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Enquiries about this publication should be directed to:

ACTPS Review Secretariat

Chief Minister's Department

GPO Box 158

Canberra City ACT 2601

Telephone: Canberra Connect 13 22 81

www.actpsreview.act.gov.au

LETTER OF TRANSMITTAL

Mr Jon Stanhope MLA
Chief Minister of the ACT
ACT Legislative Assembly
CIVIC SQUARE ACT 2600

Review of ACT Public Sector Structures and Capacity

I am pleased to provide you with the Report on ACT Public Sector Structures and Capacity in accordance with your Press Release announcing a Review on 3 September 2010.

The aim of the Review was to ensure the configuration of the ACT public sector remains appropriate for meeting the Government's needs and delivering its future agenda. As such, it took place concurrently with other work looking at different aspects of the Government's operations, namely:

- the review of taxation by former ACT Treasurer, Mr Ted Quinlan;
- *Canberra 2030 – Time to Talk*; and
- continuation of the Expenditure Review and Evaluation Committee's work.

Twenty one years since the granting of self government to the ACT, and mid-way through the Government's third term, the Review presented a timely opportunity to take stock of where the ACT Public Service (ACTPS) has come from, where it is now and how it needs to be positioned for the future.

In making recommendations for improvement and enhancing performance, the Review has concluded the ACTPS is not broken and that there is much to be celebrated in what the ACTPS does on a daily basis.

Consultations and Submissions to the Review nevertheless highlighted two key areas of concern:

- first, the current arrangements in relation to land and planning are, at best, hindering if not actively obstructing and frustrating achievement of the Government's priorities; and
- second, there are clear opportunities, and a significant need, for greater coordination and alignment of the efforts of the ACTPS in delivering the Government's policy priorities, and supporting its decision making processes.

The Review's key recommendation is that all existing Administrative Units be abolished and the ACTPS reconfigured as a single entity, reporting to a single Chief Executive who is Head of the ACTPS. This will support a "One ACT Government – One ACT Public Service" culture and way of working, and enhance coordination, cohesion and alignment of officials' effort. It will be supported by rebasing the specification of Government priorities, together

with recalibration of a more meaningful, and manageable framework of performance indicators, reporting and evaluation.

The Review recommends a consolidation of disparate entities in what might be described broadly as the planning arena in a new Sustainable Development Directorate in parallel with an Economic Development Directorate, the head of which would be titled Coordinator-General. Reflecting its importance to the ACT Budget, the Economic Development Directorate would be responsible for the Government's land release program.

The Coordinator-General will facilitate resolution of obstacles in the planning and development spheres, act as a key conduit for the business community to raise matters of concern with the Government and the ACTPS and seek out opportunities to break down process barriers and reduce red tape.

The Coordinator-General's immediate priorities should include:

- delivery of the proposed ACT Government Office Building; and
- further streamlining processes for unit title registration.

The necessary enhancements to cohesion, coordination and alignment of effort will be supported by the creation of a deliberately powerful centre for the ACTPS which will work with colleagues directly responsible for service delivery to the community to ensure officials' efforts remain focussed, and that issues are identified, engaged with, and resolved quickly. This central hub will provide an enhanced capacity to facilitate connections across government in the development of aligned and coordinated government policy, it will provide assurance to Cabinet that its decisions are properly informed and implemented, and, when necessary, will drive policy development on critical issues. Its successful implementation will be dependent on the clear articulation of government priorities, and the ability of officials to work cohesively in genuine collaboration in pursuit of those objectives.

The solutions offered to these two issues form the centerpieces of this Report.

They are supported by recommended actions in the following critical areas:

- greater Budget and Cabinet process discipline and enhanced support to the Budget Committee of Cabinet by officials;
- an increase in the number of Members of the Legislative Assembly (and in the size of the Ministry to seven); and
- reform of the *Australian Capital Territory (Self-Government) Act 1988 (Cwlth)* (the Self Government Act).

Perhaps naturally, the Self Government Act and the interplay between the ACTPS and the National Capital Authority arose during our deliberations, along with goodwill from all sides to reach an acceptable resolution of long standing critical issues.

The Executive Summary commences with some context and the Terms of Reference, followed by sections on the guiding principles and key findings. That leads to my major recommendation of a unified ACTPS under the banner “One ACT Government – One ACT Public Service” and the associated changes to the Administrative Arrangements.

I believe that the combination of structural, functional, institutional and cultural changes set out in the Report will create an environment in which the ACTPS can improve the way it provides high quality support to the Government of the day and services to the people of Canberra.

The Review contains 76 primary recommendations under five overarching initiatives:

- Governance;
- Structure;
- Priority setting;
- Capability; and
- Implementation

supported by a comprehensive set of actions. Recommendations are brought together in the Executive Summary, the associated issues being dealt with in greater depth in the relevant chapter which sets out the reasoning behind them.

Conclusions and findings that are more advisory in nature are interspersed throughout the Report for further consideration in due course.

Chapter 7 deals with the major priority issues of sustainability, housing affordability and transport, all of which cross traditional agency boundaries.

In closing, I want to pay particular tribute to Andrew Kefford as Head of the Secretariat, ably assisted by Meg Brighton, Chris Wilson and Alan Higgins who assisted in researching and writing this Report. Any errors, omissions or oversights are my responsibility.

Allan Hawke
2 February 2011

ACKNOWLEDGEMENTS

I am grateful to sponsors of Submissions to the Review for their thoughtful assessment of what the ACTPS does well, and where it might improve.

Similarly, the candour and good will brought to consultations by current and former ACTPS staff, and organisations and individuals outside the public sector is appreciated. The willingness of people to offer their thoughts and recommendations on how the ACTPS might support the ACT Government and serve the citizenry of Canberra better assisted the Review greatly in its task, and speaks volumes of the esteem in which the ACTPS is held.

The assistance and counsel received from colleagues in other jurisdictions including Ms Angiolina Foster, Director of Strategy and Ministerial Support in the Scottish Government and Ms Robyn Rendall, Principal Advisor, State Services Commission in the New Zealand Government is also acknowledged.

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Acronyms and Short Forms Used in the Report

ACAT	ACT Civil and Administrative Tribunal
ACT	Australian Capital Territory
ACTCOSS	ACT Council of Social Service Inc
ACTEW	ACTEW Corporation Limited
ACTPLA	ACT Planning and Land Authority
ACTPS	ACT Public Service
AFP	Australian Federal Police
AGRAGA	Advisory Group on the Reform of Australian Government Administration
AHAP	Affordable Housing Action Plan
ANZSOG	Australia and New Zealand School of Government
APS	Australian Public Service
APSC	Australian Public Service Commission
Assembly	Legislative Assembly for the ACT
CGC	Commonwealth Grants Commission
CIT	Canberra Institute of Technology
CMD	Chief Minister's Department
COAG	Council of Australian Governments
CPSU	Community and Public Sector Union
DECCEW	Department of the Environment, Climate Change, Energy and Water
DET	Department of Education and Training
DHCS	Department of Disability, Housing and Community Services
EDP	Estate Development Plan
EPBC	<i>Environment Protection and Biodiversity Conservation Act 1999</i>
EPIC	Exhibition Park In Canberra
ESA	Emergency Services Agency
FOI	freedom of information
ICT	information and communications technology
IEB	ACT Indigenous Elected Body
JACS	Department of Justice and Community Safety
LAPS	Department of Land and Property Services
LDA	Land Development Agency
MLA	Member of the Legislative Assembly
NCA	National Capital Authority
NCP	National Capital Plan
NSW	New South Wales
OECD	Organisation for Economic Co-operation and Development
ORS	Office of Regulatory Services
PSM Act	<i>Public Sector Management Act (1994)</i>
RLF	Regional Leaders' Forum
ROC	Regional Organisation of Councils
SEROC	South East Regional Organisation of Councils
SES	Senior Executive Service
SSGC	Shared Services Governing Council
TAMS	Department of Territory and Municipal Service
Treasury	Department of Treasury
UC	University of Canberra

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EXECUTIVE SUMMARY

In September 2010, the Chief Minister of the Australian Capital Territory (ACT) commissioned a comprehensive review of the effectiveness, capacity and structure of the ACT Public Service (ACTPS).

The Terms of Reference (see [Attachment A](#)) canvassed:

- the capacity of existing public-sector structures to support the government of the day with strategic and direction-setting advice;
- effectiveness in delivering on government policies and objectives;
- performance and accountability mechanisms;
- how existing structures differentiate between the roles of policy and regulation;
- across-government coordination of service delivery; and
- structures that would improve resilience and innovation across the public sector.

The aim of the Review was to ensure the configuration of the ACT public sector remains appropriate for meeting the Government's needs and delivering its future agenda particularly in the major priority areas of sustainability, housing affordability and transport.

The Review took place concurrently with other projects examining different aspects of the ACT Government's operations including:

- the review of taxation being conducted by former ACT Treasurer Mr Ted Quinlan;
- *Canberra 2030 – Time to Talk*; and
- continuation of the Expenditure Review and Evaluation Committee's work.

Government decisions following the *Strategic and Functional Review of the ACT Public Sector and Services* led by Mr Michael Costello AO in the lead up to the 2006–07 Budget formed part of the context of the Review. Unlike that process, however, this Review was not about identification of savings. Instead, it aimed at maximising the achievements of the ACT's city state government, including by overcoming structural and other impediments to performance.

Twenty-one years since self government, this Review presented a timely opportunity to take stock of where the ACTPS has come from, where it is now, and its future direction.

It has presented the opportunity to:

- rebase the ACTPS;
- remove complexity and inefficiency from its structures and business processes;
- recalibrate the strategic planning and reporting framework; and
- transform how the ACTPS is structured and works together in the future.

Consultations were held with Ministers, Members of the Legislative Assembly, current and former ACTPS officials, unions, stakeholder groups, members of the community, and leading

academics in the field of public administration. Despite the diversity of contributors, there was remarkable consistency in the identification of areas requiring attention and those where current arrangements work, and clearly demonstrated goodwill within the ACTPS and among stakeholder groups to work together to improve Canberra.

Guiding Principles

From the outset, the Review has sought to develop recommendations that will result in tangible and sustainable improvements in how the ACTPS goes about its work. It has adopted a principles-based approach that embraces the ACT's uniqueness and reflects the defining characteristics of its city state government.

The Review has sought to reduce fragmentation, duplication and unnecessary bureaucracy. It has proceeded on the basis that structures should be fit for purpose, clear, cohesive and comprehensible for the citizenry of the ACT, to stakeholder groups, and to the Ministers and officials that operate within them on a daily basis.

It has approached its task from the perspective that structural change is not, on its own, the answer to enhancing the performance of the ACTPS. Good people will always make bad structures work, but releasing the capacity of the ACTPS to respond to the challenges facing Canberra will involve more than just amendments to the Administrative Arrangements. Structural changes must form part of a suite of aligned initiatives including cultural change, creation of institutional imperatives, improvements to systems and ways of working, innovation, and a continuing focus on citizen-centred public service.

The Review proceeded on the basis that changes to the structure of the public service organisations are difficult, affect real people in different ways – not all of which are comfortable, are sometimes expensive, and should not occur in the absence of a sound case for change. It has not pursued an agenda of change for change's sake, but has focussed on overcoming structural impediments to enhanced performance.

Key Findings

The Review has concluded that the ACTPS is not broken.

The people of Canberra rightly expect high quality services and support to Government decision making from the ACTPS, and in general, they are well served. Much of what the ACTPS does on a daily basis is at the forefront of leading practice and some of it sets the standard for other jurisdictions.

There are nevertheless areas that require attention, including:

- the specification of strategic priorities should be enhanced through development of a clear line of sight from vision to delivery and back – the entirety of what the ACTPS does should be explicitly aligned with achievement of the Government’s priorities;
- objectives, priorities and actions should be specified at a level that is meaningful and measureable, and should also be manageable in number;
- the trend to fragmentation of responsibility across the ACTPS must be reversed;
- current arrangements in relation to land and planning are at best hindering, if not actively obstructing achievement of the Government’s priorities;
- the ACTPS needs to work better together in a genuinely collaborative and aligned way in pursuit of the Government’s priorities;
- the ACTPS needs to work better with the community and genuinely engage with the recipients of services, and centres of expertise, in policy and program design;
- the ACTPS needs to embrace learning, adopt leading practice and harness the capability of its workforce to improve systems and ways of working; and
- the ACTPS needs to be structured in a way that supports the ways of working, alignment and cohesion of effort that will be critical if it is to continue to meet the expectations of governments of the day, and the people of Canberra.

Traditional public service departments and hierarchies are not well adapted to dealing with the complex and interrelated issues to which governments around the world are increasingly being required to turn their minds, but structural change alone is a blunt instrument for improving performance. The ACTPS is nevertheless uniquely (and fortunately) placed to be a leader in innovation in public policy design and service delivery. The size of the ACTPS, the contained geographic scope of Canberra, the presence of leading academic institutions, and collocation of the Australian Public Service create fertile ground for developing and demonstrating leading public service practice and performance.

The ACTPS will be able to serve the Government better by focusing on a smaller number of priorities to which meaningful, measurable indicators can be attached. The ACTPS is small and spreading it thinly across a large number of priorities risks achieving none of them. The Government’s strategic planning framework, centred on the *Canberra Plan*, is sound, but could be implemented better.

There is, for example, a gap in the formulation and articulation of “*how*” the Government’s strategic intent will be delivered and how priorities interrelate. The ACTPS is succeeding in the detail, but perhaps missing the mark in its understanding and pursuit of the whole.

It is generating a reporting burden that is a genuine risk to delivery of results, and the Government on occasion makes decisions on what might be good things, without robust, coordinated, and comprehensive advice from its officials on whether they are the right things.

The ACTPS should be structured in a way that fosters alignment of effort in pursuit of government priorities. Its performance in this regard is currently hampered by the desiccation of structures and roles, and division – rather than sharing – of responsibility for delivery of results. The coherence, coordination and consistency of action and process demanded in consultations for the Review will be easier to achieve if there are fewer organisational units, and clear lines of accountability from those units to a single Minister.

The Review has concluded that the ACTPS will be best able to support the Government and serve the people of Canberra if it is positioned to be agile, if it continually strives to deliver public value, if it makes the most of its small size and if it works together in a genuinely collaborative and cooperative way in the pursuit of clearly articulated Government priorities.

Current structures and ways of working employed in the ACTPS reflect an inheritance of hierarchical Commonwealth Government structures and procedures, complicated in many instances by 21 years of organic growth. The Review has concluded it is time to recalibrate those structures and ways of working to suit the demands of Canberra's city state government at the end of the first decade of the 21st Century, and pursue models that unlock the capacity of the ACTPS to respond in genuinely innovative ways to the policy and service delivery challenges confronting the Government now, and looming over the horizon.

One ACT Government – One ACTPS

The Review recommends all existing Administrative Units in the ACTPS be abolished and replaced by a single, unified ACTPS organisation. Rather than a traditional bureaucratic structure comprising discrete, hierarchically organised entities, the Review has concluded the ACT Government and citizenry of Canberra would be better served by a unified ACTPS agency, reporting to a single Chief Executive who is Head of the ACTPS.

This model is coherent and fit for purpose. It addresses the current desiccation of responsibilities and avoids the loss of focus on the big picture that fragmentation of roles and responsibilities can cause. It allows greater flexibility in transferring resources to meet emerging issues, facilitates greater cohesion, consistency and coordination, enhances institutional alignment, and creates opportunities to unlock the benefits of the ACT's scale.

A single unified entity suits the ACT's city state governance framework and reflects how the citizenry and stakeholder groups expect to deal with the ACT Government.

It reduces fragmentation and opportunities for coordination to unravel resulting in people and issues going through the cracks. The recommended structure allows the ACTPS to be agile, and unites it behind a clear set of shared and commonly understood priorities, providing a mechanism for navigating the uncertainties that the ACT will continue to face and facilitating flexible responses to changing circumstances.

The single ACTPS agency will be reinforced through unified common branding, common website presence, and enhancements to the *Canberra Connect* and Government shop front models of service delivery to the people of Canberra.

The Administrative Arrangements

Within the single ACTPS organisation, there will still need to be functional units, which the Review has called Directorates. Reflecting the importance of central coordination and alignment of effort, the Review proposes establishment of a Chief Minister's Department within the single ACTPS entity responsible for driving performance across the ACTPS. It will comprise two Directorates: Finance; and Economic Development and three Divisions: Communications and Culture; People and Performance; and Policy. The remaining Directorates will be: Community Services; Education; Health; Justice; Sustainable Development; and Territory and Municipal Services.

Key structural changes proposed by the Review involve:

- combining the current Chief Minister's Department and Department of Treasury in a deliberately powerful centre to the ACTPS, along with the Economic Development Directorate – the head of which would be called Coordinator-General and continue that function which was so successful in delivering economic stimulus measures in 2009-10 – responsible for the land release program, business and industry support, tourism, and skills and workforce development in the broader ACT economy;
- consolidating responsibility for events management within the proposed Chief Minister's Department;
- locating *Canberra Connect* with whole of government communications in the proposed Chief Minister's Department;
- transferring Shared Services to the Finance Directorate;
- refocusing the Territory and Municipal Services Directorate solely on municipal services;
- creating the Sustainable Development Directorate comprising the Department of the Environment, Climate Change, Energy and Water, ACT Planning and Land Authority, and fragmented functions in the land and planning sphere including the Government Architect, the Heritage Unit, and responsibility for transport planning; and
- enhancing the role and functions of the Office of Regulatory Services to include transport regulation and occupational licensing.

The Review has not recommended significant structural changes in the current Health or Disability, Housing and Community Services Portfolios.

Investing in Capability and Capacity

To deliver high quality services in an increasingly complex and constrained fiscal environment, the leadership and managerial capacity of ACTPS staff must be developed and provided with the right management, operational tools and systems to deliver high quality services and advice. Recent efforts by the ACT Government have strengthened the capability of its public service, through increased investment in the policy framework, training and leadership development, improved recruitment processes and a range of attraction and retention initiatives.

Officials expressed a desire to the Review to be part of a dynamic values-based culture that affirms strong performance, provides frank and fearless advice and is genuinely engaged in participatory decision making. A modernised employment framework; a strategic investment in workforce capability; robust collection, interrogation and dissemination of data; an embracing of open government combined with a culture that supports innovation will in turn support a dynamic, agile service that provides high quality support to the Government, and services to the community.

Conclusion

There is much to be celebrated in what the ACTPS achieves on a daily basis, just as there is much work to be done to rise to the significant challenges it faces in the future. The combination of structural, functional, institutional and cultural changes set out in this Report create an environment in which the ACTPS can continue to provide high quality support to the ACT Government and services to the people of Canberra.

In combination, they offer a framework in which the dedication, skills and experience of the ACTPS can be brought to bear in a coordinated, cohesive fashion and aligned consistently with the achievement of government priorities as Canberra continues to grow and develop in its second Century.

Summary of Recommendations

The Review recommends abolition of all existing Administrative Units in the ACTPS and creation of a single ACTPS Agency, reporting to a single Chief Executive and Head of the ACTPS. That agency will comprise the proposed Chief Minister's Department and six Directorates.

The Review recommends five overarching initiatives (Governance, Structure, Priority Setting, Capability, and Implementation) supported by a comprehensive set of actions.

Governance

Strengthen the ACTPS to “support the government of the day with strategic and direction-setting advice” and enhance its “effectiveness in delivering government policies and objectives”:

1. Establish an ACTPS Strategic Board to provide leadership and direction to the ACTPS.
2. Enhance and enforce compliance with Cabinet and Budget Process Rules to ensure comprehensive, robust and timely advice to Cabinet to better support sound decision making.
3. Continue to arrange Directorates and Ministerial Portfolios along functional lines.
4. Discuss with the Legislative Assembly opportunities to improve efficiency – particularly mechanisms that allow municipal type matters to be dealt with in an expedient manner.

5. Amend the *Public Sector Management Act 1994* (the PSM Act) and associated subordinate legislation as a matter of priority.
6. Review ACT Government boards and committees against the Public Interest Map with a view to ensuring the role and function of these bodies is clearly understood and that bodies recommended to continue have clearly defined roles and responsibilities that align with the Government's overall strategic direction and objectives. As part of this review consider:
 - abolishing the Exhibition Park in Canberra (EPIC) Board;
 - transferring the Veterinarians Board to Territory and Municipal Services (TAMS);
 - the resourcing and portfolio location of the Indigenous Elected Body prior to commencement of that Body's new term; and
 - establishing a Tertiary Council to oversee negotiation of a strategic plan for tertiary education in the ACT, conduct relevant research and advise the ACT Government through the Chief Minister and Minister for Education on tertiary education policy, including training and workforce priorities.
7. Replace the Land Development Agency Board immediately with an Advisory Board better suited to the mandate of the Economic Development Directorate.
8. Maintain the Shared Services Governing Committee but:
 - amend the Board's terms of reference to ensure appropriate reflection of the role and function of Shared Services; and
 - develop new service standard agreements that properly reflect the division of policy and operational responsibilities.
9. Maintain the Cultural Facilities Corporation's current governance and operational arrangements.
10. Establish an equivalent body to the Commonwealth Government's Joint Economic Forecasting Group to enhance ACTPS capacity for developing consolidated economic advice.
11. Settle the roles of the Conservator of Flora and Fauna, the Commissioner for Sustainability and the Environment and the need for an ACT Arborist in light of the Review of the *Nature Conservation Act 1980*, consultations on expanding the role of that Commissioner and the soon to be delivered report into the Government's tree management practices and renewal of Canberra's urban forest.
12. Appoint ACT Civil and Administrative Tribunal members with experience in the planning and development sphere.

One ACTPS

13. Enhance *Canberra Connect* as the gateway to all interaction (shop fronts or counter services) between the ACT Government and the Canberra citizenry.
14. Develop the ACT Government office building.
15. Establish a single ACT Government web portal, whole of government intranet and adopt a single ACT Government brand.
16. Remove legislative and technical barriers to appropriate information sharing between Directorates.

Open Government

17. Develop mechanisms to bring non-government Members of the Legislative Assembly into the earlier stages of policy and program design.
18. Further embed public value management and genuine community participation in decision making processes.
19. Consider establishment of an Executive Committee of Cabinet to oversee refinement and implementation of the *Canberra Plan* and appoint external members based on their skills and experience rather than representative interests.
20. Enhance data collection across the ACTPS to ensure robust evidence can be provided to the Commonwealth Grants Commission in relation to cross border service delivery.
21. Develop approaches to proactively publishing more of the information held by the ACTPS, including Cabinet material.
22. Establish a Chief Information Officer within the proposed Chief Minister's Department, and:
 - define its responsibilities for oversight and whole of government policy for strategic information, information communications technology, freedom of information, information storage and retrieval and ACTPS record keeping; and
 - build a pool of business analysts and project management resources for ready deployment across the service for information and communications technology and business improvement projects.
23. Publish all decisions made by the ACTPS under the *Freedom of Information Act 1989* on a central website immediately after they are provided to applicants (with personal information deleted).

24. Strategic Board outcomes be promulgated within Directorates to assist in ensuring alignment of effort and direction with the ACTPS, especially when they relate to:
- identification of emerging issues and proposed management strategies;
 - strategic priority setting, including government and agency priorities; and
 - whole of government service or resource issues.

Statutory Offices

25. Apply the Public Interest Map to the need for, and role of, statutory office holders.
26. The proposed Chief Minister’s Department adopt a standard model for the appointment and terms and conditions for fulltime and part-time statutory office holders.
27. Unless there is a clear reason not to, vest statutory decision making powers in public servants.
28. Review the arrangements of ACTPS part-time statutory office holders.
29. Subject to the Review proposed at Chapter 3, statutory office holders should receive appropriation funding in their own right.

Structure

The Review recommends the following changes to *Administrative Arrangements 2010 (No.1)*.

Current Agency	Recommended Changes
Chief Minister’s Department	<p>Option A – Proposed Chief Minister’s Department - preferred by the Review.</p> <p>Within the single ACTPS organisation, comprising two Directorates and three Divisions:</p> <ul style="list-style-type: none"> • Finance Directorate – headed by an Associate Director-General; • Economic Development Directorate – headed by an Associate Director-General to be called Coordinator-General; • Culture and Communications Division; • People and Performance Division; and • Policy Division. <p>Option B – Directorate Structure</p> <p>Under this option, three separate Directorates would not be explicitly joined in a single unit under the Chief Executive and Head of the ACTPS:</p> <ul style="list-style-type: none"> • Chief Minister’s; • Finance; • Economic Development.

Whichever option is chosen, the Review recommends the following:

- an explicit statement should be made of the central agency role of the proposed Chief Minister's Department/Directorate;
- consolidate responsibility for the planning and delivery of all events in the proposed Chief Minister's Department (from TAMS and the Department of Disability, Housing and Community Services (DHCS):
 - transfer responsibility for the scheduling and management of events at EPIC to the proposed Chief Minister's Department; and
 - maintain responsibility for events at Territory venues including Stromlo Forest Park, Manuka Oval and Canberra Stadium with TAMS, but with Territory Venues working closely with the special events unit to ensure alignment and cohesion of effort and cohesion in pursuit of the Government's Priorities.
- consider greater coordination and alignment of events with Canberra Racing Club as well as other external entities;
- transfer maintenance responsibility for arts facilities to ACT Property Group (TAMS);
- consolidate *Canberra Connect* with the whole of government communications team (from TAMS);
- extend responsibility for access to government information by transferring the *Territory Records Act 2002* and Territory Records Office from TAMS and *Freedom of Information Act 1989* policy and procedural advice from JACS;
- transfer the current Business and Industry Development Division (with the addition of mutual recognition policy) to Economic Development;
- transfer *Live in Canberra* campaign to Economic Development;
- transfer the Government Architect to Sustainable Development;
- transfer the Heritage Unit to Sustainable Development;
- transfer current Treasury functions (including macroeconomic policy advice) to Finance;
- transfer Shared Services to Finance;
- amend Shared Services functions in accordance with the proposed ACTPS Workers' Compensation Improvement Plan;
- transfer the Independent Competition and Regulatory Commission to the Finance Portfolio;
- transfer responsibility for legacy transport regulatory policy including heavy rail and maritime to the Finance Directorate (from TAMS);
- implement the Expenditure Review and Evaluation Committee recommendations relating to Shared Services after proposed Administrative Arrangements changes have been implemented.
- maintain the proposed Chief Minister's Department's role as the lead agency supporting the coordination and alignment of sustainability policies across the environmental, social and economic spheres;
- establish a performance and analysis unit within the proposed Chief Minister's Department;
- establish a chief information officer within the proposed Chief Minister's Department; and
- consider providing additional resourcing to the centre to support policy and decision making processes.

Department of Treasury

- See Chief Minister's Department.

Department of Justice and Community Safety	<ul style="list-style-type: none"> • expand the role of the Office of Regulatory Services (ORS) to include: <ul style="list-style-type: none"> ○ occupational licensing (from the ACT Planning and Land Authority (ACTPLA)); ○ the Traffic Camera Office (from TAMS); and ○ transport regulation and licensing (from TAMS); and • assume responsibility for road safety policy, and driver and vehicle licensing (from TAMS).
ACT Health	<ul style="list-style-type: none"> • no structural changes proposed.
Department of Disability, Housing and Community Services	<ul style="list-style-type: none"> • transfer events to the proposed Chief Minister’s Department.
Department of Education and Training	<ul style="list-style-type: none"> • transfer Vocational Education and Training to Economic Development; and • amalgamate the Canberra Institute of Technology and University of Canberra.
Department of Territory and Municipal Services	<ul style="list-style-type: none"> • assume responsibility for ACT Property Group (from the Department of Land and Property Services (LAPS)); • transfer transport planning to Sustainable Development; • transfer transport regulation to Justice (ORS); • transfer road safety and vehicle and licensing policy to Justice; • transfer legacy transport regulatory policy (heavy rail and maritime) to Finance; • transfer the Territory Records Office and Archives ACT to the proposed Chief Minister’s Department; • transfer <i>Canberra Connect</i> to the proposed Chief Minister’s Department; • transfer Shared Services to Finance; • transfer staff responsible for providing support to the Conservator of Flora and Fauna to Sustainable Development; and • consider in the future whether other government owned assets could be managed by ACT Property Group including Community hubs and schools but excluding a limited number of specialist buildings including The Canberra Hospital complex and public housing.
Department of the Environment, Climate Change, Energy and Water	<ul style="list-style-type: none"> • see LAPS discussion below; • assume responsibility for support to the Conservator of Flora and Fauna from TAMS; and • consider ACTEW taking responsibility for Lake Burley Griffin from the Commonwealth.
Department of Land and Property Services	<p>Option 1</p> <ul style="list-style-type: none"> • Economic Development Directorate (see Option A and B above) comprising: <ul style="list-style-type: none"> ○ LAPS (less ACT Property Group, but with the LDA abolished and its functions fully subsumed into the Directorate); ○ Business and Industry Development Division from the current Chief Minister’s Department (CMD); ○ tourism (from CMD); and

- Vocational Education and Training from DET.
- Sustainable Development comprising:
 - the current Department of the Environment, Climate Change, Energy and Water ;
 - ACTPLA (less occupational licensing – to ORS);
 - transport planning (from TAMS);
 - support to the Conservator of Flora and Fauna (from TAMS); and
 - heritage and the Government Architect (from CMD).

Option 2

A single Sustainable Development Directorate comprising all the elements described above.

In both cases having one Minister would enhance the opportunities for clarity of direction and alignment of effort by relevant elements of the ACTPS.

Figure 1 – Current and Proposed Structure of the ACT Public Service

CMD	Treasury	JACS	Health	DET	TAMS	ACTPLA	LAPS	DHCS	DECCEW
Government policies, priorities and projects	Fiscal and economic policy	Human Rights	Health policy	Education policy	Transport policy and regulation	Planning, development and building control	Land release	Carers	Climate change policy
Intergovernmental relations	Taxation and revenue	Administration of justice	Health infrastructure	Government and non-government schools	ACTION Buses	Survey and leasing	Land development	Community recovery	Environmental sustainability policy
Council of Australian Governments	Budget and financial reporting	Legal policy	Acute health services	Early childhood education	Road services	Occupational licensing	Major land and property project facilitation	Therapy services	Environment protection
Coordination of government administration	Insurance	Legal services	Community health services	Vocational Education and Training	Municipal services	Electricity and natural gas, water and sewerage industry technical regulation	Government accommodation and property services	Community support services	Water policy
Support to Cabinet and its Committees	Competition Policy	Electoral services	Cancer services	Canberra Institute of Technology	Libraries			Concessions	Water efficiency programs
Government accountability frameworks and access to government information	Government business enterprises ownership policy	Fair trading	Aged care and rehabilitation services		Land management and stewardship			Community facilities	Energy policy
Regional policy	Regulatory reform	Registration, inspection and regulatory services	Mental health services		Government services including shared services, transactional, information and payment services			Volunteering	Energy efficiency programs
Sustainability policy coordination	Public Sector Superannuation Fund management	Corrective services	Population health services		Sport and recreation			Housing Policy	
Infrastructure strategy	Gaming	ACT Policing			Territory Venues including EPIC			Public housing	
Public sector management	Racing	Emergency services						Community Housing	
Community engagement								Housing assistance services	
Government communications and events coordination								Homelessness	
Audit services to government								Disability policy and services	
Economic development								Adoption	
Business support programs								Care and protection	
Arts and cultural services								Children's policy	
Cultural Facilities Corporation								Childcare services	
Heritage								Family support	
Industrial relations policy								Out of home care for children	
Workplace safety policy								Youth policy	
Workers compensation policy								Youth services	Ageing
Tourism policy and services								Youth Justice	Status of Women
								Aboriginal and Torres Strait Islander Affairs	Child and family centres
								Multicultural Affairs	

Proposed – Option A

Chief Minister's Department			Justice	Health	Education	TAMS	Community Services	Sustainable Development
Access to government information (including Freedom of Information)	Finance	Economic Development	ACT Policing	Acute health services	Early childhood education	ACTION Buses	Aboriginal and Torres Strait Islander affairs	Climate change policy
Arts and cultural services including Cultural Facilities Corporation	ACTPS Shared Services	Business support programs	Administration of justice	Aged care and rehabilitation services	Education policy	Government accommodation and property services	Adoption	Energy efficiency programs
Audit services to government	Budget and financial reporting	Coordinator-General	Corrective services	Cancer services	Government and non-government schools	Land management and stewardship	Ageing	Energy policy
Canberra Connect (including transactional, information and payment services)	Competition policy and regulatory reform	Economic development	Electoral services	Community health services		Municipal services	Care and Protection	Environment protection
Community engagement	Fiscal and economic policy (including macroeconomic policy and forecasting – with Policy)	Land development	Emergency services	Health infrastructure		Roads services	Carers	Environmental sustainability policy
Coordination and development of Government policies, strategic priorities and projects	Gaming	Land release	Fair trading	Health policy		Sport and Recreation	Child and Family Centres	Government Architect
Coordination of government administration	Government business enterprises ownership policy	Major land and property project facilitation	Human Rights	Local Hospital Network		Territory venues	Childcare services	Heritage
Council of Australian Governments and intergovernmental relations	Insurance	Tourism	Legal policy	Mental health services			Children's policy	Support to the Conservator of Flora and Fauna
Government performance, accountability, and evaluation frameworks	Public Sector Superannuation Fund management	Vocational Education and Training	Legal services	Population health services			Community facilities	Transport planning
Government communications (including Government branding) and events coordination	Racing		Occupational licensing				Community housing	Water efficiency programs
Industrial relations policy	Regulatory reform		Registration, inspection and regulatory services				Community recovery	Water policy
Macroeconomic policy and forecasting (with Finance)	Taxation and revenue policy and collection		Road safety and driver and vehicle licensing policy				Community support services	ACTPLA
Policy advice and administrative support to Cabinet and its Committees			Transport regulation and licensing			Multicultural affairs	Concessions	Electricity and natural gas, water and sewerage industry technical regulation
Policy and program performance reporting and evaluation						Out of home care for children	Disability policy and Services	Planning, development and building control
Public sector management						Public housing	Family support	Survey and leasing
Regional policy						Status of Women	Homelessness	
Triple Bottom Line sustainability policy alignment	Workers compensation policy					Therapy services	Housing assistance services	
Whole of Government service planning and infrastructure strategy	Workplace safety policy						Housing policy	
					Volunteering			
					Youth justice			
					Youth policy			
					Youth services			

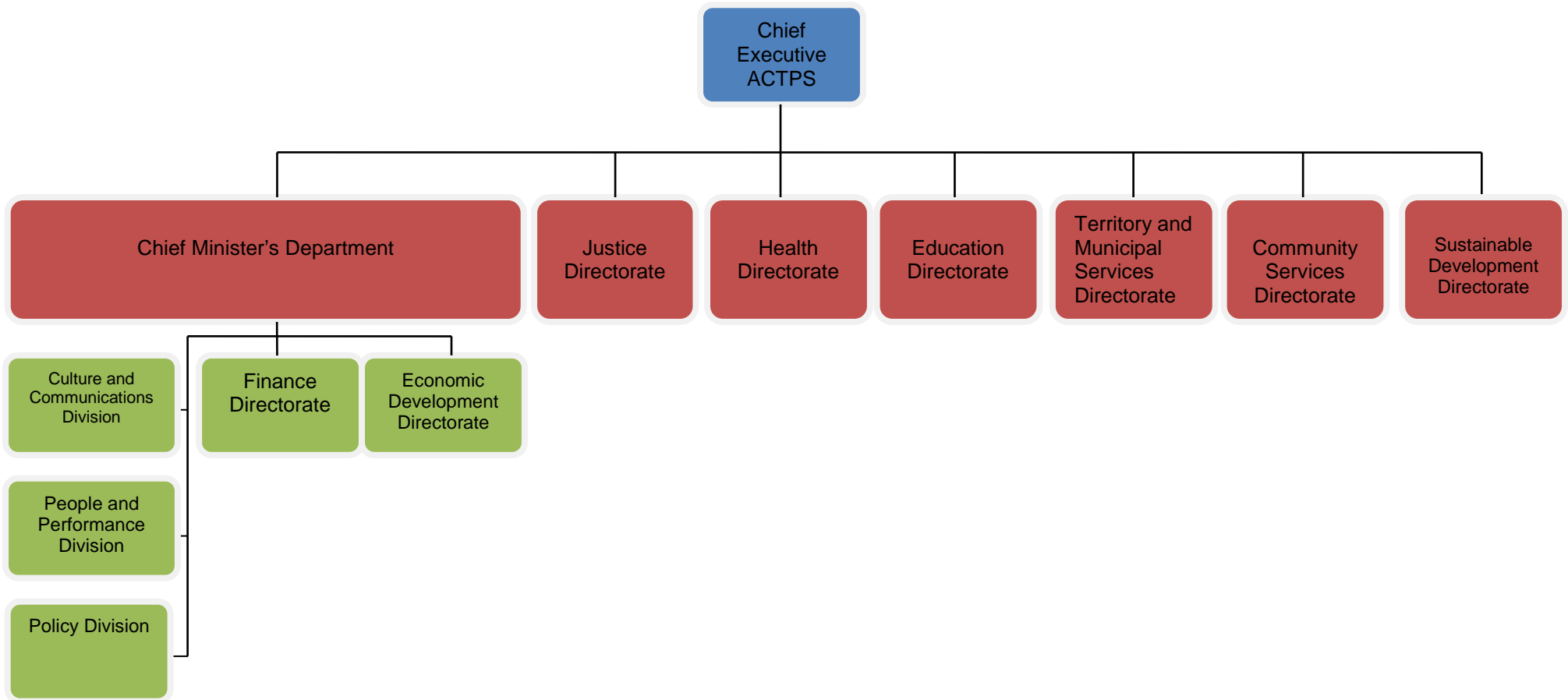
Proposed – Option B

Chief Minister's	Finance	Economic Development	Justice	Health	Education	TAMS	Community Services	Sustainable Development
Access to government information (including Freedom of Information)	ACTPS Shared Services	Business support programs	ACT Policing	Acute health services	Early childhood education	ACTION Buses	Aboriginal and Torres Strait Islander affairs	Climate change policy
Arts and cultural services including Cultural Facilities Corporation	Budget and financial reporting	Coordinator-General	Administration of justice	Aged care and rehabilitation services	Education policy	Government accommodation and property services	Adoption	Energy efficiency programs
Audit services to government	Competition policy and regulatory reform	Economic development	Corrective services	Cancer services	Government and non-government schools	Land management and stewardship	Ageing	Energy policy
Canberra Connect (including transactional, information and payment services)	Fiscal and economic policy (including macroeconomic policy and forecasting – with Chief Minister's)	Land development	Electoral services	Community health services		Municipal services	Care and Protection	Environment protection
Community engagement	Gaming	Land release	Emergency services	Health infrastructure		Roads services	Carers	Environmental sustainability policy
Coordination and development of Government policies, strategic priorities and projects	Government business enterprises ownership policy	Major land and property project facilitation	Fair trading	Health policy		Sport and Recreation	Child and Family Centres	Government Architect
Coordination of government administration	Insurance	Tourism	Human Rights	Local Hospital Network		Territory venues	Childcare services	Heritage
Council of Australian Governments and intergovernmental relations	Public Sector Superannuation Fund management	Vocational Education and Training	Legal policy	Mental health services			Children's policy	Support to the Conservator of Flora and Fauna
Government performance, accountability, and evaluation frameworks	Racing		Legal services	Population health services			Community facilities	Transport planning
Government communications (including Government branding) and events coordination	Regulatory reform		Occupational licensing				Community housing	Water efficiency programs
Industrial relations policy	Taxation and revenue policy and collection		Registration, inspection and regulatory services				Community recovery	Water policy
Macroeconomic policy and forecasting (with Finance)			Road safety and driver and vehicle licensing policy				Community support services	ACTPLA
Policy advice and administrative support to Cabinet and its Committees			Transport regulation and licensing			Multicultural affairs	Concessions	Electricity and natural gas, water and sewerage industry technical regulation
Policy and program performance reporting and evaluation							Disability policy and Services	Planning, development and building control
Public sector management	Workers compensation policy						Family support	Survey and leasing
Regional policy	Workplace safety policy						Homelessness	
Triple Bottom Line sustainability policy alignment							Housing assistance services	
Whole of Government service planning and infrastructure strategy							Housing policy	
					Volunteering			
					Youth justice	Out of home care for children		
					Youth policy	Public housing		
					Youth services	Status of Women		
						Therapy services		

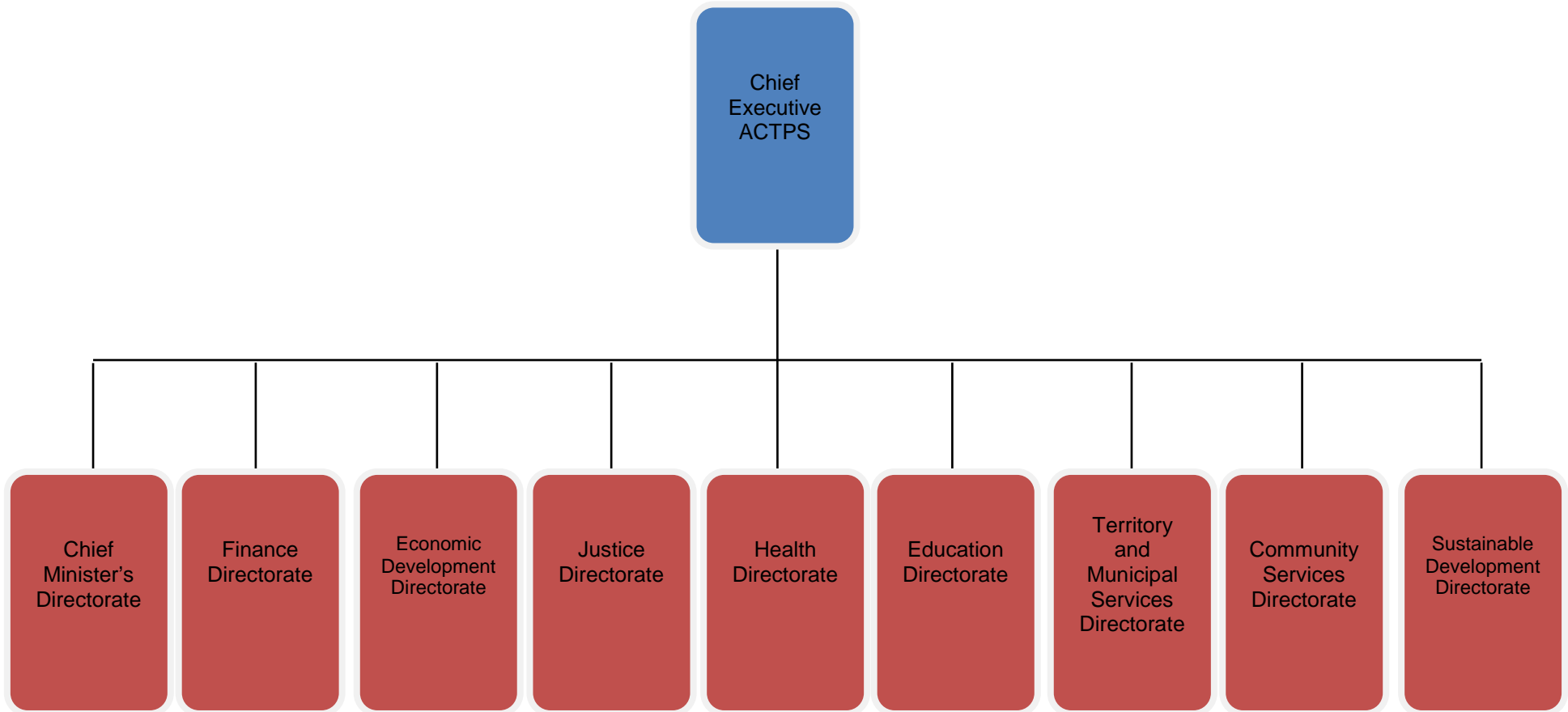
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Figure 2 - Structure options

Option A



Option B



Priority Setting

The Review recommends the processes used in setting, allocating resources to, and reporting on implementation of priorities continue to be streamlined and focussed on a smaller number of better defined, achievable, measurable goals.

30. Maintain the *Canberra Plan* framework, but continue efforts to further refine and recalibrate the articulation of purpose and vision, objectives and initiatives.
31. Establish a smaller number of succinct meaningful, measurable outcomes and associated indicators of progress, geared towards ongoing public reporting through the *Measuring Our Progress* website.
32. Publish annual Government Priorities in the Budget Papers or in a separate formal Statement of Intent.
33. Immediately implement the Government's revised *Performance and Accountability and Evaluation Frameworks*.
34. Focus Directorate level strategic planning on the individual contribution of each Directorate to the Government's priorities and long term goals.
35. Enhance and further embed Triple Bottom Line reporting in annual reports.
36. Establish a Budget Coordination Sub-committee of the Expenditure Review and Evaluation Committee to oversee planning for, and management of, the Budget Process.
37. Implement the Budget Process outlined in Chapter 5 from the 2012-13 Budget.
38. The Expenditure Review and Evaluation Committee should conclude as a matter of priority a marginal cost formula for providing additional funding to the Territory and Municipal Services Directorate reflecting the impact of new residential developments on service demand.
39. Establish new infrastructure development legislation to enhance effective and timely delivery of critical infrastructure for the ACT.
40. Further examine the proposal to streamline leases through the removal of duplication of purpose clauses in the Territory Plan and individual leases.
41. Consider the appropriateness of continuing Government ownership of Capital Linen Service and Yarralumla Nursery.

Capability

The review recommends investment in the capability and capacity of the ACTPS workforce.

Leadership and Workforce Capability

42. Articulate the role of the Strategic Board to drive ACTPS performance.
43. Undertake regular and systematic Strategic Board appraisals within the Board's terms of reference.
44. Confirm ongoing leadership and development programs offered under the *Attraction and Retention Framework*.
45. Refine the leadership training program to incorporate assessment of participants against the ACTPS executive leadership capabilities.
46. Instigate an executive rotation program to provide rising executives with full exposure to the role and functions of the ACTPS.
47. Complement the formal leadership and development programs with a series of initiatives designed to support enduring change across the ACTPS including:
 - circuit breaker teams;
 - communities of practice; and
 - an innovation hub using web 2.0 technologies.
48. Strengthen the ACTPS policy capability.
49. Develop a robust economic modelling tool for the ACT economy.
50. Undertake regular systematic external reviews of the functions of the ORS and test opportunities for enhanced ways of working, sharing information and regulation of ACT law.

Workplace Culture

51. Mandate implementation of the *Respect, Equity and Diversity Framework*.
52. Undertake a six-monthly ACTPS-wide pulse survey and commit to responding to the results in a planned and systematic way.
53. Continue development of an ACTPS positive work culture that enables employees to be involved, contribute and perform to their full potential.

Workforce Planning

54. Establish a whole of service capacity and capability framework.

55. Improve workforce data quality and capability and review the operations and business requirements of the current operational systems and upgrade as necessary to ensure Directorates have access to reliable data and efficient systems.
56. Provide learning and development of employees in identified diversity groups.
57. Embed workforce planning as an integrated business function in routine business planning activities.

Employment Framework

58. Undertake a systematic and comprehensive review of the PSM Act, its subordinate instruments and the Enterprise Agreements. The outcomes should be:
 - a new modernised Act;
 - a simplified employment framework;
 - a single classification enterprise agreement; and
 - a simplified classification structure.
59. By late 2011, release an exposure draft of a new PSM Act for community and ACTPS consultation.
60. Invest in the development whole of government operational systems that support the needs of the Government and the ACTPS
61. Develop and implement non-technical workforce capabilities for the general clerical classification.
62. Identify recruitment needs, limitations of current practices, costs and opportunities for improvement. Identify and implement measures to streamline recruitment processes while maintaining the principles of merit and transparency.

Innovation

63. Establish an innovation framework that articulates innovation enablers.
64. Highlight the enterprise challenge of innovation – what can I do today that will improve how services are delivered and policy is designed?
65. Mandate the role of innovation in delivering Government priorities.
66. Mandate the proposed Chief Minister's Department with responsibility to co-design and actively promote and encourage a sustainable innovation culture.

Shared Services

67. Undertake a review of the Shared Services funding model.
68. Undertake a service improvement program for non-transaction service delivery within Shared Services.

69. Under direction of the relevant policy function, build Shared Services' core technical and non-technical capabilities.
70. Replicate and entrench the strategies that have led to the positive *Canberra Connect* customer service culture as a model for other front line service delivery areas.

