate checks and balances.

*“...Instilling this empowerment is perhaps the most critical challenge facing the public sector in its drive towards citizen-centric service delivery. In many public sector organisations, despite a strong appetite for improvement and willingness to change, existing staff members lack the confidence or knowhow needed to develop new models for service delivery. And this same lack of expertise, combined with the scale of many public services organisations, also acts as an obstacle when it comes to the implementation of new service delivery models....” PricewaterhouseCoopers (2008)<sup>20</sup>*

As the PwC Millennials survey results indicate, training and development are highly valued by employees. Every effort should be made to equip them with the capabilities to deliver innovation, collaboration and citizen centric service. To reach their full potential, employees in a citizen centric and collaborative environment need to be equipped with a new set of skills such as mediation, negotiation, contract management, risk analysis, change management and strategic planning. In turn, these capabilities and responsibilities need to be aligned with the performance management systems.

## Building capability and cultural change

The Advisory group discussion paper raised a number of questions about developing and continuously improving capabilities within the APS, fostering a culture of innovation and what can be done to bring the workforce development approach of the APS up to the level of the best organisations globally. To the latter, the APS need not travel far and we will discuss the reforms undertaken by the Victorian Department of Education and Early Childhood Development (DEECD) as an example of leading edge practice for leadership development and cultural change.

A key feature of any high performing organisation is the requirement that there is alignment between the strategy and the organisation’s skills and capabilities required to deliver the strategy. Capability or competency frameworks provide the key behaviours, skills and knowledge that individuals must demonstrate in order to work effectively in delivering the organisation’s strategy.

An APS wide capability framework, based on the required set of behavioural and technical competencies, would provide a basis for recruiting, training and developing public service employees in line with the key competencies identified. Moreover, by focussing on capabilities and competencies, mobility within the APS is encouraged by allowing public servants to assess current capabilities relative to opportunities for further growth and career progression.

There are many forms of such capability frameworks but all have the common feature of identifying required technical and behavioural competencies; a description of required capabilities and a set of statements to demonstrate the level of proficiency for each of the required competencies. These frameworks are used extensively in business e.g. PricewaterhouseCoopers has developed and implemented a capabilities framework for its global consulting business.

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<sup>20</sup> PricewaterhouseCoopers (2008) The road ahead for public service delivery. Delivering on the citizen promise PricewaterhouseCoopers Public Sector Research Centre, London at <http://www.psrc-pwc.com/>

The development of a capability framework was an integral part of the reforms undertaken by DEECD. The OECD has judged the model of leadership as “cutting edge”.<sup>21</sup>

In an effort to improve educational outcomes in the state, the Victorian Government instituted a series of reforms in March 2003 under the banner of *Blueprint for Government Schools*. After extensive research and consultation the government set three priorities for reform:

- Recognising and responding to diverse student needs
- Building the skills of the education workforce to enhance the teacher learning relationship
- Continuously improving skills.

The program has three key elements, namely: a citizen focussed process, supported by leadership development and continuous improvement.

At the heart of the program was the need for a culture shift to ensure consistency of educational outcomes. DEECD considered the best way to achieve this (and other reform) was through developing the leadership capabilities of the principals and assistant principals. In developing the leadership programs the DEECD drew heavily on international research on education leadership and effective professional learning.

The strategy for building leadership capacity involved raising the level of understanding about school leadership and effective leadership conversations. A capability framework that provides an explicit statement of what is expected from leaders in terms of knowledge skills and behaviours was developed. This provided a guide to recruitment, professional development, training and appraisal. (Box 5: The Leadership Framework).

Commenting on the Victorian schools leadership programme the OECD noted:

*“...the... programme is outstanding example of effective large scale reform.. Its rigorous, systematic process is projected over several years in a carefully calibrated sequence with ample political support. The programme offers no promise of a quick fix, but deep belief in the chosen course and its ultimate success.... It fosters common understanding among policy makers and practitioners, builds practitioner capacity for reform and focuses that capacity on the development of feasible solutions rather than predetermined policy fixes...”<sup>22</sup>*

More recently DEECD has developed a supporting capability framework, **e<sup>5</sup> Instructional Model**, of what constitutes high quality classroom instruction. The framework is based on learning domains, capabilities, performance indicators and quality criteria and will form the basis of improving teacher effectiveness and professional learning and growth.<sup>23</sup>

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<sup>21</sup> Pont, B., Nusche, D., & Hopkins, D. (2008), *Improving School Leadership, Volume 2: Case Studies on System Leadership*, OECD, Paris.

<sup>22</sup> Ibid, p204.

<sup>23</sup> Victorian Department of Education and Early Childhood Development (2008), *The e<sup>5</sup> Instructional Model*

**Box 4: The Developmental Learning Framework for School Leaders (The Leadership Framework)**

The Victorian Department of Education and Early Childhood Development (DEECD) have developed a model of effective leadership based on Sergiovanni's model of transformational leadership.

Originally developed in 2004 as a component of the Principal Class Performance and Development process, the Leadership Framework has been extended and strengthened to build leadership capacity of Victorian government school leaders and teachers. The underlying philosophy is that the elements of effective leadership can be learned.

Leadership is defined across five domains:

- Technical
- Human
- Cultural
- Educational
- Symbolic.

and for each domain there are three capabilities covering expected knowledge, skills and dispositions and five levels of proficiency to describe how the leader performs across the leadership capabilities across each of the five leadership domains.

The Leadership Framework allows school leaders and teachers to understand where they reside and what they need to know and be able to do in order to improve. This allows for an alignment with leadership, performance appraisal and development programs in terms of coaching, mentoring, professional learning programs and experiential learning.

Source: DEECD, The Developmental Learning Framework for School Leaders

## 8 Conclusion

In our submission we have offered a set of ideas addressing some of the major challenges confronting the APS in terms of developing a citizen centric culture, collaboration, and the capabilities required for the next generation of public servants.

With the redesign and restructure of the APS it is important to consider the changing development of technology and the impact this will have on the delivery of services and transacting business. One thing is certain; technology will radically alter the level and type of interaction government has with its citizens.

The APS is moving in the right direction, with increased one-stop delivery of services through Centrelink, the coordinated response to the global financial crisis through the Nation Building and Job Plan and the implementation of a whole of government approach across the APS. However, collaborative efforts are still largely ad hoc and reactive and even the APS recognises that more needs to be done. Overseas trends highlight that collaboration and the delivery of citizen centric government is moving beyond service provision to also include policy innovation and program design.

The challenge of delivering both the structural and cultural change to the APS is immense however the benefit to Australia and its citizens is equally substantial.

We have taken the time and invested in this response because of a genuine desire to support the Australian Government in delivering real and sustainable improvements in service to Australia and its citizens. There are number of areas of the current APS which are at the leading edge of service delivery. PricewaterhouseCoopers is keen to support this important initiative in whatever way is considered appropriate and are happy to expand on any of the aspects discussed in this paper.

## Acknowledgement

This submission was prepared by Chris Bennett, Terry Weber and Peter Demura of PricewaterhouseCoopers.

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