



AHEAD OF THE GAME

BLUEPRINT FOR THE REFORM OF
AUSTRALIAN GOVERNMENT ADMINISTRATION

MARCH 2010

Advisory Group on Reform of Australian Government Administration

National Library of Australia Cataloguing-in-Publication Data:

Ahead of the Game: Blueprint for the Reform of Australian Government Administration

978-1-921739-01-9 (Hardcopy)

978-1-921739-02-6 (PDF)

978-1-921739-03-3 (RTF)

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Published by: Australian Government Department of the Prime Minister and Cabinet.

Photographs of Advisory Group members and secretariat taskforce by Geoff Comfort www.geoffcomfort.com

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Thanks to AusAID, Australian Antarctic Division, Australian Customs and Border Protection Service, Australian Taxation Office, Centrelink, Department of Education, Employment and Workplace Relations, Department of Families, Housing, Community Services and Indigenous Affairs, Great Barrier Reef Marine Park Authority, Medicare Australia, Royal Australian Mint.

2 March 2010

The Hon Kevin Rudd MP
Prime Minister
Parliament House
CANBERRA ACT 2600

Dear Prime Minister

We are pleased to present Ahead of the Game: Blueprint for the Reform of Australian Government Administration. This Blueprint has been prepared for government consideration by the Advisory Group on Reform of Australian Government Administration.

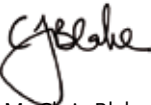
Yours sincerely



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Foreword

For more than a century, the Australian Public Service has served Australia well. Its advice to government has helped to shape the great changes that have built our nation, including the development of a prosperous economy, an educated populace and a diverse, tolerant, optimistic society made up of people from all over the world.

Through gradual evolution and the considered embrace of new directions, the Australian Public Service has adapted to meet the various tests it has faced over time. Now it must change again to meet the challenges of a new century and stay ahead of the game. We have no doubt that it has the capacity to do so.

In September last year, the Prime Minister established an Advisory Group to review Australian Government administration and develop a blueprint for reform. The Advisory Group met six times, received more than 200 submissions, received feedback from six forums with Commonwealth public servants and four online forums involving the wider public. Advice was also provided by a senior Australian Public Service reference group. The intense interest among public servants in the review, and the high quality of their contributions to it, was especially pleasing, and speaks volumes for the state of the Australian Public Service.

This Blueprint is the product of the Group's deliberation. It is published in a period of great challenge, and great opportunity, for government administration. Policy challenges in the era of globalisation are so complex, and the solutions so contested, that they call for the best and boldest thinkers that the public service can produce and recruit.

The Australian people are also pushing for change. On the back of dramatic advancements in information technology over the past decade, there is an increasing expectation of high quality services and greater citizen involvement in service design. As the population ages, these pressures will become more acute. The Australian Public Service must move with the times, while retaining the core elements of the Westminster tradition that have given it integrity and strength since its formation.

The Australian Public Service has every reason for optimism about its future. A study commissioned by the Advisory Group identified it as comparable to some of the world's best public services. Our proposed reforms should ensure that it remains so, for the lasting benefit of Australian government and the Australian people.

We propose reform to the Australian Public Service in four areas. The first is forging a stronger relationship with citizens through better delivery of services and through greater involvement of citizens in their government.

The second is strengthening the capacity of the public service to provide strategic, big picture policy and delivery advice that addresses the most difficult policy challenges of the day.

The third is investing in the capability of the public service workforce through improved recruitment and training processes, greater mobility and alignment of working conditions across agencies, and a new, more consistent approach to employee performance.

The fourth is introducing a stronger focus on efficiency and quality to ensure that agencies are agile, capable and effective, backed up by measures to help them plan and improve their performance.

The Advisory Group has put particular weight on the importance of leadership. Reform is driven from the top, and accordingly we propose that Secretaries, the Australian Public Service Commissioner and an executive leadership forum be made explicitly responsible for the short, medium and long-term stewardship of the whole public service, with a brief to strengthen its objectives, identity and practice.

More broadly, the Blueprint puts people at the centre of public service reform. Ultimately it is people, not systems, who produce excellence and drive change. And it is our own people who will make the Australian Public Service what it legitimately aspires to be: the best public service in the world.

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Executive Summary

Why a strong Australian Public Service is important

The Australian Government touches the lives of all Australians. It sets policies, provides services and creates laws and regulations that affect citizens every day of their lives.

Within Australian Government administration, the Australian Public Service (APS) is a core institution. Its 160,000 employees play an essential role in assisting government to carry out its responsibilities on behalf of the Australian people. The ability of the APS to help government tackle domestic and global challenges through the 21st century will significantly affect Australia's strength and prosperity.

Since Federation, governments have periodically undertaken reviews to evaluate and improve the performance of the APS. The reviews help to ensure that the APS is equipped both to support the government as it responds to national policy challenges, and to meet the public sector's own organisational challenges.