Implementation

71. Invest in co-development and co-design of detailed proposals that underpin the Review recommendations.
72. Commit to the necessary financial resources to ensure successful implementation.
73. Ensure an energising pace of change.
74. Limit concurrent new major policy or operational reform during the implementation period.
75. Allow the ACTPS a period of consolidation and stabilisation to enable the embedding of major cultural and structural reform.
76. Assign ACTPS executives to be accountable for each implementation deliverable.

CHAPTER ONE: BACKGROUND TO THE REVIEW

Public administration reform will never be a simple, straightforward process because of the complexity of the environment in which we operate and because so much of the way we operate is bound in custom and tradition. But it is also clear that doing business as usual will not deliver the outcomes that the community rightly demands across all levels of Government.²

In September 2010, the Chief Minister of the Australian Capital Territory (ACT), Mr Jon Stanhope MLA, commissioned a comprehensive review of the effectiveness, capacity and structure of the ACT Public Sector (the Review).

The Terms of Reference (see [Attachment A](#)) canvassed:

- the capacity of existing public-sector structures to support the government of the day with strategic and direction-setting advice;
- effectiveness in delivering on government policies and objectives;
- performance and accountability mechanisms;
- how existing structures differentiate between the roles of policy and regulation;
- across-government coordination of service delivery; and
- structures that would improve resilience and innovation across the public sector.

The aim of the Review was to ensure that the configuration of the ACT public sector remains appropriate for meeting the Government's needs and delivering its agenda into the future, particularly in relation to the major priority issues of sustainability, housing affordability and transport, which cross traditional agency boundaries.

The Review took place concurrently with a suite of other projects examining different aspects of the ACT Government's operations, including:

- the review of taxation being conducted by former ACT Treasurer Mr Ted Quinlan;
- *Canberra 2030 – Time to Talk*; and
- continuation of the Expenditure Review and Evaluation Committee's work.

Government decisions following the *Strategic and Functional Review of the ACT Public Sector and Services* led by Mr Michael Costello AO in the lead up to the 2006–07 Budget provided a complementary background. Unlike that process, however, this Review was not focused on the identification of savings. Instead, it aimed at maximising the ACT's city state government achievements including by overcoming structural and other impediments to performance.

² Blacher, Y (2005) 'Changing the way government works'. *Public Administration Today* (Oct - Dec) pp:38 - 42, p.42.

Overview of the Report

The Report is divided into eight chapters:

- this Chapter provides an overview of the Review process;
- Chapter 2 sets the scene with contextual information about the ACT and the ACT Public Service (ACTPS);
- Chapter 3 analyses the broad governance framework in which the ACTPS operates and outlines a preferred future structure;
- Chapter 4 sets out recommended changes to the *Administrative Arrangements 2010 (No 1)*³ (the Administrative Arrangements) under which the ACTPS is organised;
- Chapter 5 addresses the current strategic priority setting and resource allocation processes and makes recommendations for their enhancement;
- Chapter 6 canvasses approaches to boosting the ACTPS's capability and capacity, as well as strategies for sustaining and building the skills and knowledge of its people;
- Chapter 7 discusses three major policy priority areas of sustainability, housing affordability, and transport; and
- Chapter 8 outlines the methodology for implementing the Review's recommendations.

Review Methodology

The Review was conducted between September and December 2010 supported by a small Secretariat established under the auspices of the Chief Minister's Department. The Review sought out relevant work already underway in the ACTPS to inform its conclusions.

Over 100 interviews were conducted with current and former Ministers, Government and non-government Members of the ACT Legislative Assembly (the Assembly), current and former ACTPS executives, union leaders, Commonwealth Government Agencies, stakeholder groups and other organisations in the Canberra community (including through round table discussions), and leading academics in the field of public sector governance and public administration. A list of those consulted is at [Attachment B](#).

The Secretariat separately conducted 20 round table discussions with some 160 current members of the ACTPS ranging from Senior Executive Service officers to the 2010 Graduate cohort. It also conducted research on relevant developments and thinking in the Commonwealth, other Australian and overseas jurisdictions.

Public Submissions were called for and most of those received were published on the Review's website <http://www.actpsreview.act.gov.au>. Requests to withhold identifying information or not publish Submissions were respected.

³ See <http://www.legislation.act.gov.au/ni/2010-297/default.asp>

Guiding Principles – Embracing Uniqueness

From the outset, the Review sought to develop recommendations that will result in tangible and sustainable improvements in how the ACTPS goes about its work.

In approaching its consideration of improvements to the ACTPS's effectiveness, capacity and structure, the Review adopted a principles-based approach that embraces the ACT's uniqueness. A recurring theme in consultations was that the ACTPS should stop trying to be a state government bureaucracy to which local council service delivery obligations have been appended, and instead organise itself and operate in a way that reflects its responsibilities for providing a range of services to the city state that it serves. The Review acknowledges that the ACTPS's responsibilities range from collecting garbage, fixing potholes, and providing local libraries to running a gaol, a hospital system, and public schools. With this in mind it has sought to arrange service delivery lines and responsibilities in a form that makes sense from the outside, as well as from the inside, and is coherent in the ACT context.

The traditional hierarchical culture and structures inherited from the Commonwealth with the granting of self government were questioned. So was the need to mirror structures that are in place in larger Australian State Governments simply because the ACT Government has equivalent functions.

The Review has sought to develop structures that are fit for purpose in Canberra's city state government – structures that present a coherent and consistent face to the people of Canberra and make it easy to deal with the ACTPS. There are currently pockets of leading practice including *Canberra Connect*, but there are also areas hampered by the desiccation of structures and roles, and division – rather than sharing – of responsibility. In part this desire for clarity is evident in a bias in the Review's recommendations towards fewer organisational units, and clear lines of accountability from those units to a single Minister. One of the challenges in this context, ultimately stemming from the *Australian Capital Territory (Self-Government) Act 1988 (Cwlth)*⁴, is the size of the Ministry – itself a function of the size of the Assembly – relative to the volume and breadth of the ACT Government's responsibilities.

The Review has sought to reduce fragmentation, duplication and unnecessary bureaucracy. It has proceeded on the basis that structures should be clear to the citizenry of the ACT, to stakeholder groups, and to the Ministers and officials that operate within them on a daily basis. There was a prevailing view among officials and stakeholders during consultations that the current ACTPS structures are over-engineered, resulting in fragmentation of responsibilities and creation of roles that are not necessarily well or commonly understood.

The approach taken by the Review reflects the maturity of the ACT's self government arrangements which are now over 21 years old. It is interesting to note that neither a single Submission nor a single contributor to the Review suggested that the current structures are the ones that would be built now if you were starting from a blank sheet of paper to organise

⁴ See <http://www.comlaw.gov.au/>

the service delivery responsibilities of the ACTPS. That is not to say that the current structure is fatally flawed, or that the ACTPS is performing poorly across the board. Indeed, the contrary is demonstrably true in many areas. What it does reflect, however, is the outcome of organic growth of ACTPS structures over time.

Stakeholders expressed the view that the ACTPS lacks cohesion of purpose and vision, and at times acts in ways that frustrate the Government's stated objectives and delivery of its priorities. Failings in coherence and coordination are evident in both the policy and decision making, and program and service delivery spheres. In this context, the Review has outlined approaches to policy and program development that harness to the capacity and experience of ACTPS staff, the rich insights and capacity of Canberra's knowledgeable and active citizenry. These approaches focus on genuine engagement in more participatory decision making and citizen-centred service delivery. In so doing, the Review has also sought to preserve the decision making capacity and responsibility of the Cabinet because, ultimately, decision making authority in a Westminster-based system rests with, or flows from, the government of the day.

A telling observation to emerge from consultations was that the ACT Government and ACTPS have historically been at their best when united behind a common and clearly understood goal: the examples most often cited were the Bushfire Recovery Taskforce in 2003, and implementation of the economic stimulus measures in 2009. A common refrain from outside and within the ACTPS expressed a desire to capture and harness that alignment of effort and achievement on an ongoing basis. Extraordinary efforts in the face of emergencies demonstrate the capacity of the ACTPS to deliver great things for the Government and people of Canberra. In looking at what made those processes work, clarity of direction and purpose, specified time frames, and genuine whole of government effort were central.

Success in improving the ACTPS's performance in providing strategic and coordinated advice and delivering high quality services is predicated on sharing of a common understanding of the priorities of the government of the day, and how those priorities interrelate. That success itself depends on the outcomes of the cyclical process of strategic priority setting, resource allocation through the Budget, and monitoring and evaluation, which currently forms part of ACT Government decision making processes, but can and should be improved. In this context, the Review considered and endorses implementation of the recently finalised robust and practical *Performance and Accountability*, and *Evaluation Frameworks*. Building on more than two years of careful development, they will support the Cabinet in making better decisions, and enhance the capacity of the Assembly to scrutinise Government activities and hold Ministers and officials to account for their performance.

Of course, structural change is not, on its own, the answer to enhancing the performance of the ACTPS. While good people will always make bad structures work, releasing the capacity of the ACTPS to respond to the challenges facing Canberra now and in the future will involve more than just amendments to the Administrative Arrangements. Structural changes must form part of a suite of aligned initiatives including cultural change, creation of institutional

imperatives, improvements to systems and ways of working, innovation, and a continuing focus on citizen-centred public service.

Indeed, the Review proceeded on the basis that changes to the structure of the public service organisations are difficult, affect real people in different ways – not all of which are comfortable, are sometimes expensive, and should not occur in the absence of a sound case for change. The Review has been reluctant to propose further change in areas that have been the subject of recent (and in some cases regular) reorganisation without good cause. It has not pursued an agenda of change for change's sake, but has focussed on overcoming structural impediments to enhanced performance.

As the national capital approaches its Centenary in 2013, and ACT self government celebrates its 21st birthday, the Review provided a timely opportunity to pause and reflect on those milestones and consider the structures, skills and ways of working that will be required if the ACTPS is to serve the Government better and through it, the citizenry of Canberra in its second century.

Issues Canvassed in Consultations and Submissions

A very consistent set of issues was raised in consultations and Submissions. While the range of proposed solutions was diverse, there was a striking consensus about both the areas in which improvements can be made, and the areas in which current structures are appropriate. These themes are discussed in more detail in later chapters, but are summarised here to provide initial context for what follows.

There is a sense within the ACTPS and among stakeholders that Government priorities could be more clearly articulated, and more coherently and consistently pursued. There is a view that some of the ACTPS's structures are fragmented and that others are over-engineered for a city state government. One Submission to the Review, argued:

many of the problems impinging on the ACT public sector's ability to perform effectively can be traced back to an intrinsic failure to achieve an integrated approach across agencies working to implement government policy. There is evidence of a silo effect occurring between departments and divisions.

There is a view, especially within the ACTPS, that on occasion life is made harder than it needs to be by self imposed red tape, or entrenched and inefficient ways of working. A commonly expressed view amongst officials is that the ACTPS sometimes hinders its own performance through the imposition of more and more layers of reporting at the expense of delivering the required results.

There is a view that the Government's strategic priority setting and resource allocation processes could be enhanced and better aligned.

It must be recognised, however, that the ACTPS is not broken. Contributors to the Review highlighted aspects of what the ACTPS does on a daily basis that are at the forefront of leading practice. While there will always be room for improvement, the citizenry of the ACT

is, on the whole, well served by its public service. The ACTPS becomes its own worst enemy at times in that it sets high performance benchmarks, which inevitably become the new “norm” in the minds of what is, generally, a demanding and articulate community.

There is a view that traditional hierarchical and bureaucratic ways of working are hindering the capacity of the ACTPS to be agile and flexible in its responses to emerging issues, and acting as barriers to innovation. There is within the ACTPS a great deal of genuine good will, expertise and skill, and a strong desire emerged from staff round tables to improve the way the ACTPS supports the Government and serves the community. There is equally a genuine desire from groups and individuals in the community to contribute to the future development of the dynamic, sustainable and livable city Canberrans want their city to be. Indeed, as one contributor observed, “there are 350,000 town planners in Canberra”.

There is much to be celebrated in what the ACTPS achieves on a daily basis, just as there is much work to be done to rise to the significant challenges it faces in the future. The task for the Review has been to capture and expand upon the things the ACTPS does well, to highlight areas where it can improve, and to propose structural and other changes that will improve the way it serves the Government and the people of Canberra.

CHAPTER TWO: CONTEXT FOR THE REVIEW

History of Self Government in the Australian Capital Territory

*Anyone who is a democrat, who believes in democracy, who considers that freedom is important, must recognise that it is an anomaly that the ACT, the capital of democracy, does not have democracy itself.*⁵

It is interesting to note that the sometimes esoteric topic of the Australian Capital Territory's (ACT) self government arrangements were the subject of much public comment during the course of the Review, including as a result of the introduction of two Bills in the Senate by the Leader of the Australian Greens, Senator Bob Brown, seeking to remove the prohibition on the Legislative Assembly for the ACT (the Assembly) making laws with regard to euthanasia, and to remove the capacity of the Commonwealth Executive to administratively overturn a law passed by the Assembly.⁶

The history of self government in the ACT is a somewhat chequered one: among the members of the First Assembly in 1989 were representatives of the Abolish Self Government Coalition and the No Self Government Party. The fact that a significant majority of Canberrans were opposed to self government, coupled with the sentiment that Canberra was a better place when it was overseen by the National Capital Development Commission, still underpins some criticisms of the current governance arrangements for the ACT and the performance of the government of the day.

That said there is an emerging maturity in the self government arrangements, the 20th Anniversary of which were celebrated in 2009. There is no official suggestion or groundswell of support for a return to direct administration by the Commonwealth, and a growing sense that the ACT Government and the ACTPS are poised to enter the next phase of their development. Indeed, in public discussion of reform of the Australian Federation, it is regional governance arrangements similar to those already in place in the ACT that are often promoted.

The Path to Self Government

In keeping with the compromises reached at the time of Federation to overcome rivalry between Sydney and Melbourne over which city should become the new capital, as embodied in section 125 of *The Constitution*⁷, the Commonwealth Parliament passed the *Seat of Government Act (1908) (Cwlth)* which declared “the Seat of Government of the Commonwealth shall be in the district of Yass-Canberra in the State of New South Wales”.⁸ That Act also provided “the Territory to be granted to or acquired by the Commonwealth for

⁵ Langmore, J. (1988) *House of Representatives Hansard*. 3 November, p.2427.

⁶ See the Australian Capital Territory (Self-Government) Amendment (Disallowance and Amendment Power of the Commonwealth) Bill 2010, and the Restoring Territory Rights (Voluntary Euthanasia Legislation) Bill 2010 at <http://parlinfo.aph.gov.au/parlInfo/search/search.w3p>

⁷ See <http://www.comlaw.gov.au/>

⁸ See <http://www.comlaw.gov.au/>

the Seat of Government shall contain an area not less than 900 square miles and have access to the sea”.

The foundation stones of the national capital were laid in 1913. This occasion is commemorated on Canberra Day in March each year (which will form the centrepiece of Centenary celebrations in 2013).

From its creation until 1989, the ACT was administered by the Commonwealth Minister responsible for territories under section 122 of *The Constitution*, supported by a range of bodies including the Federal Capital Advisory Committee, the Federal Capital Commission, the Department of Home Affairs, and the National Capital Development Commission. It is worth noting that the roots of current debates about the sustainability of Canberra, its urban form, and planning regimes represent the legacies of planning and development decisions made over time by these bodies and the Commonwealth Governments to which they were responsible.

By the 1960s calls were being made by politicians and ACT residents for some form of self government for the ACT. Ken Fry (Member for Fraser 1974 – 1984) and John Langmore (Member for Fraser 1984 – 1996) both devoted a significant part of their maiden parliamentary speeches to the importance of self government to the people of the ACT.

In the late 1980’s the Commonwealth Government decided, in the face of community opposition, to grant self government to the ACT, and in 1988, the Commonwealth Parliament passed four key pieces of legislation: the *Australian Capital Territory (Self-Government) Act 1988 (Cwlth)* (the Self Government Act); the *Australian Capital Territory (Electoral) Act 1988 (Cwlth)*; the *Australian Capital Territory (Planning and Land Management) Act 1988 (Cwlth)*; and the *ACT Self-Government (Consequential Provisions) Act 1988 (Cwlth)*.

The National Capital Authority (NCA) was established under the *Australian Capital Territory (Planning and Land Management) Act 1988 (Cwlth)*⁹ to represent the Commonwealth Government’s:

continuing interest in the strategic planning, promotion, development and enhancement of Canberra as the National Capital. The functions of the NCA provide an enduring framework to secure the planning and development of Canberra as the capital; to accommodate the Seat of Government and associated national and cultural requirements; to provide national public places for all Australians to visit and enjoy; to enhance the unique character and symbolic meaning of the capital; and to develop appreciation of the capital as a reflection of our democracy and national life.¹⁰

The Self Government Act is, in effect, the ACT’s constitution, and prescribes the size and powers of the Assembly and role of the ACT Executive. It also contains provisions that, while understandable precautions at the time, now look out of place in light of the maturity and acceptance of the ACT’s self government arrangements. Principal amongst these is the

⁹ See <http://www.comlaw.gov.au/>

¹⁰ Commonwealth Government (2010a) *The National Capital Authority*
http://www.nationalcapital.gov.au/index.php?option=com_content&view=category&layout=blog&id=36&Itemid=146

capacity of the Commonwealth Executive to administratively overturn a law validly made by the Assembly. This last occurred under Prime Minister Howard, when the *Civil Unions Act 2006* was disallowed by the Governor-General on the Commonwealth Government's advice.

The power of the Commonwealth Parliament to legislate for territories is not questioned, especially in relation to the seat of the national capital, but a legislative "disallowance" process would provide for greater scrutiny, transparency and debate than the administrative procedures set out in section 35 of the Self Government Act.

The proposed powers of the Assembly were the subject of much discussion during debate on the Self Government Act. Professor George Williams, Anthony Mason Professor of Law at the University of New South Wales and regular contributor to the *Sydney Morning Herald*, recently advocated greater responsibilities being given to the Assembly:

As a matter of democratic principle and good governance, the Commonwealth should not remove power from a self-governing jurisdiction. Removing power is a blunt instrument that prevents the making of any laws on a subject, whether for good or ill. It also calls into question the good faith of the Commonwealth in granting self-government to the territories in the first place.¹¹

Size of the Assembly

Elections for the First Assembly were held in March 1989 and the Assembly first met in May of that year. The General Election for the current 7th Assembly was held on 18 October 2008, and its first meeting took place on 5 November 2008.

The Assembly is a unicameral parliament of 17 members elected from three multi-member electorates: Brindabella, Ginninderra and Molonglo. Brindabella and Ginninderra return five members each, and Molonglo seven. Members are elected using the Hare-Clark system of proportional representation and serve a fixed four-year term.

The size of the ACT Executive is limited to the Chief Minister and up to four Ministers by section 41 of the Self Government Act. While that number could be increased by enactment of the Assembly, in a chamber of seventeen members where minority government is the norm, increasing the size of the ministry is not practical given the need for government Members to fulfil other parliamentary roles, including backbenchers participating fully and properly in the ongoing work of the Assembly and its Committees.

The appropriate size of the Assembly has been the subject of much discussion since the first considerations of self government, and remains so today. In its 1984 report to the then Minister for Territories and Local Government the Task Force on the Implementation of

¹¹ Williams, G. (2010) "Euthanasia Bill Needed for Healthy Democracy", *Sydney Morning Herald*. 9 November. <http://www.smh.com.au/opinion/politics/euthanasia-bill-needed-for-healthy-democracy-20101108-17kh8.html?skin=text-only>

ACT Self Government recommended the size of the ACT legislative Assembly be governed by three main principles:¹²

- it must be large enough to provide for adequate and fair representation of the ACT community;
- it must be able to function as a workable legislature; and
- so far as is possible it should have the capacity for adequate scrutiny of the executive government.

At the time of its report, that Task Force found that the ACT community was the most under-represented in Australia and that the ACT was almost completely unrepresented at the state and local level. Its ‘advisory representation’ at the state and local level was 1:13,150 people compared to the national average of 1:1,720.

The Joint Parliamentary Committee on the ACT in its Report *Self-Government and Public Finance in the ACT* in 1975¹³ recommended the Assembly have 19 members, and the Taskforce on the Implementation of ACT Self Government supported 19 or 21 Members. In its 1990 report, the Assembly Select Committee on Self Government considered 17 members for 170,000 electors to be the minimum number required for a the Westminster system with a Government, Opposition and parliamentary committees.¹⁴

In 2002, the Assembly Standing Committee on Legal Affairs reported “a majority of the committee recommends that the Legislative Assembly for the ACT be increased to twenty-one members based on three electorates of seven members each”. The Committee noted options considered included 21, 23 and 25 members, but on balance settled on 21 because it was a modest increase in size (and therefore cost), and it recognised the greater proportionality of representation provided in seven member electorates.¹⁵

The Committee argued for 23 as the minimum number of members required to achieve adequate constituent representation, parliamentary contribution especially on committees, and sound Executive governance. It also noted 25 members would permit five smaller electorates of equal size, and reflect the proportionality of five-member electorates in the Tasmanian House of Assembly and other Hare-Clark jurisdictions.

ACT citizens remain significantly under-represented today in comparison to the rest of Australia. At a combined state and local government level, representation in the ACT is 1:14,285 compared to Tasmania at 1:1,110 and the Northern Territory (NT) at 1:685.

¹² Commonwealth Government (1984) *Task Force on the Implementation of ACT Self Government Report to Minister for Territories and Local Government* Canberra, p.39.

¹³ See Parliament of Australia (1975) *Report on Self-Government and Public Finance in the ACT*. Canberra.

¹⁴ See <http://www.parliament.act.gov.au/committees/index1.asp?committee=137&inquiry=846&category=19>

¹⁵ Legislative Assembly for the ACT (2002) *Report No. 4 of the Standing Committee on Legal affairs - The Appropriateness of the Size of the Legislative Assembly for the ACT and Options for Changing the Number of Members, Electorates and Any Related Matter*. Canberra, p. 32.

Table 1 - Elected Members at Each Level of Government¹⁶

	Commonwealth		State/Territory		Local Gov	Total reps	Enrolment at 30/06/2010	Ratio all levels of Government	Ratio local and state Government
	House of Reps*	Senate	Lower House	Upper House					
NSW	49	12	93	42	1,518	1,714	4,552,976	1:2,656	1:2,754
VIC	37	12	88	40	631	808	3,506,844	1:4,340	1:4,620
QLD	29	12	89	0	553	683	2,684,538	1:3,931	1:4,181
WA	15	12	59	36	1,278	1,400	1,341,005	1:958	1:977
SA	11	12	47	22	715	807	1,099,031	1:1,362	1:1,402
TAS	5	12	25	15	281	338	356,203	1:1,053	1:1,110
ACT	2	2	17	0	0	21	242,842	1:11,564	1:14,285
NT	2	2	25	0	148	177	118,401	1:669	1:685
TOTAL	150	76	443	155	5,124	5,948	13,901,840	1:2,337	1:2,429

The *Northern Territory (Self-Government) Act 1978 (Cwlth)*¹⁷ provides for the Executive's size to be set by the NT Administrator. When the NT Legislative Assembly was faced with the same challenges confronting the ACT of size and capacity it considered moving to a committee system of government but ultimately enlarged its Legislature from 19 to 25 in 1983.¹⁸ The NT Government currently has eight Ministers including the Chief Minister.

A key challenge facing the ACT, which is ultimately hindering performance and capacity, is the breadth and volume of ministerial responsibilities in a Cabinet of five spanning the uniquely broad range of functions with which the Government is charged. The ACT while geographically contained, is unique in that the Government is responsible for matters dealt with by state governments in other jurisdictions (e.g. health, education, justice) with a Chief Minister who is a member of the Council of Australian Governments (COAG), as well as municipal functions that fall to local councils elsewhere.

In light of the importance of robust and accountable democratic processes in the ACT – characterised by high standards of parliamentary debate, a legislative program covering a range of complex issues, and an active Assembly Committee process – and the significant under-representation of the citizens of the ACT, there is an overwhelmingly sound case for increasing the size of the Assembly. This would enable Members to serve their constituents better, allow the Ministry to be expanded to seven thereby establishing a more reasonable spread of responsibilities, and enhance the capacity of the Legislature to scrutinise the activities of the Executive through a more active committee process.

¹⁶ Data from Electoral Commissions as at 30 June 2010. * reflects redistribution at the 2010 Election.

¹⁷ See <http://www.comlaw.gov.au>

¹⁸ See *Electoral Amendment Act (1982) (NT)*.

Modernisation of the Self Government Act

The last significant review of the Self Government Act was conducted in 1998 by a panel chaired by Philip Pettit.¹⁹ That report made a number of recommendations that have not been implemented and which remain just as relevant today. Reform of the Self Government Act, while central to the ACT Government's operations, has for some time been at the periphery of the Commonwealth Government's interests and legislative priorities. During the course of the Review, however, productive discussions were held about the desirability of modernising elements of the Self Government Act.

The lead up to the Centenary of Canberra in 2013 provides a timely opportunity for the Self Government Act to be reviewed, updated, and perhaps stripped of what might, despite their merits in the early years of self government, now be considered anachronistic colonial type powers. Of course, the outcomes of any such review could not alter the ultimate power and right of the Commonwealth Parliament to legislate for, or about, the ACT and the national capital, but it would be a significant vote of confidence in the maturity of the governance arrangements for the ACT.

Key issues for consideration might include:

- inclusion of a preamble recognising the traditional ownership of the land on which Canberra sits, and, in line with recommendation 2 of the Pettit Report, indicating that if the Commonwealth does choose to overrule an enactment of the Assembly, it would be on the grounds that the legitimate interests of the Commonwealth require such action;
- removal of the power of the Commonwealth Executive to administratively overturn an enactment of the Assembly (without, of course, diminishing the power of the Commonwealth Parliament to do so legislatively); and
- granting of the power to the Assembly to determine its own size.

It is entirely appropriate, 21 years down the self government track, that the Assembly should be able to independently determine its own size, along with the size of the ACT Executive. Section eight of the Self Government Act currently provides that the Commonwealth Government may, by regulation, increase the size of the Assembly, but can only do so with the concurrence of the Assembly. What the number of Members of the Legislative Assembly should be is beyond the scope of this Review, but that the Assembly should be empowered to determine its own size is a fundamental issue of principle.

The Pettit report also strongly favoured elements of the ACTPS being responsible to only one Minister and an increase in the size of the Ministry. Both of these issues are encompassed in this Review's recommendations.

¹⁹ See ACT Government (1998) *Review of the Governance of the Australian Capital Territory*. Canberra.

The ACT in 1989 and 2010

Population

In 1911, when the international design competition for the national capital was announced, the population of the (then) Federal Capital Territory was “1714 people, 1763 horses, 8412 cattle, and 224,764 sheep”.²⁰ In 1990, the ACT population was around 283,000. Canberra today has a population of more than 350,000 (with that growth over time matched by a commensurate decline in its livestock holdings).

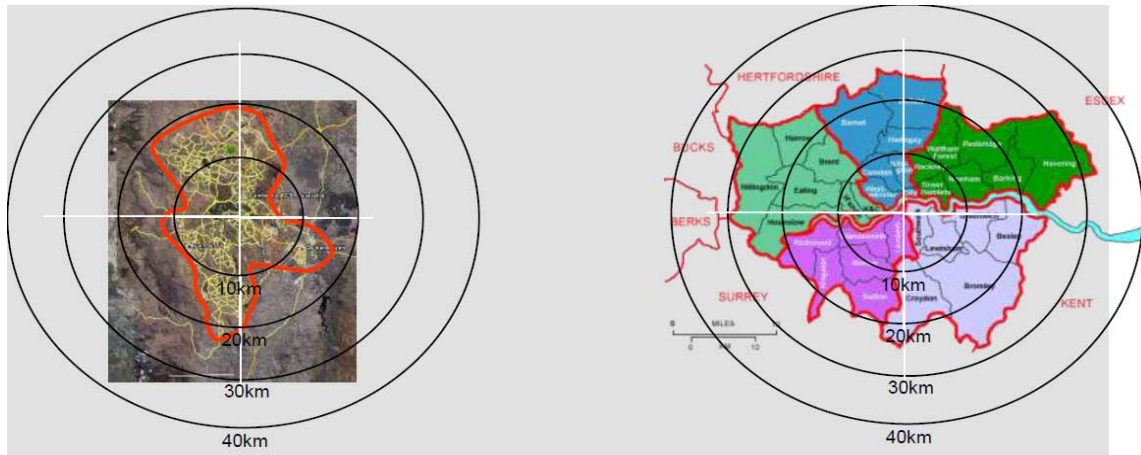
Canberra’s population growth rate has averaged 1.2% over ten years, which is below Australia’s overall growth rate. Over the last ten years the 0-14 age group experienced a decline in average annual growth while the number of individuals in the population aged over 85 more than doubled, growing by an average of 7.9% per year. Based on current trends, the ACT's population is projected to reach 400,000 by 2022; 434,300 by 2030 and 500,000 by 2050. Currently 9.5% of the population is aged sixty-five or older and this cohort is expected to double by 2030.

Growth

Today, largely as a result of decisions made by the various bodies and people responsible for the development of Canberra from 1913 to 1989, the city occupies a geographical area spanning around 40 kilometres from North to South and 25 kilometres from East to West. This is broadly equivalent to the area of Sydney bounded by the coast to the East, Hornsby to the North, Cronulla to the South, and Strathfield to the West. As shown in Figure 3 below, the spread of Canberra is comparable with Greater London which has a population of more than seven million.

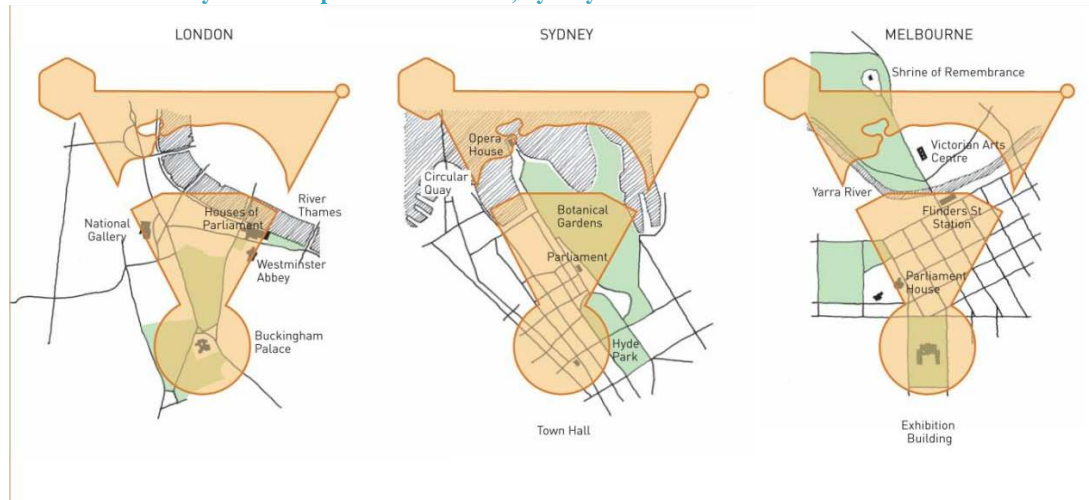
²⁰ Taylor, K. & Headon, D. (eds) (1997) *Canberra. The Guide*. Harper Collins, Sydney, p.22.

Figure 3 – Canberra and London



The following diagrams overlay the Parliamentary Zone on the cities of London, Sydney and Melbourne.²¹ Few people would perceive that this symbolic area of Canberra is equivalent in size to these central business districts, given the relative density of the urban form and the myriad of activities they support.

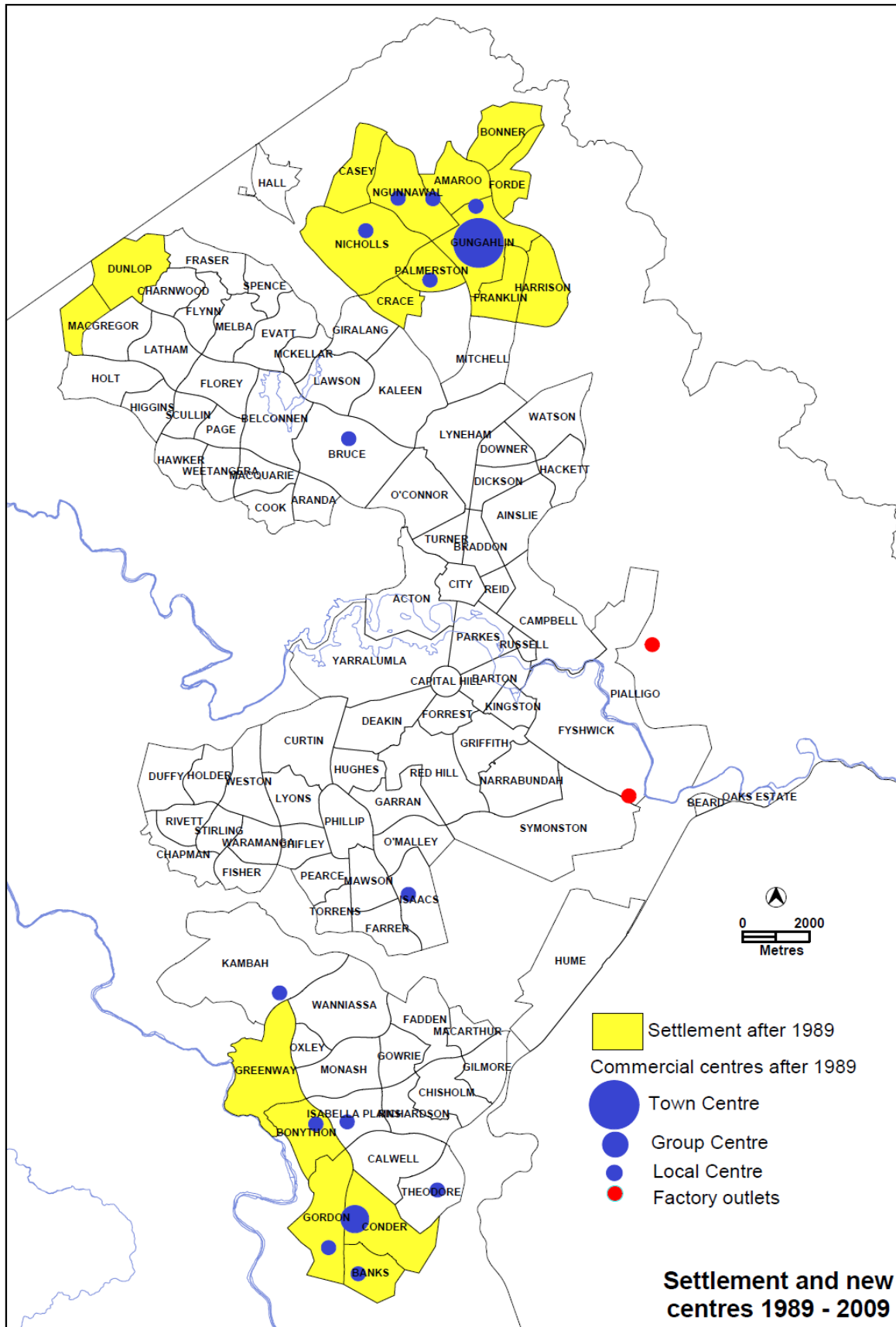
Figure 4 – Parliamentary Zone comparisons – London, Sydney and Melbourne



The majority of Canberra was planned and developed through the 1960s and 1970s. At that time, the National Capital Development Commission drew on the best international concepts for modern suburban planning including catering extensively for private cars. Under a planning blueprint called *Tomorrow's Canberra*, planners created what became known as the *Y plan* which laid out a system of freeways (called parkways) that linked a series of dispersed town centres set in the middle of suburban residential areas.

²¹ Image courtesy of the National Capital Authority.

Figure 5 - Settlement and New Centres 1989-2009



Economy

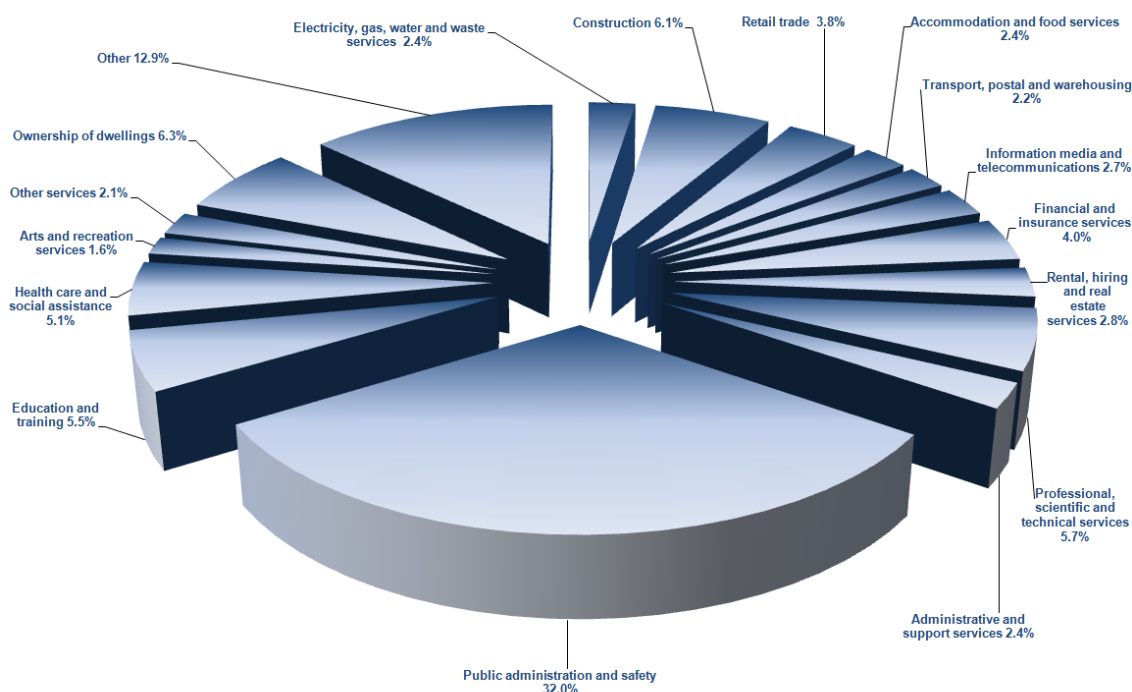
Table 2 provides a snapshot of economic indicators for the ACT in 1988 and 2009.

Table 2 - Canberra in 1988 and 2009

	Dec-88	Dec-09
Estimated resident population	274,105	355,311
Labour force	201,991	284,571
Unemployment rate (%)	4.9	3.7
Participation rate (%)	72.2	72.9
State Final Demand - chain volume measure (\$ million)	4,136	11,199

The ACT has a strong and dynamic economy: over the past 20 years the ACT's real Gross State Product per person has grown by an average of two per cent per annum. Substantial improvements in labour productivity have been a key driver of this growth. Figure 6 shows a breakdown of the ACT's Gross State Product, which demonstrates the extent to which the economy is influenced by the activities of the Commonwealth Government, and to a lesser extent the ACT Government: the Public administration and safety sector represents 32% of Gross State Product. In June 2010, ACT Government consumption and investment represented around 7.5% of total economic activity in the ACT.

Figure 6 - Share of ACT Gross State Product (Industry value-added), June 2009²²



²² Australian Bureau of Statistics (2009) *Australian National Accounts: State Accounts – Table 9. Expenditure, Income and Industry Components of Gross State Product, Australian Capital Territory, Chain volume measure and current prices, December 2009* (Cat. No. 5220.0)

Canberra in 2010 – a Snapshot

- The average Canberra house size has increased from 149m² to 213m² over 20 years.
- Australia has the largest average house size in the developed world and Canberra has the largest average house size in the nation.
- Canberra's ecological footprint (the area needed to support current lifestyles) is around 9.2 hectares per person. It has increased by 8% in five years and nearly 25% in ten years. Canberra's ecological footprint is 13% above the Australian average and nearly 3.5 times the global average.
- At the 2006 census, there were 131,271 private dwellings in Canberra. In 20 years it is estimated that an additional 49,000 homes will be needed in Canberra.
- 75% of Canberrans currently live in detached dwellings.
- In line with the national trend, the median house price has more than doubled in ten years.
- The ACT provides a level of public housing that is twice the national average.
- The largest emission source for greenhouse gases in the ACT is electricity use which contributed 64.5% of ACT emissions in 2006. This increase in electricity use has largely been in the commercial sector with an increase of 16.3% since 2002.
- ACT consumption of electricity and gas has grown more quickly than its population.
- ACT average residential consumption of electricity is higher than the national average.
- Houses and cars account for around 94% of Canberra's greenhouse gas emissions.
- In 1993-94, less than a quarter of waste in Canberra was recovered for recycling, but by 2003-04 nearly three quarters was recovered.
- Canberra is about ten times less dense than Melbourne and Sydney and is one of the lowest density cities in the world.
- More than half of the ACT is protected and managed in conservation reserves.
- Less than one quarter of the ACT is suitable for urban development and most of this is already developed.
- Canberra has a higher car dependence than the national average.
- Since 1990 the amount of road infrastructure maintained by the ACT Government has grown by nearly 30%.

Canberra as the Regional Centre

Canberra has become the major regional centre in South-Eastern New South Wales (NSW), providing employment, retail, health and other services to a population far in excess of the resident ACT population. Around 20,000 people living in the surrounding region travel to work in the ACT each day. The daily flow in the opposite direction is around 4,000. Every day the ACT provides health, education, community and justice services to a large number of NSW residents.

These strong links make regional demography a significant driver of future infrastructure and service demand in the ACT. The South-Eastern region of NSW is projected to grow, and to age, at a faster rate than the ACT. The population of the region is projected to grow by 28,000 over the next 10 years (12.8%), and by 55,000 over the next 20 years (25.2%). Much

of this growth will occur in the areas closest to the ACT: Queanbeyan, Palerang, and the Yass Valley.

Table 3 - Forecast Regional Population Growth 2011 – 2031²³

	2011	2016	2021	2026	2031
ACT	356,300	377,400	398,500	418,900	438,000
Cooma-Monaro	10,300	10,300	10,400	10,400	10,500
Goulburn Mulwaree	27,400	27,700	27,900	28,100	28,200
Palerang	14,300	15,800	17,300	18,800	20,300
Queanbeyan	42,400	46,900	51,600	56,300	60,900
Yass Valley	15,000	16,200	17,500	18,800	20,000
Total Region	465,700	494,300	551,300	577,900	602,500

Regional Governance Arrangements

Given the importance of the surrounding region²⁴ to the ACT, the Government works with the Commonwealth and NSW Governments and local government entities, to foster regional relationships; to promote collaborative initiatives; to plan appropriately to take into account the interplay of cross border issues in its strategic planning and service planning (including infrastructure impacts); and to understand and seek recovery of cross border service costs through Commonwealth Grants Commission (CGC) and processes including the cross border health agreement. The extent of cross border service delivery by the ACTPS means cross border service data is a continuing issue, particularly in the context of the need to support cost recovery through CGC processes.

Relationships with the region have been part of the current Chief Minister’s Department (CMD) policy responsibility for some time, covering support for the Regional Leaders’ Forum (RLF)²⁵ established in 1995 as well as development of the Regional Management Framework with NSW, which was finalised in 2006. This provides a framework for resolving cross border matters and planning issues.

²³ Chief Ministers Department (2010) *ACT Population Projections for Suburbs and Districts, 2007 to 2019 and New South Wales Statistical Local Area Population Projections 2006 – 2036*. ACT Government, Canberra.

²⁴ The Region is generally referred to as the Australian Capital Region consisting of the ACT and the 14 surrounding Local Government Areas of Bega Valley, Bombala, Boorowa, Cooma-Monaro, Eurobodalla, Goulburn Mulwaree, Harden, Palerang, Queanbeyan, Snowy River, Tumut, Upper Lachlan, Yass Valley and Young.

²⁵ The Regional Leaders’ Forum (RLF) is an information sharing forum to provide an opportunity for the ACT government, Local Governments surrounding the ACT; State and Federal Members of Parliament; and Regional Development Australia Committees within the region the RLF covers, to speak directly about regional issues. It is co-chaired by the Chief Minister and the NSW Minister for Planning. Membership of the RLF has grown to include:

- NSW Local Councils with an association with the ACT (Eurobodalla, Young, Boorowa, Upper Lachlan Shire, Harden, Yass Valley, Goulburn –Mulwaree, Queanbeyan, Palerang, Snowy River, Cooma-Monaro, Bombala, Tumut Shire, Tumbarumba, Cootamundra, Gundagai and Bega Valley);
- NSW and Federal members of parliament with seats in RLF the region;
- Chairs and Executive Officers from the RDA Committees whose area falls within the RLF region; and
- the ACT and NSW Governments.

In addition to the RLF and its relationship with the NSW State Government, the ACT also supports other regional relationships, including:

- the Regional Development Australia (RDA) ACT committee (established in 2007). The role of RDA Committees is to provide support and advice on regional issues and initiatives to various levels of government, and assist in the coordination of regional planning and development issues. In carrying out this role, RDA Committees work closely with various levels of government and other regional organisations, including other RDA Committees. RDA Committees can undertake and oversee specific regional development projects; and
- the Regional Organisation of Councils which are NSW partnerships between groups of local government entities to collaborate on matters of common interest. They are diverse in size, structure and mandate, but are open to approaches from government and non-government bodies where those bodies believe local government involvement would be beneficial. There are four ROCs within the region covered by the RLF: South Eastern Region of Councils (SEROC); Southern Councils Group; Central NSW Councils; and Riverina Eastern Regional Organisation of Councils. The ROC with the majority of RLF member councils is SEROC, with 12 of the 17 councils as members.

The ACT also participates in the work of the Council of Capital City Lord Mayors. While at present support for this role is provided by the Department of Territory and Municipal Services (TAMS), the Review believes this responsibility sits better in the proposed Chief Minister's Department.

Outcomes from the Time to Talk Process

The outcomes of the *Canberra 2030 - Time to Talk* process were released on 24 January 2011 and present a bold but achievable vision for the future of Canberra. The challenge will be to continue the conversation with the community, and within the ACTPS about refinement of that vision, and how progress is made from vision to reality. It will require Government, business and the broader community to continue to talk, to partner and to focus on the future challenges identified during consultation:

- population growth and the needs of young and old Canberrans;
- management of resources, including energy, water and land;
- housing affordability and diversity;
- integrated and sustainable transport;
- a compact city and quality urban development; and
- Canberra's role in the region.

The vision emerging from the *Time to Talk* process includes:

- Canberra will maintain its reputation as a “capital in the bush” and as a city known for clean air, open space and convenience;
- Canberra will be at the centre of a region offering stimulating, highly skilled jobs in a clean green economy;

- to lower Canberra’s carbon emissions, the community will invest in sustainable transport and buildings;
- there will be a shift from current motor vehicle dependency to more sustainable options;
- incentives and planning codes that reduce energy and water use in new and old houses will conserve resources;
- by 2030 new development will create a more compact city; and
- broad and early community engagement will be led by Government who will take a more “open government” approach to future planning of the city.

The ACT Public Service

In the period immediately following the granting of self government, the ACT’s public servants remained employed under their existing Australian Public Service employment arrangements, and it was not until 1994 that the ACTPS was established under ACT law in the *Public Sector Management Act 1994* (the PSM Act).²⁶

Under the Self Government Act and the PSM Act, the Chief Minister determines the allocation of portfolio responsibilities to Ministers, establishes “Administrative Units” responsible for certain functions and places chief executives in control of those Administrative Units. This division of responsibility is published in the Administrative Arrangements.

The ACTPS employs 20,000 people. Its current nine Departments and various agencies are divided into an extraordinary 81 separate reporting entities for the purposes of annual reporting to the Assembly. More than half of the ACTPS workforce is employed by the Department of Education and Training and ACT Health (which have around 27% of the total workforce each). The next biggest agencies are TAMS (at around 9%) and the Department of Justice and Community Safety (at around 7%). The ACTPS accounts for around 11% of total employment in the ACT.

The Service-wide average age of ACTPS employees at June 2009 was 43.2 (up from 42.7 at June 2008). The average age for females was 43.0 (up from 42.6 at June 2008) and 43.6 for men (up from 42.9 at June 2008). The modal (i.e. most common) age across the Service at June 2009 for men was 53 (up from 51 at June 2008), while for females it was 50 (up from 48 at June 2008).

