



30 November, 2009

Mr Terry Moran
Chair
Advisory Group on Reform of Australian Government Administration
PO Box 6500
Canberra
ACT 2600

By email: reformgovernment@pmc.gov.au

Dear Sir,

Reform of Australian Government Administration

Thank you for the opportunity to make a submission to the blueprint for reform. Our submission is attached in the appendix to this letter. Our submission is based upon discussions with our members in the public sector

The Institute of Chartered Accountants in Australia (the Institute) is the professional body representing Chartered Accountants in Australia. Our reach extends to more than 62,000 of today's and tomorrow's business leaders, representing some 50,000 Chartered Accountants and 12,000 of Australia's best accounting graduates who are currently enrolled our world-class post-graduate program.

Our members work in diverse roles across government, commerce and industry, academia, and public practice throughout Australia and in 107 countries around the world.

We aim to lead the profession by delivering visionary leadership projects, setting the benchmark for the highest ethical, professional and educational standards and enhancing and promoting the Chartered Accountant brand. We also represent the interests of members to government, industry, academia and the general public by actively engaging our membership and local and international bodies on public policy, government legislation and regulatory issues.

The Institute can leverage advantages for its members as a founding member of the Global Accounting Alliance (GAA), an international accounting coalition formed by the world's premier accounting bodies. The GAA has a membership of 775,000 and promotes quality professional services to share information and collaborate on international accounting issues.

We would be pleased to discuss any aspects further with you. Please do not hesitate to contact me on 02 9290 5598 or by email at lee.white@charteredaccountants.com.au

Lee White
General Manager, Leadership & Quality
The Institute of Chartered Accountants in Australia

33 Erskine Street
Sydney NSW 2000
GPO Box 3921
Sydney NSW 2001
service> 1300 137 322
phone> 61 2 9290 1344
fax> 61 2 9262 1512

60 Marcus Clarke Road
Canberra ACT 2600
phone> 61 2 6282 9600
fax> 61 2 6282 9800

L32, 345 Queen Street
Brisbane Qld 4000
phone> 61 7 3233 6500
fax> 61 7 3233 6555

L11, 1 King William Street
Adelaide SA 5000
phone> 61 8 8113 5500
fax> 61 8 8231 1982

TCCL, 30 Burnett Street
North Hobart Tas 7000
phone> 1800 014 555
fax> 61 3 9670 3143

L3, 600 Bourke Street
Melbourne Vic 3000
phone> 61 3 9641 7400
fax> 61 3 9670 3143

Grd, 28 The Esplanade
Perth WA 6000
phone> 61 8 9420 0400
fax> 61 8 9321 5141

REFORM OF AUSTRALIAN GOVERNMENT ADMINISTRATION
BUILDING THE WORLD'S BEST PUBLIC SERVICE
NOVEMBER 2009

Of the many areas identified in the discussion paper, we would like to highlight the following particular comments:

1. Developing an innovative, efficient Australian government service delivery agencies (Questions 3, 4, 14, 15 & 25)

It is critical that there is significant on-going investment by the government in the latest technologies to allow the service agencies to fulfil their responsibilities in an efficient manner. At times, with budgetary pressures, this area could easily become identified as expenditure that could be 'saved' or delayed. However the development of technologies continues to advance at a rapid pace and the government should align its investments with these changes. These developments will occur in the private sector and a substantial gap in technologies could exist between the two sectors unless the public sector advances. Appropriate and robust business cases will ensure only justified costs (based on efficiencies) will be made.

The main obstacle to developing more innovation in the Australian government sector relates to the risk adverse culture that is prevalent. Public servants find that there is significantly more risk to them individually and as a team with developing an innovative approach or practice than any benefit. We are all supportive of transparency and accountability in the public service but that needs to be balanced so that 'appropriate' risk taking with innovation is encouraged. We need to develop a more innovative culture within the public service and one which does tolerate some level of underachievement with new, innovative approaches.

2. Enhancing the professionalism of the public service (Questions 3 and 4)

It is essential that there is a whole of government approach and investment in enhancing the professionalism of the service. This professionalism is the key to public service reform and the successful modernization of public services is dependent on the professionalism adopted by public servants. There is a need for greater skills and professionalism among public sector managers in appraising delivery options. The tasks facing the public sector are complex, varied and require innovative thinking to handle the challenges faced in the federal government arena, whether in an operational agency or policy unit.

The role of professionals, professional ethics and the pursuit of best value from procurement contracts ethical and accountable policy-making and effective and efficient service delivery are dependent on the commitment and enthusiastic compliance of professionals employed to structure and deliver services. With new economies the public sector particularly in regard to policy formation could second staff from business (potential even into ministerial offices). At the moment, this rarely happens as too few people understand the rules and how it could be done.

3. Performance Reporting (Questions 16, 20)

An area where great benefit to the learnings of the public service can be obtained would be improving performance reporting. Much more work can be done in improving the nature and frequency of performance reporting (achievement of policy objectives) in the Australian public service.

Significant work is already undertaken in developing policies and then as a consequence, the level of investment that is required for that policy. However it is essential that there is also an equivalent focus with reporting the performance of that investment. It is important for all to understand that the relevant policy objectives are actually achieved – and if not why not. At present more effort is spent on developing the inputs to the policy then measuring the outputs and in particular the outcomes of the budgetary investments.

4. Attracting and retaining high calibre – mobility of the workforce (Question 21)

Mobility of people amongst APS agencies and in between the public and private sectors is essential for the on-going vitality and reinvigoration of both sectors. More needs to be done to encourage greater participation of mobility in the public sector.

5. Contracting with government (Question15)

Procurement to streamline the contracting process for both the relevant Government Departments and professional services firms is essential. By reducing the significant administration costs of the procurement process through an understanding of the major issues commonly raised in the contracting process will enhance public and private sector productivity by minimising delay in the contracting process, facilitate the appropriate consideration of risk and is consistent with the government's initiative in reducing "red tape". The introduction of standardised documentation to achieve greater consistency, reducing the number of existing accounting services panels by encouraging greater collaboration, are important components of this work.

6. Security clearances

Security clearances need to be standard across departments – a top secret clearance at a "nominated" department should be accepted by all. A lot of "red tape" is required to get all the different clearances done at the expense (and frequently delay) of the departments.