This review proposes changes to strengthen the APS to meet the tests of a new century and stay ahead of the game. In particular, it seeks to ensure that the APS is able to provide outcomes of the highest quality for the Australian public, through integrated citizen-centred services, effective regulatory frameworks, and high quality, forward looking advice to government. The Blueprint seeks to position the APS to address challenges such as an ageing and growing population, shifting global economic relationships, pressure on education and skills, Australia's vulnerability to environmental issues and national security.

At the same time, the APS will only be strong if it addresses its own organisational challenges. They include rising citizen expectations of government, rapid technological change, tight fiscal pressures, increasing pressure to deliver in restricted timeframes and a tightening labour market that will place greater pressure on the APS to attract and retain the best employees.

How is the APS performing?

The Advisory Group has identified four main components of a high-performing public service that form a framework for evaluating APS performance and a benchmark for future reviews.

First, a world-class public service must **meet the needs of citizens** by providing high quality, tailored public services and by engaging citizens in the design and development of services and policy.

In an era of rapid technological advancements, customers expect greater service quality from the public sector, just as they expect it from business. At the same time, advances in information technology enable governments to not only deliver services in a more citizen-friendly manner, but to incorporate citizens' ideas and perspectives into service delivery.

There are also opportunities to improve the way the APS incorporates non-government expertise and citizens' views into the design of services and policy.

Second, a high performing public service **provides strong leadership and strategic direction**.

In particular, the best public service leaders oversee the provision of high quality strategic advice, provided to ministers in an open and honest manner. Such advice must be delivered while maintaining a clear organisational strategy to improve workforce performance, strengthen service delivery and improve regulation.

There is a lack of comprehensive evidence for benchmarking current APS policy capacity. While some parts of the APS clearly provide excellent strategic advice, APS employees have concerns about the extent to which there is a focus on strategy. They suggest that more time needs to be devoted to strategic policy rather than reactive measures. Consultations also identified the importance of senior leaders in driving change and the need to improve senior leadership and management across the APS.

Strengthening the leadership of the APS, by making leaders more accountable is critical to the reform process.

Third, a high performing public service is distinguished by a **highly capable workforce**.

Today's public servants are passionate and committed to improving the lives of others. Consultation with APS employees revealed an overwhelming sense of pride and commitment in the work of the APS and a willingness to seek new and improved ways of delivering services to the Australian public.

However, there is some evidence to suggest that the APS is under-investing in its talent. In the private sector it is increasingly recognised that as much as 80 per cent of a company's worth is tied to its employees. Yet almost half

of APS agencies spend less than 1 per cent of their budget on staff development. Only a small proportion spends an amount similar to the best private sector organisations.

There is also a concern about whether the APS is attracting and retaining the best people. Consultations have identified, as an urgent priority, the need for better recruitment processes and mechanisms for people management. Skill gaps remain in critical fields such as information and communications technology (ICT), high level policy, research and project management.

Finally, a high performing public service **operates efficiently and at a consistently high standard**.

The APS must continually seek better ways to do business, to spend public funds efficiently and effectively, and to be accountable for its spending. Consultations identified red tape and implementation as areas for improvement.

There is a lack of reliable data on the efficiency of public agencies, which needs to be remedied. Reviews of agencies are conducted on an ad hoc basis, and evidence suggests that significant red tape could be cut.

The Blueprint for Reform

The Advisory Group recommends the following nine, interdependent reforms to equip the APS to meet the challenges it faces. Some reforms may be implemented immediately, others require further planning and consultation. The reforms also require integrated information systems and management strategies to ensure more coordinated service delivery across the APS. They also put in place data collection measures to build a robust evidence base for future evaluations. Part 4 of the Blueprint outlines these reforms and proposes a process to set each into operation.

The nine proposed reforms seek to:

1: DELIVER BETTER SERVICES FOR CITIZENS

Services for citizens need to be better integrated and more appropriate to citizens' life experiences and needs. Citizens are increasingly mobile and businesses operate across both domestic and international borders. There are opportunities to improve services within the APS, across governments and with the community and private sectors.

The Blueprint proposes a systematic evaluation of how services are delivered from the citizen's perspective, in order to develop a whole of government strategy. Opportunities for new and aligned technological solutions must be pursued, while better models for partnering with the community and private sectors need to be developed.

Improved links with the States and Territories and local government could initially be developed by co-locating many of the existing state offices of Australian Government Departments. Co-location would provide a more coordinated interface with other levels of government.

Engagement with business should also be reformed. Standard Business Reporting arrangements should be extended and agencies should review their processes and operations to reduce the regulatory burden on business.

2: CREATE MORE OPEN GOVERNMENT

An important component of open government is enabling citizens to collaborate on policy and service design. Proposed reforms include conducting a citizen survey to collect feedback on citizen's satisfaction with government service delivery. While a citizen survey would initially focus on Australian Government services, it would ideally be expanded over time to cover State, Territory and local governments.

Advances in information technology are making a stronger relationship between citizens and government possible. Today it is often more convenient for citizens to use online mechanisms to communicate their views to government. The Blueprint recommends that the Australian Government become more open and that public sector data be more widely available, consistent with privacy and secrecy laws.