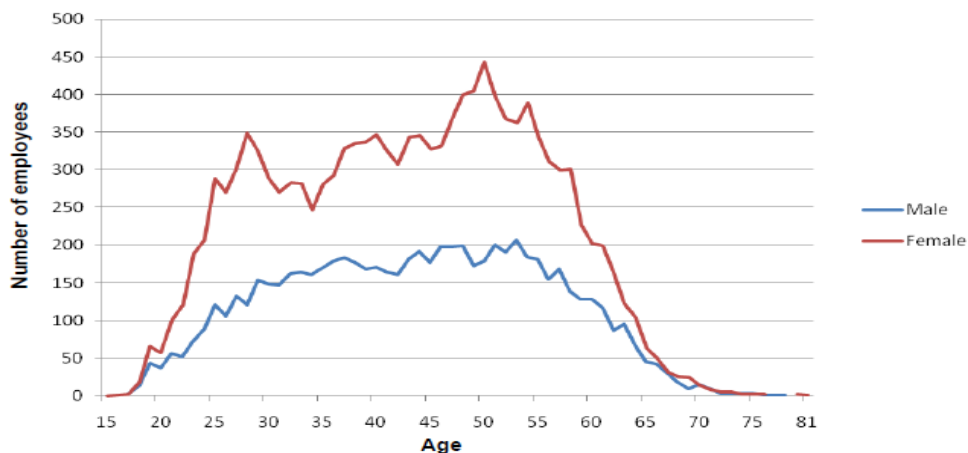
Nine classification groups had an average age higher than the ACTPS average:

- bus operators (48.4 years);
- linen production and maintenance (46.7 years);
- school leaders (46.3 years);
- senior officers (45.6 years);
- general service officers and equivalent (45.3 years);
- nursing staff (43.9 years);

²⁶ See <http://www.legislation.act.gov.au/a/1994-37/default.asp>

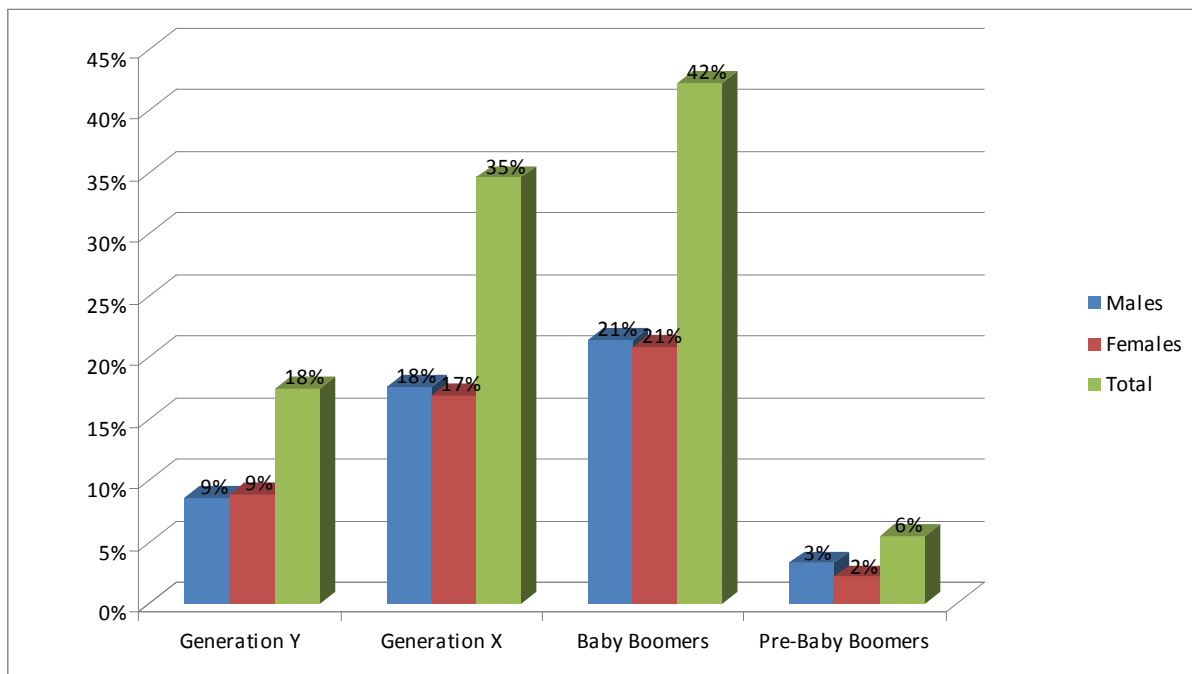
- disability officers (43.9 years);
- teachers (43.9 years); and
- technical officers (43.4 years).²⁷

Figure 7 - Number of ACTPS Employees by Age and Gender



Baby Boomers account for 45% of the ACTPS which is in keeping with the broader ACT economy based on the 2006 Census.

Figure 8 - ACT Workforce by Age and Gender²⁸



²⁷ Commissioner for Public Administration (2009) *ACT Public Service Workforce Profile 2008-09* ACT Government, Canberra, pp.15-16.

²⁸ Australian Bureau of Statistics (2006a) *Census of Population and Housing (Cat. No. 2006.0) - 2006 Community Profile Series (ACT)*.

SES Officers in the ACTPS

There are 175 Senior Executive Service (SES) officers in the ACTPS. This compares quite reasonably with the number of SES officers in the Department of Defence which employs 20,041 Australian Public Service (APS) personnel.²⁹ The proportion of SES in the ACTPS workforce was, however, raised in a number of consultations and Submissions as a matter of concern.

The Review notes the Commonwealth Government review of the SES in the APS. The proportion of SES officers in the ACTPS (0.8%) is significantly less than the APS (1.7%), the Northern Territory (2.7%) and South Australia (1.3%), and in keeping with Tasmania (0.9%). This is despite the fact that a number of SES positions in Territory and Municipal Services that would form part of local council structures in other jurisdictions.

The Review concludes the proportion of SES is appropriate given the breadth and scope of the ACTPS's responsibilities.

The ACT Budget

Revenue

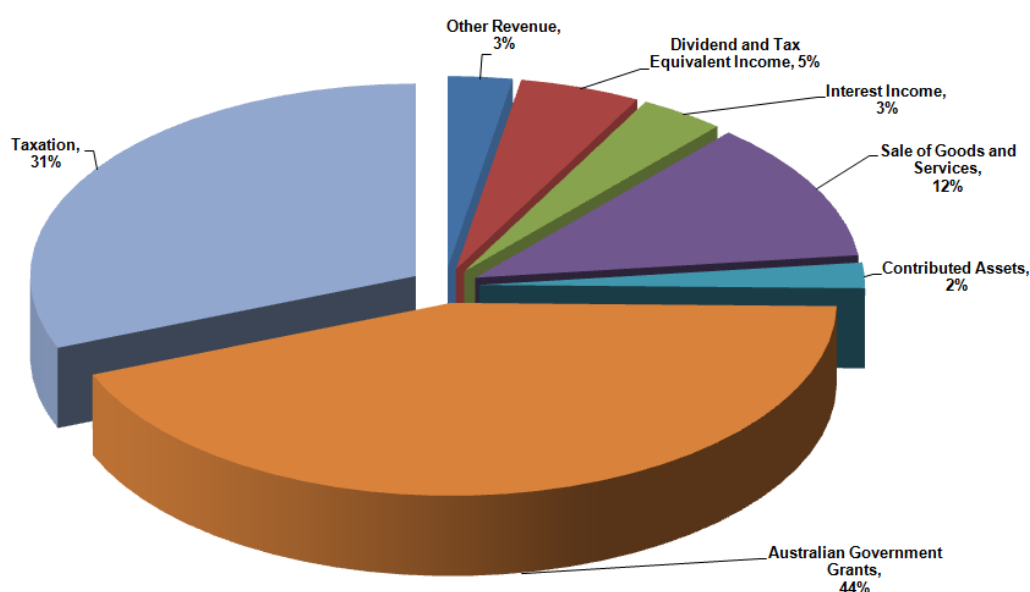
Total General Government Revenue around \$3,667.8 million is expected in 2010-11. This represents an increase in revenue of around one per cent on 2009-10. The ACT has a relatively narrow revenue base, largely due to the significant Commonwealth Government presence in Canberra. Reflecting the ACT Government's weaker revenue raising capacity, the CGC has assessed the ACT's revenue capacity at \$363 per person lower than the Australian average.

The ACT also faces a number of disadvantages due to its limited capacity to raise revenues from sources relied upon by its state counterparts (e.g. mining interests, manufacturing and industry). As a result, around 44% of total revenue comes in the form of grants from the Commonwealth Government.

Taxes raised by the ACT Government account for some 31% of total revenue to the ACT Government. The majority of the ACT's own source taxation revenue comes from three areas: payroll tax, land transactions, and general rates.

²⁹ Department of Defence (2010) *Annual Report 2009-2010*. Commonwealth Government, Canberra, p.34.

Figure 9 - Sources of ACT Government Revenue: 2010-11



Expenses

Total General Government Sector expenditure is estimated at \$3,840.7 million in 2010-11. Currently health and education represent the main areas of expenditure accounting for around 55% of the Budget. Table 4 provides a break-down of current ACT Government expenditure by service area.

Table 4 - ACT Government Expenditure by Service Area 2010-11³⁰

Area of Expenditure	2010-11 \$ million
Health and Community Care	1,069.3
Government Schooling (including Early Childhood and Preschool Education)	543.9
Territory and Municipal Services (excluding Tourism, Environment, Sustainability and Land Management)	346.2
Disability and Community Services	238.9
Non Government Schooling	221.7
Housing	159.4
Environment, Sustainability and Land Management	145.1
Vocational Education and Training	143.7
Justice and Community Safety	141.9
Policing	140.2
Public Transport	111.8
Emergency Services	96.9
Treasury	95
Planning	47.2
Chief Minister's Department	34.5
Legislative Assembly	13.8
Tourism	10.9
Business and Industry Development	9.9
Executive	6.5
Auditor-General	5.7
Other	258.2

³⁰ ACT Government (2010a) *Budget Paper No.2 2010-11*. Canberra.

The breakdown of employment among current ACTPS agencies described above is broadly mirrored in the breakdown of ACT Government Expenditures shown in Table 5 below.

Table 5 - General Government Sector Expenses by Function – 2010-11 Budget³¹

	2009-10	2010-11	2011-12	2012-13	2013-14
	Est. Outcome	Budget	Estimate	Estimate	Estimate
	\$'000	\$'000	\$'000	\$'000	\$'000
01 General Public Services	299,710	339,271	428,362	486,450	523,320
03 Public Order and Safety	307,025	320,062	322,418	326,804	326,564
04 Education	832,993	858,339	855,937	880,739	903,386
05 Health	938,192	1,011,032	1,071,564	1,143,988	1,227,299
06 Social Security	210,733	223,605	227,366	230,884	243,017
07 Housing and Community Amenities	260,150	188,907	143,918	139,369	135,186
08 Recreation and Culture	102,619	105,100	104,243	106,183	105,224
09 Fuel and Energy	11,356	11,072	10,497	10,579	9,806
10 Agriculture, Forestry, Fishing and Hunting	762	896	877	854	830
11 Mining and Mineral Resources Other than Fuels, Manufacturing and Construction	4,898	5,635	5,762	5,907	5,973
12 Transport and Communications	200,553	202,482	210,632	217,378	219,128
13 Other Economic Affairs	71,698	77,695	80,523	80,499	79,061
14 Other Purposes	457,361	496,609	560,540	594,922	615,951
Total Expenses	3,698,051	3,840,707	4,022,638	4,224,558	4,394,743

³¹ ACT Government (2010b) *Budget Paper No. 3 2010-11*. Canberra.

Table 6 - General Government Sector Expenses – 2010-11 Budget ³²

2009-10		2009-10	2010-11		2011-12	2012-13	2013-14
Budget	Expenses	Est. Outcome	Budget	Var	Estimate	Estimate	Estimate
\$'000		\$'000	\$'000	%	\$'000	\$'000	\$'000
1,231,024	Employee Expenses	1,275,895	1,343,413	5	1,386,307	1,440,145	1,497,489
227,876	Superannuation Interest Cost	217,167	233,200	7	264,700	279,600	294,200
207,188	Other Superannuation Expenses	236,618	222,919	-6	230,200	236,348	244,606
230,740	Depreciation and Amortisation	261,168	283,132	8	309,671	327,631	331,639
65,264	Interest Expenses	59,062	81,009	37	110,915	124,945	123,947
	Other Operating Expenses						
808,971	Supplies and Services	754,184	809,802	7	848,676	919,654	976,135
145,868	Other	169,071	158,299	-6	166,357	173,142	181,437
705,871	Grants Expenses	724,886	708,933	-2	705,812	723,093	745,290
3,622,802	Total Expenses	3,698,051	3,840,707	4	4,022,638	4,224,558	4,394,743

Health Expenditure

The ACT's role as the regional hub places financial and other burdens on the ACT Budget, some of which are compensated for under CGC processes, but which are in some cases exacerbated by intergovernmental funding agreements. In health, for example, cross border patients account for 25% of inpatient hospital activity in the ACT and 30% of the ACT elective surgery waiting list. NSW patients comprise 12% of ACT emergency department activity. NSW patients are also typically older and sicker than ACT patients with a 30% higher average acuity.

While cost recovery arrangements are in place with NSW, it is important to recognise that intergovernmental funding agreements usually divide Commonwealth funding between jurisdictions on an "equal per capita" formula which means the ACT is funded on the basis of its *resident* population, but delivers services (and therefore incurs costs and has its performance measured) based on the larger *regional* service population.

The ACT is not alone in facing a future fiscal position where the health system will consume a growing proportion of the Budget. This will force difficult issues to be engaged with, and the Government will require the highest standards of coordinated and comprehensive strategic and operational advice to manage this issue. Indeed, the Treasurer and Minister for Health, Ms Katy Gallagher MLA, had warned "there may be no room for tax levels to be reduced in the future if governments are to deliver health services which meet community

³² ACT Government (2010b).

expectations”.³³ Health spending currently accounts for around 30% of total ACT Government expenditure, growing at around 8% per annum, leading to the Minister’s observation that she:

...did not think the community would want big cuts in other areas of government spending to accommodate rising health costs. I don’t think there’s an agreement in the community that we should therefore reduce services say in TAMS or education by ten per cent in order to pay for it.³⁴

The Government is continuing to work with the Commonwealth Government on implementation of health reform agreements reached by COAG in April 2009. Central to this work are issues of sustainability of health funding and recognition of the ACT’s unique circumstances.

Approaches to cross border cost recovery in other spheres may also need to be reconsidered. While the CGC takes account of cross border service delivery costs, its consideration of any adjustments relies on there being high quality and robust data underpinning the arguments made by the ACT. Moreover, achieving full cost recovery through the equalisation processes pursued by the CGC is almost impossible.

Although the Government must, under the terms of the relevant National Agreement, provide public hospital services free of charge to residents of other states, there is no equivalent requirement in other portfolios. The Government may well need, for example, to consider options in the future for charging cross border school students on a cost recovery basis. The ACT currently provides cross-border education services for around 3,450 non-ACT residents, but does not receive any funding contribution from the NSW Government. The CGC provides \$12.3 million to the ACT Government in recognition of this circumstance, but the ACT has identified a net unrecovered cost of around \$11 million for the delivery of schooling to non-ACT residents. Similarly, estimates provided by the ACT Government to the 2010 CGC Report on Goods and Services Tax Revenue Sharing Relativities suggest that cross-border access to services such as the courts, policing and corrective services cost the ACT around \$20.7 million per annum.

While a function of Canberra’s largely arbitrary historical location, these matters raise fundamental questions of equity, fairness and sustainability that the Government will need to engage with in the future, supported by strategic advice from the ACTPS. The collection and collation of meaningful, accurate and consistent data on cross border service delivery will be critical to the ACTPS capacity to provide this advice, and to marshalling evidence upon which arguments to the CGC can be made.

In facing these future fiscal challenges, the ACTPS will also need to engage with significant cross cutting issues like mental health, housing affordability, and sustainable development in an environment where the ACT Budget will be increasingly stretched. There are also

³³ Jean, P. (2010) “Gallagher Grim on Prospect to Fund Health Care” *The Canberra Times* 20 December.

³⁴ Jean, P. (2010).

looming risks to revenue, which will be considered by Mr Ted Quinlan in his Review of the ACT's taxation system, including the fact that most developable land in the ACT has already been developed. Tackling these issues surrounding Canberra's future shape will be difficult, and involve close collaboration within the ACTPS and the community.

The Review notes work is underway within the ACTPS on a Review of the Industrial Arrangements in the ACT community sector, including issues surrounding the national Pay Equity case by the Australian Services Union.

The ACT's Relationship with the Commonwealth Government

It is inescapable that there are two governments based in Canberra and that there will inevitably be some sharing of responsibilities between them given Canberra's status as the national capital, even if that sharing of responsibility occurs in the context of a very unbalanced power relationship. There are from time to time, as there are in any relationship, points of friction and disagreement, of frustration and disappointment, but in general, the relationships between the ACT and Commonwealth Governments, and the ACTPS and the APS are close and productive.

Those relationships are, however, complicated by a number of legacy issues that add unnecessary delay and uncertainty to decision making processes in the public and private sectors, or amount to a significant distraction and reputational (if not legal) risk.

Commonwealth Funding to the ACT

As has been outlined above, grants in various forms from the Commonwealth Government comprise around 44% of total ACT Government revenue. The Commonwealth has historically provided compensatory payments to the ACT Government in recognition of the unavoidable additional costs incurred by the ACT because of Canberra's status as the national capital, or because of legacies inherited from the Commonwealth at self government. This process, in part, recognises the impact of the National Capital Plan (NCP) prepared by the NCA in placing restrictions on some planning and development decisions in the ACT which can lead to higher costs for the ACT Government (including in relation to policing and maintenance of certain roads).

Under the previous federal financial framework, and as recommended by the CGC in the lead-up to self government, the ACT received two Specific Purpose Payments to compensate for the extra costs arising from its role as the national capital:

- Assistance for Water and Sewerage Services - for the higher maintenance and operational costs arising from the excess length of water and sewerage mains due to the dispersed nature of urban development in the ACT; and
- National Capital Influences - compensating for a number of factors, such as its 'rating disability' – the inability to rate Commonwealth property and the extra costs the ACT Government incurs due to the design and layout of the National Capital.

Under the 2008 federal financial relations framework, these payments have been consolidated into one payment for ACT municipal services and have been classified as general revenue assistance. For 2009-10, this funding is estimated at \$35 million.

The National Capital Authority

The NCA is responsible for the Commonwealth's ongoing interest in the planning and development of Canberra. It discharges this primarily through the NCP the key objective of which is to ensure that Canberra and the ACT are planned and developed in accordance with their national significance. In effect, this means two planning systems for Canberra: one administered by the NCA, the other by the ACTPS.

While the ACT Government is responsible for providing social services and public infrastructure, it does not have strategic planning responsibility for the whole of the ACT. As a consequence, the ACT Government is limited in how it can respond to urban development pressures. Before the ACT can implement any strategic change it must be assessed by the NCA as consistent with the General Metropolitan Plan in the NCP or the NCA has to agree to prepare and sponsor an amendment to the NCP.

The urban form from the NCP and the so called Y-Plan (first introduced in 1967) have reinforced growth in a particular pattern, influencing service planning, such as public transport, road networks and other infrastructure. These issues are reinforced by certain limits on height, density and location of permitted development.

These arrangements were canvassed in an inquiry by the Joint Standing Committee on the National Capital and External Territories in 2008, but remain an unresolved issue.³⁵ During the course of the Review, however, the beginnings of a joint approach to reform, which of necessity will focus on defining matters of national significance, were evident in discussions with current and former officials in the ACTPS and APS.

The overall aim of those ongoing discussions should be to align planning responsibilities with land administration responsibilities and reduce overlap, duplication and complexity. In this model, the Commonwealth should, of course, properly, retain planning and development control in areas of genuine national significance.

Currently the Matters of National Capital Significance outlined in the NCP are:

- Canberra and the Territory's pre-eminent role as the national capital;
- preservation and enhancement of the landscape features which give the national capital its character and setting;
- respect for the key elements of Walter Burley Griffin's formally adopted plan for Canberra;
- creation, preservation and enhancement of fitting sites, approaches and backdrops for national institutions and ceremonies as well as national capital uses; and

³⁵ See <http://www.aph.gov.au/house/committee/ncet/natcapauth/index.htm>

- the development of a city which both respects environmental values and reflects national concerns with the sustainability of Australia's urban areas.

These matters are very broadly defined. The ACT Government's view has been that revised Matters of National Capital Significance should be developed that are more specific, have associated actions and, crucially, are supported by appropriate Commonwealth Government funding. One example of this would be the ongoing management of hills and ridges and the impacts of the national open space system in achieving more efficient land use and other service outcomes such as transport.

In parallel to resolving planning related issues, the need for the Commonwealth's responsibilities for maintenance and stewardship of Commonwealth land in the ACT, responsibility for management of Lake Burley Griffin, as well as the NCA's role in promoting Canberra (including the national institutions) in a coordinated program with ACT Tourism, should also be considered. The Commonwealth Government has an obligation to fund the delivery of its responsibilities to the national capital not only in relation to municipal maintenance and the operation of national attractions for which it is responsible, but also in funding promotion of Canberra as the national capital.

Jervis Bay

The *Jervis Bay Acceptance Act (1915) (Cwlth)* applies ACT law to the Jervis Bay Territory as if it were part of the ACT.

Before ACT self government, Jervis Bay was part of the ACT and was managed by the Commonwealth Government. With self government in 1989, fee for service arrangements between the ACT and the Commonwealth were put in place to ensure continuity of service delivery to the Jervis Bay Territory. Since the mid 1990's, the ACT has indicated that legacy statutory and service arrangements do not make sense in the self government environment. A revised statutory framework and arrangements with adjoining NSW would not only remove the need for the ACT to provide services at a distance but also bring policy benefits if community and other services provided to Wreck Bay aligned more closely with those in NSW.

The ACT has a contractual arrangement with the Commonwealth Government for service delivery to Jervis Bay. Agreements for the provision of services in the Jervis Bay Territory are contained in Memorandums of Understanding (MOU) (most of which expired in 1996 or earlier, with the exception of the Primary and Preschool Education Services, which expired at the end of the 2003 academic year).

While some service levels have been maintained in accordance with levels set out in the specific MOU, others have ceased or are performed on an as needed basis. Since expiration of the MOUs, the ACT has expressed a desire to cease all service provision to the Jervis Bay Territory. This remains the subject of ongoing discussion between Ministers and between officials. Resolving this issue is complicated by responsibility for the territories function having moved across three Commonwealth agencies over the past four years.

Pending satisfactory resolution of this issue, the ACTPS has nevertheless continued the fee for service arrangements. While health services are not provided, the ACTPS still provides a school at Wreck Bay and other regulatory or statutory services where it would be difficult to engage non-government service providers. These services include welfare services, family support, licensing and registration, courts, registrar general services, fair trading, building control, electrical and plumbing inspections, and some roads services. A number of ad-hoc services are also called upon which are often required at short notice.

Recent movement in negotiations with Commonwealth Agencies gives some hope that this legacy issue might be resolved to the benefit of the Wreck Bay Community in particular, but with the important effect for the ACTPS of removing this distraction from its core service delivery obligations to the people of Canberra.

Conclusion

This Chapter sets the scene for the discussions that follow. In the next chapter, the Review examines in greater detail the governance arrangements for the ACT and recommends a preferred structure for the ACTPS into the future.

CHAPTER THREE: GOVERNING THE CITY STATE: “ONE ACT GOVERNMENT – ONE ACTPS”

Introduction

A traditional bureaucracy, divided into vertical silos, in which most of the authority for resolving problems rests at the top of the organisation, is not well-adapted to support the kinds of process necessary for addressing the complexity and ambiguity of wicked problems. Bureaucracies tend to be risk averse, and are intolerant of messy processes. They excel at managing issues with clear boundaries rather than ambiguous, complex issues that may require experimental and innovative approaches.³⁶

Structural change is not a panacea for the problems facing the State sector today, and it can be a blunt and expensive instrument.³⁷

The capacity of the ACT Public Service (ACTPS) to “support the government of the day with strategic and direction-setting advice” and its “effectiveness in delivering government policies and objectives” are central to the Review’s Terms of Reference. This Chapter analyses the broad governance framework within which the ACTPS operates, followed by a review of contemporary academic thinking about and leading practice of other jurisdictions in public administration.

Against this backdrop, the Review’s recommendations for how the ACTPS should be structured are then presented. The detail of possible reform options and a finer-grained rendering of the proposed allocation of functional responsibilities are set out in Chapter 4.

The Chapter concludes with a discussion of the role of Government Boards and Committees, and Statutory Office Holders in the ACT’s governance framework.

Overview

Traditional public service departments and hierarchies are not well suited to dealing with the complex and interrelated issues to which governments around the world are increasingly being required to turn their minds, but structural change alone is a blunt instrument for improving their performance. The ACTPS is nevertheless uniquely (and fortunately) placed to be a leader in innovation in public policy design and service delivery. The size of the ACTPS, the size and contained geographic scope of Canberra, the presence of leading academic institutions, and collocation of the Australian Public Service (APS) create fertile

³⁶ Australian Public Service Commission (2007a) *Tackling Wicked Problems: A Public Policy Perspective*. Canberra, p.13.

³⁷ State Services Commission (2001) *Report of the Advisory Group on the Review of the Centre*. New Zealand Government, Wellington, p.27.

ground for developing and demonstrating leading public service practice and performance. Indeed, one contributor's hypothesis was that innovative solutions to wicked problems will be found if the capacity and capabilities of the ACTPS are combined with the expertise located within the ACT, and united behind a commonly understood, clearly articulated vision and purpose.

In this context, governance structures matter because:

Governance arrangements affect the capacity to plan and make strategic investments on an integrated, region-wide basis, and the ability to solve the larger and longer-term challenges effectively.

... Governance arrangements affect how much access people and communities have to the system and their ability to influence decisions about what services and initiatives they value.³⁸

It is to the details of those arrangements in the ACT to which we now turn.

The ACT Government and Westminster Traditions

The ACT's system of governance is, in common with all Australian jurisdictions, founded on the conventions, processes and forms that comprise Westminster-based systems of democratic Executive government around the world. Like others, the ACT's version has developed and matured to suit particular local circumstances. While it is, appropriate for conventions to continue to evolve to meet the needs of particular jurisdictions, it is important that the fundamental building blocks of the system of governance are not eroded over time.

The Legislative Assembly for the ACT (the Assembly) has, at the initiative of the Government and the ACT Greens, adopted as Continuing Resolution 8A the *Commonwealth (Latimer House) Principles on the Three Branches of Government* (the Latimer House Principles). Those Principles describe the desired relationship between the Executive, the Legislature and the Judiciary in Commonwealth countries, including that:

Each Commonwealth country's parliaments, executives and judiciaries are the guarantors in their respective spheres of the rule of law, the promotion and protection of fundamental human rights and the entrenchment of good governance based on the highest standards of honesty, probity and accountability.³⁹

The commitment to formally adopt and uphold the Latimer House Principles was central to initiatives to improve the governance of the ACT set out in the *Parliamentary Agreement for the 7th Legislative Assembly for the ACT* (the Parliamentary Agreement) reached between the Government and the ACT Greens in October 2008.⁴⁰ That Agreement sets out a joint

³⁸ New Zealand Government (2009) *Royal Commission on Auckland Governance Volume 2 Executive Summary*, Wellington, pp.3-4.

³⁹ Legislative Assembly for the Australian Capital Territory (2010) *Standing and Temporary Orders and Continuing Resolutions of the Assembly*. Canberra, Continuing Resolution 8A, Clause 2(a).

⁴⁰ See www.actlabor.org.au/Documents/Documents/alp-greens-agreement.pdf

commitment to an open, accountable, and transparent governance framework for the ACT, including undertakings to “improve accountability and practice in the relationship between the Executive, Parliament and Judiciary in the ACT”.⁴¹ It has been the foundation of the cooperation between the Government and the ACT Greens during the 7th Assembly.

The Government’s Submission to the Inquiry by the Assembly’s Standing Committee on Administration and Procedure into application of the Latimer House Principles, and reporting on their implementation in the ACT, noted reporting mechanisms should reflect the maturity of Westminster conventions in Australian Parliaments, and in that context, the broad acceptance of the arrangements set out in the Latimer House Principles in Australia, and in the ACT in particular.⁴² The Government’s Submission also drew out the need:

to explicitly recognise and respect the inherent powers, checks and balances that comprise our system of government. In this regard, the Government would stress the importance of the statement set out in the Latimer House Principles that each branch of government is the guarantor in their respective spheres of fundamental principles of democratic society based on the rule of law. This statement highlights the inherent checks and balances, but also freedoms, of the respective branches in discharging their functions.⁴³

In so doing, it reinforced the role of the Cabinet as the Government’s key decision making forum and coordination mechanism, and the Review’s recommendations have been framed on the basis that the Cabinet must continue to play this role.

The ACTPS exists to support the government of the day, and through it, serve the citizenry of the ACT. In this context, it is worth noting that the Australian Public Service Commission (APSC) has issued guidance to Commonwealth Government Officials, which applies equally to the ACTPS that public service values “include being apolitical and impartial, but this does not mean that the APS gives equal treatment to all sides of politics.”⁴⁴

Occupying the Assembly

A defining feature of the work of the Assembly (explicitly recognised in *Standing Order 275*) is that its model of business is founded on the needs and practices of the Commonwealth Parliament. Utilising forms of precedent and practices inherited with the granting of self government, the Assembly sat for 42 days in 14 sitting weeks in 2010, and will do so again in 2011. By comparison, Tasmania’s Parliament sat for 47 days, South Australia’s for 41 and the Northern Territory’s for 37.

An issue that emerged in consultations, especially within the ACTPS, was that on occasion, it is the sitting pattern, rather than demonstrated need that drives the creation of legislative or

⁴¹ *Parliamentary Agreement*. Appendix 1, Clause 1.

⁴² ACT Government (2009b) *Government Submission to the Standing Committee on Administration and Procedure Inquiry into the Appropriate Mechanisms to Coordinate and Evaluate the Implementation of the Latimer House Principles of Governance of the ACT*. Canberra, p.2.

⁴³ ACT Government (2009b) p.3.

⁴⁴ Australian Public Service Commission (2009a) *Circular 2009/4: Disclosure of Official Information* Canberra.

other business for consideration by the Assembly. Indeed, it was suggested by one contributor that the centrality to the ACT's system of governance of the work of the Assembly risks, in a city state, a focus on legislating rather than on service delivery. This is not to denigrate the work of the Assembly, or to deny the need for laws to be made. The issue for the ACTPS in supporting the government of the day is to balance – given constraints of size, need, capability and capacity, as well as political appetite – the direction of effort towards development of an appropriate legislative framework underpinning the sort of city the citizenry wants Canberra to be, and which balances individual and collective rights and responsibilities, with the crucial core function of delivering services to the community.

Potentially further reducing the volume of legislation for consideration by the Assembly is the increasing trend towards harmonisation of national regulatory or licensing schemes, especially in relation to business regulation, but across the Council of Australian Governments (COAG) Reform Agenda. This work builds on existing mutual recognition frameworks, but goes further in seeking to institute national registration or licensing arrangements. The Review notes the ACT Government's achievement of these reforms is tied to reward funding from the Commonwealth under relevant intergovernmental agreements.

Transacting the municipal business of a city state through a Westminster style parliament is arguably highly inefficient because of the proper formality and nature of that form of business. Asking a question on notice is, for example, a convoluted way for a local representative to seek information about municipal-type matters. Options might therefore be explored with the Assembly to allow a more immediate and less formal response to matters such as this modeled on local council rather than national parliament procedures.

There is an inherent risk to the quality of legislation in rushing its development, and of imposing an unnecessary and ultimately uncompetitive legislative and regulatory burden on citizens living and businesses operating in the ACT from an approach to law reform that is driven by the need to occupy the Assembly, rather than a genuine need for new legislation and regulations.

Engaging the Assembly in Policy Development

One aspect of the Parliamentary Agreement that has proven problematic involves proposals for collaborative Assembly Committee processes under which Committees would:

meet at regular intervals with Ministers and officials, to be briefed on the activities of the portfolio, and to be consulted on new legislative proposals in the early stages, prior to Cabinet decision-making. The Committees would also be briefed on emerging portfolio issues, provide feedback on possible policy responses, and advise the Minister of issues needing to be addressed.⁴⁵

⁴⁵ *Parliamentary Agreement*. Appendix 1, Clause 2.2.

This form of Committee meeting would be a “new and innovative approach to information sharing, discussion and policy development, and ... collaborative rather than adversarial in their conduct and processes”. They would be supported by amendments to the Assembly Standing Orders “as necessary to provide for meetings to take place in the collaborative role, requiring all participants to engage collaboratively, not adversarially”.⁴⁶

Given the ingrained traditions of properly robust, sometimes adversarial, accountability processes in Australian Parliaments, and the Assembly in particular, it is most unlikely amendments to the Standing Orders alone could drive the sort of behavioural change and innovative work practices described in this part of the Parliamentary Agreement. Furthermore, the formality of committee hearings in a unicameral parliament, including transcription of proceedings by Hansard, is arguably inconsistent with the articulated aims of these proposed procedures as well as with established conventions supporting the work of the Cabinet, the operation of Executive Privilege and, indeed, Parliamentary Privilege.

Those aims are, nevertheless, worth pursuing, and it may be possible for the Government and the Assembly to reach an alternative accommodation that brings non-government Members into the policy and program design process sooner than is currently the case. This might be successfully achieved in the context of broader engagement with the community within the Public Value Management approach that is discussed in more detail below. In any event, such procedures would always need to remain explicitly subject to the Latimer House Principles and established Westminster conventions buttressing the work of the Cabinet.

The Review notes the first report on implementation of the Latimer House Principles in the ACT is in preparation.

Challenges Confronting the ACTPS

Many of the issues facing the ACT Government, presenting challenges for the ACTPS and driving the need for innovation are being faced by governments around Australia and the world. The Sunningdale Institute attached to the United Kingdom’s National School of Government, for example, argues that current ecological, political, economic and social forces in combination demand a “Copernican revolution in the basic paradigms for governance and public service” central to which are new paradigms that “include thinking about government and public services as ‘complex adaptive systems’ and organisms, rather than as machines or physical structures (e.g. ‘levers’ or ‘silos’)”.⁴⁷

⁴⁶ *Parliamentary Agreement*. Appendix 1, Clauses 2.3 & 2.5.

⁴⁷ Sunningdale Institute (2009) “*Whole systems go!*” *Improving leadership across the whole public service system*. National School of Government, Sunningdale, p.1

Professor Geoff Gallop AC encapsulates the challenges and dilemmas facing modern public services in Australia in the following terms:

On the one hand, we ask them to be fully accountable and yet on the other hand we ask them to be creative and innovative.

On the one hand we ask them to be efficient and on the other we insist that they be effective and produce real change in the community.

On the one hand, we ask them to be inspirational and purposeful in respect of their agency responsibilities and on the other, we expect them to join up, co-operate and compromise with others.

And finally, we ask them to perform to particular targets and at the same time to be agile and flexible in the way they operate.

Just to complicate matters even further it should be noted that all of this occurs in the context of ministerial edginess and media pressure, hardly an environment conducive to clear and rational thought and action.⁴⁸

It might be argued that these challenges are even more acutely felt in Canberra than they are elsewhere because the ACT is largely comprised of a highly educated, internet savvy, human rights conscious community with very high expectations in relation to both participation and service delivery. The operation of the *Human Rights Act 2004*⁴⁹ should in this context serve as a spur towards best practice decision making in the ACTPS: decision making that is fair, robust, objective, and respects, protects and promotes human rights.

This draws into focus a defining feature of the ACT's governance arrangements. Because of the ACT Government's small size, the relationship between Ministers and their offices, and officials, is very close, and perhaps on occasion lacks the professional distance present in larger jurisdictions. While this closeness has its drawbacks, it also creates opportunities for enhancing coherence of approach and alignment of effort.

Similarly, the size of Canberra, and nature of politics in the ACT, means that Ministers have a close and open relationship with their constituents (including in the supermarket aisle). The small scale of the ACT offers advantages in establishing and sustaining whole of government strategies and with a Cabinet of five, policy communication and coordination should be an ACT Government strength.

As a similar function of size – the relationship between Ministers' offices and officials is close and staff on both sides of that relationship need to be cognisant of their differences and the boundaries of appropriate action and behaviour. There is much to be gained from close

⁴⁸ Gallop, G. (2007) "Agile Government" *Paper Presented at the Agile Government Roundtable State Services Authority and Demos 11 October 2007*
[http://www.ssa.vic.gov.au/CA2571410025903D/WebObj/agile_government_geoff_gallop/\\$File/agile_government_geoff_gallop.pdf](http://www.ssa.vic.gov.au/CA2571410025903D/WebObj/agile_government_geoff_gallop/$File/agile_government_geoff_gallop.pdf) p.2.

⁴⁹ See <http://www.legislation.act.gov.au/a/2004-5/default.asp>

and cooperative relationships between officials and their Ministers' Offices. There is equally great harm risked to both sides if those relationships are conducted without due professional distance and respect for the different, but ultimately complementary roles being played. Ministerial staff and officials serve the same Minister, but do so from their particular place in the scheme of things.

In its recently completed review, the Advisory Group on Reform of Australian Government Administration (AGRAGA) noted a series of organisational challenges for the Australian APS that apply equally to the ACTPS including: increasing expectations of government; increasing expectation of involvement of the citizenry in policy design and decision making; rapid technological change; contested markets for labour and for policy advice; and increasing pressure to deliver in emerging areas in tight timeframes.⁵⁰

In response, AGRAGA argued:

The complexity of the challenges facing Australia means that the APS needs to be agile to adapt and stay ahead of the game. In policy development and service delivery the APS needs to work together as one organisation so that it is equipped to tackle multi-dimensional and interrelated issues.⁵¹

The Welsh Assembly Government – facing challenges like the ACT Government of environmental, social and economic sustainability in an environment of fiscal constraint – has argued it:

must be relentless in concentrating resources and energy on those actions which will make a difference. This means aligning public services round commonly agreed priorities to achieve better outcomes for citizens and communities, and stopping activity which does not add public value.⁵²

In one sense it is comforting to know that the challenges facing the ACT are not unique and that there are other sources of advice and inspiration on which the ACTPS might draw in framing its response. That said, the ACT's response – structural and otherwise – should be moderated and adapted to suit the ACT's unique features and particular needs. Any response should recognise the diseconomies of small scale, but embrace the opportunities created by a small and agile public sector in providing the highest standards of public service to the citizenry of Canberra. The ACTPS's responses to these challenges must be based on what works for the ACT Government and the ACTPS, and not a simplistic argument along the lines of "state governments do it this way so that is the way we will do it".

Agile Government in the ACT

There is a developing narrative in reviews such as this and in academic writing supporting agility as the mechanism by which public services can respond to the challenges they face

⁵⁰ Advisory Group on Reform of Australian Government Administration (2010) *Ahead of the Game* Canberra, pp.10,11.

⁵¹ Advisory Group on Reform of Australian Government Administration (2010) p.10.

⁵² Welsh Assembly Government (2009) *Better Outcomes for Tougher Times: The Next Phase of Public Service Improvement*. Cardiff, p.3.

supporting their governments and serving their communities. The Victorian State Services Authority argues, for example, that:

As politicians seek improvement in public services in the face of an increasingly complex world, the concept of agility can provide a useful and coherent way to discuss new approaches such as personalising public services to the needs of individual citizens, or encouraging government departments to join up policy, services and budgets to solve complex problems.⁵³

In an environment where the ACTPS is challenged to do more with less, where expectations of service delivery are high, and where there is a desire among the citizenry to be genuinely engaged in participatory decision making processes, a focus on agility has much to offer. Increasing the agility of the ACTPS will create opportunities to improve performance, enhance service delivery, and facilitate achievement of the Government's priorities:

Agile government has the capacity to understand and meet the public's needs in the short term, adapt to trends and issues in the medium term, and shape public needs over the long term. It recognises the imperatives for ongoing reform and adaptation to deliver government policy, regulation, enforcement, and services that continue to meet and anticipate societal needs. Agility is important because it equips government to address complex problems in an uncertain environment.⁵⁴

That is not to say, however, that agile government is easy, or that simply saying the ACTPS needs to be more agile is enough. As a framework for broader cultural change, different ways of working, and enhancement of systems and processes, agility has something to offer, but its successes are predicated on there being a clear and shared understanding of the government of the day's priorities and purpose. Agility without agreed strategic direction and a shared sense of purpose linked to the activities that will be undertaken can look a lot like reactivity to the issues raised by "the last person who spoke to the Minister". Agility depends on systems being in place that capture and collate information about emerging issues and trends and facilitate a flexible response to them without losing sight of the government's strategic direction.

Agile government creates challenges that go to the heart of accountability arrangements between officials and their Ministers, and between the Executive and Legislature:

Policy makers at the heart of government will need to become much more comfortable with the idea of innovation being driven by frontline workers – central agencies need to become talent spotters for new ideas and initiatives or risk becoming bottlenecks. Joining up government around outcomes will require a significant investment of political and managerial leadership to break down entrenched barriers. Effective shaping of the future environment will often require public sector leaders to take an unfashionably long view of policy problems.⁵⁵

In theory, it should be logical to argue that a city state with a unicameral parliament, and service delivery responsibilities which fall across two tiers of government elsewhere in

⁵³ State Services Authority (2008) *Towards Agile Government*. Victorian Government, Melbourne, pp.1-2.

⁵⁴ State Services Authority (2008) p.5.

⁵⁵ State Services Authority (2008) p.2.

Australia, should be capable of significant institutional agility. However, the power of traditional hierarchical public service governance arrangements and structures which stifle innovation, encourage insular siloed thinking, and make whole of government collaboration hard is evident in the ACTPS. It is evident from staff consultations that there is a genuine and powerful desire to be innovative and improve how the ACTPS works. At the same time, however, it is equally evident that the dominance of risk adverse entrenched cultures and norms of behaviour make working this way very difficult, if not impossible.

Citizen-Centred Governance and Public Value

The increasing desire from within and outside public services to engage citizens in policy design and decision-making and in program design and delivery, has been the focus of significant academic and practitioner thought in recent years. Within the broader organising frame of agility outlined above, genuinely participatory decision making offers significant scope to improve the quality of support to the Government's strategic policy setting as well as to the quality of service delivery to the citizenry.

The Organisation for Economic Co-operation and Development (OECD) notes governments have been slow to embrace the advantages of participatory decision making, but argues:

informing, consulting and engaging citizens are core elements of good governance, means for promoting openness, and a sound investment in better policy making. They allow government to tap new sources of policy-relevant ideas, information and resources when making decisions. Equally important, they contribute to building public trust in government, raising the quality of democracy and strengthening civic capacity.⁵⁶

Increasingly, discussion about deepening community engagement in governance frameworks and decision-making is being viewed through the prism of Public Value Management, and in this context, the ANZSOG Institute for Governance at the University of Canberra argues New Public Management, so influential in public services through the 1980's and 1990's, is:

now simply unequal to the challenge of public service provision in an era of governance. This is because it privileges the role of technocrats, takes the politics out of public policy deliberation and its market orientation is at odds with the concept of public service sitting more easily with the language of the consumer rather the language of the citizen. In consequence, the success of public service reform rests on the development of citizen-centred governance structures which can meet the demands of both representative democracy and the efficient delivery of public goods.⁵⁷

The notion of public value was coined at the Harvard Kennedy School by Mark Moore in 1995⁵⁸ and the emergence of a Public Value Management paradigm reflects a shift in focus from *Government* to *governance* brought about by increasing reliance on non-government

⁵⁶ Organisation for Economic Co-operation and Development (2003) *Open Government: Fostering Dialogue with Civil Society*, Paris, p.11.

⁵⁷ ANZSOG Institute for Governance (2009) *Reform of Australian Government Administration: Building the world's best public service – A Submission by the ANZSOG Institute for Governance at the University of Canberra*. Canberra, p.5.

⁵⁸ Moore, M (1995) *Creating Public Value – Strategic Management in Government*. Harvard University Press, Cambridge Mass.

players to deliver public services⁵⁹ and a change from the language of customers to that of citizens.⁶⁰ The nub of the arguments underpinning public value management is that:

public services can add value to society in the same way that private for-profit organisations create value for their shareholders and other stakeholders. By implication, public intervention should be circumscribed by the need to achieve positive social and economic outcomes for the citizenry. What is and what is not public value should be determined collectively through inclusive deliberation involving elected and appointed government officials, key stakeholders and the public.⁶¹

Public value is the shared value produced by governments for society as a whole through the services it provides and the legislation it develops. “As a general rule the key things which citizens value tend to fall into three categories: outcomes, services and trust”.⁶² In cases where governments are delivering services directly to individuals “both the citizenry and the clients consume value produced by government, but each receives a different type of value. The citizenry receives public value, whereas clients receive private value”.⁶³ It should be remembered that in a public value paradigm political processes are the “final arbiter of public value just as private consumption decisions remain the final arbiter of private value”.⁶⁴

It must also be kept in mind that:

Information, consultation and active participation are not a replacement for government taking initiatives or deciding. Government has a leadership role, and citizens expect government to fulfill it – after all, that is why they voted it into office. The question, however, is less whether to lead than how to lead.⁶⁵

This changing role for government requires a move from rowing to steering, underpinning the need to broaden policy development beyond traditional closed public service processes: “governments cannot remain as firmly in control of the policy decision-making process as they have in the past and at the same time continue to move toward a more facilitative or enabling role”.⁶⁶

The impact of this changing approach to governance is reflected in the observations in Communities@Work’s Submission that:

⁵⁹ Edwards, M. (2008) *Participatory Governance. Corporate Governance in the Public Sector: An Evaluation of its Tensions, Gaps and Potential - Issues Paper No 6*. University of Canberra, Canberra, p.2.

⁶⁰ Evans, M. (2009) “Gordon Brown and public management reform - a project in search of a 'big idea'?” *Policy Studies*. 30(1): 33-51 p.35.

⁶¹ ANZSOG Institute for Governance (2009) p.6.

⁶² Kelly, G., Mulgan, G., and Muers, S. (2002). *Creating Public Value: An Analytical Framework for Public Service Reform*. Cabinet Office Strategy Unit, London.
http://webarchive.nationalarchives.gov.uk/20100416132449/http://www.cabinetoffice.gov.uk/strategy/seminars/public_value.aspx p.4.

⁶³ Alford, J. (2002) “Defining the Client in the Public Sector: A Social-Exchange Perspective” *Public Administration Review* 62(3) pp.337-346, p.339.

⁶⁴ Moore (1995) cited by Alford, J. & O’Flynn, J. (2009) ‘Making Sense of Public Value: Concepts, Critiques and Emergent Meanings’ *International Journal of Public Administration*. 32(3) pp.171-191, p.177.

⁶⁵ Organisation for Economic Co-operation and Development (2001) *Citizens as Partners: OECD Handbook on Information, Consultation and Public Participation in Policy Making*. Paris, pp.22-23.

⁶⁶ Edwards, M. (2002) “Public Sector Governance — Future Issues for Australia”. *Australian Journal of Public Administration*. 61(2):51–61. pp52, 57-58.

with respect to the relationship between the public service and not for profit agencies, some parts of the public service work in active partnership with us, focusing on outcomes, and demonstrating a broad understanding and appreciation of delivery of human services ‘at the coalface’. Others prefer to manage us as for other suppliers of goods and services.⁶⁷

That observation reveals the extent to which this approach to public service is evolving and developing (and the opportunities for the ACTPS to shape its evolution in Canberra) along with the need for clarity of purpose and relationships discussed in more detail below.

The benefits to the ACTPS and ACT Government of adopting a public value approach and genuinely engaging the citizenry and stakeholders in policy development and design are significant: “policies and services will more closely meet public needs if they are developed with the help of people affected by them. Policies will be better informed and based on evidence. Involvement is also likely to improve acceptance of policy measures and satisfaction with services”.⁶⁸ These sorts of sentiments lie behind the Chief Minister’s initiatives to engage the ACT community in key issues, as well as observations like those made by the ACT Council of Social Service’s (ACTCOSS) Submission to the Review that:

one area requiring focus is the overlap that occurs when both government and the community sector deliver services – for example the mental health sector, disability support and information provision. There is a need to ensure both government and non-government views are considered in the development of policy. Also, consideration of how the policies will be applied to both government and community needs to be undertaken early in the policy development processes to ensure consistency for those accessing the services.⁶⁹

The Review welcomes the constructive suggestion set out in ACTCOSS’s Submission that:

to strengthen the policy work of the ACT Government and the community sector, supported staff exchange programs could be explored ... Such exchanges would increase the skills and understanding of both the community sector and government.⁷⁰

The APSC notes participatory decision making and engagement of the citizenry and stakeholders is particularly valuable, especially if solutions to problems require behavioural change:

because wicked problems are often imperfectly understood it is important that they are widely discussed by all relevant stakeholders in order to ensure a full understanding of their complexity. If a resolution of a wicked issue requires changes in the way people behave, these changes cannot readily be imposed on people. Behaviours are more conducive to change if issues are widely understood, discussed and owned by the people whose behaviour is being targeted for change.⁷¹

⁶⁷ Submission No.5. Communities@Work.

⁶⁸ Management Advisory Committee (2004a) *Connecting Government: Whole of Government Responses to Australia’s Policy Challenges*. Commonwealth Government, Canberra, p.97.

⁶⁹ Submission No.19. ACT Council of Social Services.

⁷⁰ Submission No.19.

⁷¹ Australian Public Service Commission (2007a) p.27.

Writing about public discussions of city planning, the Grattan Institute suggests:

Those cities that made tough choices and saw them through had early, genuine, sophisticated, and deep public engagement.

Residents of cities must be involved in decisions, at a metropolitan and at a local level. In our sample, such involvement appears to have been critical to making tough decisions that were then actually implemented. This level of engagement is an order of magnitude different from what happens in Australia today.

The type of engagement matters a lot. For example, it must start early, before decisions have been made; genuinely engage a significant proportion of the population; be focused on real choices and be clear about their consequences; there should be no promotion of a 'favoured approach'; and there must be a commitment to follow through.⁷²

There is, of course, a political balance to be struck, and the ACTPS needs to work with its Ministers in deciding when and how to pursue participatory decision making:

constraints such as time criticality, security, funding availability, conflicts of interest and the privacy of individuals, as well as the government's perception of the political climate, need to be balanced against the importance and benefits of stakeholder engagement. On occasions, the government will simply decide that a matter is not (or no longer) open for debate.⁷³

Public Value Management also involves challenges for the ACTPS requiring new ways of organising and working:

The starting point to the effective engagement of citizens in the policy process is to establish a new approach to public management that speaks the language of the citizen and makes a concerted attempt to understand and respond to the basic needs of the citizenry. In short, to practice public-value management at every level of the public service so that it becomes embedded in the norms and values of the service.⁷⁴

Moreover, working in this way requires a new and different skill set and approach to working collaboratively not only within the bureaucracy, but with the community. This presents challenges for the ACTPS, and individual officials, as well as the relationship between the Government and the Assembly. Participatory decision making does not sit comfortably with hierarchical authority and accountability lines, nor does it follow linear and predictable paths, which in combination can leave agencies "caught between the conventional bureaucratic and political need for hierarchy and accountability and the need from participatory exercises for flexibility and dynamism".⁷⁵

Perhaps most significantly, genuine participatory decision making and co-production of public services and programs by the ACTPS and the people who use the services it provides depends on strong leadership, trusting relationships, and crucially, a willingness by all parties including the Government to share decision making power. Success is also predicated on clear and shared understandings among all participants of the nature of the process being

⁷² Kelly, J. (2010) *Cities: Who Decides*. Grattan Institute Report No. 2010-5. Grattan Institute, Melbourne, pp.4,45.

⁷³ Management Advisory Committee (2004a) p.97.

⁷⁴ ANZSOG Institute for Governance (2009) p.3.

⁷⁵ Involve (2005) *People and Participation – How to put citizens at the heart of decision making*. London. Involve. p.26

undertaken, and the roles participants are expected to play. It is founded on “actual genuineness, as well as the perception of genuineness”.⁷⁶

It was a common theme in Submissions to the Review that the ACTPS’s performance in community engagement processes has been variable at best. Contributors remarked that some community engagement processes pursued by the ACTPS fell short on genuineness, and lacked clarity about purpose, role and impact, which are crucial to the success of participatory processes, if only in overcoming community cynicism. The Conservation Council ACT Region Inc, noted, for example in its Submission a significant proportion of people it randomly surveyed:

stated that they believed the government would not, or probably not, listen to their views on the future of Canberra. Rarely is there any feedback provided after public comment on an exhibition to demonstrate how the government may have taken the community’s views into account.⁷⁷

ACTCOSS similarly noted in its Submission deficiencies in ACTPS engagement practices:

There are a number of concerns regarding government consultation processes including:

- Being provided with a short amount of time to provide feedback;
- Gaining little or no feedback regarding consultation processes;
- Outcomes of consultation processes being delayed by months or in some cases years;
- Some aspects of policies appearing to be predetermined, with consultation processes acting as a formality; and
- Replication of consultation processes for projects and policies that are similar or linked.

Despite clear guidelines in the current ACT Government community engagement manual, too often consultation occurs with short timeframes, or at inappropriate times of year (e.g. around the Christmas/holiday period). The community sector has limited capacity to respond to consultations. When only given short timeframes, or when consulted at inappropriate times, this seriously limits the sector’s capacity to engage.⁷⁸

The Review notes the public cynicism that greeted the announcement during the 2010 federal election campaign of a citizens’ representative assembly on climate change as an example, perhaps, of the scepticism with which people will receive future announcements of participatory processes in which they have little confidence.

⁷⁶ Edwards (2008) pp.8,13

⁷⁷ Submission No.21. Conservation Council ACT Region Inc.

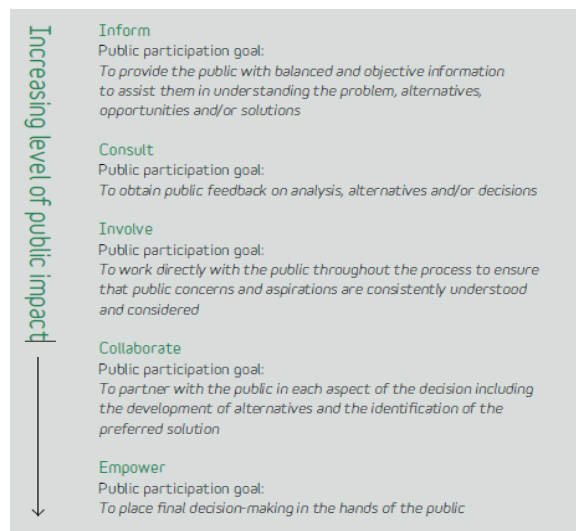
⁷⁸ Submission No.19.

For officials seeking to deliver clarity of purpose and role, the OECD usefully outlines three main forms of dialogue between governments and civil society:⁷⁹

- Information – a one way process in which “government produces and delivers information for use by citizens”;
- Consultation – a two way process in which “citizens provide feedback to government. It is based on the prior definition by government of the issue on which citizens’ views are being sought and requires the provision of information; and
- Citizens Active Participation – a deeper partnership based two way process in which “citizens actively engage in the policy making process. It acknowledges a role for citizens in proposing policy options and shaping the policy dialogue – although the responsibility for the final decision or policy formulation rests with government”.

These different levels of engagement are outlined in Figure 10 below with the addition of some useful layers of subtlety at the participation end of the spectrum. The *collaboration* and *empowerment* stages are the levels at which co-production of policy and programs occurs and at which the greatest benefits to policy and program outcomes lie. It is also at those stages where the greatest challenges to traditional ways of working are evident.

Figure 10 - Levels of Public Engagement⁸⁰



The risks of participatory decision making include criticism of unwarranted delay, or a failure by governments to make decisions:

participatory practice is often a balance between improving and delaying a decision. Participation can on some occasions radically speed up the process through avoiding legal disputes or the conflict that a more conventional approach can encourage; but it can also create frustration as seemingly clear decisions are delayed by what is perceived by some as unnecessary discussion.⁸¹

⁷⁹ Organisation for Economic Co-operation and Development (2003) p.14.

⁸⁰ Involve (2005) p.18.

⁸¹ Involve (2005) p.22.

These risks can be overcome through providing clarity around purpose, scope and timeframe, and that final decisions will, in most cases, rest with the Government. In a democracy, successful community engagement, consultation and collaboration should not aim to achieve an outcome where everyone will be happy. Processes that seek to achieve that outcome are doomed to fail, or to never end. Governments are elected to make decisions in what they see as the best interests of the citizenry, and ultimately live and die at the ballot box by the quality of those decisions. What genuine participatory decision making offers is a breadth of experience not otherwise available and a shared understanding of issues against which policy and program interventions can be judged.

Given the ACT's size, its vocal and demanding citizenry, and scope of responsibilities, there is the space for participatory practice to contribute significantly to policy and program design processes, provided it is located in a theoretical and practical framework that harnesses its power and recognises its shortcomings. Genuine engagement is measured on a qualitative and not quantitative scale – the number of participants and volume of their contributions (especially from the “usual suspects”) does not of itself measure the degree of engagement or indicate the extent to which the processes is adding to the Government's decision making process. There are risks – political and otherwise – of which the Government and the ACTPS should be mindful in the overuse of engagement methods ranging from “engagement fatigue” to, at best, criticism of delays or failure to take decisions and, at the worst, decision-making paralysis.

A deeper understanding of when inclusive processes work, what conditions are necessary to make them work, and the skills public service managers need to deploy in making them work, are essential if the ACTPS is to harness the rich stream of insight and understanding that can be unlocked if this approach is deployed appropriately and effectively. Perhaps above all, the Government will need to strike the appropriate balance between deciding on its own, sharing decision making on some issues, and engaging with the citizenry to improve outcomes and/or the acceptance of outcomes on others.

It will also be necessary to manage the tension between representative Westminster democracy and participatory decision making processes:

At present, representative democracy and participatory working are cast in conflicting roles, but both have vital strengths in a strong and healthy society. There is clearly a need to explore the ways in which the civic energy apparent in new participatory working, and the experience of decision-making in the public interest from years of representative democracy, can be brought together.⁸²

This is a challenge to which the ACTPS will need to rise if it is to unlock the benefits of Public Value Management, but it is an issue with which the ACT Government has already begun to engage. As a starting point, CMD has conducted research on preferred methods of community engagement. Perhaps unsurprisingly the report concludes:

⁸² Involve (2005) p.24

there was no ‘one size fits all’ approach to engagement activities that worked for everyone. A range of methods is required to cater for the preferences of different groups in the community.

The more involved and engaged citizens are in complex planning, program or policy issues, the more aware they become of the constraints, options, and drivers for change, and the more satisfied they are with the engagement process.

There was recognition ... that engagement processes need to get beyond the most articulate, loudest or powerful voices. Respondents believed that methods to directly engage those population groups who are more challenging to reach were required. Such groups included working people, people with children, people with disabilities and people of culturally and linguistically diverse backgrounds.

The telephone survey and online forum confirmed that there is an appetite to use online opportunities for community engagement, and access to online services is very high in the ACT.⁸³

The Review notes the Government recently released draft guidelines on community engagement, and that consultation on those guidelines has now closed.⁸⁴

Inviting Stakeholders to the Cabinet Table

A more formal option for pursuing greater engagement in decision making would be to establish an Executive Committee of Cabinet along the lines of the one established in South Australia to drive implementation of South Australia’s State Plan (equivalent to the *Canberra Plan*). At the time it was established, the Executive Committee was “unique in Australia as it is a Cabinet Committee (which the Premier chairs) with two Independent Advisers - one representing the State’s Economic Development Board, and one representing the Social Inclusion Board”.⁸⁵

The Government might consider an equivalent body to oversee implementation and refinement of the *Canberra Plan*. It might also consider establishing such a body to guide development of planning and development policies. This approach would assist in building community support for, and engagement with, the Government’s strategic direction for the ACT and would be an extension of, but not replacement for, the Chief Minister’s Round Table meetings with various stakeholder groups.

The Commonwealth Government has recently moved to establish a multi-party Climate Change Committee comprising members of the Government and non-government Senators and Members of the House of Representatives. This model might also prove to be of value in

⁸³ Twyford, Straight Talk, ENVision (2010) *Report on Improving Community Engagement*. Canberra http://www.communityengagement.act.gov.au/_data/assets/pdf_file/0003/159735/improving-community-engagement.pdf p.4.

⁸⁴ See http://www.communityengagement.act.gov.au/_data/assets/pdf_file/0007/159694/DRAFT_Community_engagement_-_July_10.pdf

⁸⁵ South Australian Government (2010a) *Cabinet Office Overview and Reform* http://www.premcab.sa.gov.au/dpc/departments_cabinet_background.html

specific policy areas where it is thought desirable to draw on the expertise of a cross-party committee of Members of the Legislative Assembly. Indeed, it is in this form that the collaborative committees referred to in the Parliamentary Agreement and discussed above might prove most practical.

The CLEAR Framework

The expressed view that the ACTPS’s performance in undertaking community engagement processes has been variable is a fair assessment, driven in part perhaps by a need for more sophisticated understanding of the forms of engagement and methodologies that underpin successful participatory processes.

In seeking to improve its performance in this sphere in the future, the ACTPS should make use of the CLEAR tool which:

develops from the theoretical and empirical insights of a large body of research into participation. It argues that participation is most effective where citizens:

- Can do – that is, have the resources and knowledge to participate;
- Like to – that is, have a sense of attachment that reinforces participation;
- Enabled to – that is, are provided with the opportunity for participation;
- Asked to – that is, are mobilised by official bodies or voluntary groups;
- Responded to – that is, see evidence that their views have been considered.⁸⁶

The CLEAR model is set out in Figure 11 below.

Figure 11 - The CLEAR Tool⁸⁷

Key factor	How it works	Policy targets
Can do	The individual resources that people have to mobilise and organise (speaking, writing and technical skills, and the confidence to use them) make a difference	Capacity building, training and support of volunteers, mentoring, leadership development
Like to	To commit to participation requires an identification with the public entity that is the focus of engagement	Civil renewal, citizenship, community development, neighbourhood governance, social capital
Enabled to	The civic infrastructure of groups and umbrella organisations makes a difference because it creates or blocks an opportunity structure for participation	Investing in civic infrastructure and community networks, improving channels of communication via compacts
Asked to	Mobilising people into participation by asking for their input can make a big difference	Public participation schemes that are diverse and reflexive
Responded to	When asked people say they will participate if they are listened to (not necessarily agreed with) and able to see a response	A public policy system that shows a capacity to respond – through specific outcomes, ongoing learning and feedback

⁸⁶ Lowndes, V., Pratchett, L. and Stoker, G. (2006), 'Diagnosing and remedying the failings of official participation schemes: the CLEAR framework' *Social Policy and Society*, 5, 2 pp. 281-291, p.286.

⁸⁷ Lowndes, V., Pratchett, L. and Stoker, G. (2006).

Canberra 2030 – Time to Talk

Canberra 2030 – Time to Talk – “an in-depth conversation with the Canberra community about the kind of city we want to live in by 2030”⁸⁸ – was underway during the course of the Review, and a public report was released on 24 January 2011. In launching the process, the Chief Minister stated the focus of *Time to Talk* would be on “urban form in all its facets - population, sustainable transport, addressing climate change, housing, planning and open space - and the challenges we will collectively confront as we build a better city for the future”.⁸⁹ The objective of the program was to inform government policy and assist in ensuring integration between land use, transport and environmental planning. This engagement program is a key element of the ACT Government’s evaluation of the *Canberra Spatial Plan*⁹⁰ which, in turn, is pivotal in setting out how the ACT will achieve COAG’s agreed strategic planning principles for major Australian cities.

In this sense, *Time to Talk* builds on the successes of the Canberra 2020 Summit held in April 2008⁹¹ and lays a foundation for deeper processes of co-production and participatory decision making in the future.

Doing Whole of Government in the ACT

Discussions about joined up government, whole of government approaches, and collaborative policy development are not new, nor are they earth shattering. Experience in the ACT, around Australia, and overseas, however, demonstrates they are hard to achieve. Bureaucrats traditionally are very good at working within their silos (which are constrained by appropriation frameworks), and are sometimes more interested in turf protection than working together. Citizens rightly expect more of their public services. The Commonwealth Government’s Management Advisory Committee argued in 2004:

whole of government is the public administration of the future. It offers links and connections to the global community of ideas, knowledge and understanding essential for the APS to face the governance challenges of the 21st century. It extols team-based approaches to solving the wicked problems that are endemic to public policy.⁹²

Whole of government thinking and working relies on officials being prepared to cross portfolio boundaries in pursuit of a clearly articulated government priority.⁹³ The same approaches apply regardless of what those boundaries are called – even within a single agency, there is a risk of silos between divisions just as there can be between agencies. It is through skills development, cultural change, embedding new ways of working, and the creation of institutional imperatives that the benefits of this way of working are unlocked.

⁸⁸ Stanhope, J. MLA (2010a) *Time to Talk About the City We Want to Be in 2030*
<http://www.chiefminister.act.gov.au/media.php?v=9899&m=51&s=3>

⁸⁹ Stanhope, J. MLA (2010a)

⁹⁰ See <http://apps.actpla.act.gov.au/spatialplan/index.html>

⁹¹ See http://www.cmd.act.gov.au/_data/assets/pdf_file/0008/113588/canb2020-summit-summary.pdf

⁹² Management Advisory Committee (2004b) *Connecting Government: Whole of Government Responses to Australia’s Policy Challenges. Good Practice Guides*. Commonwealth Government, Canberra, p.vi.

⁹³ Management Advisory Committee (2004a) p.4.

Despite its inherent appeal to common sense, and alignment with the desires and needs of the citizenry, joined up government is difficult to achieve. It takes time, it takes energy, and if it is to be successful, is dependent on a culture of collaboration among officials which, even though they might approach an issue from different perspectives, are unified by a clear goal, and common search for public value: “working across departments and tiers of governments requires shared objectives, clear lines of accountability and strong relationships. Collaboration can be hindered by fragmentation, diffuse accountabilities and rigid systems geared towards vertical structures”.⁹⁴

Success ultimately hinges on behaviours and systems:

the quality of relationships between people participating as individuals or as part of an organisation or institution, fundamentally uphold whole-of-government processes. They do this by supporting negotiation, cooperation and sustained and continuing interaction between the various players.⁹⁵

It is worth noting in this context that accountability frameworks (which are themselves framed by appropriation structures) can make the challenges of joined up government greater. Flexibility and the capacity to work collaboratively across agency boundaries present challenges for appropriation structures tied to programs in individual agencies. These same accountability frameworks and processes can lead to high levels of risk aversion in public sector managers.⁹⁶ That is not, of course, to be critical of such frameworks which are a cornerstone of Westminster-based systems of government – merely to acknowledge the systemic constraints they create on working collaboratively.

The APSC argues, for example:

for wicked problems to be handled successfully, governance structures need to support holistic approaches, focus accountability on the whole of government outcomes the Government is seeking, and allow for the engagement of stakeholders and citizens. Performance measurement and evaluation needs to avoid a narrow ‘bean counting’ approach to whether the government’s objectives are being met, and take into account the likely need for longer time frames for results to become apparent.⁹⁷

Just as participatory decision making is not always appropriate, whole of government collaboration is not always necessary or productive. Because it is time consuming and sometimes costly it can be a distraction from the business of getting on with routine and straightforward issues. An assessment needs to be made of the costs and benefits in a particular case of pursuing a joined up approach.

There are times, however, where it is essential. In its Submission, Anglicare Canberra & Goulburn noted, for example:

⁹⁴ State Services Authority (2008) p.20.

⁹⁵ Hunt, S. (2005) “Whole of Government: Does Working Together Work?” *Asia Pacific School of Economics and Government Discussion Paper 05-01*. Australian National University, Canberra p.13.

⁹⁶ Hunt, S. (2005) p.12.

⁹⁷ Australian Public Service Commission (2007b) *Building Better Governance*. Commonwealth Government, Canberra, p.19.

There continue to be situations in the ACT government where there are cumbersome, traditional separate department processes that slow down and impede outcomes for clients and services. A good example would be young people in out of home care requiring wrap around supports from Education, Vocational Training, Foster Care, Health and Justice requiring these agencies to work collaboratively to integrate their services and supports around vulnerable young people. These young people are the recipients of each of these departments' services and need to be the collective rather than the partial focus of each.⁹⁸

The Conservation Council ACT Region Inc similarly argued:

There is a widespread feeling in the community that public servants believe “they know best” ... many decisions seem to be made in silos with poor inter-departmental communication and co-ordination, or at times, even poor intra-departmental communication.⁹⁹

National Disability Service ACT echoed this perception in its Submission to the Review, although focussed in the human services rather than the conservation and planning arena. It noted:

Currently, disability services providers may be required to deal with different departments ... about different aspects of service provision to an individual client ... The separation of accountability, within and between departments, may provide the opportunity for departments to shift responsibilities and costs between departments, making it difficult for service providers and users to navigate the system.¹⁰⁰

Governing the City State: “One ACT Government – One ACTPS”

It is clear from the preceding review of academic thought and best practice that there is much the ACTPS could do to improve its capacity to provide the government of the day with comprehensive and coherent whole of government strategic advice and to enhance the delivery of government programs. It is also clear that the foundations of this important work have already been laid. It remains the case, however, that genuinely collaborative and cross-cutting whole of government working, while not new to the ACTPS is, and will remain, tough.

The Review has concluded that the ACTPS will be best able to support the Government and serve the people of Canberra if it is positioned to be agile, if it continually strives to deliver public value, and if it makes the most of its small size and works together in a genuinely collaborative and cooperative way in the pursuit of clearly articulated Government priorities.

The question must then be, however, how should the ACTPS be organised for this future? Structural changes can assist in driving new behaviours and ways of working – in some cases forcing new systems to be developed. They are, however, a necessary, but not sufficient, facilitator of the transformational change the ACTPS must make if it is to continue to provide

⁹⁸ Submission No. 2. Anglicare Canberra & Goulburn.

⁹⁹ Submission No.21.

¹⁰⁰ Submission No.25. National Disability Services ACT.

– and enhance its capacity to provide – high quality support to the government of the day and valued services to the people of Canberra.

The ACT Government and the ACTPS are unique in the Australian context, and the Review has embraced this uniqueness. It has sought to question the very traditional hierarchical culture and structures inherited from the Commonwealth at self government. It has questioned the need to mirror structures that are in place in state governments simply because the ACT Government has equivalent functions.

The ACTPS's responsibilities range from collecting garbage, fixing potholes, and providing local libraries to running a gaol, hospitals, and public schools. In considering structural forms for the ACTPS that might better support government decision making and service delivery capacity and performance, the Review has sought to organise service delivery lines and responsibilities in a set of arrangements that makes sense from the outside, as well as from the inside. This approach reflects the maturity of the ACT's self government arrangements which are now some 21 years old and was reflected in a number of Submissions including from Anglicare Canberra & Goulburn that argued:

rather than borrow from state or federal approaches which use traditional interdepartmental committee approaches which can degenerate into turf protection, the City State is ideally placed to create regional and population based strategic partnerships.¹⁰¹

A recurring theme in consultations and Submissions to the Review was that the ACTPS suffers from fragmentation of responsibility and a resultant lack of cohesion, and would benefit from a clearer and more consistent understanding of the Government's priorities. Furthermore, the subtleties of which Administrative Unit in the ACT's city state government is responsible for which function, while important to officials are sources of confusion and frustration for the citizenry. A common theme in consultations was that the current 24 Ministries shared among five Ministers are unnecessary and confusing. A common (and understandable) standpoint from many contributors was that they expect to deal with "the ACT Government" and to deal with it once, and if that cannot be achieved in a single transaction, they rightly demand consistency of direction and approach.

With this in mind, rather than its traditional bureaucratic structure comprising discrete, hierarchically organised entities, the Review has concluded the ACT Government and the citizenry of Canberra would be better served by a single ACTPS agency, reporting to a single Chief Executive who would be Head of the ACTPS. In this form, it would resemble large municipal bodies like Brisbane City Council, and international comparators like the Vienna City Administration, and the devolved Scottish Government.

The proposed structure addresses the current desiccation of responsibilities, and avoids the loss of focus on the big picture that such fragmentation can cause. Writing about the New

¹⁰¹ Submission No.2.

Zealand Public Service, but entirely applicable to the ACTPS, New Zealand's *Review of the Centre* noted:

Fragmentation makes coordinated service delivery more complicated, adds to the costs of doing business, and blurs accountability for some issues. Structural fragmentation means many small agencies, spreading leadership talent and other skills more thinly and increasing the risk of weak capability. Fragmentation means Ministers need to build relationships with multiple agencies, and at times reconcile conflicting agency positions at an excessively detailed level. Fragmentation can make alignment more difficult.¹⁰²

Under the recommended structure, there would be a single agency responsible for supporting the government of the day across a number of service delivery lines. This model suits the unique nature of the ACT and consistently reflects how the citizenry and stakeholder groups expect to deal with the ACT Government – as a single and unified entity. It facilitates greater cohesion and coordination, enhances alignment and cohesiveness, and creates opportunities to unlock the benefits of the ACT's small scale.

This structure mirrors the arrangements put in place for bushfire recovery and the stimulus package on a larger and ongoing scale.

Perhaps above all, this structure allows the ACTPS to be agile, uniting it behind a clear set of shared and commonly understood priorities, providing a mechanism for navigating the uncertainties that the ACT will continue to face, and facilitating flexible responses to changing circumstances. It reduces fragmentation and opportunities for coordination to unravel resulting in people and issues falling through the cracks.

Of course, structural change on its own is not the answer to enhancing service delivery or the quality of strategic advice provided to the Government. Putting different organisations together does not prevent silos forming and reforming. These issues are discussed in more detail below, and in subsequent chapters, but in combination with cultural change, systems enhancements and the creation of institutional imperatives, supported by high quality leadership by Ministers and senior officials, these weaknesses can be overcome.

In this context, the Review considers that strong leadership, particularly at the senior executive levels, is crucial to the task being faced. Despite it being raised in a number of staff round tables, the Review has concluded that a reduction in the number, quality, experience and skill base of senior executives would be a false economy. That is not to say that there is no room for individual officers to do better, or that change will succeed without significant support of officers at all levels, and those in leadership positions in particular. It does, however, reflect the argument that the answer to enhancing the performance of the ACTPS lies in fostering alignment, sharing a common purpose and facilitating agile responses to emerging issues, rather than in simply reducing the number of SES and increasing the number of staff at lower levels within the current structure.

¹⁰² State Services Commission (2001) p.4.

Apples and Oranges – the ACTPS and its State Counterparts

While the recommended unified ACTPS structure appears radical if the comparators are state government bureaucracies, such an assessment overlooks the classic “apples and oranges” comparison involved. The ACT Government and ACTPS are fundamentally different to their Australian jurisdictional counterparts.

In terms of budget and staff, an organisation of 20,000 people with a budget of around \$4 billion is not unreasonable or unmanageable. Brisbane City Council, for example, is the largest local government in Australia with 26 wards and 27 Councillor positions. In 2010-11 its budget involved total expenditure of around \$2.8 billion.¹⁰³ Underneath the elected office holders and Councillors, reporting through the Chief Executive Officer, is a single organisation with a total staff of around 9,500 divided into seven organisational units:¹⁰⁴ City Planning and Sustainability; Brisbane Infrastructure; Family and Community Services; Brisbane Transport; City Business; Corporate Services; and the Corporate Strategy Office.

Like Canberra in the Australian context, Vienna has a special position as the seat of the Federal Capital, a city state within the Republic of Austria, and as a municipality.¹⁰⁵ It has a single city administration that fulfils the functions of the municipal council of the City of Vienna, the Central District Authority of the Administrative District of Vienna, and the Office of the Provincial Government of Vienna. It reports to the Mayor of Vienna, through a single Chief Executive Director.¹⁰⁶ The Vienna City Government comprises the:¹⁰⁷

- Mayor and Governor of Vienna;
- Vice-Mayor and Vice-Governor, Executive City Councillor for Housing, Housing Construction and Urban Renewal;
- Vice-Mayor and Vice-Governor, Executive City Councillor for Finance, Economic Affairs and Vienna Public Utilities;
- Executive City Councillor for Integration, Women's Issues, Consumer Protection and Personnel;
- Executive City Councillor for Education, Youth, Information and Sports;
- Executive City Councillor for the Environment;
- Executive City Councillor for Cultural Affairs and Science;
- Executive City Councillor for Social Affairs, Public Health and Hospitals; and
- Executive City Councillor for Urban Development, Traffic and Transport.

Executive City Councillors “preside over the administrative group corresponding to their respective Portfolio, and the individual departments it is subdivided into” and each “bears

¹⁰³ See

http://www.brisbane.qld.gov.au/2010%20Library/2009%20PDF%20and%20Docs/1.About%20Council/1.10%20News%20and%20publications/Budget%202010-2011/budget_1011_budgetataglance.pdf

¹⁰⁴ See <http://www.brisbane.qld.gov.au/about-council/council-organisation/index.htm>

¹⁰⁵ Stadt Wien (2010) *The Organisation of the Vienna City Administration* Vienna <http://www.wien.gv.at/english/administration/organisation/pdf/administration.pdf> p.12.

¹⁰⁶ Stadt Wien (2010) pp.19,22.

¹⁰⁷ Vienna City Administration (2010) *City Government* <http://www.wien.gv.at/english/politics/citygovernment/>

political responsibility for all measures taken in this field”.¹⁰⁸ The city administration has a budget of €0.5 billion and a staff of around 30,000.

The Scottish Government

The devolved Scottish Government is “responsible for most of the issues of day-to-day concern to the people of Scotland, including health, education, justice, rural affairs, and transport”.¹⁰⁹ Like the ACT’s Assembly, the Scottish Parliament was established

with responsibility for devolved matters while the UK Parliament remains responsible for 'reserved matters' in Scotland. The Scottish Parliament has full legislative competence (in other words, it can pass both primary and secondary legislation) across a wide range of devolved subjects.¹¹⁰

Unlike the ACT, local authorities form part of the national governance structure in Scotland.

The Scottish Cabinet comprises six Ministers: First Minister, Finance and Sustainable Growth, Health and Wellbeing, Education and Lifelong Learning, Justice and Communities, and Rural Affairs and Environment. There are ten Ministers outside the Cabinet and 129 Members of the Scottish Parliament. The Scottish Government’s budget is more than £30 billion, and it employs just over 500,000 people.

Scotland Performs – Clarity of Purpose and Direction

Since it was formed in May 2007, the current Scottish Government (which like the ACT Government governs in minority) has undertaken a program of significant reform organised around a clearly articulated set of priorities and performance measures set out in a *National Performance Framework*.¹¹¹

When it was elected, the new Government presented its officials with a statement of its overarching and unifying purpose and five underpinning strategic objectives on a single piece of paper. The outcomes focused approach of its administration is founded on this unambiguous statement of direction. Once in power, the “challenge was to translate this outcome focus into a system of government, to remove layers of bureaucracy and align all the work of government on the achievement of this core purpose”.¹¹² Those five objectives are:¹¹³

wealthier and fairer - enabling businesses and people to increase their wealth and more people to share fairly in that wealth;

healthier - helping people to sustain and improve their health, especially in disadvantaged communities, ensuring better, local and faster access to health care;

¹⁰⁸ Stadt Wien (2010) p.21.

¹⁰⁹ Scottish Government (2010a) *The Scottish Government* <http://www.scotland.gov.uk/About/>

¹¹⁰ Scottish Government (2010b) *Scottish Responsibilities* <http://www.scotland.gov.uk/About/18060/11552>

¹¹¹ See <http://www.scotland.gov.uk/About/scotPerforms>

¹¹² National School of Government (2009a) *The Scottish Government: the Line of Sight*. London, p.1.

¹¹³ Scottish Government (2010c) *Strategic Objectives – Scottish Government* <http://www.scotland.gov.uk/About/Strategic-Objectives>

safer and stronger - helping communities to flourish, becoming stronger, safer places to live, offering improved opportunities and a better quality of life;

smarter - expanding opportunities to succeed from nurture through to lifelong learning ensuring higher and more widely shared achievements;

greener - improving Scotland's natural and built environment and the sustainable use and enjoyment of it;

As part of its focus on outcomes and performance, the Scottish Government established a program called *Scotland Performs* that publicly “measures and reports on the Scottish Government's progress towards its Purpose of creating a more successful country, with opportunities for all to flourish through increasing sustainable economic growth”.¹¹⁴ The United Kingdom’s National School of Government notes, however, that *Scotland Performs* was “as much about alignment as it was about detail. It was about creating a multifunctional organisation, ‘by making sure we all had something in common to point at.’”¹¹⁵ That said, its benefits also lie in the fact that it brings a sharp focus onto performance and service delivery: *Scotland Performs* is growing in stature and increasingly, it is attracting Ministerial focus as it holds performance to account very clearly – “Ministers are now asking ‘what does this mean for Scotland Performs?’”¹¹⁶

Perhaps the most significant element of this performance focused framework is that:

the ‘line of sight’ from purpose down to delivery and back has been made explicit. At present, it is easy to map how the fifteen national outcomes cluster around five strategic objectives, all sitting beneath the overarching purpose. Forty-five national indicators measure how Scotland is performing in achieving those outcomes.¹¹⁷

This precision and clarity of purpose was “quite revolutionary” because the previous administration had “identified 450 commitments for delivery based largely on inputs”.¹¹⁸

Reforming the Scottish Civil Service

The Scottish Government undertook major reform of its civil service to give effect to its approach. It abolished traditional departments and created public service structures aligned with the key objectives described above.¹¹⁹ It created a Strategic Board of the Civil Service comprising Directors-General each leading work on one strategic priority, thereby focusing performance of the Civil Service in line with the Cabinet’s agenda. A “series of Directorates was formed, with each Director supported and line managed by a Director General to ensure

¹¹⁴ Scottish Government (2010d) *Scotland Performs* <http://www.scotland.gov.uk/About/scotPerforms>

¹¹⁵ National School of Government (2009a) p.2.

¹¹⁶ National School of Government (2009a) p14.

¹¹⁷ National School of Government (2009a) p13.

¹¹⁸ National School of Government (2009b) *The Scottish Government: Line of Sight – A Case Study by the National School of Government on Scotland's Outcomes Based Approach to Government* <http://virtual.nationalschool.gov.uk/StrategyExchange/Documents/Scottish%20Government%20-%20the%20line%20of%20sight.ppt#388,26,Slide>

¹¹⁹ Scottish Government (2010e) *Background* <http://www.scotland.gov.uk/About/background>

that their work was fully connected with the work of other Directorates and that of stakeholders in pursuit of the Cabinet's strategic objectives".¹²⁰

The National School of Government notes that the Scottish Government's clearly articulated direction, and focus on performance, in combination with structural change, has driven changes to work culture and processes within the civil service. Members of the Strategic Board, responsible for broader and cross cutting objectives, have needed to work together in a different way, explicitly engaging with "trade-offs between the objectives – such as economic growth and carbon emissions – and other issues of potential tension":

this is about fundamentally changing the culture of the civil service, and instilling a core sense of both confidence and purpose within it. Ministers and officials alike see their role at the centre as steering Scotland into the future, not managing or running it. This has been a process that may not sit naturally with traditional ways of working and culture, with the scale and rapidity of change causing both unease and confusion amongst an anxious minority. Paradoxically however, it is precisely this unnerving extent of liberation that is likely to drive forward this programme of change successfully.¹²¹

Of course, simply copying Scottish structures will not of itself improve the performance or service delivery capacity of the ACTPS. It is acknowledged that within a single organisational structure, there remains scope for silos to develop and that genuinely collaborative working remains hard. Nevertheless, the essence of the Scottish governance framework and its civil service – "built ... around whole-of-government outcomes, with a National Performance Framework as its centrepiece and a well-developed machinery for tracking progress"¹²² has much to offer to the governance of a city state like Canberra.

The Scottish approach nevertheless creates challenges for traditional notions of Ministerial accountability:

In such an outcome focused, cross-cutting approach to government, mapping the inputs against the outputs is not always clear, particularly at local authority level where a range of community partners are responsible together for achieving a shared outcome. Mapping the causal relationship between actions and outcomes, and being able to establish which actions contributed to which outcomes, are not easy tasks where several agencies are involved.¹²³

There are similarities between the Scottish and ACT governance systems, beyond their common Westminster heritage. *The Canberra Plan* already articulates the goals of the Government against key themes, and outlines broad strategic indicators. Furthermore, the ACT Government has recently established a website, akin to *Scotland Performs*, providing regularly updated high level indicators of progress called *Measuring Our Progress*. That website "is aligned with the seven strategic themes of *The Canberra Plan: Towards Our Second Century* – the ACT Government's plan to help create an even better place to live.

¹²⁰ National School of Government (2009a) pp.2-3.

¹²¹ National School of Government (2009a) pp.14, 15.

¹²² t Hart, Paul (2010) "Lifting its game to get ahead: the Canberra bureaucracy's reform by stealth" *The Australian Review of Public Affairs* <http://www.australianreview.net/digest/2010/07/thart.html>

¹²³ National School of Government (2009a) p11.

The ACT's progress is measured by 28 indicators (four against each of the seven strategic themes of The Canberra Plan). These progress indicators provide a broad yet concise snapshot of life in Canberra".¹²⁴

The Scottish First Minister, Rt Hon Alex Salmond MSP, recently announced a high-level Commission to examine how Scotland's public services can be delivered in future to secure improved outcomes for communities across the country. The impetus for that process is economic, with the review context described in the following terms:

Facing the most serious budget reductions for at least a generation, there is an urgent need to ensure the sustainability of Scotland's public services. At the same time we must continue to improve outcomes for the people of Scotland: by driving up the quality of services (so the average meet the standards of the best); and by redesigning services around the needs of citizens, tackling the underlying causes of those needs as well as the symptoms.¹²⁵

A Single ACTPS Organisation

Under the Review's preferred unified ACTPS model, all the current Administrative Units in the ACTPS would be abolished and the constituent elements would be combined in a single agency under a single Chief Executive and Head of the ACTPS. That person would also serve as Secretary to Cabinet.

The position of statutory offices and office holders in this structure is discussed below.

Alignment of Effort, Coherence of Approach, and Coordination of Action - the Strategic Board

A number of Directorates would be established, each under a Director-General, and these Directors-General, along with the Chief Executive and Head of the ACTPS, the heads of the People and Performance, and Policy Divisions of the proposed Chief Minister's Department (see below) and the Chief Police Officer, would comprise the ACTPS Strategic Board. This body would replace the current Management Council and operate under new strategically focused terms of reference. Its role and function would mirror the Scottish model, including in explicitly engaging with the trade-offs between objectives and other issues of potential tension. The Strategic Board would be the peak mechanism for ensuring alignment of officials' efforts towards the achievement of Government priorities and become the key forum for policy debate within the ACTPS.

The success of the Strategic Board in modelling the sort of collaboration, alignment of effort and cohesion of purpose that will be central to improving the ACTPS's performance in the future will be critical to the overall success of the reforms recommended by the Review. The

¹²⁴ See <http://www.measuringourprogress.act.gov.au/>

¹²⁵ Salmond, Rt Hon A. (2010) *Commission on Public* <http://www.scotland.gov.uk/News/Releases/2010/11/19124547>

Strategic Board will be the forum through which ideas are tested, arguments honed and comprehensive advice developed for the Cabinet. The extent to which it behaves as a unified entity leading the whole ACTPS, rather than a committee comprising representatives of separate organisations will drive the behaviour of other officials. Its willingness to work collaboratively across Government on issues that require that sort of focus and attention will be central to the cultural change and embedding new ways of working on which the preferred model depends. It will be on the successes of the Strategic Board that the enhancement of all other coordination mechanism within the ACTPS will be based.

The Strategic Board would be chaired by the Chief Executive and Head of the ACTPS who would, through the agreement of the Chief Minister and Cabinet, be empowered and expected to drive ACTPS performance in delivering Government priorities.

To further enhance alignment of effort behind Government priorities, and as recommended in some consultations and Submissions, Directors-General would settle their personal performance agreements with the Chief Minister following consultation with the relevant Portfolio Minister. The Performance Agreement would be signed by all of the parties (i.e. in most cases by the Director-General, the Chief Executive and Head of the ACTPS, the Portfolio Minister and the Chief Minister).

The Chief Executive and Head of the ACTPS would provide advice to the Chief Minister and relevant Portfolio Minister, in combination with the Commissioner for Public Administration, on the performance of Directors-General as part of regular cycles of performance reporting to the Chief Minister. The Chief Minister might take the opportunity to discuss these performance reports with individual Directors-General.

This approach is followed in other Australian jurisdictions, and was endorsed by the Canberra Business Council in its Submission to the Review:

The Head of the Public Service would undertake annual performance reviews of other CEOs with input from relevant Ministers. This model would give the CEO of the Central Agency the authority and the status to drive the implementation of Government policy.¹²⁶

All other current standing committees of chief executives would be abolished and subsumed by the Strategic Board apart from the Shared Services Governing Council which should continue as a separate committee and function as a Board of Directors for that business.¹²⁷ The Strategic Board would continue to deal with whole of government issues relating to workforce planning and performance.

The Strategic Board would meet weekly to progress a substantial policy and performance driven agenda focused on Cabinet business and delivery of government policies and programs. Its role would be to ensure alignment of effort, coherence of approach, and

¹²⁶ Submission No.26. Canberra Business Council.

¹²⁷ For completeness, it is noted the Security and Emergency Management Senior Officials Group established under the *Emergencies Act 2004* and of which most current chief executives are members, would continue to discharge its statutory functions with a membership determined in accordance with that Act.

coordination of action. To function effectively, it would be supported by the proposed Chief Minister's Department to ensure alignment with government priorities, and Cabinet business, and the work of the Legislative Assembly. In so doing, it would draw heavily on the work of the proposed performance analysis unit.

With the greater emphasis on coordination and alignment of effort through the Strategic Board, it may be unnecessary to preserve the Ministerial Advisory Committee of Cabinet on an ongoing basis. The Strategic Board would provide an appropriate forum for resolution of significant issues in light of government priorities and the Cabinet agenda. The Chief Minister would continue to convene ad hoc meetings of Ministers, Directors-General and Ministerial Chiefs of Staff to address particular issues, including setting government priorities, from time to time.

One ACTPS – The Preferred Model

The Review's preferred option – canvassed in more detail in Chapter 4 – would see the creation of a deliberately powerful Chief Minister's Department (still within the single organisational structure of the ACTPS and reporting to the Chief Executive and Head of the ACTPS) and the following Directorates:

- Community Services;
- Education;
- Health;
- Justice;
- Sustainable Development; and
- Territory and Municipal Services.

The proposed Chief Minister's Department constitutes a deliberately large and powerful centre for the ACTPS, which will aid the coordination, coherence and consistency of approach and alignment of action across the ACTPS. It would comprise three Divisions and two Directorates:

- the Culture and Communications Division, People and Performance Division (i.e. the renamed and refocused Governance Division), and Policy Division from the current CMD;
- the Finance Directorate (i.e. the current Department of Treasury plus Shared Services) – headed by an Associate Director-General reporting to the Treasurer; and
- an Economic Development Directorate (i.e. the current Department of Land and Property Services, with the addition of Vocational Education and Training from the Department of Education and Training and the Tourism and Business and Industry Development elements of the current CMD) – the head of which would be titled Coordinator-General.

The Review suggests the Coordinator-General's immediate priorities should include:

- delivery of the proposed ACT Government Office Building; and
- further streamlining processes for unit title registration.

The Sustainable Development Directorate would comprise the current Department of the Environment, Climate Change, Energy and Water, the ACT Planning and Land Authority, and elements of the current Department of Territory and Municipal Services relating to transport planning, as well as Heritage and the Government Architect from the current CMD.

In the preferred structure, municipal services are embraced as part of the responsibilities of the city state government, rather than seen as an add-on to the ACT “state” bureaucracy. Indeed, for many Canberrans, it is the standard of this service delivery line which colours overall perceptions of the government and its performance. One only has to listen to Chief Minister’s Talkback on Friday mornings on ABC local radio (which might be better called TAMS Talkback) to understand the importance and value Canberrans place on this service delivery line. The fact that Chief Ministers make themselves available in this way is commendable demonstrating the immediacy of city state government and the desire for intimate connections between the Government and citizenry.

All Directorates would utilise a common, but expanded, Shared Services Division (attached to the Finance Directorate, which would function, in effect, as the corporate area of the unified ACTPS. Efficiencies are to be expected in the proposed structure. Individual Directorates would need to continue to include specialist staff in people and performance and workforce management (as individual departments do now), especially where they manage a specialist workforce (e.g. health or emergency services).

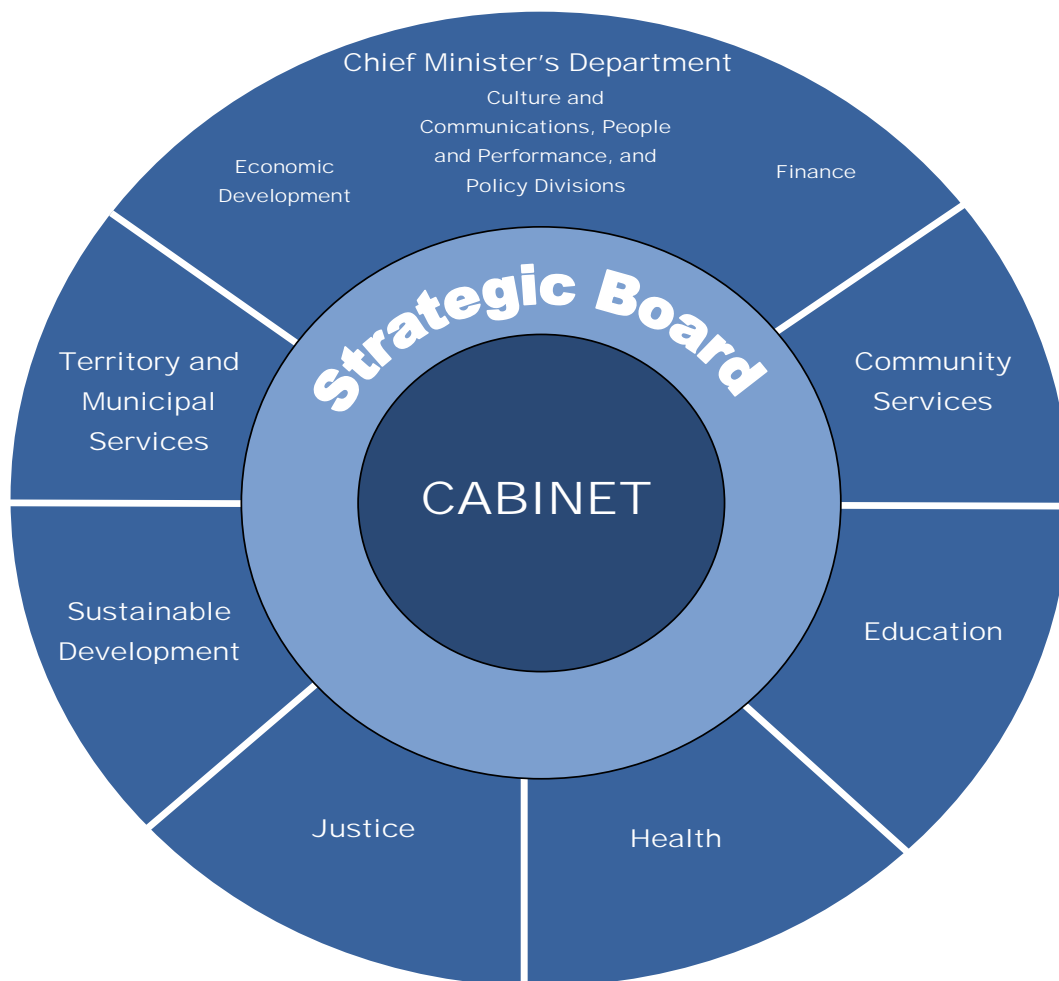
A single ACTPS agency under a single Chief Executive and Head of the ACTPS would:

- allow for greater flexibility in transferring resources to meet emerging issues;
- assist in ensuring alignment of effort, creation of a shared understanding of priorities, and a cohesive and common sense of purpose;
- facilitate a simplification of industrial arrangements and reductions in the complexity of the ACTPS employment framework;
- allow small groups performing similar work in different agencies, but struggling from a lack of critical mass and narrow collective skill base, to be combined into viable organisational units;
- be entirely consistent with, and enhanced by, construction of the proposed ACT Government Office Building in Civic;
- give impetus to alignment of information systems, and other whole of government projects relating to records and document management;
- reduce duplicated effort across agencies (e.g. in the preparation of Chief Executives Financial Instructions) releasing efficiencies which could be reallocated elsewhere;
- facilitate greater alignment and coordination among staff directly supporting the operation of the machinery of government (including Cabinet Liaison Officers and Departmental Liaison Officers in Ministers’ Offices); and
- provide greater resilience and flexibility for future administrative realignments.