3: ENHANCE POLICY CAPABILITY

The APS needs to strengthen its capacity to undertake rigorous research, gather and analyse data and provide the highest-quality strategic policy advice. Under the proposed reforms, all agencies would strengthen strategic policy capability. This would be supported by a new policy maker's tool kit to identify strategic policy principles. Partnerships with academic and research institutions would be encouraged.

The reforms also propose a greater focus on policy implementation, through improved guidance, greater networking between service delivery agencies and implementation governance boards to oversee high risk projects.

4: REINVIGORATE STRATEGIC LEADERSHIP

Successful reform of the APS depends on leadership. APS leaders shape the culture and values of the APS. The reforms propose clarifying the roles and responsibilities of Secretaries, supporting them in these roles and holding them more accountable for meeting their responsibilities. The reforms include revisions to the appointment and termination processes for Secretaries as well as changes to the way their performance is assessed.

The Blueprint proposes the creation of a Secretaries Board and a Senior Executive Service (SES) APS 200 group to strengthen leadership within the APS. These leadership groups would drive reform in areas including strategic policy, citizen-centred service delivery and collaboration across the APS.

The APS values, currently set down in the *Public Service Act 1999*, should also be revised, tightened and made more memorable, for the benefit of all employees. Talent management would also be introduced – allowing leaders to proactively identify and nurture high performers.

5: INTRODUCE A NEW AUSTRALIAN PUBLIC SERVICE COMMISSION (APSC) TO DRIVE CHANGE AND PROVIDE STRATEGIC PLANNING

Under the proposed reforms, the current APSC would be repositioned to take a leadership role within the APS. It would act as a central agency to provide expertise, guidance, performance monitoring and some centralised services to agencies. A new APSC would develop options for a common approach to workforce planning, leadership, learning and development and the recruitment and retention of high quality employees. It would also be responsible for classifications, work level standards, pay and employment conditions, ensuring greater consistency for a united APS.

6: CLARIFY AND ALIGN EMPLOYMENT CONDITIONS

The Blueprint proposes strengthening the Australian Government Employment Bargaining Framework to ensure that it supports a united APS and does not operate as an impediment to mobility. It suggests an examination of the extent to which existing APS classification arrangements and work level standards continue to meet the needs of APS agencies and employees.

It is also proposed that there be a review of the size, capability and work level standards for each level of the SES before any new net growth in the SES occurs.

7: STRENGTHEN WORKFORCE PLANNING AND DEVELOPMENT

Under the proposed reforms, the APSC would establish an APS-wide workforce planning framework that addresses recruitment, learning and development and performance management processes. Employees would be helped to diversify and deepen their skills by obtaining a wider range of career experiences.

It is proposed that learning and development be bolstered through the APSC developing and procuring learning and development activities on behalf of the APS.

The Blueprint recommends that the APSC develop a strengthened performance framework that supports all employees in identifying strengths and areas for improvement and promotes constructive feedback from relevant sources, for example, from supervisors, peers, subordinates and stakeholders as appropriate to the nature of the role. The framework would also offer encouragement for high performance and better guidance and support for dealing with underperformance.

8: ENSURE AGENCY AGILITY, CAPABILITY AND EFFECTIVENESS

The Blueprint proposes regularly reviewing agencies to assess institutional effectiveness. Capability reviews would be conducted on a regular basis to assess strategy, leadership, workforce capability, delivery and organisational effectiveness. The reviews would be conducted by small teams led by an eminent external reviewer and comprising senior officials from other agencies. Reviews would result in agency capability plans that Secretaries would be accountable for taking forward.

A new outcomes structure would be introduced that establishes shared responsibility for outcomes across portfolios. Shared outcomes across portfolios would create shared agency accountability in critical interrelated areas, such as Indigenous affairs.

It is also proposed that the Department of Finance and Deregulation (Finance) streamline administrative and legislative requirements placed on agencies to reduce the compliance burden. Agencies would also be assisted to reduce their internal red tape, for example, by streamlining their chief executive instructions.

9: IMPROVE AGENCY EFFICIENCY

It is proposed that the mechanisms used to drive efficiency in agencies, such as the efficiency dividend, be reviewed. The measurement of efficiency would also be considered. The Blueprint recommends that the governance arrangements for Australian Government bodies be amended and strengthened and that small agencies seek opportunities to improve the efficiency of their corporate functions.

Conclusion

The Blueprint sets an ambitious and interlinked reform agenda that seeks to improve services, programs and policies for Australian citizens. Above all, it recognises that to be strong, the APS must make the most of the talents, energy and integrity of its people. The proposed reforms therefore seek to boost and support the APS workforce and leadership, and to embed new practices and behaviour into the APS culture.

Should the Australian Government accept the Advisory Group's recommendations, a number of short, medium and long-term implementation activities, including extensive consultation, will be required. Upfront investment will be required to enable the APSC to meet its extra responsibilities. However, it is anticipated that a number of the reforms, for example, the creation of shared services might deliver savings for government over time. The goal is to transform the APS into a strategic, forward looking organisation, with an intrinsic culture of evaluation and innovation.

The Blueprint recommends nine signature reforms, grouped under the core components of high performance