Many of the benefits of the single agency model might be achieved simply through reorganisation of the existing structure of separate departments, coupled with greater emphasis and application of systems and structures to drive coordination and alignment including the creation of a Strategic Board comprising Chief Executives of Departments. What is lost in this approach, however, are the opportunities for flexibility, cultural change, and the unity of identity and purpose that would come through a single organisation under a single Chief Executive and Head of the ACTPS.

Even in the recommended structure, the issue of a Portfolio’s voice at the Cabinet table will remain an issue while the Cabinet remains capped at five Ministers. It is inevitable and understandable that a Minister wearing two Portfolio hats will internalise at least some of the arguments between their portfolios. One of the strengths of the preferred option is its bias towards one-to-one alignment of Ministries and Directorates. In the proposed Chief Minister’s Department, the recommended structure would facilitate the provision of the Finance Directorate briefing to the Chief Minister in circumstances where the Treasurer is bringing forward a Submission wearing another portfolio hat. This situation also highlights the importance of Directorates’ comments on Cabinet papers in drawing to the attention of Ministers and other Directorates the range of views of a proposal.

Figure 12 – Recommended Structure – One ACTPS



Allocation of Leadership Responsibilities – Ministers and Directors-General

One option under this proposed structure would be, as in the Scottish model, for the responsibilities of Directors-General to align with key themes in the *Canberra Plan*. This approach would have the benefit of aligning explicitly public service structures with the Government's articulation of its priorities. It would come at the cost, however, of reducing future flexibility (and likely creating additional costs) in needing to reorganise ACTPS structures in the event those themes were to change in the future. This approach would also mean a much greater number of changes to the Administrative Arrangements and machinery of government that risk unpicking recognised synergies in current arrangements. This configuration also risks creating an uneven allocation of official and Ministerial workload and capacity across the spread of government activities. The Review therefore recommends Directorates and Ministerial Portfolios continue to be arranged along functional lines.

The relationship between Ministers and Directors-General would be largely unchanged in relation to day to day operations from that which exists now between Ministers and Chief Executives of Administrative Units. There would be a direct reporting and accountability line, for example, from the Director-General, Health to the Minister for Health, but this relationship would be supplemented by the reporting line from the Director-General, Health to the Chief Executive and Head of the ACTPS. This relationship would focus on major strategic policy developments, coordination and alignment of whole of government effort, or mission critical projects like the Capital Asset Development Program, rather than day to day operation of the health system.

In any event, there should be a consolidation of the overall number of Ministries. A common theme in consultations was that the current 24 Ministries are unnecessary and add complexity and confusion to dealings with the ACT Government. The Ministerial Portfolios in the preferred model (formed with a presumption in favour of one Minister per Directorate to improve alignment and reduce bureaucratic complexity) would be:

- Chief Minister;
- Treasurer;
- Attorney-General;
- Community Services;
- Education;
- Health;
- Sustainable Development; and
- Territory and Municipal Services.

This formulation maps rather well with what is understood to be the outcome of the April 2010 COAG Review of Ministerial Councils which accepted the need to effect fundamental reform to the Ministerial Council system. This will focus Councils on national strategic

priorities and see new ways for COAG and its Councils to identify and address issues of national significance.

COAG agreed in principle to reforms that would see rationalisation of the 40 Ministerial Councils (MINCOs) to fewer Standing Councils (including COAG itself) overseeing key areas of ongoing reform important to the Commonwealth and the States and Territories.

COAG may also decide to convene Select MINCOs from time to time when it requires advice on particular issues within specific timeframes. Arrangements for these Councils would provide for a sunset clause, progress reports back to COAG and arrangements for servicing by officials.

While the precise details are intended to be settled at the February COAG meeting, the new arrangements are likely to be something along the lines of those shown in the accompanying table next to the existing ACT Ministerial arrangements.

Table 7 – New COAG arrangements

Minister	Ministerial Title	New COAG Structure
Jon Stanhope	Chief Minister	COAG
	Minister for Transport	Infrastructure
	Minister for Territory and Municipal Services	
	Minister for Business and Economic Development	
	Minister for Land and Property Services	
	Minister for Aboriginal and Torres Strait Islander Affairs	
	Minister for the Arts and Heritage	
Katy Gallagher	Deputy Chief Minister	Financial Relations
	Treasurer	
	Minister for Health	Health
	Minister for Industrial Relations	
Simon Corbell	Attorney-General	Attorney-General
	Minister for the Environment, Climate Change and Water	
	Minister for Energy	
	Minister for Police and Emergency Services	Police and Emergency Services
Andrew Barr	Minister for Education and Training	Education and Training
	Minister for Planning	Skills
	Minister for Tourism, Sport and Recreation	
	Minister for Gaming and Racing	
Joy Burch	Minister for Disability, Housing and Community Services	Community Services
	Minister for Children and Young People	

Minister for Ageing
Minister for Multicultural Affairs
Minister for Women

Making the Change and Making it Stick

Given that there has been an average of two changes to the Administrative Arrangements each year since self government, it is highly likely future governments will want to revise the Administrative Arrangements. In the first instance, it would be a great benefit to the efficient functioning of the ACTPS if the ACT were to publish guidance along the lines of *Implementing Machinery of Government Changes: A Good Practice Guide*¹²⁸ which sets out clear and common procedures to be followed by Commonwealth agencies. That might avoid the horse trading and haggling that tends to characterise such changes now.

Perhaps more importantly, it would aid the implementation process for the recommended structure if the Government were to progress amendments to the PSM Act and associated subordinate legislation to implement the preferred model ahead of formal commencement of the new structure. While it would be possible to achieve a single Administrative Unit within the existing PSM Act, it would be preferable to change it first to signal the Government's resolve to drive change through the ACTPS. This approach might also give some certainty to those who would be skeptical about "another round" of Administrative Arrangements changes that might be undone in a relatively short timeframe.

It is also noteworthy that the very significant changes to financial management and annual reporting involved in the proposed reform of the ACTPS will require careful thought. For this reason, it is suggested the new arrangement formally commence on 1 July 2011, notwithstanding that "work arounds" could be pursued. There will be a discussion to be had with the Assembly on ensuring appropriate transparency and accountability for appropriations, and equivalent constraints on the administrative transfer of appropriation funding between functions. There will need to be further work done on pooling of resources across government in an attempt to engage better with cross cutting issues like, for example, mental health. These conversations will be challenging, but with good will and genuine cooperation between the Government and the Assembly, acceptable approaches will be developed.

Institutional Imperatives and Cultural change

Of course, the establishment of a single ACTPS Agency will not of itself overcome the drawbacks of siloed thinking and lack of coordination. Indeed, there remains scope for silos between Directorates as there is now between Departments. Cultural and institutional changes would be necessary including in relation to how the Strategic Board functions and Cabinet oversees implementation.

¹²⁸ See <http://www.apsc.gov.au/publications07/machineryofgovernment.htm>

Reference has already been made above to the desirability of amending the PSM Act and its subordinate legislation to give effect to the proposed structures and approaches. This would provide a clear and lasting symbol of the Government's commitment to the new structural forms, as well as removing inefficiencies that would come from the requirement to fit the new structure into the current Act.

Members of the Strategic Board will play a critical role in modelling the desired behaviours of collaboration, openness, cohesiveness and clarity of purpose and role. They will also play a pivotal leadership role in change management. A key aspect of this behaviour will be genuine sharing of information, including about proposed policy positions and briefing on Cabinet matters.

The Government Office Building

The success of the proposed structure would be very significantly enhanced by a decision to proceed with construction of the proposed ACT Government Office Building on London Circuit. Much has been made in the planning phase of the cultural benefits of integration and collocation of ACTPS staff, but also of the efficiencies that will undoubtedly flow. Those conversations have to date, been based on continuation of the current departmental structure. Cultural change has always been a significant part of the office block project. This will be enhanced by the Review's recommended structure for the unified ACTPS. The project is also linked to opportunities to expand the size of the Assembly by providing accommodation for Ministers linked to the Assembly Building, thereby freeing up space for additional MLAs and their staff.

A decision to proceed might be considered to fall into the courageous category of *Yes Minister*. It would not be without controversy, as occurred in the Commonwealth's decision to replace the VIP Aircraft Fleet and commit to the new Parliament House (and would if it decided to build a new Lodge). Nevertheless, the Review considers there is an undeniable case for the building project to proceed.

A Single Public Face

A key aspect of the unified ACTPS would be the presentation of a unified public face to the community, building on the successes of *Canberra Connect* and the Government shop front model. This unified presence would be enhanced by a single ACT government website presence and single whole of government intranet.

This single public face should also extend to a single ACT Government brand (subject to limited exceptions, to be determined by the Chief Minister such as the emergency services logos). At present there are over 50 different logos in use by ACT Government bodies (see Appendix 1).

Citizen's dealings with the ACT Government should be flexible, but coordinated so time does not have to be spent enrolling in various ACT Government websites or lists. Access should be facilitated through apps like that used by Brisbane City Council.¹²⁹ This would be further enhanced by removing legislative and technical barriers to sharing appropriate information between Directorates (if nothing else to allow for pre-population of enrolment or application forms).

In seeking to enhance the public face of the ACTPS through *Canberra Connect* and the shop fronts, careful thought will need to be given to a business development plan for *Canberra Connect*, as well as development of a consistent look and feel for all ACT Government websites. In his Submission to the Review, Mr Jim Grenfell noted:

the system appears to be predicated on the basis that the user has foreknowledge of where they need to go. Even basic corporate information appears to be lacking ... The better practice organisations include structures that mix both their functional responsibilities with their organisational structures. The integration of this data makes the information journey easier for the non-expert user.¹³⁰

Knowledge Management

The way the information is collected, stored, analysed, interpreted, and released is fundamental to citizen centred governance, public value, robust high quality policy and program development and operational service delivery. Indeed, a necessary consequence of more open policy making is the need for a more proactive approach to the collection, management and release of information, because "access to information is the basic cornerstone on which consultation and active participation is built".¹³¹ If the ACTPS is to engage meaningfully with the citizenry in policy and program design then it needs to be freer in sharing the information it holds.

Existing governance arrangements establishing how government information is collected, stored, and released form an important part of the overall approach for how the ACTPS does its business. Providing access to information between the ACTPS Directorates and to the community will be an increasingly important issue in the future. Technological change will be central to how the ACTPS does its business, and how the Government relates to the Canberra community in the future.

A related project currently underway involving the Assembly Secretariat and the current Chief Minister's Department involves exploration of options for electronic tabling of papers in the Assembly. In part this initiative of the Speaker and Manager of Government Business is intended to reduce the volume of paper generated through the operation of Assembly

¹²⁹ See http://www.brisbane.qld.gov.au/about-council/contact-council/mobile-enablement/index.htm?utm_source=corphome&utm_medium=caro&utm_term=-&utm_content=image-version&utm_campaign=mobile%20phone%20smart%20iphone%20blackberry%20mobi%20brisbanecity.mobi

¹³⁰ Submission No. 12. Mr James Grenfell.

¹³¹ Organisation for Economic Co-operation and Development (2003) p.15

processes. Of equal importance, however, is increasing access to information tabled in the Assembly for members of the community.

The imperative for more open Government has already been recognised by Australian governments and an increasingly more open approach is emerging in the ACTPS including in response to the *Parliamentary Agreement for the 7th Legislative Assembly for the ACT*. In the Commonwealth sphere, the Government 2.0 Taskforce argues:

Information collected by or for the public sector is a national resource which should be managed for public purposes. That means that we should reverse the current presumption that it is secret unless there are good reasons for release and presume instead that it should be freely available for anyone to use and transform unless there are compelling privacy, confidentiality or security considerations which require otherwise.¹³²

Use of the “new collaborative tools and approaches of Web 2.0 offers an unprecedented opportunity to achieve more open, accountable, responsive and efficient government.”¹³³ Web 2.0 tools like blogs, wikis and social networking platforms create opportunities for sharing information and fostering collaboration within government, and between government agencies and the citizenry.

The recently elected government in the United Kingdom undertook the “most radical shake up of our politics for decades” with Deputy Prime Minister the Rt Hon Nick Clegg noting “real democracy is unspun; it is the raucous, unscripted debates that always throw up the best ideas”.¹³⁴ Using the *Your Freedom* website tool, the UK Government reviewed its statute book as part of attempts to bring “...transparency to every area of public life”¹³⁵ – an issue which remains central to its *Programme for Government*. The website allowed members of the public to “tell us which laws and regulations you think we should get rid of” and encouraged participation and dialogue within the citizenry: “if you see an idea here that you agree with, then rate it to move it up the list. If you have more to say about an idea, then add your comment. Or submit your own idea if it isn't yet on the site ... And remember - we want you to suggest ideas for removing laws and regulations, rather than ideas for creating them.”¹³⁶

As part of embedding changed ways of working for the ACTPS, however, engagement and collaboration must move beyond a debate about the merits of particular tools, to a focus on the purpose and design of participatory decision making processes rather than the means by which they might be conducted. These changes will be more successful if they build and expand upon existing structures and networks in the community and the ACTPS rather than specifically creating new ones. The ANZSOG Institute for Governance at the University of

¹³² Commonwealth Government (2009) *Engage Getting on with Government 2.0 Report of the Government 2.0 Taskforce*. Canberra, p.xii.

¹³³ Commonwealth Government (2009) p.xii.

¹³⁴ United Kingdom Government (2010a) *Your Freedom*
<http://webarchive.nationalarchives.gov.uk/20100824180635/http://yourfreedom.hmg.gov.uk/>

¹³⁵ United Kingdom Government (2010b) *The Coalition: Our Program for Government*. London, p.7.

¹³⁶ United Kingdom Government (2010a)

Canberra suggests, for example, that existing networks can be built upon through the creation of public service juries based on the criminal jury model as a possible mechanism: “Public service juries would operate on the same basis as the criminal jury system. We trust citizens to make life and death decisions why not public value ones?”¹³⁷ The success of these juries is dependent on their being comprehensively briefed on the merits of the issues they are being asked to consider, as well as judicious use of that mechanism.

However, use of these tools also raises issues of concern and risks to traditional ways of working that need to be managed. The Commonwealth Government has already engaged with this issue promulgating guidelines on the use of social media,¹³⁸ and the Government 2.0 Taskforce endorsed those guidelines in its report:

including the declaration that Web 2.0 provides public servants with unprecedented opportunities to open up government decision making and implementation to contributions from the community. The taskforce agrees that, consistent with APS values and code of conduct, APS employees should be actively encouraged and empowered to engage online.¹³⁹

The ACTPS must harness and apply its knowledge better in order that the creation, capture, use, reuse and storage information will contribute to the achievement of its objectives. The ACT Government has invested heavily in the communications and networking infrastructure to enable all arms of Government to communicate across a private optical fibre network. However the way it collects, stores, accesses and analyses information is fragmented and the databases and other digital data used to facilitate access are often unknown outside of the immediate group of individuals working using them.

Each agency has its own intranet, website, workflow systems, and document management systems. The single largest barrier to effective knowledge management is organisational culture – built on silos, knowledge hoarding and protection of fiefdoms. The repositories of knowledge (systems, people (tacit knowledge) and information (i.e. explicit knowledge))¹⁴⁰ are not accessed in a systematic way and have no whole of government strategic framework governing their access and operation. If the ACTPS is to continue to build a high performance culture then it needs to understand the data held, sort the data to understand its story, make an inventory of its intellectual capital, improve existing processes, and move to a learning culture.

In an environment where web technology plays an increasing role in our society, when the way people interact has changed and the rise of ‘wicked problems’ in public policy – public servants are required to find innovative solutions. Information and communications technology (ICT) has become inextricably linked with the idea of continuous improvement and business change through its ability to accelerate, amalgamate and replace processes which in the past may have happened separately. The ACT Government has significantly

¹³⁷ ANZSOG Institute for Governance (2009) pp.3,9.

¹³⁸ Australian Public Service Commission (2009d) *Circular 2009/6: Protocols for Online Media Participation*. Canberra.

¹³⁹ Commonwealth Government (2009) p.xviii.

¹⁴⁰ Bock, W. (1998) *Knowledge Management* http://www.knowledgepoint.com.au/starting_out/Articles/so_wb001a.html

invested in ICT for the Territory's community – streamlining access to services through Canberra Connect, becoming a foundation member of the ICT Research Lab at National ICT Australia (NICTA)¹⁴¹ and utilisation of Web 2.0 to engage with the Canberra community on the future development of the city.

The accessibility of information held by government and the networks facilitated by the web can be seen as a key driver of the shift in how the public service does its business. It can also act as an inspiration to new ways of working. By harnessing the collaborative and innovative nature of the web, the ACTPS can provide innovative solutions to policy problems, and enhance the ability to measure performance and be accountable to elected representatives and the community.

The Commonwealth Government has recently reformed the *Freedom of Information Act 1982 (Cwlth)*¹⁴² including introducing fundamental changes to the way information held by government is managed and accessed by members of the public. Importantly, those reforms included codification of a pro-disclosure culture, including the following objects:

- give the Australian community access to information by requiring agencies to publish the information, and provide a right of access;
- contribute to increased participation in government processes and increased scrutiny, discussion and review of government activities;
- increase recognition that information held by government is a national resource; and
- promote public access to information, promptly and at the lowest reasonable cost.¹⁴³

The ACT's *Freedom of Information Act 1989*¹⁴⁴ (the FOI Act) draws heavily on its Commonwealth equivalent, and in its Submission to the Inquiry by the Legislative Assembly Standing Committee on Justice and Community Safety into Reform of the FOI Act, the Government noted it seeks to maintain consistency with the Commonwealth Act "where appropriate and practical in the context of ACT Governance."¹⁴⁵ It is critical that the ACTPS keeps pace with the possibilities and community expectations created by the rapid rate of technological change. The Review recommends the Government move to adopt a more proactive model of release of information held by the ACTPS (along the lines of the Commonwealth's scheme) to support broader policy debate in the community, subject to appropriate and necessary restrictions, including in relation to Executive Privilege, security, and personal privacy.

The draft ACT Government ICT Strategic Plan currently under development outlines mechanisms to improve the economic, social and environmental welfare of the Canberra

¹⁴¹ ACT Government supports NICTA through a mixture of cash, payroll tax concessions and other property related assistance. In September 2009 NICTA and the ACT Government launched a Government technology cluster to support and strengthen Government ICT industries in Australia. The ACT Government provided \$150,000 to help establish the cluster in 2009-10 and committed to a further \$100,000 per annum through to 2011-12.

¹⁴² See <http://www.comlaw.gov.au>

¹⁴³ Commonwealth Government (2010b). *What's Changed in FOI* http://www.oaic.gov.au/foi/what.html#pro_disclosure_culture

¹⁴⁴ see http://www.legislation.act.gov.au/a/alt_a1989-46co/default.asp

¹⁴⁵ ACT Government (2010d) *ACT Government Submission to the Standing Committee on Justice and Community Safety Inquiry into the Freedom of Information Act 1989* Canberra. p.6.

community through the proactive use of ICT by the ACTPS in delivering services and managing its administration.

The plan is designed to:

- make living in Canberra easier by developing, with the Community, an integrated, comprehensive and affordable range of readily accessible online services;
- improve return on investment on public expenditure on ICT through implementing and sharing higher quality, more resilient systems;
- use ICT to promote open government and online community engagement;
- contribute to the achievement of its environmental targets by improving the energy efficiency of its ICT infrastructure and promoting the use of ICT to assist other sustainability initiatives; and
- develop its workforce and partnerships to provide the future capacity and skills to implement its ICT programs and strategies.

The ICT Strategic plan is intended to apply to all areas of the ACT Government. It will establish clear business objectives for the ACT Government's use of, and investment in, ICT.

A simple example of the use to which information held by the Government can be put is the publication of historical sales data on the *Allhomes* website.¹⁴⁶ Traditional means of accessing this information involve cumbersome searches and costs in terms of time and money. Making information available in this way is valuable to the citizenry.

The Review recommends all FOI Act decisions made by the ACTPS be published on a central website immediately after they are provided to applicants (with personal information deleted). This approach reflects the reality that release of a document under FOI is release "to the world" and would enhance the availability of information, and scrutiny of and accountability for decisions and actions.

The ACT's arrangements for release of historical Cabinet Papers are already nation-leading with papers generally being available under the *Territory Records Act 2002* (the Territory Records Act) after ten years. Before the next general election for the Assembly, and for the first time since the *Executive Documents Release Act 2001* was enacted, the Cabinet papers of a sitting Government will become available for public access.

Of interest here is the Welsh Assembly Government practice. The Welsh Cabinet's policy is to "conduct its business as openly as possible" and as a result, it publishes "the minutes, papers and agendas of its meetings unless there are overriding reasons not to. Minutes and papers are published as soon as possible following clearance at the next meeting but no sooner than six weeks after the respective meeting."¹⁴⁷ In practice, this means the agenda, a

¹⁴⁶ See www.allhomes.com.au

¹⁴⁷ Welsh Assembly Government (2010) "Cabinet Meetings" <http://wales.gov.uk/about/cabinet/cabinetmeetings/?lang=en>

summary of Cabinet meetings (called the Minutes) and some documents are posted on the relevant website.

A fundamental imperative for improved, collaborative and structured ways of working is an electronic record keeping and electronic document management system. Establishing such systems is expensive and needs to be located in a broader strategic view of the development of the ACTPS's information technology requirements now and into the future.

The issues involved are broader than just purchasing a workflow system and document database. They go to the fundamentals of the Government's decision making processes, the basis of its relationship with the citizenry, how and where the Government's records and archives are stored, maintained and accessed, and perhaps above all, to the way in which the ACTPS talks to itself.

These considerations must, however, be balanced against the need to improve electronic document management sooner, rather than later. Aiming too high could ultimately prove to be counterproductive as there is inevitably newer and better technology on the horizon. In this context, there are many examples of effective electronic document management systems that are able to service and cater for wide ranging needs which have already been implemented by several ACT Government Departments.

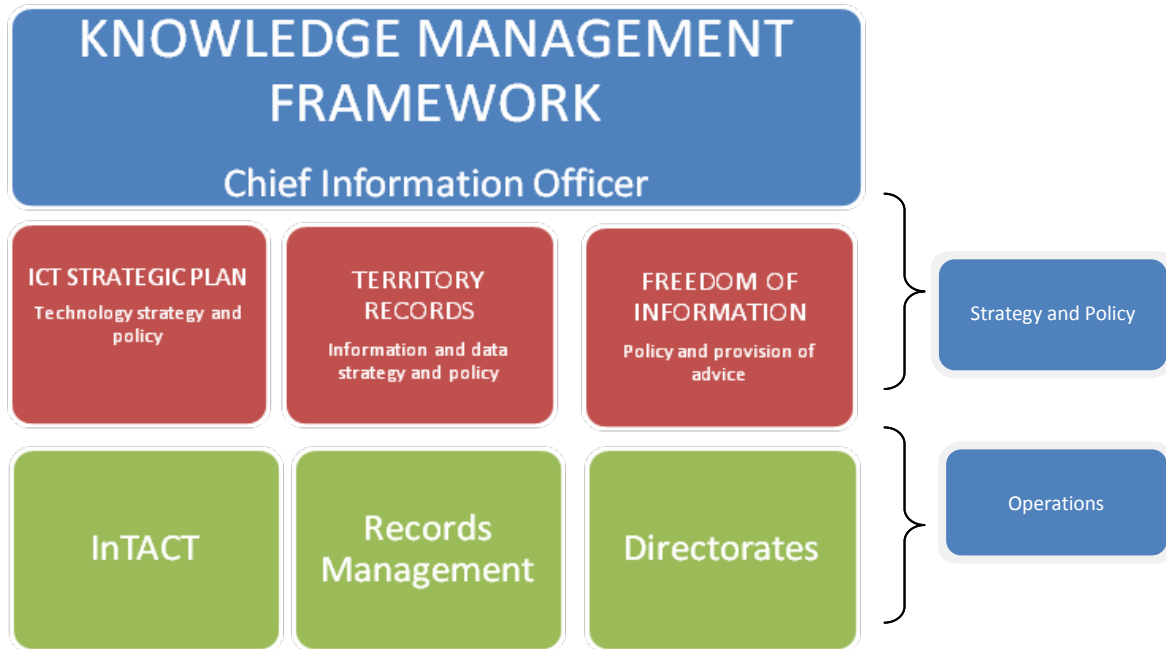
The ACTPS will need to build the capacity of its workforce to implement its knowledge management programs and strategies. In a rapidly changing technology environment ICT workforce planning requires a balance between permanent employees and contract staff and active management of which ICT functions are best undertaken "in house" and which are best accomplished through partnerships.

Responsibility for knowledge management governance is currently shared between a number of agencies. These responsibilities should be located at the centre of the ACTPS and the Review recommends establishment of a Chief Information Officer (CIO) in the proposed Chief Minister's Department. The CIO would be responsible for the strategic program for gathering, storing and sharing ACTPS data. It would be responsible for the end to end continuum of government information including the Territory Records Act, the FOI Act and other legislation relating to record keeping by the ACTPS, the proactive release of government material, whole of government information management and ICT governance, policy, information architecture, strategic planning, and web 2.0 technologies.

The CIO would carry strategic responsibility for knowledge and the tools necessary to access the ACT Government and ACTPS – including the whole of government ICT strategic plan; whole of government policy on information collection, use and storage; as well as advice and guidance (including maintenance of a body of precedents) on the management of requests for access to information under relevant legislation.

The initial deliverable would be to establish a knowledge management policy framework that sets out the key knowledge management principles for a collaborative, responsive and

innovative ACTPS. Fundamental to the knowledge management framework are the foundations of the ICT Strategic Plan, the refocus of Territory Records to a whole of government policy function for information collected, interrogated and published and the enhancement of a central policy function for FOI.



Recommendation: Open Government

- develop approaches to proactively publishing more of the information held by the ACTPS, including Cabinet material;
- establish a Chief Information Officer within the proposed Chief Minister’s Department, and:
 - define its responsibilities as oversight and whole of government policy for strategic information, information communications technology, Freedom of Information, information storage and retrieval and the ACTPS record keeping; and
 - build a pool of business analysts and project management resources for ready deployment across the service for IT and business improvement projects.
- All FOI Act decisions made by the ACTPS be published on a central website immediately after they are provided to applicants (with personal information deleted).
- Strategic Board outcomes be promulgated within Directorates to assist in ensuring alignment of effort and direction with the ACTPS, especially when they relate to:
 - identification of emerging issues and proposed management strategies;
 - strategic priority setting, including government and agency priorities; and
 - whole of government service or resource issues.

The Role of the Centre

Central agencies play an important, contested, and sometimes controversial role in public services around the world. In the Review's preferred model, the central agency role would be discharged by the Policy Division and Finance Directorate of the proposed Chief Minister's Department, and in other options canvassed by the Chief Minister's and Finance Directorates. It is with these alternatives in mind that "central agency" is used in the remainder of this Report.

Generically, central agencies comprise departments supporting heads of governments (and governments' collective decision making processes), departments overseeing revenue, macro and micro economic and fiscal policy, and departments responsible for maintenance of financial accounts, scrutinising and quality assuring estimates of future expenditures and new spending proposals. These latter two functions in the Commonwealth Government context fall to the Treasury and the Department of Finance and Deregulation respectively. In the ACT, in keeping with its state government counterparts, these roles are currently combined in the Department of Treasury.

One Submission to the Review noted in this context:

there appears to be no significant sense of overall co-ordination and direction within the ACT administration. The perception is of a lack of any significant co-ordination or leadership emanating from the Chief Minister's department which should be co-ordinating all levels of government to achieve clearly defined government policy. This is especially apparent between agencies responsible for land sales, their control, planning and development guidelines and financial planning in terms of revenue and its planning.

Bureaucratic leadership starts at the top so that the chief executive of the Chief Minister's department should be the lead bureaucrat who shows strong leadership in co-ordinating the relevant departments and agencies so that they are working in harmony and in a co-ordinated fashion achieving defined government policy.

Many of the issues that are presented to Cabinet should be headed off at the pass and dealt with by the senior bureaucrats through the control of the Chief Executive of the Chief Minister's Department.

Responsibility for successful coordination of policy development and implementation in the ACT Government ultimately lies, as it does in the Commonwealth Government, with the head of government, and the Cabinet, supported by the Cabinet process, and the legislation program, for which first minister's departments have particular responsibilities.¹⁴⁸ In recent

¹⁴⁸ Keating, M. (1995) 'The Evolving Role Of Central Agencies: Change And Continuity'. *Australian Journal of Public Administration*. 54(4) pp.579-583, p.579.

times, the operation of COAG has seen a concentration of effort and responsibility in the central agencies of all jurisdictions, and first ministers' departments in particular. Increasing use of COAG Senior Officials (i.e. heads of first ministers' departments) as the key forum for progressing the reform agenda for consideration by COAG evident under the Howard Government¹⁴⁹ was significantly expanded during the Rudd Government, and has continued under the Gillard Government.

The role of central agencies, and first minister's departments in particular, can be variously described as a policy catalyst,¹⁵⁰ involving coordination of government agencies' activity, driving key issues for the Government, taking a whole of government view, an honest broker in policy debates between agencies, monitoring and reporting on performance, delivering policy and program support in areas of particular interest to their Ministers, as well as maintenance of the machinery of government and support to government decision-making, and interjurisdictional interactions. Some commentators go so far as to describe central agencies as information gatherers and advisers with a role akin to military staff officers that are "broad in scope but shallow in their depth, in contrast to those of line specialists, who have roles that are 'narrow and deep'".¹⁵¹

The review of New Zealand's central agencies in 2006 identified three key roles for central agencies, building on their "distinctive perspective that focuses on the whole, rather than on the components":

- using their ownership of whole-of-system processes to ensure that departments and agencies have the information and incentives they need to give of their best
- providing assurance to Ministers collectively that the most important things on their strategic agenda are being delivered in the right manner
- undertaking a range of activities that help to moderate the impact of the tensions inherent in New Zealand's performance model and as "stewards" to sustain, refresh and enhance the model's fitness for purpose.¹⁵²

In an environment where the ACTPS needs to work collaboratively on cross cutting issues, the key areas of focus for the proposed Chief Minister's Department would be on:

- clarifying expected outcomes and giving a sense of overall government priorities;
- emphasising the importance of interagency cooperation, particularly where it is necessary for progress on an outcome;
- encouraging (and sometimes developing) effective mechanisms to support shared outcomes (e.g. planning, resourcing, and reporting mechanisms etc.); and

¹⁴⁹ Anderson, G. (2008). The Council Of Australian Governments: A New Institution of Governance for Australia's Conditional Federalism *University of New South Wales Law Journal* 31(2) pp.493-508. p.506

¹⁵⁰ Keating (1995) p.581.

¹⁵¹ Norman, R. (2008) "At the Centre or in Control: Central Agencies in Search of New Identities" *Policy Quarterly* 4(2) pp.33-38, p.37.

¹⁵² New Zealand Government (2006) *Review of Central Agencies' Role in Promoting and Assuring State Sector Performance*. Wellington, pp.30-31.

- where required, clarifying the relative accountabilities and responsibilities of the agencies working on a shared outcome.¹⁵³

The proposed Chief Minister's Department also has an important:

trouble-shooting and brokerage role that central agencies can play. This doesn't mean taking over the role of the lead agency or agency, nor does it mean central agencies acting in an ad hoc or directive way. It does mean being able to identify and help resolve problems. This is particularly likely to be the case, on a very limited range of outcomes, where there is no "natural" lead agency but it is a high priority area for government.¹⁵⁴

Of course, the capacity of central agencies to deliver on these functions which underpin the operations of the Government depends to a significant degree on the characteristics of their Ministers, the dynamics surrounding the operation of their Cabinets and local historical precedent. A common theme in consultations, as well as some Submissions, was that the central agency role should be played more strongly to ensure cohesion and coordination. These exhortations underpin much of the logic behind the creation of an unambiguously powerful centre of the ACTPS in the proposed Chief Minister's Department.

The Community and Public Sector Union (CPSU) Submission to the Review states:

There needs to be greater recognition of the co-ordination and gatekeeper role that CMD plays and how this impacts on government objectives and policy delivery.

To be more effective and consistent in delivering on government policy and objectives, CMD should be better resourced to play a greater role in facilitating consultation with agencies and stakeholders prior to policy implementation.¹⁵⁵

The Chief Minister and Treasurer play particularly important roles in defining, securing and coordinating whole of government strategies. The proposed Chief Minister's Department supporting these Ministers should work in close cooperation with the rest of the ACTPS to maximise the scope for collaborative rather than adversarial mindsets within the ACTPS and promote development of whole of government strategic thinking within line Directorates.

That is not to say, of course, that first ministers departments and treasuries will always, or should always agree. Indeed, when they do not, that is evidence of the system working, not a failure of process. Of necessity, and by design, central agencies have different perspectives to offer, and occupy different seats at the policy making table. But working together, they offer significant support to their respective Ministers, and the Cabinets of which they are part, in facilitating a government decision making process that is coordinated, supported by robust briefing and information, and cohesive.

¹⁵³ State Services Commission (2004) *Getting Better at Managing for Shared Outcomes A resource for Agency Leaders*. New Zealand Government, Wellington, p.29.

¹⁵⁴ State Services Commission (2004) pp.29-30.

¹⁵⁵ Submission No. 11, Community and Public Sector Union (PSU Group).

Indeed, in playing its proper role, the proposed Chief Minister's Department must adopt a different perspective to the line Directorates with which it jointly serves the Government. This role sometimes extends to that of devil's advocate as arguments are tested, positions refined and differing perspectives brought to bear. In this contest of ideas, positions might not be able to be entirely reconciled among officials. Again, that is a sign of the system working, not an indication of failure. The value in this interaction comes from the clarification and improvement of policy arguments, integration of a whole of government view, and in the identification of areas of genuine disagreement – for which the arguments both for and against are tested, refined and improved in debate.

Just as it does well for central agencies sometimes to say yes, it also does well for line agencies to recognise the role central agencies play and that disagreements to the extent there are any, are not personal, but designed and intended to serve the ultimate purpose to which officials direct their common efforts – supporting the government of the day and delivering public value for their communities. In this vein, the relationship between central and line agencies in the Commonwealth has been described in the following terms:

Central agencies have a long tradition of involvement in policy development. The probing and testing of proposals by Finance and Treasury, while not always welcome, is I believe broadly accepted. Their critics have not so much contested their right to offer a second opinion as the manner in which it is formed.¹⁵⁶

Central agencies' relationship with line agencies should ... be based on cooperation and fair dealing, reflecting a dialogue between equals rather than "diktats" from superiors. Agreement is not always expected, but the old adage of "no surprises" continues to be fundamental to maintaining trust and productive working relationships within government.

Central agencies will continue to be heavily involved in policy issues, but their aim should be to add value. This typically involves ensuring that the right interconnections are made between policy across government, probing to ensure that decisions are properly informed, and sometimes acting as a policy catalyst. The involvement of central agencies, however, should complement line agencies and not detract from their advice.¹⁵⁷

It is equally true that central agencies should not – and indeed cannot properly – substitute their own views for Ministerial decision making. It is an abuse of their privileged position at the centre of government to use their positions as gatekeepers to Cabinet and Budget decision making processes to frustrate preparation of Cabinet Submissions or induce significant delay in processes. Their roles in those contexts are played on behalf of, and not instead of, Ministers and exist to support informed, timely decision making by Cabinet, not as a substitute for it.

¹⁵⁶ Keating (1995) p.581.

¹⁵⁷ Keating (1995) p.583.

Boards, Committees and Statutory Office Holders

One element of a more formal approach to including the community in government decision making comes through various boards and committees established by the Government. There are currently around 180 boards and committees supported by the ACTPS, many of which have a statutory basis.

The governance arrangements for these bodies are not consistently in keeping with contemporary thought in Australian jurisdictions in this area. It has been beyond the scope of this Review to consider individual boards and their roles, responsibilities and governance arrangements, but an examination of the roles and responsibilities of all ACT Government boards and committees against contemporary benchmarks should be undertaken as soon as possible with a view to significant rationalisation.

The results of the review of the Queensland Government's 459 Boards and Committees saw recommendations made about 263 bodies, of which 103 the Government agreed to abolish, and 81 were subjected to governance changes.¹⁵⁸ The Queensland Government rejected recommendations to abolish four bulk water infrastructure bodies, and 37 community health councils.¹⁵⁹

The OECD suggests a number of motives for establishing independent, quasi-independent, or advisory boards and committees within public sector governance frameworks. These include: providing different control structures or management autonomy; improving efficiency and effectiveness (especially in specialist areas); improving legitimacy and experience in decision making (including by allowing "citizens or specialised professionals into the public decision-making process") and enabling "establishment of collaborative partnerships between organisations within national government and between organisations belonging to different levels of government".¹⁶⁰

While there are undoubted benefits from these structures, there are inevitable costs to the decision making process, principal among which is "dispersion of government entities and resulting lack of readability of the institutional system".¹⁶¹

Other challenges identified include:

poor differentiation of the roles and responsibilities of line ministries, senior management of the agencies, authorities and other government bodies, and board

¹⁵⁸ Queensland Government (2010) *Government Response To The Report Brokering Balance: A Public Interest Map for Queensland Government Bodies - An Independent Review of Queensland Government Boards, Committees and Statutory Authorities* Brisbane <http://www.premiers.qld.gov.au/government/assets/government-response-to-part-b-report.pdf>

See also Bligh, The Hon A. (2009a) *Wide-ranging recommendations contained in Weller review* <http://statements.cabinet.qld.gov.au/MMS/StatementDisplaySingle.aspx?id=63187> The Weller Report estimated savings of around \$18 million would be generated from implementation of all of its recommendations.

¹⁵⁹ Bligh, The Hon A (2009b) *Parliament of Queensland Hansard* 22 April, p.36.

¹⁶⁰ Organisation for Economic Co-operation and Development (2002) *Distributed Public Governance: Agencies, Authorities and Other Government Bodies*. Paris, p.14-15

¹⁶¹ Organisation for Economic Co-operation and Development (2002) p.24.

members (where they exist). Overall, the top governance structure of these bodies has rarely been thought through systematically, resulting in unclear responsibility and accountability.¹⁶²

Furthermore, one contributor observed that statutory authorities or boards do not in the ACT context create the distance from Government that is possible in larger jurisdictions. This suggests the bar for establishing such entities should be even higher in the ACT's city state government than elsewhere.

Any lack of clarity of governance, roles and responsibilities, and therefore accountability, creates circumstances where “one of the main governance challenges for central government is to maintain government and policy coherence across an increasing variety of government organisational bodies.”¹⁶³ While ultimately a question for determination in individual circumstances, a recurring theme in academic and practitioner commentary on this issue is a bias towards government activities being undertaken by public servants in public service entities unless there are good reasons not to. The residual principle suggests “the ministry [i.e. a public service entity] is the best organisational form for policy development and all multifunctional activities”.¹⁶⁴ The Commonwealth Government has accepted that “a function, activity or power should, if possible, be conferred on an existing department, or another existing Australian Government body, rather than on a new body”:

If there are persuasive policy reasons to form a new body, then its purpose — and its financial, legal and staffing status — will need careful consideration ... The aim is to ensure that the governance arrangements promote the effective implementation of policy. Poor governance structures can threaten good policy outcomes.¹⁶⁵

The Public Interest Map

The most significant recent examination of the role of boards and committees in Australia was conducted for the Queensland Government.¹⁶⁶ That review concluded a fragmented governance model where boards and committees, statutory authorities and other government bodies share power can “pose challenges for ‘whole of government’ expectations, and for accountability”.¹⁶⁷

Echoing the predisposition expressed by the Commonwealth, it argued the first question to be asked is whether there is any

compelling reason why a department can not, or should not, undertake the proposed activity? This sets up a weighted preference against creating a non-departmental

¹⁶² Organisation for Economic Co-operation and Development (2002) p.25.

¹⁶³ Organisation for Economic Co-operation and Development (2002) pp.27-28.

¹⁶⁴ Gill, D (2002), “Signposting the Zoo – From Agencification to a More Principled Choice of Government Organisational Forms.” *OECD Journal on Budgeting*, 2:1. p.70.

¹⁶⁵ Department of Finance and Administration (2005) *Governance Arrangements for Australian Government Bodies August 2005*. Commonwealth Government, Canberra, p.x.

¹⁶⁶ Webbe, S. & Weller, P. (2008) *A Public Interest Map: An Independent Review of Queensland Government Boards, Committees and Statutory Authorities Part A Report*. Queensland Government, Brisbane.

¹⁶⁷ Webbe & Weller. (2008) p.7.

public body. This default question should be answered with contestable rigour and transparency by a business case addressing threshold criteria for the establishment of bodies outside departments and weighing relevant public interest considerations. Distinctively, such business case is to be called a public interest case.¹⁶⁸

That review also concluded that “allocating a government function to a non-departmental structure because of a presumption that the department would be too inefficient and ineffective is no longer valid, if ever it was”.¹⁶⁹

The Public Interest Map developed for the Queensland Government is founded on the following principles:

- Delegation or devolution of public power should be unambiguous, transparent, granted and exercised in the public interest, accountable, and subject to review.
- Similarly, expenditure of public funds should be clearly and transparently authorised, accountable, and subject to scrutiny and probity.
- Clarity and transparency supports good governance, which provides for accountability, and leads to good performance outcomes.
- Private sector models of corporate governance are not necessarily superior to public sector governance models.
- Particular functions or structures may not be necessary, or appropriate, on an indefinite basis.
- Organisational forms, and governance, are an evolving and inexact science.
- There should be functional necessity and regulatory integrity observing minimisation of administrative process, compliance costs and regulatory impact.¹⁷⁰

The Public Interest Map is set out below¹⁷¹:

¹⁶⁸ Webbe & Weller. (2008) p.52.

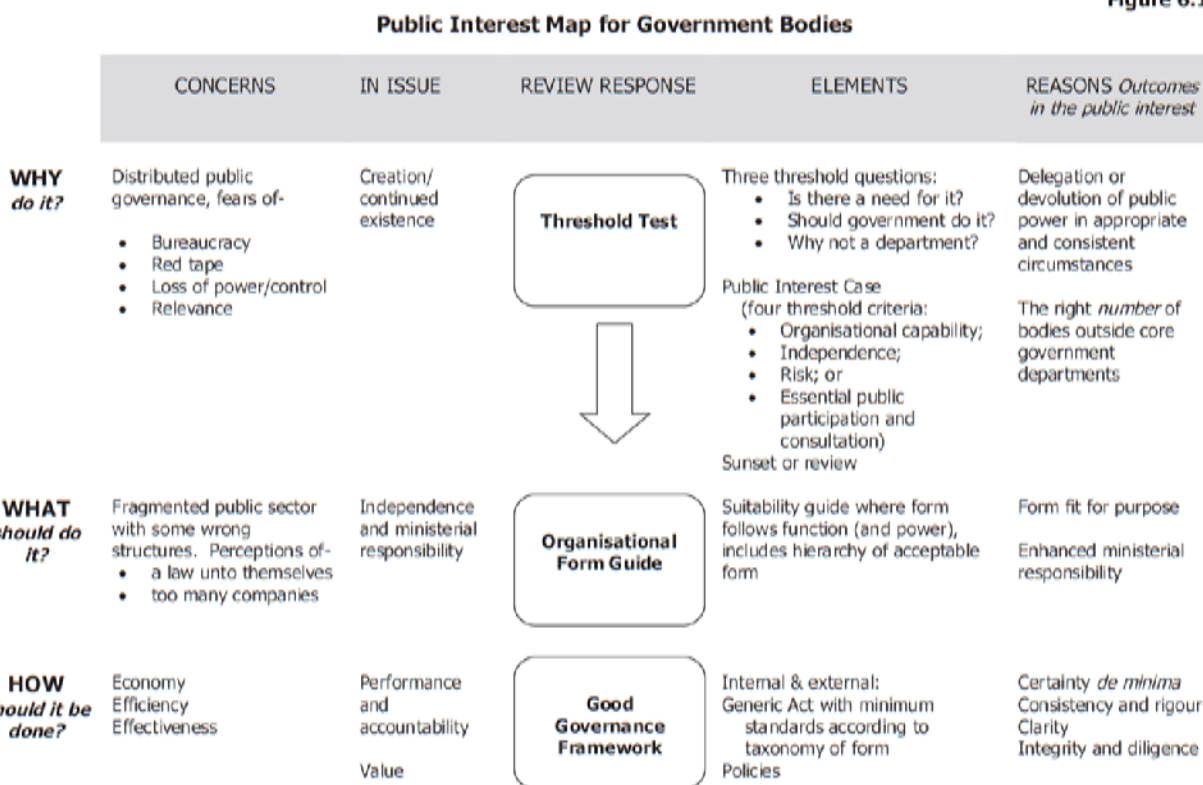
¹⁶⁹ Webbe & Weller. (2008) p.11.

¹⁷⁰ Webbe & Weller. (2008) p.49.

¹⁷¹ Webbe & Weller. (2008) p.51

Figure 13 – The Public Interest Map

Figure 6.1



Reflecting arguments for overcoming fragmentation of public service agencies and responsibilities, the Queensland Review also proposed that in relation to advisory committees and bodies, establishment of a small number of bodies with a broader remit would ensure:

cross-portfolio issues and the interconnectedness of public policy deliberations should not suffer the opportunity cost of being constrained by a process or precedent that asserts that ministers require their own separate advisory bodies. Another solution might see a wide pool of membership from which meeting attendees are invited according to the relevance of the agenda set down for the next meeting.¹⁷²

The Review recommends all ACT Government boards and committees be reviewed against the Public Interest Map to ensure the role and function of these bodies is clearly understood and that bodies recommended to continue have a clearly defined role and articulated responsibilities that align with the Government’s overall strategic direction and objectives.

Statutory Office Holders in the ACT

It is in the number and role of statutory office holders that the propensity for the ACT Government and ACTPS to adopt models in place in state governments without necessarily analysing the need for, and intended role of, such offices is perhaps most evident. There are

¹⁷² Webbe, S. & Weller, P. (2009) *Brokering Balance: A Public Interest Map for Queensland Government Bodies An Independent Review of Queensland Government Boards, Committees and Statutory Authorities Part B Report*. Queensland Government, Brisbane, p.32

clear examples of offices which must exist because their roles at arm's length from the government are part of the foundation of the ACT's system of government and accountability frameworks. Offices in this grouping would include the Auditor-General, the Director of Public Prosecutions, the Human Rights Commission, and the Electoral Commissioner.

In keeping with their independence, these offices should receive appropriation funding in their own right. While the level of resourcing for those officers is properly a matter for the Government to determine in setting the Budget, it is appropriate that funding for independent office holders be appropriated directly to their offices.

A continuum of degrees of autonomy is evident in the responsibilities of statutory office holders in the ACT ranging from the Auditor-General (at the end characterised by the most independence) through various permutations to positions like the Commissioner for Housing which are held by senior officials who also discharge senior leadership roles within a departmental structure. Indeed, even within some offices, there is a continuum of independence in that in certain aspects of the role, officers are completely independent of government (e.g. conduct of elections), but in others are uniquely placed to offer expert policy advice to the Government.

In a city state government, there are inevitably conflicts of interest that need to be managed, but there is no reason why this cannot be done without compromising the independence of those office holders. It may well be that in NSW for example, the positions equivalent to those occupied by a single senior official who also holds statutory powers in the ACT are occupied by two people because there is a far greater workload. In the ACT, if the workload is not there, it is inefficient and undesirable to continue to pursue statutory independence for a full time office holder.

In this context, the Review notes that in its Submission, the Community and Public Sector Union argued for an expansion of the role of the Commissioner for Public Administration, suggesting that:

a consolidated and enhanced role would significantly improve ACTPS transparency, performance and reporting. CPSU understands the office operates part time and must rely on the capacity and resources of CMD. This arrangement demonstrates the ongoing deterioration of ACTPS accountability and undermines the independence of the office.¹⁷³

The Review does not accept the underlying assumptions contained in this suggestion: that it is the independence of the statutory office that determines the quality of what it produces. There may be issues to do with resourcing of that area of the current CMD, but that does not of itself suggest an undermining of the independence of that office, or that additional resourcing would enhance its independence.

The Review recommends the Public Interest Map applied to boards and committees above might be adapted to consider the need for, and role of, statutory office holders in the ACT.

¹⁷³ Submission No.11.

Just because an official is exercising a decision making power in their own right does not mean they need to hold, and behave, as an independent office holder. Just because an individual holds a statutory office should not, unless there is a clear conflict of interest, prevent them from contributing to the policy development process.

In this context, the first question to be asked would be “why can’t the particular role or responsibility be discharged by a public servant?”

Creation of statutory offices worsens the fragmentation of policy and decision making processes, and in a city state government, can be an inefficient diversion of resources (especially in the creation of separate corporate support functions for example).

In the event it is thought necessary to create statutory decision making powers or functions, the default position should be that the powers are vested in a public servant. Given the primacy of the *Human Rights Act 2004* in ACT Legislation, it could be argued that the capacity and jurisdiction of the Human Rights Commissioner could be expanded to include issues where it is necessary to have decisions made at some distance to avoid conflicts of interest as an alternative to creating a new and separate statutory office. Another option would be to vest responsibility in an office holder in another jurisdiction (as happens now in relation to the ACT Ombudsman).

A further issue worthy of clarification is the extent to which statutory office holders participate in the preparation of papers for Cabinet. There is a balance to be struck between bringing expertise to bear in the decision making process and maintaining appropriate distance between the Government and independent office holders. It would be more in keeping with the independence of the four offices named above to have a more formal process of consultation on certain matters rather than providing blanket access to draft Cabinet Submissions as is the case for some offices now. Of course, and in relation to the Auditor-General in particular, any engagement in the policy decision making process might itself represent a conflict of interest.

Concerns about statutory independence of decision makers and office holders go, ultimately, to public confidence that the holder of that office is able to exercise their functions free from political interference, or other outside pressure. In most cases, this is achieved for relevant positions through provisions which give security of tenure. Office holders in the judiciary or the Auditor-General, for example, are able to perform their functions impartially, secure in the knowledge that they cannot be removed from office other than in exceptional and defined circumstances. Because they have this security, they are able to participate robustly in public life. The corollary of that freedom is that they are far better able to resist political pressure or criticism of their decisions than a public servant charged with statutory functions.

This highlights the nub of the issue to which the proposed review of statutory offices should turn its mind.

Conclusion

This Chapter has considered the governance framework within which the ACTPS operates and sets out recommendations for how the ACTPS might best be structured to “support the government of the day with strategic and direction-setting advice” and enhance its “effectiveness in delivering government policies and objectives”. It canvasses a model of policy and program design that seeks to embed public value management and harness the insights of service recipients and the citizenry in developing advice to the Government.

This Chapter has highlighted challenges to traditional accountability frameworks from new ways of working in collaboration with the citizenry, and identified areas for further work.

The next Chapter, details recommended changes to the Administrative Arrangements – the nitty gritty of which Directorate should be responsible for particular functions.

Appendix 1 – Sample of ACT Government Branding and Logos



CHAPTER FOUR: ADMINISTRATIVE ARRANGEMENTS CHANGES

Introduction

The hierarchical and siloed DNA of traditional bureaucracies is laid bare in their organisation charts and the formal instruments that apportion responsibility for functions and legislation to particular Ministers and departments. The Terms of Reference for the Review invite careful scrutiny of the *Administrative Arrangements 2010 (No 1)*¹⁷⁴ and analysis of the appropriateness of the structures embodied in that document to the work that the ACT Public Service (ACTPS) does in supporting the government of the day.

This Chapter discusses proposals for realignment of current structures, with an analysis of why they are needed and how they improve the ACTPS's capacity and effectiveness.

The Chapter is divided into sections based on the current Administrative Arrangements which constitute the starting point for the proposed changes. Recommended changes are discussed in the context of the "gaining Directorate".

Each section concludes with proposed formal functional descriptions for inclusion in a revised Administrative Arrangements instrument. In the interests of clarity of roles and responsibilities, and to ensure the coverage remains relevant, the Review has recommended a number of new and amended functional descriptions.

While this Chapter focuses on change, there are far more functional areas for which the current structures are considered appropriate than those in which change is recommended.

It is nevertheless interesting to note at the outset that not a single Submission, nor a single person consulted, suggested that the structures in place now are the ones you would build if you were starting from a blank sheet of paper to organise the ACTPS's service delivery responsibilities. That is not to say that the structure is necessarily flawed, that most of it is not right, or that the ACTPS is performing poorly across the board. Indeed, the contrary is in many areas demonstrably true. What it does reflect, however, is the outcome of organic growth of ACTPS structures since self government. As was outlined in the Executive Summary, the main areas of recommended change relate to land and planning related areas, and the role of the centre.

Since the granting of self government, the Administrative Arrangements have changed on average twice each year. While some of these changes have been simply the result of "good housekeeping" including maintenance of the statute book, many changes have involved significant structural reorganisation across the ACTPS.

¹⁷⁴ See <http://www.legislation.act.gov.au/ni/2010-297/default.asp>

The Administrative Arrangements

The structure of the ACTPS is determined by the Chief Minister in accordance with the provisions of the *Australian Capital Territory (Self-Government) Act 1988 (Cwlth)* (the Self Government Act) and the *Public Sector Management Act 1994* (the PSM Act). It is formally recorded in the Administrative Arrangements through which responsibility for legislation is assigned to Ministers, ACTPS Administrative Units are established, and Chief Executives are placed in control of those Administrative Units. The appointment of Ministers to their various portfolios by the Chief Minister under the Self Government Act is formalised in a separate Instrument, the *Australian Capital Territory (Self-Government) Ministerial Appointment* (of which 2009 No.3 is the current version).¹⁷⁵

The single ACTPS model described in Chapter 3 means that there would formally be only one Administrative Unit (in the current terminology). Functions and legislation would, however, continue to be allocated to Ministers and Directorates to maintain transparency of responsibility, and accountability for results.

Section 7 of the PSM Act sets out the principles under which the ACTPS is administered **(emphasis added)**:

The public sector shall be administered with an objective of giving effect to the following principles:

- (a) the public sector shall be administered to provide quality services to the public;
- (b) decisions shall be as fair as possible;
- (c) the best management practices shall be used;
- (d) **the public sector shall be structured and organised to facilitate the timely and effective performance of its functions;**
- (e) **there shall be a clear and explicit delineation of the responsibilities and accountabilities of public employees, administrative units and territory instrumentalities;**
- (f) the public sector shall be managed in accordance with principles of access and equity by giving all members of the public the opportunity to have a fair are of the resources which the Territory manages on their behalf and an opportunity to gain access to the resources to which they are entitled;
- (g) the public sector shall be administered to minimise the possibility of unlawful discrimination.

¹⁷⁵ See <http://www.legislation.act.gov.au/ni/2009-594/default.asp>

Guiding Principles

Given the relative frequency of changes in the Administrative Arrangements, it will be important to the success of the reforms outlined in the Review that Ministers, the ACTPS and external stakeholders understand that these reforms are more than just housekeeping: what is outlined in the Review is a potentially transformational change, a new way of working, and a rebasing of what the ACTPS looks like and how it works.

The principles under which the Review approached its work are set out in Chapter 1, but above all, it proceeded on the basis that changes to the Administrative Arrangements are difficult, affect real people in different ways – not all of which are comfortable, are sometimes expensive, and should not occur in the absence of a sound case for change. The Review has been reluctant to propose further change in areas that have been the subject of recent (and in some cases regular) reorganisation without good cause. It has not pursued an agenda of change for change's sake, but has rather focussed on overcoming structural impediments to enhanced performance. As it has undertaken its work, it has sought the views of staff and external stakeholders familiar with the structural enablers and impediments to the work of the ACTPS in particular functional areas.

In the remainder of this Chapter, the Review outlines recommended changes to the Administrative Arrangements that are independent of the proposed establishment of a single ACTPS entity. These realignments should occur whether or not the Government accepts that proposal. For consistency, the proposals in this Chapter refer to Directorates in the Review's preferred model as described in Chapter 3. They could equally apply to Administrative Units (i.e. departments) in the event the current approach is preferred.

Summary of Proposed Changes

The key structural changes proposed by the Review involve:

- combining the current CMD and Department of Treasury in a deliberately powerful centre to the ACTPS, along with the Economic Development Directorate - the head of which would be called Coordinator-General and continue that function which was so successful in delivering economic stimulus measures in 2009-10 - responsible for the land release program, business and industry support, tourism, and skills and workforce development in the broader ACT economy;
- consolidating responsibility for events management within the proposed Chief Minister's Department;
- locating *Canberra Connect* with whole of government communications in the proposed Chief Minister's Department;
- transferring Shared Services to the Finance Directorate;
- refocusing the Territory and Municipal Services Directorate solely on municipal service delivery;

- creating the Sustainable Development Directorate comprising the Department of the Environment, Climate Change, Energy and Water, ACT Planning and Land Authority (ACTPLA), and fragmented functions in the land and planning sphere including the Government Architect, the Heritage Unit, and responsibility for transport planning; and
- enhancing the role and functions of the Office of Regulatory Services to include transport regulation and occupational licensing.

Two options are included in relation to the roles and responsibilities of the centre of the ACTPS. The Review favours Option A – a deliberately powerful Chief Minister’s Department (still within the single ACTPS entity) comprising three Divisions and two Directorates: Culture and Communications Division; People and Performance Division; and Policy Division, the Finance Directorate and the Economic Development Directorate.

Option B – in which those three Divisions would comprise the Chief Minister’s Directorate and the Finance and Economic Development Directorates would not be explicitly joined in a single unit under the Chief Executive and Head of the ACTPS, still represents a significant improvement over current arrangements.

Two options are included in relation to responsibility for land and planning issues, which were central to structural issues raised during consultations and in Submissions. The Review favours Option 1 – as outlined above, but Option 2 – combining all land and property related functions in a single Directorate, while perhaps more cumbersome than Option 1, would be better than the current arrangements.

The Review’s recommended changes to the Administrative Arrangements are as follows:

Current Agency	Recommended Changes
Chief Minister’s Department (CMD)	<p>Option A – Proposed Chief Minister’s Department - preferred by the Review.</p> <p>Within the single ACTPS organisation, comprising two Directorates and three Divisions:</p> <ul style="list-style-type: none"> • Finance Directorate – headed by an Associate Director-General; • Economic Development Directorate – headed by an Associate Director-General to be called Coordinator-General; • Culture and Communications Division; • People and Performance Division; and • Policy Division. <p>Option B – Directorate Structure</p> <p>Under this option, three separate Directorates would not be explicitly joined in a single unit under the Chief Executive and Head of the ACTPS:</p> <ul style="list-style-type: none"> • Chief Minister’s; • Finance;

- Economic Development.

Whichever option is chosen, the Review recommends the following:

- an explicit statement should be made of the central agency role of the proposed Chief Minister's Department/Directorate;
- consolidate responsibility for the planning and delivery of all events in the proposed Chief Minister's Department (from TAMS and the Department of Disability, Housing and Community Services (DHCS)):
 - transfer responsibility for the scheduling and management of events at EPIC to the proposed Chief Minister's Department; and
 - maintain responsibility for events at Territory venues including Stromlo Forest Park, Manuka Oval and Canberra Stadium with TAMS, but with Territory Venues working closely with the special events unit to ensure alignment and cohesion of effort and cohesion in pursuit of the Government's Priorities.
- consider greater coordination and alignment of events with Canberra Racing Club as well as other external entities;
- transfer maintenance responsibility for arts facilities to ACT Property Group (TAMS);
- consolidate *Canberra Connect* with the whole of government communications team (from TAMS);
- extend responsibility for access to government information by transferring the *Territory Records Act 2002* and Territory Records Office from TAMS and *Freedom of Information Act 1989* policy and procedural advice from JACS;
- transfer the current Business and Industry Development Division (with the addition of mutual recognition policy) to Economic Development;
- transfer *Live in Canberra* campaign to Economic Development;
- transfer the Government Architect to Sustainable Development;
- transfer the Heritage Unit to Sustainable Development;
- transfer current Treasury functions (including macroeconomic policy advice) to Finance;
- transfer Shared Services to Finance;
- amend Shared Services functions in accordance with the proposed ACTPS Workers' Compensation Improvement Plan;
- transfer the Independent Competition and Regulatory Commission to the Finance Portfolio;
- transfer responsibility for legacy transport regulatory policy including heavy rail and maritime to the Finance Directorate (from TAMS);
- implement the Expenditure Review and Evaluation Committee recommendations relating to Shared Services after proposed Administrative Arrangements changes have been implemented.
- maintain the proposed Chief Minister's Department's role as the lead agency supporting the coordination and alignment of sustainability policies across the environmental, social and economic spheres;
- establish a performance and analysis unit within the proposed Chief Minister's Department;
- establish a chief information officer within the proposed Chief Minister's Department; and
- consider providing additional resourcing to the centre to support policy and decision making processes.

Department of Treasury	<ul style="list-style-type: none"> • See Chief Minister's Department.
Department of Justice and Community Safety	<ul style="list-style-type: none"> • expand the role of the Office of Regulatory Services (ORS) to include: <ul style="list-style-type: none"> ○ occupational licensing (from the ACT Planning and Land Authority (ACTPLA)); ○ the Traffic Camera Office (from TAMS); and ○ transport regulation and licensing (from TAMS); and • assume responsibility for road safety policy, and driver and vehicle licensing (from TAMS).
ACT Health	<ul style="list-style-type: none"> • no structural changes proposed.
Department of Disability, Housing and Community Services (DHCS)	<ul style="list-style-type: none"> • transfer events to the proposed Chief Minister's Department.
Department of Education and Training (DET)	<ul style="list-style-type: none"> • transfer Vocational Education and Training to Economic Development; and • amalgamate the Canberra Institute of Technology and University of Canberra.
Department of Territory and Municipal Services (TAMS)	<ul style="list-style-type: none"> • assume responsibility for ACT Property Group (from the Department of Land and Property Services (LAPS)); • transfer transport planning to Sustainable Development; • transfer transport regulation to Justice (ORS); • transfer road safety and vehicle and licensing policy to Justice; • transfer legacy transport regulatory policy (heavy rail and maritime) to Finance; • transfer the Territory Records Office and Archives ACT to the proposed Chief Minister's Department; • transfer <i>Canberra Connect</i> to the proposed Chief Minister's Department; • transfer Shared Services to Finance; • transfer staff responsible for providing support to the Conservator of Flora and Fauna to Sustainable Development; and • consider in the future whether other government owned assets could be managed by ACT Property Group including Community hubs and schools but excluding a limited number of specialist buildings including The Canberra Hospital complex and public housing.
Department of the Environment, Climate Change, Energy and Water (DECCEW)	<ul style="list-style-type: none"> • see LAPS discussion below; • assume responsibility for support to the Conservator of Flora and Fauna from TAMS; and • consider ACTEW taking responsibility for Lake Burley Griffin from the Commonwealth.

Department of Land and Property Services (LAPS)

Option 1

- Economic Development Directorate (see Option A and B above) comprising:
 - LAPS (less ACT Property Group, but with the LDA abolished and its functions fully subsumed into the Directorate);
 - Business and Industry Development Division from the current Chief Minister's Department (CMD);
 - tourism (from CMD); and
 - Vocational Education and Training from DET.
- Sustainable Development comprising:
 - the current Department of the Environment, Climate Change, Energy and Water ;
 - ACTPLA (less occupational licensing – to ORS);
 - transport planning (from TAMS);
 - support to the Conservator of Flora and Fauna (from TAMS); and
 - heritage and the Government Architect (from CMD).

Option 2

A single Sustainable Development Directorate comprising all the elements described above.

In both cases having one Minister would enhance the opportunities for clarity of direction and alignment of effort by relevant elements of the ACTPS.

Recommendation: Governance

- Review ACT Government boards and committees against the Public Interest Map to ensure the role and function of these bodies is clearly understood. Those bodies recommended to continue should have clearly defined roles and responsibilities that align with the Government's overall strategic direction and objectives. As part of this review consider:
 - abolishing the Exhibition Park in Canberra (EPIC) Board;
 - transferring the Veterinarians Board to TAMS;
 - the resourcing and portfolio location of the Indigenous Elected Body prior to commencement of that Body's new term; and
 - establishing a Tertiary Council to oversee negotiation of a strategic plan for tertiary education in the ACT, conduct relevant research and advise the ACT Government through the Chief Minister and Minister for Education on tertiary education policy, including training and workforce priorities;
- replace the LDA Board immediately with an advisory board better suited to the mandate of the newly formed Economic Development Directorate;

- maintain the Shared Services Governing Committee as a separate entity and:
 - amend the Board’s terms of reference to ensure appropriate reflection of the role and function of Shared Services;
 - review and amend the Shared Services funding model; and
 - develop new service standard agreements that properly reflect the division of policy and operational responsibilities (see Chapter 6);
- maintain the Cultural Facilities Corporation’s existing governance and operational arrangements;
- establish an equivalent body to the Commonwealth Government’s Joint Economic Forecasting Group to enhance ACTPS capacity for providing consolidated economic advice;
- settle the roles and responsibilities of the Conservator of Flora and Fauna, the Commissioner for Sustainability and the Environment and the need for an ACT Arborist in light of the review the *Nature Conservation Act 1980*, the consultation on expanding that Commissioner’s role and the soon to be delivered report into the Government’s tree management practices and renewal of Canberra’s urban forest;
- consider appointing members of ACT Civil and Administrative Tribunal (ACAT) with greater experience in the planning and development sphere;
- amend the PSM Act and associated subordinate legislation as a matter of priority;
- enhance *Canberra Connect* as the gateway to all face-to-face interaction (shop fronts or counter services) between the Government and the citizenry; and
- develop the ACT Government office building.

Recommendation: Capability

- Establish circuit breaker teams to:
 - examine options for revising appeal rights that strike a different balance between facilitating permitted development, and allowing people affected by developments to object; and
 - consider options for greater integration and innovation in the education sector, including in the amalgamation of CIT and University of Canberra which this Review recommends; and
- develop a robust economic modelling tool for the ACT economy.

Recommendation: Knowledge Management

- Enhance data collection across the ACTPS to ensure robust evidence can be provided to the Commonwealth Grants Commission in relation to cross border service delivery.

Recommendation: Priority Setting

- the Expenditure Review and Evaluation Committee should conclude as a matter of priority a marginal cost formula for providing additional funding to the TAMS Directorate reflecting the impact of new residential developments on service demand;

- establish new infrastructure development legislation to enhance the effective and timely delivery of critical infrastructure for the ACT;
- further examine the proposal to streamline leases through the removal of duplication of purpose clauses in the Territory Plan and individual leases; and
- consider the appropriateness of continuing Government ownership entities such as Capital Linen Service and Yarralumla Nursery.

Chief Minister's Department

(Option A - Chief Minister's Department – Chief Minister) – Preferred by the Review

(Option B – Chief Minister's Directorate – Chief Minister)

Overview

The role of the central agencies, and the current Chief Minister's Department (CMD) in particular, was the subject of much discussion during consultations for the Review. First ministers' departments in Australian jurisdictions generally fulfill a range of functions focused on: policy coordination and support to government decision making and priority setting; intergovernmental relations; communications, events and protocol; and whole of government frameworks and public service policies. To these functions are often added matters of particular interest to First Ministers including, for example, the arts.

CMD currently reports to three Ministers across five portfolios:

Minister	Portfolio	Current Functions
Jon Stanhope MLA	Chief Minister	Audit services to Government Community engagement Coordination of government administration Council of Australian Governments Government accountability frameworks and access to government information Government communications and events coordination Government policies, priorities and projects Infrastructure strategy Intergovernmental relations Public sector management Regional policy Support to Cabinet and its Committees Sustainability policy coordination
	Business and Economic Development	Business support programs Economic development

	Minister for the Arts and Heritage	Arts and cultural services Cultural Facilities Corporation Heritage
Katy Gallagher MLA	Minister for Industrial Relations	Industrial relations policy Workers compensation policy Workplace safety policy
Andrew Barr MLA	Minister for Tourism, Sport and Recreation	Tourism policy and services

Administrative Arrangements

CMD has existed since self government. Significant recent changes have included:

- Business and Industry Development was returned to CMD following abolition of the Department of Economic Development in June 2006. Business functions originally were created within CMD in April 1998;
- Industrial Relations was transferred to CMD in November 2001;
- The Office of Sustainability was established in November 2001 and Water Policy Group created in October 2003. These functions were transferred to TAMS in April 2007 (and subsequently to DECCEW);
- The Land Development Agency was transferred from ACTPLA to CMD in April 2007;
- The LDA and Project Facilitation functions were moved from CMD to LAPS in December 2009; and
- Tourism and Heritage were moved to CMD from TAMS in November 2009 and July 2010 respectively from TAMS.

In addition to CMD, the portfolio currently includes:

- ACT Long Service Leave Authority;
- Cultural Facilities Corporation;
- Default Insurance Fund; and
- Work Safety Council.

Proposed Changes

A recurring theme in consultations and Submissions was a desire for greater clarity of strategic direction and purpose, supported by coordination and coherence of effort from the ACTPS. To be successful in enhancing the performance of the ACTPS supporting the Government and serving the people of the ACT, the single ACTPS needs a strong centre.

The most influential aggregation of functions – **Option A** which is preferred by the Review – is the creation of a deliberately large and powerful Chief Minister’s Department within the single ACTPS organisation, comprising three Divisions and two Directorates:

- Culture and Communications Division, People and Performance Division, and Policy Division (reporting to the ACTPS Chief Executive);
- Economic Development Directorate – headed by an Associate Director-General who would be called Coordinator-General and continue that function which was so successful in delivering economic stimulus measures in 2009/10; and
- Finance Directorate – headed by an Associate Director-General.

The Review recognises that creation of the single proposed Chief Minister’s Department with the potential for reporting to more than one Minister is contrary to the general principle of one Minister/one department which it espouses above. It has reached the conclusion, however, that the merits of a deliberately strong centre to the overall performance of the ACTPS and the Government outweigh the potential for administrative untidiness, or risks to accountability, entailed in a multiple Minister model.

Under an alternative approach – **Option B** – the three Directorates would not be explicitly joined in a single unit under the Chief Executive and Head of the ACTPS. Under this option the Chief Minister’s Directorate would comprise the three Divisions listed above.

Whichever option is chosen, the Review recommends the following changes:

- an explicit statement should be made of the central agency role of the proposed Chief Minister’s Department/Directorate;
- consolidate responsibility for the planning and delivery of all events in the proposed Chief Minister’s Department (from DHCS);
- transfer responsibility for the scheduling and management of events at Exhibition Park in Canberra (EPIC) to the proposed Chief Minister’s Department; and
- maintain responsibility for events at Territory venues including Stromlo Forest Park, Manuka Oval and Canberra Stadium with TAMS, but with Territory venues working closely with the special events unit to ensure alignment and cohesion of effort in pursuit of the Government’s Priorities;
- consider greater coordination and alignment of events with Canberra Racing Club and other external entities;
- transfer maintenance responsibility for arts facilities to ACT Property Group (TAMS);
- consolidate Canberra Connect with the whole of government communications team (from TAMS);
- extend responsibility for access to government information by transferring the *Territory Records Act 2002* and Territory Records Office from TAMS and *Freedom of Information Act 1989* policy and procedural advice from JACS;

- transfer the current Business and Industry Development Division (with the addition of mutual recognition policy) to the Economic Development Directorate;
- transfer *Live in Canberra* campaign to Economic Development;
- transfer the Government Architect to Sustainable Development;
- transfer the Heritage Unit to Sustainable Development;
- transfer current Treasury functions (including macroeconomic policy advice) to Finance;
- transfer Shared Services to Finance;
- amend Shared Services functions in accordance with the proposed ACTPS Workers' Compensation Improvement Plan;
- transfer the Independent Competition and Regulatory Commission to the Finance Portfolio;
- transfer responsibility for legacy transport regulatory policy including heavy rail and maritime to the Finance Directorate (from TAMS);
- implement the Expenditure Review and Evaluation Committee recommendations relating to Shared Services after proposed Administrative Arrangements changes have been implemented;
- maintain the proposed Chief Minister's Department's role as the lead agency supporting the coordination and alignment of sustainability policies across the environmental, social and economic spheres;
- establish a performance and analysis unit within the proposed Chief Minister's Department;
- establish a chief information officer within the proposed Chief Minister's Department;
- and
- consider providing additional resourcing to the centre to support policy and decision making processes.

Issues

The Role of the Centre

At their simplest, the central agency functions of the proposed Chief Minister's Department in the preferred structure comprise:

- policy analysis, development and advice to the Chief Minister and Treasurer;
- coordination of administrative effort by the ACTPS;
- policy, procedural and administrative support to Cabinet and its Committees;
- advice on strategic priority setting;
- intergovernmental and regional relations;
- whole of government reporting and evaluation;
- ACTPS employment and governance frameworks;
- management of the ACT Government Budget.

The role of the proposed Chief Minister's Department is to provide leadership to the ACTPS including by enhancing coordination, cohesion, and alignment of effort towards delivery of Government priorities. It will achieve this through:

- policy advice to the Chief Minister and Treasurer, and Cabinet, on the Government's strategic priorities and whole of government issues;
- articulating a comprehensive whole of government view of policy and other issues under consideration by Cabinet and its Committees;
- supporting the annual Budget cycle and managing the ACT Government Budget;
- evaluating and providing advice on program and service delivery by the ACTPS;
- providing administrative and procedural support to Cabinet and its Committees in their decision making processes, including through more stringent enforcement of Cabinet's agreed Budget process rules;
- coordinating and driving policy development or responses to emerging issues;
- coordinating whole of government reporting and evaluation;
- leading and coordinating the ACTPS's engagement in intergovernmental processes;
- leading circuit breaker teams established by the Government; and
- supporting ACTPS capacity and capability through development of public sector governance and employment frameworks.

For the proposed single ACTPS model to function effectively, changes in the effectiveness of current coordination mechanisms will need to be embedded, including in relation to support to the ACTPS Strategic Board. The proposed Chief Minister's Department will provide the central capacity to support the proposed new ways of working.

Sustainability Policy Coordination

One issue that emerged through consultation inside and outside the ACTPS was the nature of the current CMD's role in "sustainability policy coordination". That function first appeared in the Administrative Arrangements after the 2008 election – coinciding with the creation of DECCEW. It was intended to embody the role of CMD, from a whole of government perspective, in supporting the coordination and alignment of sustainability policies across the environmental, social and economic spheres that comprise the Government's triple bottom line framework. In this context, the Review endorses the Sustainable Development Directorate's role in fostering collaboration on matters affecting environmental sustainability, but the broader, whole of government triple bottom line perspective is properly the function of the centre and should continue to be part of the role of the Chief Minister's Department in the proposed structure.

In this context the Review notes Helen Swan argued in her Submission to the Review:

CMD has responsibility for the Social Plan and the Economic White Paper in collaboration with a number of other government agencies. ACTPLA in partnership with other key agencies has responsibility for the Spatial Plan. Each individual initiative has value in its own right. However, they tend to be "siloes" which makes it difficult to achieve an integrated and

cohesive approach and therefore sustainable communities. This in turn has implications for the ACT and its surrounding regions.

In light of this, CMD has a critical role to play by establishing a Sustainable Policy Unit. In this way, a more cohesive approach could be adopted between the social, economic and environment goals and outcomes. This does not take away the responsibilities and leadership of other agencies in their role of implementation but it does bring together the social, economic and environment imperatives to develop an **integrated framework** to guide the ACT's future in the long term.¹⁷⁶

New Functions and New Capacity

A view consistently expressed by stakeholders outside government, as well as within the ACTPS and within the current CMD, is that there are areas that would be better able to fulfill their roles if there were additional resources available. These areas included workforce planning and governance frameworks as well as the core central agency policy function.

UnionsACT argued, for example, in its Submission to the Review that:

The current resourcing in the Public Sector Management Group and the Office of Industrial Relations is completely inadequate to undertake the expected role to the benefit of the government, employees and departments.¹⁷⁷

The CPSU similarly argued in its Submission that:

there is potential to better monitor and coordinate strategic service wide advice to government through the increased centralisation and enhancement of resources available in the Chief Minister's Department.¹⁷⁸

It also argued:

there needs to be greater recognition of the co-ordination and gatekeeper role that CMD plays and how this impacts on government objectives and policy delivery. To be more effective and consistent in delivering on government policy and objectives, CMD should be better resourced to play a greater role in facilitating consultation with agencies and stakeholders prior to policy implementation.¹⁷⁹

One area where additional capacity would support improvements to the ACTPS's ability to provide advice to the Government and support its decision making is in the implementation of the *Performance and Accountability*, and *Evaluation Frameworks* to which Cabinet agreed in principle in November 2010. The Review agrees with what is proposed in that regard.

An enormous amount of time and effort is currently expended on reporting through Council of Australian Governments (COAG) and other Commonwealth Government processes,

¹⁷⁶ Submission No.10. Helen Swan.

¹⁷⁷ Submission No.3. UnionsACT.

¹⁷⁸ Submission No.11.

¹⁷⁹ Submission No.11.

through ACT Government reporting processes, and through the annual reporting cycle to the Assembly. More effective use of this information could be made through the establishment and resourcing of a dedicated central capacity in the proposed Chief Minister's Department to analyse what the data means and how it relates to achievement of government priorities. This area would provide valuable input to the rationalisation of reporting requirements across the Service.

The Government will also need to consider providing additional resourcing to the ACTPS centre to support its policy making and decision making processes. New functions cannot be performed properly without either new funding or explicit decisions about what will no longer be done, or what will be done at a lower quantity or quality. While these principles apply to all Directorates – and are front and centre in any discussion of efficiency dividend proposals – the Review notes that the current central agencies while adequately resourced, might find it difficult to accommodate additional unfunded workloads without placing unreasonable demands on staff or creating unacceptable risk of error or failure.

UnionsACT argued in its Submission to the Review that:

The ACT Government Office of Industrial Relations provides a very limited service to the ACT community compared to a number of its state counterparts. It provides no advice line to the public, does not undertake industrial advocacy on behalf of the ACT Government with Fair Work Australia and is ill equipped to respond to all the requests resulting from the COAG processes dealing with Occupational Health & Safety, Workers Compensation, Skills Australia and other processes expected by the Federal Government. This situation cannot continue if the ACT Public sector is to be taken seriously by its state counterparts or by its interactions with the Federal Government.¹⁸⁰

Intergovernmental Relations

Much of the role of the proposed Chief Minister's Department will still be related to intergovernmental processes. In this context, there will continue to be strategic and tactical decisions to be made about the degree of engagement the ACT should have in different processes. Clearly, the ACTPS would put far more effort into health reform than it would a process about regulation of mining, but across the COAG agenda, a consistent approach to aligning effort in the intergovernmental space with ACT Government priorities will continue to be required. The ACT Government cannot, and should not, vacate its seat at the intergovernmental table as it offers the opportunity to draw on the capacity and capability of larger counterparts, but also to ensure the interests of the ACT and the citizenry of Canberra are recognised and protected. Given relative size, however, there is a clear need to continue to focus effort where the greatest benefits are to be had, and to confine engagement in other processes to an appropriate level of complexity and effort.

Alignment of internal and external reporting streams is discussed in Chapter 5.

¹⁸⁰ Submission No.3 .

Offices for ...

A number of consultations raised questions about the location of various “Offices for” in the current ACTPS structure, including Aboriginal and Torres Strait Islander Affairs; Children, Youth and Family Support; Multicultural Affairs; and Women. Much of the basis for the establishment of such bodies is to ensure particular constituencies’ voices are heard within the ACTPS, and that those constituencies have a clear point of contact in their dealings with the Government. Arguments were advanced that these offices should be located at the centre, but the Review was not convinced there was a pressing need to change current approaches. Clearly there is a need for close and collaborative work across government in these spheres, but this would appear to be an area where current structures on the whole work, and there is as much risk of harm in change as there might be potential benefit.

Tourism, Events and the Arts

The management of ACT festivals and events was recently reviewed by Peter Loxton and Associates Pty Ltd (the Loxton Review). While the majority of the recommendations of the Loxton review will be dealt with through a separate process, recommendations going to structural arrangements are more appropriately dealt with here. The Review endorses the recommendation that responsibility for coordination of events be centralised and small units in various departments responsible for events be amalgamated. The Review endorses the recent decision to transfer the TAMS events team to CMD and locate them in the Special Events Unit, alongside the team responsible for the Centenary of Canberra. The Review recommends this team be expanded by the inclusion of all other events teams, including from DHCS (i.e. including the Multicultural Festival).

While there are clearly synergies in collocation with the Centenary team, the Review questions whether there is a need to make the Creative Director responsible for all events as proposed by Loxton. The logic lies in sharing experience and skills, building a flexible critical mass of staff, and in coordination and alignment of effort. It does not lie in the takeover of a range of functions by one existing group.

In its Submission to the Review, the Canberra Business Council suggested:

Government-funded events, or at least the major events, should be brought together into a new ACT Events Directorate or Unit and prioritised according to benefit and resources available. This would lift event management expertise by bringing together event managers into one larger unit. Currently funding is going into too many events which are never evaluated.

In its submission to the Loxton Review of the Arts in the ACT, the Council supported the consolidation of events expertise but acknowledged the fundamental difference between smaller community-focused and run events and festivals and major events. Provided this fundamental difference is recognized, there is no particular reason why

community events and major economic events cannot coexist under one entity, with professional and experienced staff well versed in understanding the difference.¹⁸¹

The Review stresses that the collocation of ACTPS staff performing similar functions is not an attempt to impose homogeneity on events, or impose a one size fits all approach. It is not about wresting artistic or program control from event organisers or sponsors. It is intended to pool resources and build a critical mass of skilled events organisers able to play a facilitating and assisting role in events management and logistics, rather than an imposing or directing role. The collocation also gives rise to opportunities for greater alignment and coordination of the events program through the year, and creates a structure that allows a flexible response by the ACTPS in the planning and delivery of the annual calendar of events.

The Review suggests responsibility for events at Territory Venues including Stromlo Forest Park, Manuka Oval and Canberra Stadium remain with TAMS, but that TAMS work closely with the special events unit to ensure alignment of effort and cohesion of effort in pursuit of the Government's Priorities. In a similar vein, there is scope for greater coordination and alignment of events and promotion of other events in Canberra including carnival horse racing and significant harness and greyhound racing meetings.

In light of the importance of EPIC to the annual program of events in Canberra, responsibility for scheduling and running events there should be transferred to the Special Events Unit. Asset management and maintenance at the EPIC site in Mitchell should remain the responsibility of TAMS.

The continuing need for and role of the EPIC Board should form part of the consideration of all boards and committees proposed in Chapter 3. The Review is conscious of the interest shown by the Assembly in the EPIC Board, but is nevertheless disposed to recommend it be considered for abolition.

The Review endorses Loxton's observations that the issue of officials' responsibility for coordination of planning and alignment of efforts is separate to Ministerial engagement or involvement: "all Ministers currently involved with events or festivals of interest to their portfolios should actively continue this involvement, including launching events."¹⁸²

The Review notes public Submissions to the Government's review of the Loxton Report were divided on the proposal to bring together management of all events and festivals into the Special Events Unit of the proposed Chief Minister's Department. The general sentiment of views in support of this consolidation are encapsulated in comments made by Chic Henry, former owner of the Summernats car festival who noted a "definite lack of cooperative effort between Departments", and that "one singular Events Department could be set up with defined sections made up of the best talent available".¹⁸³

¹⁸¹ Submission No.26.

¹⁸² Loxton, P. & Loxton, T. (2010a) *Report on the Review of ACT Government Events and Festivals* Sydney, p.6.

¹⁸³ Henry, C (2010) *Events Management by the ACT Govt.*

Those against the consolidation of all events and festivals argue that there are different skills required to run the various events. In its Submission to the Loxton Report, the Canberra Multicultural Community Forum Inc wrote:

Canberra's current events and festivals have diverse origins and unique purposes. Community engagement and celebration is an important goal of itself for many of these events. We believe that the [Loxton] Report does not appropriately reflect this. The variety, uniqueness and complexity of current events and festivals parallel that of the community and should not be homogenised into an agency, program or vision. The Report neglects the positive benefits of diversity and appears to suggest that only a shared vision will improve festivals and events.¹⁸⁴

The concerns expressed here are valid, but the Review considers the benefits of its preferred approach outweigh these risks. Pooling small events teams in a larger structure able to better support other parts of the ACTPS in planning and delivering events not only recognises this specialist skill set, but also allows for greater diversity and quality of events through development of an integrated program of events (each still with their own identity and purpose), supported by a dedicated and professional events management team.

The position advanced by the National Capital Attractions Association that events that are tourism focused and affect tourism visitation to the region should be managed separately to local community events and festivals is not incompatible with the proposed approach. While it is recognised that the ultimate goals and underlying justifications of major events like Floriade (focused on attracting tourists and economic activity to Canberra), and the Canberra Nara Festival (focused on building a greater sense of cohesion, engagement and enjoyment in the Canberra community) are different, there are nevertheless likely to be benefits to both the tourism focused events, and the locally focused events, from greater coordination between the proposed Chief Ministers Department and the Economic Development Directorate.

The Arts

The Review notes the concurrently conducted Review of the Arts in Canberra, also conducted by Peter Loxton and Associates, and that a response is being developed through other channels. The Report on the *Review of the Arts in Canberra* (the Arts Report) argues:

With clear Government goals and policies, artsACT would be given the opportunity to refocus its efforts on policy advice, data collection, research and communication. It should be well placed to become more proactive, better connected and informed and be the focal point for responsive, timely, informed policy advice to the Chief Minister and to agencies across Government.¹⁸⁵

http://www.communityengagement.act.gov.au/_data/assets/pdf_file/0009/171594/Events_Management_by_the_ACT_Govt..pdf

¹⁸⁴ Canberra Multicultural Community Forum Inc (2010) *Submission No. 6 to the Government Response to the Review of ACT Festivals and Events*, http://www.communityengagement.act.gov.au/engagements/cmd/closed/review_of_act_government_festival_and_events. p. 1.

¹⁸⁵ Loxton, P. & Loxton, T. (2010b) *Report Review of the Arts in Canberra*. Sydney, p.8.

This approach is sound and reflects a sensible focusing of effort on where the ACT Government can make the most difference. To ensure coherence and integration in the planning of festivals and events, in which the arts play a central role in many cases, there is much to be gained through continuing collocation of artsACT with the Special Events unit.

The Arts Report also argues the Cultural Council should relinquish its role in funding decisions, and

develop into a Ministerial Arts Advisory Council which would principally provide advice directly to the Minister for the Arts on both specific issues raised by the Minister as well as their own ideas and initiatives, based on a closer connection with the ACT arts sector.¹⁸⁶

Future reconsideration of Ministerial advisory structures relating to the Arts should have regard to comments made at Chapter 3 about boards and committees.

An issue not addressed in the Arts Review, but of importance to the broader alignment of roles and responsibilities relates to maintenance of Government owned arts facilities. Currently, while most government property is managed by LAPS, artsACT is responsible for the physical maintenance of arts facilities like Gorman House. This responsibility might be better placed with the ACT Property Group.

The Review notes the Arts Review makes recommendations about the future role and responsibilities of the Cultural Facilities Corporation. Given the scope of other structural changes being recommended, the Review suggests there is no urgency to change the broad governance and operational arrangements of the Cultural Facilities Corporation at this time. Indeed, to change the existing arrangements would prove counterproductive and cause repercussive effects.

Canberra Connect

Canberra Connect commenced operation in 2001 as the Government's shared service facility to enable the community to make bill payments to government and to collect revenue on behalf of agencies. Since its inception, its role has evolved to become the primary facility to provide information to the community on behalf of Government agencies, as well as a key support for emergency coordination. *Canberra Connect's* current placement within TAMS reflects that its funding model is primarily founded on transport service interactions, with about 80% of current business being transport related.

Canberra Connect will be a central plank of the unified public identity of the ACTPS. Given its role as a primary communications tool with the community, it should be located with the area responsible for whole of government communications. Removing it from TAMS is consistent with focusing that Directorate on the delivery of municipal services, and will

¹⁸⁶ Loxton, P. & Loxton, T. (2010b) p.9.

facilitate the expansion of *Canberra Connect's* approach to other areas of government services.

Over time the one ACTPS model would mean that Directorates would not continue to run their own shop fronts or counter services. There should be a single ACTPS shop front (carrying the *Canberra Connect* brand) in major commercial centres where they can be readily accessed by the community who choose to deal with the ACTPS that way. More *Canberra Connect* shop fronts may be required over time, and it is likely the call centre capacity will also need to expand to meet greater demand.

Canberra Connect is one of the ACT Government's most successful initiatives and it is critical that any proposal to alter *Canberra Connect's* governance arrangements does not jeopardise its success. As *Canberra Connect* largely operates autonomously, transferring the service to another agency would be, administratively, straightforward.

The strategic whole of government nature of the proposed Chief Minister's Department's communication function, including its community engagement responsibilities, has strong synergies with *Canberra Connect's* business model. Both organisations provide communication services within and outside government, including in relation to emergency coordination and advice. Bringing these functions together would also create a central 'hub' for coordination of all ACT Government communications thus creating a focal point for Directorates in sharing and releasing information.

Part of the logic in bringing *Canberra Connect* to the proposed Chief Minister's Department also lies in the opportunities it creates to embed feedback from the community into performance monitoring and policy development processes. The public interface of *Canberra Connect* provides almost real time feedback on performance and is a rich vein of information that could be better applied to improving service delivery. While this information is routinely circulated now, it will achieve greater prominence through being located at the centre.

In this context, the Review notes the Auditor-General has recently tabled a report into the handling of complaints and feedback by TAMS, and *Canberra Connect* in particular.¹⁸⁷ The conclusions drawn were:

Overall, TAMS and Canberra Connect have a sound framework within which they can recognise and respond to feedback and complaints provided by the ACT community, including a good management information system. Most issues raised by ACT residents through various communication options were considered in a timely manner and in most cases, action was taken by the responsible business areas within TAMS. There was, however, a lack of ongoing communication with the providers of feedback and complaints to keep them informed of action taken.

¹⁸⁷ See <http://www.audit.act.gov.au/auditreports/reports2010/Report%20--2010%20Management%20of%20Feedback%20and%20Complaints.pdf>

Policies, procedures and guidelines for staff involved in handling complaints and feedback were not adequate, and there were shortcomings in ongoing monitoring, review and analysis of feedback and complaints. These, combined with the limited use and roll-out of the management information system, can impair the ability of TAMS and other ACT Government agencies to effectively use information provided through feedback and complaints to improve business practices and services delivered.¹⁸⁸

The Review notes these issues will continue to require ongoing attention from *Canberra Connect* staff, underlining the need for a proper long term investment and business development program. The TAMS Chief Executive noted in his response to the audit:

TAMS has developed a positive culture of customer service over many years. Through Canberra Connect, the community now has an effective and recognised pathway to submit feedback and complaints not only to TAMS, but the ACT Government more broadly. The recommendations in this report will assist TAMS to improve overall coordination and response to customer feedback and complaints, as well as facilitate the development of consistent guidelines, procedures and policies for all staff to follow in feedback and complaints management. I welcome this report and am confident my acceptance of the recommendations and on-going commitment to customer service will continue to drive the development of feedback and complaints management across TAMS.¹⁸⁹

These important undertakings should not be lost from sight in the transitional period.

Access to Information (Records and Archives)

The Territory Records Office (TRO) is currently located in TAMS and is responsible for the operations of the *Territory Records Act 2002* including standards and guidelines to assist agencies to meet their legislative requirements for recordkeeping. The TRO also delivers services to the public through Archives ACT, the public face of records management, and the community access point to older ACT Government records.

ArchivesACT is a recent initiative of the ACT Government to make government records older than 20 years (unless certain restrictions apply) available for public access. This service has gained a loyal following in the community and provides a cost-effective service for the ACTPS. This service is currently funded through a levy on the eight largest ACT Government agencies with invoices being sent out every quarter. It might be more efficient for this service to be centrally budget funded at no net cost increase to government.

The Territory Records Office administers the provisions of the *Copyright Act 1968 (Cwlth)* for the ACT Government. The Collecting Societies of the Copyright Agency Ltd, Screenrights and the Australian Performing Rights Association all receive annual payments from the ACT Government based on a per staff member basis. These amounts are calculated

¹⁸⁸ ACT Auditor-General (2010b) *Report No. 7 2010 – Management of Feedback and Complaints – Department of Territory and Municipal Services*. Canberra, p.5.

¹⁸⁹ ACT Auditor-General (2010b), p.7.

by the Territory Records Office, invoices are raised for each Collecting Society each year, and the amounts consolidated and then forwarded to the Societies. It would be more efficient for this cost effective service to be centrally budget funded, again on a no net cost basis.

The distinction between the TRO and ACT Records Services is not well understood across Government. Records Services is a service provider, including courier, mail, file creation, records management and records storage services across government. It is part of Shared Services and should remain so.

Both prior to and since the transfer to Shared Services, some agencies have elected to establish their own records management functions. In certain cases this involves storing records on site; in others it involves the operation of a separate storage facility. This duplication of services not only creates inefficiencies but can lead to inadequate, or, at the very least, inconsistent record identification and tracking mechanisms. The Review considers it highly desirable that all Directorates use ACT Records Services and current arrangements be changed to this end as existing contracts expire.

Functions

Access to government information (including Freedom of Information)

Arts and cultural services including Cultural Facilities Corporation

Audit services to Government

Canberra Connect (including transactional, information and payment services)

Community engagement

Coordination and development of Government policies, strategic priorities and projects

Coordination of government administration

Council of Australian Governments and intergovernmental relations

Government performance, accountability, and evaluation frameworks

Government communications (including Government branding) and events coordination

Industrial relations policy

Macroeconomic policy and forecasting (with Finance)

Policy advice and administrative support to Cabinet and its Committees

Policy and program performance reporting and evaluation

Public sector management

Regional policy

Triple Bottom Line sustainability policy alignment

Whole of government service planning and infrastructure strategy

Workers' compensation policy

Workplace safety policy

Department of Treasury

(Option A – Chief Minister’s Department, Finance Directorate - Treasurer)

(Option B – Finance Directorate – Treasurer)

Overview

The role of the central agencies was the subject of considerable discussion during consultations for the Review. The current Treasury provides strategic taxation, financial and economic policy advice and services to the ACT Government. As part of this support, it plays a crucial role in overseeing expenditure by the ACTPS, and scrutinising and providing assurance to Cabinet on the costings of new policy proposals. In the Commonwealth and other states, this task is usually referred to as the “Finance” function.

Given the importance of this function to the work of the current Treasury, and in part reflecting the relative size of the ACT economy in the national context, the Review recommends this function be recognised in the Directorate’s name.

Treasury currently reports to two Ministers in two ministries:

Minister	Portfolio	Functions
Katy Gallagher MLA	Treasurer	Budget and financial reporting Competition policy Fiscal and economic policy Government business enterprises ownership policy Insurance Public Sector Superannuation Fund Management Regulatory reform Taxation and revenue
Andrew Barr MLA	Minister for Gaming and Racing	Gaming Racing

Administrative Arrangements

Treasury was created in August 1999 as the Department of Treasury and Infrastructure out of the Office of Asset Management and Office of Financial Management in CMD. In

subsequent years the Infrastructure role was moved, first in June 2000 when Stadiums ACT and Bruce Stadium were transferred to CMD. Infrastructure and asset management were moved to the Department of Urban Services in October 2000.

Shared Services, established in February 2007 in Treasury moved to TAMS in November 2008. Purchasing and Procurement functions had first moved to Treasury in October 2000 and InTACT moved to Treasury in November 2001.

In addition to the Treasury, the portfolio includes:

- ACT Gambling and Racing Commission;
- Office of the Commissioner for ACT Revenue; and
- ACT Insurance Authority.

Proposed Changes

The Review proposes two options in relation to the Finance Directorate:

- Option A (preferred by the Review) – under which it would form part of the proposed Chief Minister’s Department (reporting to the Treasurer); and
- Option B – under which the Finance Directorate would not be explicitly joined in a single unit under the Chief Executive and Head of the ACTPS.

Regardless of whether Option A or Option B is preferred, the Review recommends:

- Shared Services become part of the Finance Directorate; and
- the Independent Competition and Regulatory Commission be located in the Finance Portfolio.

Issues

Capacity of Central Agencies

A particular question asked of the Review was whether Treasury has the capacity or is best suited to provide long-term strategic economic advice to the government. The short answer to this question is yes, and the Finance Directorate should continue to represent the ACT at Heads of Treasuries level. It should also maintain its capacity to provide macroeconomic policy advice and forecasts. That capacity would, however, be enhanced through closer cooperation with the Policy Division of the proposed Chief Minister’s Department in this regard, including through development of a robust economic modelling tool for the ACT economy that reflects the unique circumstances of the Territory and accounts better for the impact of cross-border services.

The ACTPS’s capacity for consolidated economic advice might be further enhanced through the establishment of a body equivalent in function to the Commonwealth Government’s Joint Economic Forecasting Group which comprises the Commonwealth Treasury, the Reserve Bank of Australia, the Department of the Prime Minister and Cabinet, the Department of

Finance and Deregulation and the Australian Bureau of Statistics. That body “meets three times a year to discuss the domestic and global outlook. A JEEG Report is prepared by Treasury in consultation with the other partners and is provided to the Treasurer, the Prime Minister and the committee members. The report provides Treasury’s assessment of the domestic and global outlook, including its revised economic forecasts”.¹⁹⁰

Particular focus should also be placed on building the Finance Directorate’s capability to proactively support innovation and continuous improvement across the ACTPS.

Shared Services

Shared Services was established in the 2006-07 Budget to provide Information and Communication Technology (ICT), Procurement, Publishing and Records Management services, as well as tactical and transactional Human Resource and Finance services to the ACTPS. The intention was to consolidate back office functions to achieve economies of scale, standardised and streamlined processes and an overall reduction in costs.

The location of Shared Services in TAMS has permitted the cross-fertilisation of ways of working, processes and service focus that underpinned the decision to locate it there in 2008. The Review has concluded, however, that while the inward facing role of Shared Services providing services to the ACTPS has benefited from exposure to the outward facing public service delivery elements of TAMS, it is now time to relocate Shared Services at the centre of government. Given the focus on efficiency and streamlining of support functions is inextricably linked to the Government’s broader fiscal strategy, the Review recommends it be attached to the Finance Directorate.

Throughout the Review, there was general support for the Shared Services model, and for its relocation to the centre of the ACTPS. While the establishment of Shared Services has begun the process of removing duplications and enhancing efficiencies, there was also consensus that more could be done to embed and enhance the reforms commenced in 2006. A consistent view was expressed that while transactional finance and personnel functions were being delivered satisfactorily, there was scope for improvement in relation to procurement, information technology, and provision of the next layer of people and performance services.

A commonly expressed view in consultations, which the Review endorses, is that there is an urgent need to modernise and combine legacy information systems to facilitate more efficient transactional processes and better strategic workforce management and planning. There was also a clearly held view supporting significant simplification in employment and industrial frameworks. Such changes should be made ahead of the development of new systems to avoid further embedding and entrenching existing frameworks and business processes in system workflows. Further discussion of this particular issue is set out in Chapter 6.

¹⁹⁰ See for example <http://www.treasury.gov.au/contentitem.asp?NavId=035&ContentID=1884>

Unions ACT noted in its Submission to the Review, for example, that

InTACT and the Payroll systems employed by the ACT Government are both outdated and often incompatible with other software used by departments. Shared Services are often unable to provide employees with accurate records of leave owing, long service records or other leave information. This is particularly evident when people become redundant or resign from the service. We know of cases where employees have had to provide their own evidence or records in determining their entitlements! This is very poor for a modern service trying to operate in a competitive labour market and affects the reputation of the ACT Public Sector. In some cases union members require our advocacy to obtain their entitlements and in some cases just their pay for the fortnight!¹⁹¹

The CPSU similarly argued:

A recent example of deficient reporting of an ACT Government policy objective was the ACTPS recruitment freeze. Despite repeated CPSU requests for information on the impact the freeze was having on agencies, CMD were unable to provide any definitive data. Of significant concern to the CPSU was the fact that no agency played a central monitoring role of this service-wide initiative. We have no reason to believe that the ACT Government has any information on the impact of the freeze on the ACTPS.

In regard to performance and accountability mechanisms, the ACTPS Commissioner for Public Administration's workforce Profile report and Agency Survey features significantly less information than the comparable Australian Public Service Commission's (APSC) annual State of the Service Report ...

It should be noted that the Commission for Public Administration provides a gender analysis of the Workforce Profile and identifies gender pay gaps by classification and occupation in the ACTPS. The CPSU views this very positively and believes this should be adopted by the APSC.¹⁹²

The Governance of Shared Services has become intertwined within TAMS structures, including in relation to funding, which has diminished Shared Services' focus on whole of government delivery, and the capacity of the Shared Services Governing Committee to function, as it should, as its Board of Directors. In returning to the centre of government, Shared Services should retain the level of funding which it took to TAMS in 2008 (subject to indexation and government decisions). To the extent that this function has been used to offset other cost pressures in TAMS, those separate funding pressures should be considered separately on their merits.

Shared Services should, once separated, continue to function as a discrete component of the Finance Directorate, permitting the Board of Directors to oversee management of the business unit as a separate entity.

¹⁹¹ Submission No.3.

¹⁹² Submission No.11.

Concerns Expressed

Concerns were expressed within the ACTPS about the capacity of Shared Services staff to understand agency business – and this perceived failure leading to re-creation of transferred positions in a number of current agencies. While recognising the significant scaling up of the Government’s capital works program in recent years, and the workload pressures that has created in the absence of a commensurate increase in staff, concerns were also expressed about the ability of Shared Services to support agency service and program delivery. In this context, a desire for a more flexible and tailored approach to procurement processes was advocated, in part to avoid what are perceived as unnecessary hurdles and delays in minor projects, and to permit greater focus on larger or more complex projects. This perceived rigidity was also reflected in criticism of the procurement funding model.

Contributors to the Review argued that agencies have the strongest interest in knowing their business needs and how a new project can contribute to their service delivery, and therefore need to carry major responsibility for delivery of projects. This, of course, assumes that agencies have the right skills mix to manage those projects properly. With this in mind, suggestions were made that Procurement Solutions should more often embed staff in agencies to assist with the procurement and delivery of projects. This approach would add to available flexibility in allocation of project management staff according to the relative size of agency capital works programs. It would not replace the need for Procurement Solutions to maintain a central core of staff to provide expert advice and specialist procurement services which would include tendering, quantity surveying and contract selection and preparation. This area could also assist with electronic lodgment, payment of claims and reporting.

During consultations, concerns were expressed about the project management skills and expertise within Shared Services (and indeed the wider ACTPS) to oversee project delivery. There is a clear need for enhanced skills and arguably more resources in this area of Government which is so critical to supporting the capacity of the ACTPS to deliver policies and programs, as well as to the reputation of the ACTPS and the Government as competent stewards of public funds and economic managers. The need to ensure the Budget decision making process takes full account of costs of delivery and project management of capital works budget bids was repeatedly raised in this context.

In relation to project management capacity, one Submission to the Review noted, for example:

Procurement Solutions are not sufficiently experienced in project management to truly add value to their clients and the ACT Government. Instead they should be engaging professional and experienced private sector project managers to oversee the delivery of a significant proportion of the ACT’s overall capital works program.

While there is clearly a need to enhance project management expertise, there is no reason why this expertise should not, at least in part, be developed and grown within the ACTPS over time.

Related to calls for better project management by the ACTPS from industry groups, and while it was recognised that the Government's capital works budget has escalated dramatically in the past few years, there were consistent calls in consultations with industry for better management of the procurement schedule to smooth out sizeable peaks and troughs.

The Review notes an Industry Reference Group has been established to improve communication with industry participants involved in delivery of capital works and land release projects which has recently completed a discussion paper on issues involved in project delivery. The issues identified in the paper include:

- poor quality of project documentation;
- poor project planning during the design phase;
- major changes required to tendered works prior to start of construction;
- tenders called too early;
- inappropriate risk allocation in tenders; and
- reliance on quality assurance.

The discussion paper suggests improvements to deal with these issues. Following discussion at a roundtable convened by the Chief Minister, the Industry Reference Group will focus on implementation of the suggested improvements and recommendations.

Another common issue of concern in consultations was the funding model for Procurement Solutions. One contributor to the Review noted:

In the abstract, a central body responsible for consistency in purchases and making the most of the limited resources that the city has appears a sensible policy. Sadly in practice, though, the outcome has not reflected this goal. Instead the agency charges its "clients" (other Government departments and agencies that are forced to use procurement solutions) a fixed percentage of the value of the works without really adding any significant value or service. In many cases the relevant Government department and agencies would be better off themselves co-ordinating the relevant procurements and overseeing their own projects.

... Forcing ACT agencies to use the Government's monopoly procurement service has in large part been responsible for the Government's traditional poor record in delivering its ambitious capital works programs announced annually in each budget.

The Review notes the Assembly Standing Committee on Public Accounts recently tabled the report of its *Inquiry into ACT Government Procurement*,¹⁹³ which the Government will respond to in due course.

¹⁹³ See <http://www.parliament.act.gov.au/downloads/reports/PAC13%20ACT%20Gov%20Procurement.pdf>

A small, but important issue that emerged in consultations was the positioning of Shared Services as an intermediary, rather than facilitator and supporter of the ACTPS. The view was expressed along the lines of “Shared Services are us, they are not separate from us”. This approach is also manifested on project signs which indicate Procurement Solutions has ownership of the project as client rather than the sponsoring agency. In any event, under the single ACTPS and branding policy outlined in Chapter 3, the Review recommends the project sponsor should in the future be identified simply as the ACT Government.

An alternative formulation of the sort of service ACTPS managers are seeking from Shared Services is evident in an expressed preference for Shared Services to operate as a service enabler facilitating the work of Directorates rather than a service determiner imposing rigid boilerplate procedures on projects.

The Expenditure Review and Evaluation Committee has already commenced a number of review processes that address the issues raised in consultations and Submissions in relation to Shared Services, the funding model, procurement and personnel management. These processes should be brought to an early conclusion, but only after reallocation of responsibilities has been completed. In this context, the Review notes the Queensland Government has recently published a review of its shared services arrangements, which while directed at a larger and more complex organisation, contains findings and principles of relevance to the ongoing work of ACT Shared Services.¹⁹⁴

In relation to template contracts, further work on developing a more flexible and scalable business model which, while not reducing appropriate transparency and accountability of business processes, would allow for a more risk based allocation of resources and expertise is required. This might range, for example, from a basic “tender and contract issue” service to more complex and integrated contract and project management services on more complex projects. The standard suite of contracts to be available might include: simple letter of agreement; Traditional Lump Sum Fixed Price, Project Management, Guaranteed Maximum Price, Managing Contractor; Design and Construct, Alliance, and Construction Management, as a minimum. Procurement Solutions need to ensure that Directorates are aware of the availability and content of these contracts such as liquidated damages and provide expert advice as to the fitness for purpose contract and clauses for each project. The suite of contracts should be regularly benchmarked against other jurisdictions and the private sector.

InTACT Capacity

There was a consensus in internal consultations that the single ICT provider and platform delivered by InTACT for the ACTPS creates significant synergies and efficiencies. Furthermore, the general sense is that the basic desktop IT provision and support is of a suitable standard. Concerns were expressed, however, about delays in developing a whole of government ICT Strategic Plan – work which is now nearing completion.

¹⁹⁴ See http://www.publicworks.qld.gov.au/Documents/Shared_Services_Review30Sep2010.pdf

As part of this work, the Review recommends creation of a senior position in the proposed Chief Minister's Department responsible for knowledge and information management for the whole ACTPS. There is a clear need to focus more effort and attention on strategic planning and management of the ACT Government's information technology needs, while continuing to enhance operational delivery on a day to day basis

Concerns were also expressed about InTACT's performance in the analysis of complex systems, understanding the user requirements and delivering a robust solution to full expectation. In part, these concerns were linked to difficulties flowing from the absence of a broader strategic plan leading to attempts to take on a large number of requests at the same time rather than genuinely prioritizing effort.

Shared Services Governance Arrangements

The clarity of governance arrangements for shared services was raised consistently in consultations. These arrangements are critical to the success of this function, and must begin with the clear structural and operational separation of the Shared Services business unit from its "host department". Moreover, the governance arrangements need to reflect and serve the collective interests of the ACTPS and not agency level priorities.

The majority of state and territory governments have established shared services providers. While the functions differ, core services generally include "human resources", financial services and ICT. In most cases, the function sits with the Treasury agency. A notable exception is Queensland Shared Services, which sits within the Department of Public Works (DPW). The DPW incorporates project services, Queensland fleet, strategic projects, building policy, State archives, ICT & telecommunications, legal services, human resources, and financial services.

The current Shared Services Governing Committee (SSGC) provides both governance and stewardship of Shared Services in its delivery of services across the ACTPS. Membership of the SSGC is the same as the current Management Council (with the Head of Shared Services attending as an advisor). The SSGC is supported by sub-committees which oversee the operational arms of shared services. It is critical that the SSGC provide strategic direction as well as support to the Head of Shared Services, and function as a Board of Directors for that business unit. For this reason, the Review recommends it continue separate from the ACTPS Strategic Board. The Review also recommends the Board's terms of reference and the subsequent service standard agreements be reviewed to reflect the division of policy and operational responsibilities (see Chapter 6).

Expanding Shared Services

Four years after establishment of Shared Services, it has been timely to review the services it provides. The corporate governance model established through creation of Shared Services is ready-made for inclusion of other whole of government service delivery functions.

In determining what may constitute a whole of government service, the general principles that are applied include:

- the service is common across the ACTPS;
- there is no practical need for the function to remain within a particular organisational unit (i.e. although all agencies provide their own Ministerial services, it would not be practical to provide this service centrally); and
- there are clear benefits gained by placing the function into shared services (e.g. creating efficiencies and the consolidation of expertise).

Based on these criteria, a number of functions were suggested in consultations for inclusion in Shared Services in the future including management of fleet vehicles and operational injury management. The SSGC should provide advice to Cabinet on the implementation of these proposals once the transfer to Finance Directorate has been successfully implemented and the outcomes of the reviews being prepared by the Expenditure Review and Evaluation Committee are available.

Non-Specialist Vehicle Fleet Management

Prior to February 2009, Rhodium Asset Solutions was the ACT Government fleet manager. As a government owned enterprise, much of Rhodium's business was customised to suit the needs of its primary customer - the ACT Public Sector. This high level of service delivery allowed agencies to coordinate their fleet management requirements with minimal resources. However, when Shared Services was launched, officers who had previously coordinated fleet management within line agencies were transferred to Shared Services. SG Fleet took up the ACT Government fleet management contract in February 2009. For most agencies, this has necessitated increased involvement in coordination and fleet management tasks by agency based corporate staff or facility managers.

There is an argument that non-specialist fleet management (e.g. Executive or pool passenger cars) could be undertaken by Shared Services, although the rationale is more likely to be consistency and coordination rather than significant financial efficiency given that this function is not a full time role in most agencies.

Work Safety and Workers' Compensation

A commonly expressed view was that there is an urgent need to enhance the capability of officials exercising the non-transactional services associated with procurement, information technology, and people and capacity services. There was also a clearly held view that there was a need for greater clarity between the role of policy (exercised by central agency), strategic operations (exercised by client Directorates) and operational service delivery (exercised by Shared Services).

In response to deteriorating outcomes for ACT Government injured workers and an increasing workers' compensation premium, the Office of Industrial Relations in the current CMD (OIR) has undertaken a review of workers' compensation management arrangements

across the ACTPS. Significant improvement opportunities were identified in the following areas.

The view was expressed that the ACTPS currently gives insufficient priority to safety issues and support for the management and early return to work of injured workers. It was argued there is also a lack of line manager/supervisor and senior management visibility of, and accountability for, injury prevention and management.

There are significant variations in the skills and capabilities of line managers/supervisors and key injury management personnel across the ACTPS to manage and support the return to work of injured workers.

There are inconsistent approaches to the management of injured workers being implemented across the ACTPS. The inability to identify, provide, and fund the placement of an injured worker in suitable alternative duties in circumstances where they are unable to return to their pre-injury position either on a temporary or permanent basis is a significant barrier to return to work. There is also no formalised whole of government governance arrangement overseeing workers' compensation disputation and litigation.

Structure, Roles and Responsibilities

The ACTPS has a fragmented model of injury prevention and management. Elements of responsibility for the overall injury prevention and management function in the ACTPS are currently spread between CMD, Shared Services and individual agencies with, in most cases, a separation between the responsibility for an outcome and the resources needed to achieve it.

The current structural arrangement for injury management does not allow for flexibility in streaming cases to ensure that there is an appropriate match of skills and experience of the person managing the claim to the particular circumstances of the injured worker. There are also limited opportunities for career development and professional support for injury management staff.

Moreover, having injury management teams so closely aligned with other "human resource" management responsibilities has in many instances created management difficulties especially in circumstances where performance and/or grievance issues are associated with a claim for workers compensation benefits.

The Review understands OIR is preparing a detailed improvement plan to arrest this ongoing deterioration in health and social outcomes for ACTPS injured workers. The improvement plan is to be presented to the Government soon. Critically, this improvement plan proposes fundamental structural changes to work safety and workers' compensation arrangements within the ACTPS. The current model is a microcosm of the wider ACTPS issues - it is fragmented and lacks the cohesion and collaboration essential to improving injury outcomes for ACTPS injured workers.

When Shared Services was created, Work Safety staff from across the ACTPS (with the exception of ACT Health, Calvary and certain small Government entities) were transferred to Shared Services. This was designed to create efficiencies within the ACTPS and a critical mass of work safety expertise within a service delivery agency. Over time, and despite the efforts of Shared Services and departmental staff, the centralised injury prevention function has become disconnected from the reality of ACTPS workplaces. The injury prevention services provided by Shared Services have evolved into a consultancy model and agencies have either recreated transferred positions or absorbed the operational Occupational Health and Safety responsibilities as part of other functions.

The Review notes the concurrent review of Shared Services being undertaken by the Expenditure Review and Evaluation Committee. Leading Occupational Health and Safety practice shows that the safest organisations and healthiest workplaces are those entities that have mainstreamed a work safety culture and integrated it into core business. Furthermore, leading practice demonstrates that the role of work safety adviser is best undertaken by resources operating in close proximity to the business service delivery. Under the proposed single ACTPS agency, the risks inherent to different Directorates will remain and for this reason, the resources and primary responsibility for work safety should be returned to Directorates. The proposal that Shared Services maintain an injury prevention consultancy service to the ACTPS is supported.

The current ACTPS structure of injury management requires reform to improve workers compensation outcomes and provide for a holistic approach to the management of claims. It is recommended that consideration be given to consolidation of injury management resources into a Shared Services type delivery model. The responsibility for strategic operations associated with “human resource” functionality should remain the responsibility of individual Directorates, as should the responsibility for return to work placement of injured workers. However, such an arrangement would not only assist in addressing the issues identified above, but structured appropriately would:

- provide for the enablement of a whole of ACTPS approach;
- provide greater control over the targeted skill development of injury management staff;
- enable injury management staff to be supported by technical managers and an account management function; and
- ensure uniform implementation of whole of government policies and associated interventions.

The operational service delivery of Shared Service would continue to be exercised under the policy direction of the proposed Chief Minister’s Department.

Legal Services

The decision to centralise most ACT legal services in the Government Solicitor’s Office was endorsed in consultations with officials including the Chief Solicitor.

Independent Competition and Regulatory Commission

The Independent Competition and Regulatory Commission is a statutory body set up to regulate prices, access to infrastructure services and other matters in relation to regulated industries and to investigate competitive neutrality complaints and government-regulated activities. The Commission also has responsibility for licensing utility services and ensuring compliance with licence conditions.

Responsibility for the *Independent Competition and Regulatory Commission Act (1997)*¹⁹⁵ is currently allocated by the Administrative Arrangements to the Attorney-General. Following consultation with the Commissioner, the Review considers the alignment of functions and roles fits better with the Finance Directorate.

Regulatory Reform – Transport

As a consequence of changes in TAMS in relation to transport regulation, there are legacy items in relation to maritime and heavy vehicle regulation which are of only modest importance to the ACT, and are in any event the subject of ongoing national reform through COAG. The Review suggests the Finance Directorate be responsible for these issues which go to microeconomic reform and regulatory policy, in which the ACT is a bit player.

Gambling and Racing Commission

The ACT Gambling and Racing Commission (the Commission) is an independent statutory authority established under the *Gambling and Racing Control Act 1999*¹⁹⁶ to control, supervise and regulate gambling and racing activities in the Territory. The responsibilities of the Commission incorporate the ongoing development and implementation of an integrated regulatory framework for all gambling activity in the ACT, including the casino, machine gaming, lotteries, racing (as provided in the *Racing Act 1999*¹⁹⁷), race and sports bookmaking and interactive gambling. The Commission also monitors and researches the social effects of gambling and of problem gambling in the ACT.

The Gambling and Racing Commission regulates the same venues as those regulated by ORS. While the Gambling and Racing Commission's responsibilities extend beyond regulation, there are strong synergies with the regulatory role of the ORS that might be explored in the future, especially in relation to regulation of gaming on licensed premises.

¹⁹⁵ see <http://www.legislation.act.gov.au/a/1997-77/default.asp>

¹⁹⁶ See <http://www.legislation.act.gov.au/a/1999-46/default.asp>

¹⁹⁷ See <http://www.legislation.act.gov.au/a/1999-1/default.asp>

Functions

ACTPS Shared Services

Budget and financial reporting

Competition policy and regulatory reform

Fiscal and economic policy (including macroeconomic policy and forecasting – with Policy)

Gaming

Government business enterprises ownership policy

Insurance

Public Sector Superannuation Fund management

Racing

Regulatory reform

Taxation and revenue policy and collection

Department of Justice and Community Safety

(Justice Directorate – Attorney-General)

Overview

The Department of Justice and Community Safety and its associated agencies provide services in the areas of justice, emergency preparedness and response, regulation of consumer and business activities, and protection of rights. The Department also provides services across the ACT government including legal advice and representation.

Work has been completed recently on governance arrangements for emergency management and associated legislative amendments to the *Emergencies Act 2004*¹⁹⁸ commenced in August 2010. These changes complement the Government's decision to reinstate Chief Officers to each of the emergency services to provide a cohesive and responsive emergency capability for the ACT.

The portfolio currently reports to one Minister, in two ministries:

Minister	Portfolio	Functions
Simon Corbell MLA	Attorney-General	Administration of justice Corrective services Electoral services Fair trading Human Rights Legal policy Legal services Registration, inspection and regulatory services
	Minister for Police and Emergency Services	ACT policing Emergency services

¹⁹⁸ See <http://www.legislation.act.gov.au/a/2004-28/default.asp>

Administrative Arrangements

The Department was formed as the Attorney-General's Department at self government, with the current title of the Department adopted in April 1998. Since then, a number of functions have been transferred in and out including:

- Youth Justice from the Department of Education and Training (DET) in August 1999, subsequently transferred to DHCS in December 2007;
- the Emergency Services Agency, created in July 2004, was absorbed in June 2006; and
- the Office of Regulatory Services was created in April 2007.

In addition to the Department, the portfolio includes:

- ACT Corrective Services;
- ACT Electoral Commission;
- ACT Government Solicitor;
- ACT Law Courts and Tribunals Administration;
- ACT Parliamentary Counsel's Office;
- Director of Public Prosecutions;
- Human Rights Commission;
- Independent Competition and Regulatory Commission;
- Legal Aid Commission of the ACT;
- Ombudsman of the ACT;
- Public Advocate of the ACT;
- Public Trustee for the ACT; and
- Victims Support ACT.

Proposed Changes

The Review recommends:

- the role of the Office of Regulatory Services be expanded to include:
 - occupational licensing from ACTPLA;
 - the Traffic Camera Office from TAMS; and
 - transport regulation and licensing from TAMS;
- Justice assume responsibility from TAMS for road safety policy, and driver and vehicle licensing from TAMS.

Issues

Office of Regulatory Services

The Office of Regulatory Services (ORS) was established at the 2006-07 Budget to provide a single coordinated point of regulation and enforcement of a number of activities previously provided by several areas of government. ORS undertakes licensing, registration and

accreditation, dispute resolution and consumer and trader assistance, compliance and enforcement and education functions.

ORS currently has responsibility for: parking operations and review; charitable collections, hawkers and outdoor cafes; WorkSafe ACT; fair trading and business regulation; Registrar General functions; tobacco and smoking regulation; and Unit Titles regulation.

Like any significant structural change, creation of ORS has not been without its challenges, but there are now opportunities to embed the existing reforms, and augment them with the transfer of other similar streams of work.

The Review endorses work done on a coherent compliance framework for ORS, and recognises the opportunities for greater streaming of work in the office between registration, inspection and compliance, and education. This is not an argument for multi-skilled super-regulators, but a reflection of the opportunities created through a critical mass of like streams of work to enhance ways of working, supporting systems, and ultimately, effectiveness.

ORS is already in the process of adding two further functions to its responsibilities: Vulnerable People Background Employment Screening (from DHCS); and plastic bag regulation (from DECCEW).

The Review recommends transport regulation and licensing (TAMS), the Traffic Camera Office (TAMS) and occupational licensing (ACTPLA) be transferred to ORS. Transport Regulation includes accrediting providers of public passenger transport, testing for drivers' licences, auditing accredited driving instructors, registering and inspecting vehicles and auditing heavy vehicles for compliance.

In part the proposed additions reflect a commonality of client base, as well as coherence in locating like functions together. It is also consistent with COAG's reform agenda embodied in the *National Partnership to Deliver a Seamless National Economy*.¹⁹⁹ The intention is to create a single point of contact for businesses so far as possible in relation to registration, regulation, and licensing.

The Review notes that collocation of multiple functions is likely to create opportunities for alignment of information management and enforcement systems. While the funding for such system development (including for example in relation to management of municipal fines is a matter for further consideration in the Budget context there are significant opportunities for efficiency and enhanced compliance through better underpinning systems.

Other activities to which consideration for transfer might be given in the future include Gambling and Racing (Treasury); and the Health Protection Service (ACT Health) which is

¹⁹⁹ See

http://www.coag.gov.au/intergov_agreements/federal_financial_relations/docs/national_partnership/seamless_national_economy_np.pdf

where ORS's current tobacco related functions came from, and which regulates and operates currently in many of the same venues as ORS inspectors. While both these options were canvassed with the Review, it is recommended effort be focussed on embedding and unlocking the synergies between current functions and those proposed to be added now, before further change is contemplated.

Road Safety Policy and Transport Regulation

The Review recommends current TAMS responsibilities for policy in relation to driver competency and road safety be transferred to Justice. There is significant alignment with current responsibilities in this proposal given the close synergies with the role of AFP ACT Policing in providing advice on, and enforcing laws in this area. In part, this reflects the need to relocate functions that do not fit the municipal services focus of TAMS in the proposed structure.

This functional area of TAMS responsible for regulation of transport licensing, vehicles and public transport should be transferred to ORS. Transport regulation is responsible for the largest ACT revenue based system (rego.act) and its accompanying regulatory operations.

A recent audit of ACTION bus services undertaken by the Auditor-General demonstrated the risk of having public passenger services regulated in the same entity that contains the public transport operator. In her report the Auditor-General found:

The delivery of bus services and associated infrastructure is a complex arrangement involving ACTION, other business units within TAMS (particularly, Roads ACT and Transport Regulation and Planning) and other ACT Government agencies such as ACTPLA. The various activities were not well coordinated and lacked proper planning.²⁰⁰

Aligning the regulatory functions for transport with other regulatory services would assist in overcoming these issues.

Construction and Occupational Licensing

The Construction Occupations Registrar regulates the building industry, audits the work of construction occupations, investigates complaints against and disciplines construction occupation professionals, and oversees inspection of building, electrical, plumbing, drainage and gas-fitting work.

The Seamless National Economy licensing proposals will bring together some professions licensed by ACTPLA with those licensed by ORS. The Office for Fair Trading, within ORS, also receives many complaints about the building industry perhaps reflecting that industry in the ACT has accepted the ORS model to provide a 'one stop shop' for regulatory matters. Both New South Wales and South Australia have the Construction and Occupation Licensing

²⁰⁰ ACT Auditor-General (2010a) *Auditor-General Report No. 5 of 2010, Delivery of ACTION Bus Services*. Canberra

function as part of the Office for Fair Trading. Such a move in the ACT would be consistent with the aims of the ORS model.

The current provisions of the *Planning and Development Act 2007*²⁰¹ that require functions given to ACTPLA under that Act be delivered by ACTPLA staff, would necessitate either the “outposting” of ACTPLA staff in ORS, or legislative amendments, to permit ORS to discharge the occupational licensing role. The Review considers the benefits of the proposed approach to businesses and to the Government through greater alignment and coherence of effort justify the making of legislative change (in the context of other changes outlined below), which are to be preferred over what amounts to an administrative “work around”.

Youth Justice

The possibility of aligning responsibility for adult and youth corrections in the same agency was raised during the Review, but is not supported. There are strong synergies in Youth Justice being part of the Office of Children, Youth and Family Support including in relation to the provision of coordinated support to families in need (including in relation to young people in the youth justice system).

Funding for Statutory Office Holders

A number of statutory office holders including the Human Rights Commissioner expressed concern about the lack of clarity, if not conflicts, that arise from the fact that they do not receive separate direct appropriation funding, and are instead funded through departments. The Review recommends, subject to the outcome of the process referred to at Chapter 3, statutory office holders receive direct appropriation funding.

Emergency Services Agency

In 2010 the *Emergencies Act 2004* was amended to strengthen governance arrangements for the ACT Government’s planning and preparation for, response to, and recovery from major emergencies. A focus of this work within the Emergency Services Agency has been efforts to enhance the capability of the ESA through a cohesive model for delivery of fire, bushfire, ambulance and State Emergency Service services. This is balanced with the need for operational preparedness, service planning and budget discipline. It is supported by the decision to reinstate Chief Officer positions for each emergency service.

Issues relating to the Fire and Emergency Services Levy were raised with the Review in consultations. Mr Ted Quinlan has been commissioned to review the overall efficacy of the ACT tax system, current revenue streams, and the sustainability of the tax base. This issue should be considered in the context of his review.

²⁰¹ See <http://www.legislation.act.gov.au/a/2007-24/default.asp>

A further issue to emerge in consultations, and covered in part in the *Review of ACT Ambulance Service Positioning the Service to Meet Future Challenges*²⁰² prepared by Mr Grant Lennox in April 2010, was the methodology for funding delivery of emergency services. In part, the growth in emergency services costs is driven by specialist equipment and staff, but it is also affected by growth in service population and area. For Ambulance Services in particular, access to General Practitioner services, demographic change and chronic disease rates in the community also contribute to demand and cost growth.

Work underway on these issues, should be brought to an early conclusion.

Alignment of the ACT Ambulance Service (ACTAS) with ACT Health, and not the Emergency Services Agency was suggested to the Review. The Review notes the Assembly's Public Accounts Committee recently recommended ACTAS remains within the emergency services portfolio – a recommendation to which the Government agreed in its Response.²⁰³ The Review endorses the current integration of the four emergency services in the Emergency Services Agency, which delivers economies of scale and close cohesion and alignment of effort in preparing for, and responding to, emergencies in the ACT.

AFP ACT Policing

The process to renegotiate arrangements with the Commonwealth Government for provision of community policing by AFP ACT Policing is underway. The benefits to the ACT that flow from mobility within the AFP and capacity to draw on additional resources as required are significant. While endorsing the arrangements for the provision of community policing in the ACT, the Review notes the importance of Ministerial Directions under Section 6 of the *Policing Arrangement between the Commonwealth and ACT Governments* to the articulation of the ACT Government's expectations of priorities for ACT Policing.²⁰⁴

The annual Purchase Agreement for the Provision of Policing Services²⁰⁵ plays an important role in the ACT Government specifying in addition to the broad outcome of a safer and more secure ACT, detailed outputs and performance indicators which ACT Policing is required to deliver and by which its success is measured. This agreement plays a key role in establishing the ACT Government's priorities for community policing.

Review of Case Management Practices

The Review notes the Acting Chief Justice of the Supreme Court and the Attorney-General have commissioned The Hon Justice Hilary Penfold and the Chief Executive of the Department of Justice and Community Safety, Ms Kathy Leigh, to examine case management practices in the Supreme Court with a view to developing recommendations on changes to practice, procedure and the law to achieve more efficient use of the Supreme Court's time. That review is due to report in April 2011.

²⁰² See http://www.esa.act.gov.au/ESAWebsite/content_actas/home_page/lennox_report_4_may_2010.pdf

²⁰³ See <http://www.parliament.act.gov.au/downloads/reports/7th%20PAC09%20ambulance.pdf>

²⁰⁴ See http://cdn.justice.act.gov.au/resources/uploads/JACS/PDF/2010-2011_Ministerial_Direction.pdf

²⁰⁵ See <http://www.justice.act.gov.au/publication/view/1092>

The Review also notes work to achieve a combined registry for the Supreme Court and Magistrates Court which is intended to provide more efficient services to the judiciary and better access for the legal profession and community. In a small jurisdiction, it is vital that the courts system operate in a streamlined and efficient manner, and in this context, the Review notes the opportunities presented by the proposal to construct a new Courts Building to integrate the ACT courts further in a single complex.

Legislation is currently before the Legislative Assembly relating to the Magistrates Court jurisdiction, and the allocation of work between it and the Supreme Court.

The Auditor-General recently tabled a follow-up performance audit of courts administration²⁰⁶ to which the Government will respond in due course.

Asbestos

Asbestos is currently managed across a number of agencies:

- OIR has policy responsibility for the Dangerous Substances Act (the DSA);
- ORS is responsible for enforcement of the DSA, and Justice has policy responsibility for real estate transactions;
- ACTPLA manages building work related asbestos issues and the licensing of asbestos workers (such as assessors and removalists);
- TAMS regulates illegal dumping issues;
- DECCEW manages disposal of asbestos; and
- Health has responsibility for public health matters.

The recent review of the ACT Asbestos Management Strategy was, in part, intended to address this fragmentation of responsibility. The Report is expected to be tabled soon.

Functions

ACT policing

Administration of justice

Corrective services

Electoral services

Emergency services

Fair trading

Human Rights

Legal policy

²⁰⁶ See http://www.audit.act.gov.au/auditreports/reports2010/Report_9_2010_Follow-up_Audit-Courts%20Administration.pdf

Legal services

Occupational licensing

Registration, inspection and regulatory services

Road Safety and driver and vehicle licensing policy

Transport regulation and licensing

ACT Health

(Health Directorate – Minister for Health)

Overview

ACT Health has six clinical service delivery areas: Canberra Hospital; Community Health; Calvary Public Hospital (through a contractual agreement with the Little Company of Mary Health Care ACT); Mental Health ACT; the Capital Region Cancer Service; and the Aged Care and Rehabilitation Service. The Population Health Division provides a range of public and environmental health services as well as health protection and promotion services.

ACT Health sets health policy and plans the delivery of health services to ensure these services meet community needs. ACT Health also funds a range of non-government organisations to provide vital healthcare services to the people of the ACT and surrounding region. These functions are supported by a small core of policy and corporate staff in other divisions who support the service providers in meeting their goals.

The Department reports to the Minister for Health:

Minister	Portfolio	Functions
Katy Gallagher MLA	Minister for Health	Acute health services Aged care and rehabilitation services Cancer services Community health services Health infrastructure Health policy Mental health services Population health services

Administrative Arrangements

The health function has been delivered by the ACTPS since self government in various structures. In October 2000 the Department of Health, Housing and Community Care was established. In June 2002 there was a restructure of the ACT health system and creation of the Department of Disability, Housing and Community Services which saw several functions transferred to that department, including disability and therapy services. ACT Health came into existence in August 2003, replacing the Department of Health and Community Care.

Issues

The Review notes ACT Health has recently completed two consultation periods in relation to its organisational structure in keeping with the National Health and Hospitals Network Agreement.²⁰⁷ This includes settling arrangements for establishment of the ACT Local Hospital Network. The first stage was a four week consultation focusing on the top level executive structure. The second stage of consultation was a five week consultation period focused on the functions and units within each Division and Branch as well as tier one governance structures.

ACT Health is seeking to establish a new structure that enables the portfolio to capitalise on the opportunities that are currently being presented to the organisation, and those that will arise in the future. These opportunities include the:

- ACT's increasing demand for services, and the response to this need;
- Capital Asset Development Program, and service excellence; and
- National Health and Hospital Reform Program, and preparation for these changes.

The Review understands during the consultations, there was consistent feedback about the necessity for senior executive positions for nursing, medical and allied health as well as significant lack of support for the proposal to decentralise the existing Acute Support Division. Feedback also suggests concern about ensuring appropriate links exist between the corporate and operational functions, and this formed part of the major focus for stage two consultations.

The new organisational structure has been finalised and ACT Health will commence the transition process to enable the new structure to become operational by 28 February 2011. In this context, the Review has chosen not to make detailed recommendations about structural changes in ACT Health. Apart from minor suggestions raised below, significant structural reform was not seen as warranted in this area.

There are, however, very significant policy issues, beyond the capacity of health spending to overwhelm state and territory budgets, with which the Government and ACTPS will need to engage in the coming years. These include the detail of the arrangements to implement the National Health and Hospitals Network (including funding arrangements, cross border implications, the transfer of responsibility for primary care to the Commonwealth Government and the impact on untied Goods and Services Tax revenue), containing growth and managing demand in the health system; delivery of the Capital Asset Development Plan, and consideration of alternative models of service delivery including closer alignment of services with private providers (e.g. temporary surge capacity for particular locations or issues).

²⁰⁷ See <http://www.health.act.gov.au/c/health?a=&did=11146743>

Significant whole of government, collaborative effort will be required to engage with these issues. The Review has not uncovered any structural impediments to this work.

Therapy ACT

A question was raised about the appropriate location of Therapy ACT. Currently, it is a program area of DHCS providing a range of multidisciplinary therapy and support services for people with delays in development and developmental disabilities aged from birth to age 65. Therapy and support services are available for physiotherapy, occupational therapy, speech pathology, social work and psychology.

These services could be attached to the Local Hospital Network and integrated into a model of care covering in hospital and community care. Another argument emphasises strong synergies within DHCS across clients of its various services, which are mutually reinforcing. No compelling case for change was advanced. The Review recommends this issue be revisited following implementation of the Local Hospital Network and companion primary health care organisations (to be called *Medicare Locals*).²⁰⁸

Veterinarians Board

A minor issue raised in consultations was the allocation for responsibility for the Veterinarians Board. The Review recommends, subject to consideration of the ongoing roles and responsibilities of Boards and Committees discussed at Chapter 3, responsibility for the Veterinarians Board be transferred to TAMS.

Functions

Acute health services

Aged care and rehabilitation services

Cancer services

Community health services

Health infrastructure

Health policy

Local Hospital Network

Mental health services

Population health services

²⁰⁸ See <http://yourhealth.gov.au/internet/yourhealth/publishing.nsf/Content/Home>

Department of Disability, Housing and Community Services

(Community Services Directorate – Minister for Community Services)

Overview

DHCS has responsibility for a wide range of human services functions including community services, older people, women, public and community housing services and policy, children, youth and family support services and policy, multicultural affairs, disability policy and services, therapy services, Child and Family Centres, the ACT Government Concessions Program, homelessness, Aboriginal and Torres Strait Islander Affairs, and disaster recovery.

The Department currently reports to two Ministers across six portfolios:

Minister	Portfolio	Functions
Jon Stanhope MLA	Minister for Aboriginal and Torres Strait Islander Affairs	Aboriginal and Torres Strait Islander Affairs
Joy Burch MLA	Minister for Disability, Housing and Community Services	<ul style="list-style-type: none"> Carers Community facilities Community housing Community recovery Community support services Concessions Disability policy and services Homelessness Housing assistance services Housing policy Public housing Therapy services Volunteering

	Minister for Children and Young People	Adoption Care and protection Child and family centres Childcare services Children's policy Family support Out of home care for children Youth justice Youth policy Youth services
	Minister for Ageing	Ageing
	Minister for Multicultural Affairs	Multicultural Affairs
	Minister for Women	Status of Women

Administrative Arrangements

DHCS was established in June 2002 from the Department of Health, Housing and Community Care, and elements of the Department of Education and Training.

In May 2004 the Office of Children, Youth and Family Support was established following the Vardon Report on Child Protection. In 2005 the Office of Multicultural Affairs was transferred in and the Offices of Women, Ageing and the Office of Aboriginal and Torres Strait Islander Affairs followed in 2006. In December 2007 matters relating to Youth Justice were transferred to the portfolio.

Issues

In its Submission to the Review, the ACT Council of Social Service notes:

... in 2009 ACTCOSS welcomed the announcement Minister Joy Burch would take responsibility for the bulk of portfolios contained within the Department of Disability, Housing and Community Services. The previous split in ministerial oversight of this important department had reinforced silos and fragmentation. Bringing together the portfolios

of this department under one minister was hoped to support greater integration across human services ...

While it is apparent silos and cross-communication are still a challenge for DHCS, the oversight of a single minister is one part of the solution in the breaking down of these silos.²⁰⁹

Apart from the discussion of events (see the proposed Chief Minister's Department section), Therapy ACT (see Health section), and youth justice, there were no structural issues raised with the Review in relation to DHCS. Indeed, there was much positive commentary from external stakeholders supporting both the grouping of functions and alignment of portfolio and Ministerial names.

The concurrent review of the Bimberi Youth Justice Centre is noted. The possibility of aligning responsibility for adult and youth corrections in the same agency was raised during the Review, but is not supported. There are strong synergies in Youth Justice being part of the Office of Children, Youth and Family Support particularly in relation to the provision of coordinated support to families in need (and young people in the youth justice system).

Like health, however, there are significant policy and budgetary issues within the Community Services portfolio that will require close whole of government collaboration to resolve. The nature of DHCS' client group places it at the heart of many of the problems facing the ACT Government and ACTPS. This requires greater clarification of the social perspective in a genuinely triple bottom line approach to decision making. It will certainly involve engaging with strategies to manage demand, work cooperatively with New South Wales especially in relation to child protection across borders, and in the specification and delivery of services and service levels.

In areas ranging from provision of public housing to child protection, there will need to be a systemic review of drivers and service models. The Review notes the Expenditure Review and Evaluation Committee has commenced a review of the delivery of social housing.

The Social Compact

Submissions raised the ongoing relevance and desire from non-government organisations to reinforce and extend the social compact, which is:

a statement of understanding about the relationship between the ACT Government and the community sector. It provides a framework for relations between the community sector and the ACT Government by articulating the principles of good communication and partnership. ... It aims to continue to improve the working relationship for the benefit of people and communities in the ACT. ... Importantly, The Social Compact sets out undertakings that each sector is committed to in working together for the public good.²¹⁰

²⁰⁹ Submission No.19.

²¹⁰ ACT Government (2004a) *The Social Compact A Partnership Between the Community Sector and the ACT Government*. Canberra, p. 5.

The Social Compact establishes a Joint Community Government Reference Group to oversee the ongoing development of relationships and relevance of the document as those relationships evolve.

ACTCOSS notes in its Submission:

Even though the ACT Government has expressed a commitment to the Social Compact, there is a lack of consistency in its implementation across government. While the intention is clear, that all departments are to frame their work with the community sector with the compact in mind, they do it with different understandings and different resources ...

The biggest concern about the ACT Social Compact expressed by the community sector is the lack of any enforcement mechanism. The Australia Institute recommends that in order to be successful a Compact must include penalties. However the ACT Compact contains no means of redress when a decision fails to meet the undertakings or reflect the values contained in the Compact. ...

Despite the good intentions of the ACT Social Compact outlined in the shared vision and principles, ACTCOSS is concerned by the lack of detailed guidance in how to implement the commitments and goals. Consultation participants for the 'No Wrong Doors' report indicated they were unclear as to how to utilise the Social Compact, although many felt they should be trying to do something with it and were looking for a way to engage with the document ...

Although a joint community and government reference group has been established, there is little opportunity for input from the community more generally, nor are documents published and made available to the community on the implementation and use of the Compact. The UK Government produces an annual review document that is tabled in Parliament. This is an improvement on the ACT process as the tabled review is a public document, ensuring a higher level of transparency and accountability.²¹¹

Focusing on Clients

In her Submission to the Review, Ms Irene Simkin, underscoring the need for client-focussed service delivery models and effort involved if the ACTPS is to serve the customers of its services, suggested DHCS “requires an urgent overhaul. There are so many sections in this department, with each one dealing with its own little area, and there appears to be no co-operation or co-ordination between these sections”.²¹² The particular circumstances of her dealings with DHCS are beyond the scope of this Review, but these observations are a reminder to all ACTPS staff of the expectation – rightly – that when citizens interact with the ACTPS, they do so on the basis that they will deal with it once and the response will be about them, and not the organisational units with which they happen to be speaking. The “no wrong door”, client centred approach is difficult to deliver, but provides outstanding service to clients.

²¹¹ Submission No.19 .

²¹² Submission No.4. Ms Irene Simkin.

The National Disability Services ACT recommends investigation of

mechanisms to improve partnering between government and non-government organisations ... Improved partnerships could result in more efficient and effective service delivery. For example, Housing ACT and the non-government disability services sector could work together to provide more affordable emergency and other accommodation for people with disabilities.²¹³

Aboriginal and Torres Strait Islander Affairs

As part of its consultations, the Review met the ACT Indigenous Elected Body (IEB) established under the *Aboriginal and Torres Strait Islander Elected Body Act (2008)*.²¹⁴ The IEB exists to provide direct advice to the ACT Government about issues affecting Indigenous Canberrans. This initiative was described by the Chief Minister

as a signal, perhaps even a seismic, shift in the relationship between this legislature and the Aboriginal and Torres Strait Islander people who make the ACT their home. The government firmly believes that the establishment of an Indigenous elected body will play two functions, symbolic and practical. Firstly, we hope that it will help this community, black and white, move closer to true reconciliation. Secondly, we believe it is practically significant for the degree of self-determination that it will offer Aboriginals and Torres Strait Islanders in our Canberra community.²¹⁵

It is crucial to the success of the IEB and the welfare of Canberra's Aboriginal and Torres Strait Islander community that the IEB be properly resourced (including in relation to basic office and equipment support to the Secretariat), and is supported by the ACTPS in the delivery of its functions. It is a nation leading initiative and offers opportunities for closer and more meaningful engagement. The more the ACTPS and Ministers engage with the IEB, the more benefits to policy and program design will flow.

There were suggestions during consultations that the various "Offices of" currently located in DHCS should be located at the centre of Government, and similar proposals were expressed in relation to the IEB. The term of the current IEB is drawing to a close, and issues of resourcing, and portfolio location should be further considered in that context. While the location of the IEB in the proposed Chief Minister's Department would be consistent with the preference for Departments to report to a single Minister, the Review is not convinced the benefits of alignment with this principle outweigh the benefits to clients of DHCS from the integration of Aboriginal and Torres Strait Islander Affairs with its other service delivery lines.

The Review also notes that in the context of general commentary in Chapter 5 about reporting on performance and collection of data, there is a particular need to improve the

²¹³ Submission No.25.

²¹⁴ See <http://www.legislation.act.gov.au/a/2008-12/default.asp>

²¹⁵ Stanhope, J. MLA (2008) *Hansard 6 May 2008*, p.1422

quality of data about Aboriginal and Torres Strait Islanders in the ACT to support ongoing policy development and program design.

Coordination of Strategic and Operational Planning

Reflecting the breadth of its client base, DHCS “owns” a large number of portfolio specific implementation plans or other strategies that sit below the *Canberra Plan*. It will need to be a key player in the work to align and streamline planning and performance and accountability frameworks outlined in Chapter 5.

There is a risk to service delivery in the specification of highly detailed performance targets in small subsections of the community, and there would be benefit in efforts to align performance indicators and measures across plans where they might be served by the same or similar programs. Proliferation of performance indicators risks fragmentation of effort in pursuit of low level performance targets, and runs contrary to a broader citizen-centred approach to policy and program design.

Functions

Aboriginal and Torres Strait Islander affairs

Adoption

Ageing

Care and protection

Carers

Child and family centres

Childcare services

Children’s policy

Community facilities

Community housing

Community recovery

Community support services

Concessions

Disability policy and services

Family support

Homelessness

Housing assistance services

Housing policy

Multicultural affairs

Out of home care for children

Public housing

Status of Women

Therapy services

Volunteering

Youth justice

Youth policy

Youth services

Department of Education and Training

(Education Directorate – Minister for Education)

Overview

The Department of Education and Training delivers public education services through government schools; registers non government schools; and administers vocational education and training in the ACT. The Department also caters to the needs of trainees and apprentices through coordination of activities related to training organisations and advisory bodies, industry and community organisations.

The concurrent consultation process on the future of Government high schools is seeking input from students and young people, teachers and support staff, parents and community members, colleagues from other education settings and business and industry. A Government response will be forthcoming in due course.

Concurrent work is also being undertaken by the ACT Tertiary Taskforce on the future of the tertiary education sector, and the education sector more broadly.

DET currently reports to one Minister:

Minister	Portfolio	Functions
Andrew Barr MLA	Minister for Education and Training	Early childhood education Education policy Government and non-government schools Vocational education and training

Administrative Arrangements

At self-government, DET's functions were carried out by the ACT Schools Office and the Office of Industry and Development. The current set of departmental responsibilities was established in May 2004. DET was responsible for Sports and Recreation, Youth Justice and children and youth functions between 1998 and 2004.

In addition to the Department, the portfolio includes the Canberra Institute of Technology (CIT).

Issues

Public School Enrolments, Performance, and Investment

The ACT is generally well served by its public schools. With the exception of years five and seven spelling, the ACT has ranked first or equal first in the nation for all year levels and

domains in the 2010 NAPLAN tests. With only a few exceptions, the ACT performance has improved since NAPLAN 2009 relative to the national results. There nevertheless remains a need to better understand the performance of ACT public schools in absolute as well as relative terms. The broad socio-economic status of Canberra would suggest high performance on NAPLAN testing, and it is difficult to separate this predisposition in measuring the “difference” made by the ACT public school system.

DET staff have been responsible for nationally acclaimed innovative policy and program design, including in encouraging school-community partnerships through the CCCares program. Canberra College has partnered with the Child, Youth and Women’s Health Program run by ACT Health to support the needs of pregnant or parenting students, providing a ‘one-stop-shop’ for educational and health services for their students. It has resulted in greater student engagement and connection with external health agencies, higher rates of certificate completion and an increased sense of belonging. These achievements were recently recognised through the Schools First awards program, with CCCares winning the inaugural Schools First National Award in November 2009 and \$750,000.

The drift in recent years of students from public to non-government schools is a nationwide phenomenon, and the ACT has traditionally had the lowest proportion of public school enrolments in Australia. The February 2010 census of ACT schools shows that, excluding preschool enrolments, 57.3 % of students were enrolled in public schools. While the proportion of students enrolled in public schools has decreased slightly from 2009, the rate of decline over the past two years has slowed. However, the decline in secondary school enrolments continues to be a concern. Furthermore, there is a risk in the growth of private school enrolments of the public system coming under increasing pressure from growing proportions of children with special needs.

Table 8 - Proportion of ACT Students Enrolled in Public Schools from 2006 to 2010²¹⁶

	2006	2007	2008	2009	2010
% in public schools (excluding preschool)	58.9	58.4	57.6	57.4	57.3

The issue of school closures became the subject of protracted and heated community debate following the *Strategic and Functional Review of the ACT Public Sector and Services* and the 2006-07 Budget. Decisions to close schools will always be difficult and provoke strong emotions. A broader recognition is required within the community that as part of an overall strategy of investment in public education, and in light of clear evidence of lower academic performance in schools lacking a critical mass of students and teachers, that it may well be necessary for governments to consider options for different models of service delivery in the future. The Review endorses in this context the Government’s moves to align Kaleen High School and Lake Ginninderra College with the University of Canberra (UC).

²¹⁶ ACT Government (2010f) *Census of ACT Government Schools August 2010*. Canberra.

It is interesting to note in this context that class sizes in the ACT are small by national standards. A Table published in the *Sun Herald* on 24 October 2010, indicated:

Table 9 – Different Class Sizes in Primary Schools²¹⁷

STUDENTS	20 or less (%)	21 – 25 (%)	26 – 30 (%)	More than 30 (%)
ACT	38	52	10	1
NSW	27	36	32	4
QLD	26	48	26	1
SA	35	34	28	4
NT	30	54	14	3
VIC	36	49	15	1
TAS	31	51	17	1
WA	26	42	27	5

More is said about cross border service delivery in Chapter 2, but education is a significant unfunded area for the ACT Government in this domain. While some recognition of these costs comes through Commonwealth Grants Commission (CGC) processes, ACT taxpayers bear the cost of providing public school education services to regional students. The need for better data collection to ensure proper evidence can be provided to the CGC, as well as options for better recovering cross border costs from non-resident students will need to be considered in the future. There is, unlike health, no obligation on the ACT to provide free education to New South Wales residents.

The Review notes the Commonwealth Government has commissioned a *Review of Funding in Schooling*.²¹⁸ That Review's stated aim is to achieve a funding system for the period beyond 2013 which is transparent, fair, financially sustainable and effective in promoting excellent educational outcomes for all Australian students. It will examine the funding arrangements for schooling that are currently in place, to see how well they support all students to reach their educational potential. It is the first comprehensive Commonwealth Government review of school funding in over 30 years.

The Funding Review is due to report by the end of 2011. The Commonwealth Government has given an undertaking that the existing funding arrangements for all schools, including current indexation arrangements, will be extended until the end of 2013. Under the current arrangements, the Commonwealth Government provides the majority of its funding to non-government schools, and state and territory governments provide the majority of their funding to government schools.

Canberra Institute of Technology and the University of Canberra

As the ACT's largest publicly owned educational institution with Registered Training Organisation status, CIT manages the major component of the ACT's vocational education and training (VET) commitment, working closely with industry and community. The Institute's functions are set out in the *Canberra Institute of Technology Act (1987)*.²¹⁹ CIT

²¹⁷ Bibby, P. "Class sizes 'hit students who need the most help' *The Sun-Herald*, 24 October based on "The State of Our Schools Survey" by the Australian Education Union.

²¹⁸ See <http://www.deewr.gov.au/Schooling/ReviewofFunding/Pages/default.aspx>

²¹⁹ See <http://www.legislation.act.gov.au/a/1987-71/default.asp>

offers over 700 courses, including bachelor degrees to local, national and international students. Programs of study offered include statements of attainment, certificates, diplomas, advanced diplomas, graduate diplomas, degrees and the ACT Year 12 Certificate. CIT also provides an expanding range of VET in Schools programs across the ACT and works closely with all education sectors.

Canberra is uniquely placed to offer a vertically and horizontally integrated education and training sector incorporating schools, VET providers and universities. It is small enough and contained enough to support a coherent approach, but large enough to offer a critical mass of students and staff to foster further development of a world class centre for lifelong education.

There is enormous scope for innovation in delivery of education in Canberra. Possibilities include amalgamating CIT and UC; enhanced collaboration between Canberra's universities; and greater integration of VET and university learning into the final years of school education. This is underpinned by the guaranteed and mandatory place in education or training for young people until they turn 17. Options exist for university high schools, specialist or selective high schools and colleges, sharing of resources and/or collocation and sharing of teaching facilities.

The ACT Government has established a Tertiary Taskforce with representatives of industry, education professionals and government to consult on the future of tertiary education in the ACT. The Taskforce has been considering options under which the tertiary education sector would be integrated to establish a coherent federation of providers that incorporates providers ranging from small private training providers to large, research-intensive universities. The proposal has been described as "education without borders" under which students at various stages could choose from a range of educational offerings putting together programs that meet their personal and professional needs, drawing from as many educational institutions in the network as they need, with no administrative hurdles.

UC and CIT are both strong brands in the education market. There are already extensive articulation and other collaborative arrangements in place between UC and CIT. Over 150 credit transfer arrangements are in place, covering diplomas and advanced diplomas in a variety of discipline areas. Students can receive credit for CIT studies to reduce the number of units they need to study at UC. This close relationship and commonality of purpose creates advantages in the delivery of tertiary education, including through how courses are tailored and student transition. The Review recommends that the partnership be further enhanced through the formal marriage of the CIT with UC.

It will be important for the amalgamation to be carefully managed so the benefit of the market presence for both institutions is not lost.

Concurrent work is being undertaken by the ACT Tertiary Taskforce. A circuit breaker team might be formed to consider options to implement its recommendations, along with the proposals outlined in this Report. It will be important to ensure that any changes do not diminish access to tertiary education for all Canberrans, or see the agglomeration of more

profitable courses in one area diminishing resources available in another to support opportunities for disadvantaged people to access further education and training.

In resolving this issue, consideration will need to be given to the overlap in administrative responsibility in the Administrative Arrangements for the *Canberra Institute of Technology Act 1987* which, in a manner inconsistent with the powers of the CIT Director, is shown under the Chief Executive of DET.

There is undoubted duplication and arguably inefficient competition between UC and CIT in an education market and city in which there is enormous scope for cooperation and alignment of effort. A combined institution along the lines of Swinburne University is likely to enhance significantly educational and economic outcomes in Canberra, as well as efficiencies that might be redirected towards enhanced course offerings.

In its Submission to the Review the Australian Council for Private Education and Training noted one of the conflicts inherent in the current arrangements:

Currently the Canberra Institute of Technology (CIT) receives operating advantage over private providers through allowances such as funding from the ACT Government for infrastructure and payroll tax concessions. The outcome is that the cost of publicly funded infrastructure is not transparent within service delivery costs. As such private providers are not competing on a 'level playing field'.²²⁰

Further recommendations about vocational education and training are made in the Department of Land and Property Services section.

Efficiency Dividend Impact

DET provides an interesting example of the need to nuance decisions taken with general application to avoid unintended consequences, and the benefits of more collaborative preparation of briefing for Cabinet, especially when it sits as Budget Committee. It also demonstrates the need for there to be clarity within the Government, and with the community, of the real impact of initiatives like the efficiency dividend.

In keeping with the Budget Plan, all agencies were required to find efficiency savings to assist in the task of returning the Budget to surplus. Such requirements fall heavily on agencies with small pools of discretionary funding. By way of example, DET's total expenditure, excluding depreciation is budgeted to be around \$534 million. When other non-discretionary funding amounts are taken into account, employee expenses account for around 80% of total expenditure. Furthermore, the school sector is also largely excluded from the impact of budgetary restraints imposed on the Department. As a result, the impact of any budget reductions is distorted as it only applies to certain elements of the department (i.e. central office). The impact of the dividend is restricted to central office to protect schools from any budget savings, but the savings requirement is based on the entire Departmental

²²⁰ Submission No.7. Australian Council for Private Education and Training.

budget. In effect, the savings requirement of 1% actually equates to an impact of closer to 7% of the affected area's budget. The alternative approach is that the 1% efficiency dividend should apply only to the central office element of DET.

The Review notes the Community and Public Sector Union have been longstanding opponents of the 2009-10 and 2010-11 Budget decisions to impose the efficiency dividend:

The efficiency dividend is having a significant impact on the capacity of the ACTPS to effectively deliver government policy and objectives. The CPSU believes that the ongoing negative impact of the efficiency dividend on the ACTPS is an example that demonstrates why the efficiency dividend needs to end.

Some larger ACTPS agencies may initially be able to absorb some of the government cuts by diverting project funds, using own source income or economies of scale to maintain staffing levels and functions following the introduction of the efficiency dividend. However, this is not sustainable in the long term.

While the ACTPS officially ended the recruitment freeze on 1 July this year, the efficiency dividend cuts that came into play on the same day have led to a de facto recruitment freeze continuing on an agency basis across the service. Without adequate funding, the arbitrary cuts will inevitably be offset by a decline in delivering on government policy and objectives.²²¹

A more comprehensive and robust briefing process to Cabinet would permit issues such as these to be raised and form part of the decision making process. The answer might – quite properly – be the same. It would mean, however, decisions being taken on the most robust and comprehensive information available.

Functions

Early childhood education

Education policy

Government and non-government schools

²²¹ Submission No. 11.

Department of Territory and Municipal Services

(Territory and Municipal Services Directorate – Minister for Territory and Municipal Services)

Overview

The Department of Territory and Municipal Services, perhaps more than any other current ACTPS entity, displays the results of years of organic growth, and regrowth, of functions. It currently has 27 business lines, the majority, but not all, of which relate to local government type services on which every resident of the city depends. The Review has been particularly conscious of the history of regular organisational change within TAMS and its predecessors, and in seeking to specify a coherent list of functions, roles and responsibilities, has only recommend necessary changes at this stage. It has, however, identified a number of areas for future consideration.

The Review’s basic approach to TAMS, echoed in views expressed in consultations, has been to focus it solely on the delivery of the municipal services to the community which are critical to the operation of the city, and the success and standing of the Government. This is particularly demonstrated by the fortnightly ‘Chief Minister’s Talkback’ on ABC local radio when the Chief Minister takes calls from members of the public. Although callers may discuss any area of government policy, the vast majority relate to municipal services, inviting observations that it is really “TAMS Talkback”. This level of community interest inevitably necessitates a strong focus on municipal service delivery by the Department, but this can be at the expense of other responsibilities. It is remarkable that chief ministers make themselves available in this way, demonstrating the immediacy of city state government and the desire for intimate connections between the Government and citizenry.

A number of concurrent reviews are being undertaken by the Expenditure Review and Evaluation Committee of aspects of TAMS operations. This work should continue, but implementation should be deferred until the proposed structural changes have been implemented. To the extent that some of those reviews canvass structural issues, the Review has taken what information is available at the time of writing into account in settling its recommendations.

TAMS currently reports to two Ministers in three portfolios:

Minister	Portfolio	Functions
Jon Stanhope MLA	Minister for Territory and Municipal Services	Government services including shared services, transactional, information and payment services Land management and stewardship Municipal services

		Libraries
	Minister for Transport	ACTION Buses Transport policy and regulation Road Services
Andrew Barr MLA	Minister for Tourism, Sport and Recreation	Sport and recreation Territory Venues including EPIC

TAMS as the Exemplar of City State Service Delivery

TAMS demonstrates the extent to which the ACT's city state government straddles what would be in New South Wales, local government and state government functions and services. TAMS delivers a wide range of services to the people of Canberra including collecting and recycling waste, running public libraries; ensuring municipal infrastructure remains in good working order; road and path construction and maintenance; public transport through ACTION; and management of recreational facilities including sports grounds, national parks and nature reserves. TAMS is also responsible for *Canberra Connect* and Shared Services, Territory venues including Manuka Oval, Canberra Stadium and Stromlo Forest Park; cemeteries; and commercial operations including the Capital Linen Service and Yarralumla Nursery.

The current structure combines commercial entities with semi-commercial entities (such as Exhibition Park in Canberra), budget funded service delivery, and cost recovered services. This mix creates complex budgetary arrangements with inherent accountability implications. As the Department utilises a single bottom line approach, budget overruns in municipal service delivery are often absorbed by non-municipal functions.

Removing non-municipal functions would allow TAMS to focus on its core service delivery responsibilities and provide clearer purpose, identity and funding arrangements for the Department. This would also reduce the Department's exposure to future structural changes thereby allowing time for a strong and stable form and culture to emerge.

Administrative Arrangements

TAMS was formed on 1 July 2006 with the combination of the Department of Urban Services, Environment ACT, Australian Capital Tourism, Sport and Recreation ACT, ACTION, Canberra Stadiums and parts of the Office of Sustainability. Climate change, water and energy functions and environment policy were transferred to DECCEW on its establishment in November 2008. ACT Property Group was transferred to LAPS in December 2009. Tourism and heritage were transferred to CMD in November 2009 and July 2010 respectively.

Proposed Changes

The Review recommends the following changes:

- assume responsibility for ACT Property Group (from LAPS);
- transfer transport planning to Sustainable Development;
- transfer transport regulation to ORS;
- transfer road safety and vehicle and licensing policy to Justice;
- transfer legacy transport regulatory policy (heavy rail and maritime) to Finance;
- transfer the Territory Records Office and Archives ACT to the proposed Chief Minister's Department;
- transfer *Canberra Connect* to the proposed Chief Minister's Department;
- transfer Shared Services to Finance Directorate;
- transfer staff responsible for providing support to the Conservator of Flora and Fauna to Sustainable Development; and
- consider in the future whether other government owned assets could be managed by ACT Property Group including Community hubs and schools but excluding a limited number of specialist buildings including The Canberra Hospital complex and public housing.

Issues

ACT Property Group

ACT Property Group is currently part of LAPS and has been since that Department's inception. It manages Territory-owned commercial buildings; leases commercial buildings on behalf of the Territory; manages government office accommodation at a whole of government level; and manages properties which either become surplus to agencies' service delivery needs or which are transferred to ACT Property Group from other government agencies. Prime roles include strategic asset management and managing existing government and/or non-government tenancies. ACT Property Group also provides property projects and maintenance services to all ACT agencies.

The Review recommends Property Group be returned to TAMS. This function is more in keeping with the service delivery focus of TAMS in managing infrastructure, than it is in the refocused and outwardly looking Economic Development Directorate.

As part of this change, CMD's current responsibility for management of arts facilities should be transferred to ACT Property Group immediately. This issue was considered in the recent Review undertaken by Peter Loxton and Associates, which concluded:

there could be serious risk to arts and heritage buildings if they were handed over to the ACT Property Group without some change in the way that specialist facilities are protected and maintained. Therefore, at this stage artsACT should retain ownership so

that they are able to maintain effective policy control, but should outsource building maintenance, either to the ACT Property Group or some external organisation.²²²

The Review endorses these findings, but counsels against change in the role and structure of the Cultural Facilities Corporation (in relation to the Canberra Theatre and other venues it manages). Clarification of its role and responsibilities in curating and maintaining heritage buildings should be finalised.

There is no reason why other government owned assets could not be managed by ACT Property Group (except for a limited number of specialist buildings including The Canberra Hospital complex and public housing). The Review recommends further integration of property management for facilities including Community Hubs and schools be considered in the future. The Review considers it preferable to pursue a staged approach to these changes to avoid unnecessary disruption.

That process should also address the management and maintenance of school libraries. Currently, ACT Property Group is responsible for all government libraries that are not part of another organisation (i.e. schools). This creates inconsistency in how libraries are managed and maintained. The ACT Library Service is responsible for identifying necessary works and maintenance for all libraries. Depending on who is responsible for the building, there are two entirely different processes required, either through the Department of Education and Training or the Department of Land and Property Services.

Managing Expectations – Fix My Street

A key ongoing issue for TAMS in delivering its services to the community is the management of expectations about what is possible, reasonable and achievable within current funding levels. In this context, the Review notes public commentary about the timeliness and frequency of mowing road verges and other areas coincident with heavy and regular rainfall during the Review.

Furthermore, the Review notes that the measured level of public satisfaction with TAMS services is very high: against the relevant strategic indicator in the 2010-11 Budget, TAMS reported the following satisfaction levels (measured by customer surveys) with delivery responsibilities such as library services, *Canberra Connect*, infrastructure services (including roads, community paths, traffic lights, street signs), waste collection, ACTION, parks and reserves, sports grounds, and aquatic centres.²²³

TAMS might be well served by adopting the practices of local government entities elsewhere in providing transparent reporting of where rates and other revenue are expended. This would require collaboration with the Finance Directorate, but would assist in advancing public discussion from criticism of performance without proper context, to a more informed discussion about appropriate levels of service delivery within the available level of funding.

²²² Loxton, P. & Loxton, T. (2010b)

²²³ ACT Government (2010g) *2010-11 Budget Paper No. 4*. Canberra, p.65.

TAMS has already made advances in this regard, building on the successes of *Canberra Connect*, in instituting *Fix My Street* to provide a channel for residents to report issues.²²⁴

Funding Model for New Suburbs

An issue raised in consultations both within and outside the ACTPS was the funding model for TAMS in relation to acceptance of new community assets and service delivery responsibilities in new developments and new suburbs. It was suggested that the quality and form of public infrastructure in new estates is being driven, in part, by lack of growth funding for TAMS for additional capacity to service and maintain it in the future.

TAMS provided significant efficiency savings in the 2006-07 Budget, and arguments were advanced to the Review that this has led to structural underfunding for core municipal services. The merits of, or settling, that argument are beyond the scope of the Review, but work underway for some time to settle a marginal cost formula for increased demand for TAMS services from new residential developments should be concluded by the Expenditure Review and Evaluation Committee as soon as possible.

The Review also suggests consideration of these ongoing servicing costs be considered, at least indicatively, at the time decisions are made on land release and factored in to desired rates of return to the Government.

Commercial Operations

The issue of ongoing ownership of the Capital Linen Service was raised with the Review. The service operates commercially providing linen to hospitals and hotels in the Canberra region. While there would seem to be no particular reason for the Government to own a commercial laundry operation, that question requires further policy collaboration before consideration by Cabinet. Until the Government considers ownership options for Capital Linen Service, TAMS remains the most appropriate home for it.

Similar issues arise in relation to the Yarralumla Nursery and the Review suggests the same approach be adopted.

Roads ACT

Roads ACT manages the construction, operation and maintenance of roads and associated infrastructure such as bridges, community paths, driveways, street signs, line marking, traffic signals, street lighting and storm water. It has renewed its focus on capital works delivery and has relinquished its role in road safety coordination, strategic planning and community engagement, as well as responsibility for the planning of public transport infrastructure.

²²⁴ See https://www.contact.act.gov.au/app/answers/detail/a_id/1146

While it is appropriate for responsibility for transport planning to be transferred to Sustainable Development, there will need to be an ongoing and close working relationship between that Directorate and Roads ACT to ensure the practical implications of delivery of planned infrastructure are taken in to account.

Veterinarians Board

The ACT Veterinary Surgeons Board is established under the *Health Professionals Act (2004)*. As part of the review of all ACT Government boards and committees proposed in Chapter 3, responsibility for this body, should it be determined that it is necessary for it to continue, as between Health and TAMS should be settled.

The Arboretum

The Review notes suggestions that responsibility for the Arboretum be transferred from LAPS to TAMS. While this might be the appropriate location once the Arboretum is properly established, the Review considers that a transfer of responsibility at this stage is unnecessary and would risk continuing focus on delivery of that project. It should remain the responsibility of the Coordinator-General.

Parking Operations

It was suggested in consultations that parking operations (i.e. inspection and issuing of infringement notices) constitute municipal functions that should be in TAMS and not ORS. The Review is not convinced by these arguments, many of which are predicated on a model integrating all aspects of transport in a single agency. For reasons advanced elsewhere, the Review is not proposing such a model.

Furthermore, the costs of any reallocation of responsibility in this area are likely to significantly outweigh any benefit. The Review considers this to be one area where an alignment of functions in a way that makes sense for the ACTPS is more important than who might play the same role in Queanbeyan.

Non-Urban Parks

Arguments were advanced in consultations that management of non-urban parks (e.g. Namadgi National Park) is not a municipal function and should be transferred elsewhere in government. Parks Conservation and Lands (PCL) manages more than 73 per cent of the ACT's total area including one wilderness area, one national park, three major water catchments, 1,325 urban open spaces, 12 lakes and ponds and 33 sites that make up the Canberra Nature Park. In addition to parks and reserves, PCL also manages more than 630,000 urban trees, 84 shopping centres, 21 buildings, two visitor centres, 50 picnic areas, 189 barbecues, 115 toilets, 452 playgrounds, 188 Aboriginal heritage sites, 121 European heritage sites and 40 natural heritage sites.

PCL's role extends to fire fighting and maintenance of fire trails and other infrastructure in areas under its control. In relation to hazard reduction burning, TAMS conducts operations with the approval (and assistance) of the Emergency Services Agency. In the event of an emergency, however, TAMS firefighters come under the control of the Chief Officer of the ACT Rural Fire Service and function as one of the RFS brigades. No arguments were advanced to the Review that this arrangement poses any issues of concern.

The operations of PCL, which cover urban and non-urban parks, are not readily unraveled and have been the subject of a recent and significant internal review. In this context, the Review does not recommend structural separation. Other changes recommended for TAMS and DECCEW are considered higher priorities. The Government may wish to return to consideration of this issue, but there is no need to pursue change in this sphere now.

Expenditure Review and Evaluation Committee

The Review notes the Expenditure Review and Evaluation Committee is currently conducting a number of reviews of TAMS operations, including in relation to Shared Services. Implementation of these reviews should proceed after proposed Administrative Arrangements Changes have been implemented.

Functions

ACTION Buses

Government accommodation and property services

Land management and stewardship

Municipal services

Road services

Sport and recreation

Territory venues

Department of the Environment, Climate Change, Energy and Water

(Sustainable Development Directorate – Minister for Sustainable Development)

Overview

Concerns about fragmentation of responsibility for issues related to land release, land use and transport, planning, and development approval processes formed the largest area of focus for the Review in terms of structures. Discussion of those issues is set out in detail under the Department of Land and Property Services, and for reasons of clarity and brevity, is not repeated here.

The remainder of this section deals with recommended changes to DECCEW's current responsibilities, which should occur regardless of which approach is, in the end, adopted in relation to the land and planning issues outlined below.

DECCEW was established after the 2008 election, largely from elements of TAMS, to consolidate and build on the Government and ACTPS's capacity to respond to climate change. Through DECCEW, the Government provides leadership to address climate change, foster growth of the clean economy, encourage innovation and investment in renewable energy and protect and conserve the environment and water resources.

DECCEW reports to one Minister in two portfolios:

Minister	Portfolio	Functions
Simon Corbell MLA	Minister for the Environment, Climate Change and Water	Climate change policy Environment protection Environmental sustainability policy Water efficiency programs Water policy
	Minister for Energy	Energy efficiency programs Energy policy

Proposed Changes

The Review recommends staff responsible for providing support to the Conservator of Flora and Fauna be transferred to DECCEW from TAMS

Issues

Support to the Conservator for Flora and Fauna

The Office of Conservator of Fauna and Flora is established under the *Nature Conservation Act 1980*²²⁵ and the Conservator has additional responsibilities under the *Planning and Development Act 2007* and the *Tree Protection Act 2005*.²²⁶ The Conservation, Planning and Research team within TAMS, in effect, works to the Chief Executive of DECCEW in the capacity of Conservator of Flora and Fauna. Briefing is also provided to the Chief Executive of TAMS, which risks muddying accountabilities and responsibilities. Support for this function should be transferred to Sustainable Development.

Role of Statutory Office Holders

A number of overlapping, if not conflicting, recommendations were made in consultations about the role of the Conservator of Flora and Fauna and the Commissioner for Sustainability and the Environment. One suggestion was that the Conservator's former concurrence role over major biodiversity matters should be reinstated, with a view to streamlining planning decision making processes.

The primary role of the Conservator is to administer and enforce the *Nature Conservation Act 1980* and address high-level conservation issues within the Territory. While administration of the *Tree Protection Act 2005* does include considering environmental issues, its remit is much broader, involving native and non-native trees. The argument was advanced to the Review that tree protection in urban areas is a local government issue, and that rather than the Conservator playing its current role, it would seem appropriate for a person with arboriculture or horticultural expertise – an ACT Arborist – to be the main decision-maker.

The Review notes the Government has recently announced a review of the *Nature Conservation Act 1980*²²⁷ and is currently considering the report on public consultations about expanding the role of the Commissioner. The Commissioner is also expected to deliver a report on the investigation into the Government's tree management practices and renewal of Canberra's urban forest shortly.

The Review recommends the roles and responsibilities of the Conservator, the Commissioner and the need for an ACT Arborist be settled in the light of those reports. These matters require further detailed consideration. If the Government were disposed to pursue these options, they should be considered in the context of a broader consideration of development approval processes following implementation of the structural changes proposed below.

²²⁵ See <http://www.legislation.act.gov.au/a/1980-20/default.asp>

²²⁶ See <http://www.legislation.act.gov.au/a/2005-51/default.asp>

²²⁷ See http://www.environment.act.gov.au/_data/assets/pdf_file/0012/210315/MIN_183_1210_Nature_Conservation_Act_review.pdf

Water Policy

Responsibility for water is currently shared by several ACT Government entities under a broad overarching governance framework. Overall coordination for water governance and regulation is currently achieved through the Chief Executives Water Group (which includes the Managing Director of ACTEW). It oversees and directs the ongoing consideration of water-related issues, including supply options. It is charged with ensuring coordinated, consistent, and regular advice is provided to the ACT Government and that non ACT Government stakeholders are provided with consistent views in line with ACT Government policy. These responsibilities should be discharged by the ACTPS Strategic Board, supplemented by ACTEW representation, in the future.

Issues surrounding water restrictions, water security projects, and flooding were topical during the course of the Review. A number of consultations suggested that the process for consideration of changes in levels of water restrictions might be amended to make the final decision one for the Minister to make (rather than one on which the Minister is consulted as occurs now). It was also suggested that it may be possible to achieve greater impact from water efficiency programs if they were delivered entirely by ACTEW.

In its Submission to the Review, ACTEW Corporation Limited argued:

Consideration of making one entity responsible for overall water policy and for ensuring consistency across departments would be beneficial and worthy of serious consideration to improve current arrangements and deliver efficiencies and better outcomes. Consideration of making one entity responsible for overall water regulation and for ensuring consistency across departments would be beneficial. ACTEW's roles and responsibilities in both these areas need to be better understood, taken into account and reflected in any revised arrangements.²²⁸

Management of waste water is already contracted to ACTEW by TAMS, so it would be consistent and sensible to make ACTEW responsible for all water matters.*

The issue of responsibility for management of Lake Burley Griffin was raised in a number of consultations, and discussions are now underway involving the National Capital Authority, ACTEW, and relevant ACT Government Agencies. Given that ACTEW is already responsible for water above the Lake in Googong Dam, as well as below Scrivener Dam including the Lower Molonglo Water Quality Control Centre, it would be sensible for it to be responsible for the Lake as well. One issue that needs to be settled in this context is responsibility for maintenance of Scrivener Dam itself.

This responsibility would extend to issues including the operation of the Captain Cook Memorial Jet at Regatta Point, the operation of which has been limited in recent years as a result of National Capital Authority funding restrictions.

²²⁸ Submission No.16. ACTEW Corporation Ltd.

Functions

Climate change policy

Energy efficiency programs

Energy policy

Environment protection

Environmental sustainability policy

Support to the Conservator of Flora and Fauna

Water efficiency programs

Water policy

Note: See Land and Property Services section below for additional functions.

* **Conflict of Interest Disclosure** - the Reviewer is a Director of ACTEW Corporation Limited.

Department of Land and Property Services

(Option 1A – preferred by the Review) – Economic Development Directorate in the Chief Minister’s Department – Chief Minister)

(Option 1B – Economic Development Directorate – Minister for Economic Development)

(Option 2 – Sustainable Development Directorate – Minister for Sustainable Development)

Overview

Concerns about the fragmentation of responsibility for issues related to land release, land use transport planning, and development loomed as the largest areas of structural focus for the Review, and there emerged in consultations a remarkably consistent view of the key issues requiring attention. These concerns centred on the number and respective roles and responsibilities of LAPS, ACTPLA, TAMS, and the other agencies, or parts of agencies that currently comprise the extraordinary 26 entities involved in approving development in the ACT.

The overriding concern was a need for greater cohesion of approach, alignment of effort, and consistency in decision making. There was a view that the ACTPS needed to focus on consistently delivering government policies and priorities in this sphere, and should actively assist project proponents to comply with requirements. In this context, there was significant praise of the role played by the Coordinator-General around which the ACT Stimulus Package Taskforce was organised in 2009, and support for its continuation with an expanded remit to assist in facilitating resolution of relevant issues. Recognition was also given to the special procedural and other waivers granted to stimulus package projects.

Another emerging theme in consultations was the need for the Government to identify an area responsible for working more closely with business on issues including: skills development in the wider economy; facilitation and support to new businesses proposing to locate in Canberra, and providing a vehicle for greater engagement with the Government on microeconomic reform and regulation.

It was with these broad issues in mind that the Review approached consideration of issues surrounding LAPS, DECCEW, ACTPLA and the Business and Industry Development and Tourism elements of the current CMD.

Guiding Principles – Planning Policy and Decision Making

One of the great tensions that emerged in consultations within and outside the ACTPS was where to draw the line between independent statutory decision making and matters that should be decided by the Minister or the Cabinet as statements of government policy.

Clearly there is a place in every planning system for arm's length decision making, free from political or other influences. The Review considers that independent role should be limited to the approval of particular Development Applications which should be determined in a statutorily independent process (unless statutory powers to "call in" a particular Development Application are utilised). Unless a particular proposal is "called in" decisions on development applications are appropriately made by the independent decision makers in ACTPLA.

That decision making process needs to occur, however, within the context of the entire planning system comprising everything from the strategic overview of the Territory Plan, to the finest details of licensing and technical regulation. These are all, at different levels of specificity, statements of government policy, for which ultimately the Government is responsible. While it will, and should, take advice from its officials including the statutory planning agency on these matters, the policy setting power ultimately rests with the Government. Such policy decisions should not, by definition, be made at arm's length by an independent decision maker.

Proposed Changes

The Review has developed two options for structural change in this arena. Under Option 1, two Directorates would be created:

- Economic Development comprising:
 - LAPS (less ACT Property Group, but with the Land Development Agency abolished and its functions fully subsumed into the Directorate);
 - Business and Industry Development Division from CMD;
 - tourism; and
 - Vocational Education and Training from DET.
- Sustainable Development, comprising:
 - DECCEW;
 - ACTPLA (less occupational licensing – to ORS);
 - transport planning from TAMS
 - support to the Conservator of Flora and Fauna from TAMS; and
 - heritage and the Government Architect from CMD.

Under Option 2, there would be a single Sustainable Development Directorate comprising all the elements described above.

In both cases there would be merit in having a single Minister responsible for strategic planning in the broad, as well as the statutory planning agency to enhance the opportunities for clarity of direction and alignment of effort by relevant elements of the ACTPS.

Current Agency Overviews

Department of Land and Property Services

LAPS was created in December 2009 with the combination of Strategic Project Facilitation from CMD, and ACT Property Group from TAMS. The portfolio also included responsibility for the Land Development Agency. LAPS is responsible for aligning and coordinating land release and development, property management and major projects.

LAPS currently reports to one Minister:

Minister	Portfolio	Functions
Jon Stanhope MLA	Minister for Land and Property Services	Government accommodation and property services Land development Land release Major land and property project facilitation

Land Development Agency

The LDA's principal function is to sell and develop land on behalf of the Government. It has its own governing Board and is expected to operate commercially and return a dividend to the Government.

There was a great deal of discussion during the Review about the role of the LDA. At the most extreme, the view was expressed that the LDA operates at a commercial advantage to its competitors in the land development market, not least because it has access to Cabinet material. It was also suggested that the role of the LDA in entering into joint ventures or developing land on its own exposes the Government to unnecessary risk. The counterpoint to that view was that the LDA should continue to pursue the "developer's profit" in selling formed estates rather than vacant land.

Another observation was that the LDA's commercial focus risks creating perverse outcomes in refusals to sell land for community purposes, or conversely, risks adding to the costs of housing through pursuit of the highest price in land sales. Conversely, it was proposed that the LDA should sell land (which is one of the Government's few assets), at the highest possible price to maximise returns to the people of Canberra. The view was also expressed that the commercial operations do not sit comfortably within the public service structures of LAPS and are incompatible with that governance framework. In some consultations, the

LDA was praised for its central role in supporting the Government’s housing affordability agenda through innovative products like “Own Place” and land rent.

The Review has concluded that while it is entirely appropriate for the Government to sell land, to develop land itself and/or to enter into joint ventures, the separate LDA commercial structure is no longer warranted. The LDA should be abolished and its functions and staff absorbed into the Economic Development Directorate. In this context, one contributor to the Review noted that the size of the current land release program and the required relationships inherent in delivering the program might be better served by a structure that can respond more quickly to the Government’s priorities.

The LDA Board might continue, but in an advisory capacity. It was argued during the Review that a Board structure is better suited to an environment where the entity is solely focussed on commercial activities and the portfolio department is not required to manage or influence the outcomes and relationships across Government. Replacing the LDA Board with an advisory board eliminates the potential conflicts between the fiduciary duties of the governing board and the public sector roles and accountabilities of officials. The current arrangements are neither fully commercial nor fully integrated within the ACTPS. As such, they create uncertainty and risk failings of governance and accountability.

ACT Planning and Land Authority

ACTPLA performs a number of statutory roles, including development assessment and approval under the *Planning and Development Act (2007)*. As well as being a statutory regulatory agency for the purpose of development assessment, land administration and building control it also oversees the development and implementation of government policy around land use. It has an integral role in the work of service agencies whose operations have spatial implications, reflected in its administration of the ACT’s land information system.

Due to the unique circumstances of the ACT, land use planning and development take on a much greater role in the ACT Government and ACTPS than in their state counterparts. ACTPLA was created in 2003 to establish a strategic planning and development assessment capacity that, where necessary, would be at arm’s length from the Government for the purpose of making certain statutory decisions. The alignment of ACTPLA’s work and the contribution of other elements of the ACTPS that are responsible for planning and development related legislation and policy behind commonly understood Government policies and priorities, is central to the success of the Government and the ACTPS in moving from the broadest level of strategic planning to the realisation of outcomes on the ground.

Consultations revealed a shared belief that this necessary alignment and coherence of action across the ACTPS has been diluted, if not lost in fragmentation of roles and responsibilities. A common refrain was that the ACT should be taking advantage of its uniqueness to streamline and align planning related decision-making, including through a reduction in the number of agencies and ministries with “fingers in the pie”.

A further implication of the current fragmentation is the fact that the ACTPS competes against itself to staff duplicated functions instead of locating skilled staff in coherent organisational units with a critical mass of their own.

In fulfilling its functions, ACTPLA delivers professional services including:

- planning for the future development and growth of the ACT;
- assessing development proposals and overseeing construction activity;
- maintaining land and geographical information; and
- facilitating opportunities for input into shaping Canberra’s built environment.

ACTPLA currently reports to one Minister:

Minister	Portfolio	Functions
Andrew Barr MLA	Minister for Planning	Electricity and natural gas, water and sewerage industry technical regulation Occupational licensing Planning, development and building control Survey and leasing

ACTPLA was established in August 2003. In October 2003 it was declared an Administrative Unit to ensure budgetary independence during its separation from the Department of Urban Services.

The functions of the ACT Planning and Land Authority are set out under section 12 of *Planning and Development Act 2007* (the Planning Act):²²⁹

- (1) The planning and land authority has the following functions:
 - (a) to prepare and administer the territory plan;
 - (b) to continually review the territory plan and propose amendments as necessary;
 - (c) to plan and regulate the development of land;
 - (d) to advise on planning and land policy, including the broad spatial planning framework for the ACT;
 - (e) to maintain the digital cadastral database under the Districts Act 2002;
 - (f) to make available land information;
 - (g) to grant, administer, vary and end leases on behalf of the Executive;
 - (h) to grant licences over unleased territory land;
 - (i) to decide applications for approval to undertake development;
 - (j) to regulate the building industry;
 - (k) to make controlled activity orders under part 11.3 (Controlled activity orders) and take other compliance and enforcement action under this Act and other territory laws;

²²⁹ See <http://www.legislation.act.gov.au/a/2007-24/default.asp>

- (l) to provide planning services, including services to entities outside the ACT;
 - (m) to review its own decisions;
 - (n) to provide opportunities for community consultation about, and participation in, planning decisions;
 - (o) to promote public education and understanding of the planning process, including by providing easily accessible public information and documentation on planning and land use.
- (2) The planning and land authority may exercise any other function given to the authority under this Act, another territory law or a Commonwealth law.

Under section 10, the Chief Planning Executive “**is the planning and land authority**” (**emphasis added**).

Under section 20:

- (1) The planning and land authority may delegate—
 - (a) the authority’s functions under this Act or another territory law to a public servant who is an authority staff member; and
 - (b) the authority’s functions under part 9.11 (Licences for unleased land) in relation to an area of land to the custodian of the land.
- (2) The planning and land authority may also delegate the function of granting leases on behalf of the Executive to the land agency.

The operation of these sections of the Planning Act mean that legislative change will likely be necessary to implement fully either of the options proposed below. Alternative approaches involving a combination of Ministerial Directions, Cabinet processes, administrative coordination processes and, in effect, “outposting” ACTPLA staff might be undertaken in the interim, but this approach is not preferred. They are administratively complex and do not engage the fundamental and underlying rigidities in the Planning Act. Nor do they serve to reinforce the line of delineation between independent decision making on Development Applications and matters of Government policy.

The Current Problem

During the Review, there was an expressed desire for greater consistency and coherence in the operation of elements of the ACTPS involved in all aspects of the planning system. This must start with clearly expressed strategic priority setting by the Government and clear understanding of roles and responsibilities. It must be supported by processes that are consistent, coherent, and do not include unnecessary revisiting of settled matters. It will be easier to achieve with fewer agencies involved and with greater alignment and shared pursuit of clearly articulated priorities under a single Minister. It will be achieved more readily if policy documents are comprehensive, clear and consistently interpreted. It should be focused above all on building a sustainable future for Canberra.

The Canberra Business Council, in its Submission to the Review noted, for example;

Developers have to deal with three areas – land development, land delivery and management of the end asset – LAPS, TAMS, and ACTPLA. An overall strategic policy is lacking. The relationships, communication and performance between planning, land-release and land development must be improved.

CBC does not believe that ACTPLA should be tasked with strategic land use planning – its primary focus is on statutory planning - development approvals, process and compliance. The consequence is an adverse impact on the Government’s ability to deliver on its priorities – including affordable housing; sustainable transport & environmental sustainability.

Strategic planning should sit within LAPS and draw on capability from TAMS. This strategic thinking should be applied by ACTPLA for guidance in processing development applications. The LDA should to be brought back into the Department.²³⁰

Fingers in the Pie

There was a clear view expressed within and outside the ACTPS during consultations that there are too many agencies active in the land and planning arena and that their efforts are not always aligned towards achieving Government priorities and delivering on Government policies. There are six key agencies with direct responsibility for the planning and development of land in the ACT, although the list of Government entities involved in approval comes to 26:

ACTPLA	Land, planning and building policy; development application assessment; regulation of the building industry; and, granting, administering, varying and ending leases
DECCEW	Environment protection and natural resource management
LAPS	Alignment and coordination of land release and development
LDA	Sale and development of land on behalf of the Government
TAMS	Transport planning, planning and management of parks, reserves, forestry plantations and public domains
CMD	Economic, regional and planning policy coordination; sustainability policy coordination; Heritage

In a Submission to the Review, John Macnaughtan wrote:

There is too much repetition within the various ACT Government bodies and a lack of clarity of responsibility for land management, policy-making, regulation and public accountability. There is insufficient linkage between the relevant elements of the various organisations. Perhaps they should be integrated in one land management department.²³¹

Similar views were expressed in another Submission:

²³⁰ Submission No.26.

²³¹ Submission No.6. John Macnaughtan.

There is a high level of inefficiency through agencies acting in an uncoordinated manner both in planning policy development and regulation of the construction industry. ... The existing departmental structures appear to operate as silos, each focusing on their small piece of the overall issue rather than how their work needs to be integrated into a whole-of-government approach to create integrated and effective planning and regulatory mechanisms.

There is a demonstrable need for cross agency integration of activity to achieve government policy, of which planning is a prime example. There needs to be a single group with clear responsibility for developing strategic policy to be applied across multiple agencies. There may also be benefits from clearer differentiation between agencies responsible for policy development, delivery and regulation.

Involvement of multiple agencies reflects the complexity of sustainable land management and development in the ACT. This fragmentation of responsibilities can, however, lead to a competitive rather than collaborative approach to land management. The time and effort required coordinating all inputs and to achieve agreement between the different entities is significant. When the Government wishes to take an initiative, such as increasing the supply of land into the market to meet important goals related to the provision of affordable housing, the effects of this fragmentation can become more apparent.

Some of the key processes and current administrative players include:

- the Development Application (DA) process under which ACTPLA has responsibility for ensuring that development applications are consistent with the Territory Plan;
- the Environmental Impact Assessment process, undertaken by ACTPLA;
- Heritage assessment undertaken by the Heritage Unit in CMD;
- Environment protection undertaken by the Environment Protection Authority (EPA), which is responsible for permissions, pollution, the movement of soils and a range of other processes;
- Flora and fauna conservation through the Conservator of Flora and Fauna in DECCEW which has responsibility for protecting endangered species and for giving approval for the removal of trees;
- Transport forecasting and management and roads development by TAMS;
- Public transport issues managed by ACTION;
- 'Asset Acceptance' which involves the approval of construction assets which are to be handed back to TAMS;
- the Health Protection Service and ACT Health responsibilities for relevant health issues such as sewage, or any development involving food or organic processing;
- licences and other regulatory processes which are the responsibility of ORS; and
- the provision of electricity, gas, water and sewerage services by ACTEW and ActewAGL.

Consistency and Cohesion in Decision Making

ACTPLA plays a central role in the system and is the decision maker under the Planning Act. It is obliged to consider advice from referral agencies but is not generally obliged to act in accordance with the advice. A consistent issue raised by developers was that they can receive several requests for further information, and then have to go through two, three or more rounds of discussions with agencies to address matters such as parking, traffic and waste management, after the conditional DA approval has been issued by ACTPLA.

It would appear that officials in their respective agencies are focussed on providing advice from their particular perspective and do not view a development application in its wider context. At its worst, the system can become adversarial between agencies or between agencies and applicants.

A similar focus on the increment and not the whole was raised in connection with proposed variations to the Territory Plan, which contributors to the Review suggested were often debated without the benefit of a holistic view of the issues at hand.

Implications of Split Responsibilities

Some separation of planning and land functions is appropriate to avoid conflicts or perceived conflicts of interest. Indeed, this is one of the major weaknesses of Option 2 outlined above – it puts the Government’s land development arm and statutory planning authority together in one agency. A further example of such conflicts raised with the Review emerges when ACTPLA becomes engaged, as it is at Eastlake, as developer.

With separate administrative entities there are benefits in terms of transparency and rights of appeal. There are also costs in terms of administrative coherence and an ability to respond effectively and efficiently to government policy priorities. In a separated structure, process is paramount and, while good processes are crucial to public administration, governments and public services cannot succeed without a strong focus on outcomes. It would be a mistake to assume that, in weighing this balance, separation necessarily delivers superior public accountability. Often the result has been that there is no clear decision-maker who can be held responsible for either outcomes or delays.

The inevitable outcomes of the administrative fragmentation of the planning and land development system is that time, cost and quality of development suffer. Although some division of responsibility is inevitable, and desirable, the evidence of the difficulties encountered in dealing with the crisis in housing affordability suggests there is a pressing need to move towards a greater level of functional integration.

Issues

COAG's National Criteria for Capital City Strategic Planning Systems

As part of its microeconomic reform agenda, the Council of Australian Governments (COAG) has agreed reforms to ensure Australia's capital cities are well placed to meet the challenges of the future. The objective of these reforms is to ensure Australian cities are globally competitive, productive, sustainable, liveable and socially inclusive and are well placed to meet future challenges and growth.

On 7 December 2009, COAG agreed the national objective and nine national criteria for the future strategic planning of Australia's capital cities. The nine criteria for capital city strategic planning systems are set out at Appendix 1. COAG agreed that by 1 January 2012 all States will have in place plans that meet the criteria. The aim of these reforms is to achieve better outcomes from investments by all levels of government and strengthen public confidence in planning systems for our capital cities.

A capital city strategic planning system integrates spatial planning policies with other policies and programs that influence the development and use of land within a capital city. It encompasses a range of institutional, budgetary and financial arrangements and decision-making processes that give effect to a government's policies for managing growth and change in a capital city.

Integrated Design

A concept raised a number of times with the Review, and which has merit, was integrated design. The South Australian Government has established an Integrated Design Commission to coordinate future development in Adelaide with an enabling and coordinating role including providing advice to the Government about how it might improve the quality of life in cities and communities around the State through better design, and by fostering innovation. In announcing the initiative the South Australian Premier, the Hon Mike Rann MP, noted "it will ensure that our future development and infrastructure investment is better co-ordinated and of the highest quality, not something that we, or our children, will regret later".²³²

The South Australian Government notes:

Integrated Design recognises that the nature of our challenges has shifted with increasing interdependence on component parts. Cities are just one example of a complex system that crosses traditional boundaries of responsibility including transport, planning, health and education, sustainability and finance. Multi-disciplinary perspectives are required to respond to global and local challenges.²³³

²³² Rann, The Hon. M. (2009) *Design Commission for 21st Century*
<http://www.premier.sa.gov.au/~premiers/images/stories/mediareleasesDEC09/design%20commission%20for%20adelaide.pdf>

²³³ South Australian Government (2010b) *Integrated Design Commission*
http://www.premcab.sa.gov.au/dpc/departments_idc.html

There is no reason why the ACTPS should not apply these principles in “considering all matters relating to design and the built environment, including planning, infrastructure, transport and energy, urban ecology and landscape, industrial and product design”.²³⁴ Given a large part of the function of the South Australian Commission is to provide State Government leadership and coordination to local government bodies, it might be argued that a formal Commission Structure is ultimately unnecessary in the ACT. That does not, however, diminish the value of the concept to the future planning and development of Canberra.

The Australian Institute of Landscape Architects notes that the intention of Integrated Design Commissions is to:

advocate for the value of design and to advise on processes to achieve design excellence in the built environment through an intelligent investment approach. Such Commissions should connect the existing strengths of the State, within government, the private sector and professional organisations by building on tradition, embracing global and local challenges, and to bring about change.

The core role of the Commission should be to use models of collaboration and highly inclusive and transparent decision-making processes. Constructive engagement through consultation with communities to raise public awareness of design will be a major part of the Commission’s work. Domains and range of scales of design and the built environment include: Regions, Landscapes, Cities, Communities, Precincts, Streetscapes, Buildings, Interiors, and Products.²³⁵

A concrete example of the implications of this lack of coordination was canvassed in a Submission to the Review:

The most recent example of problems with planning policy development is the release of draft variations to the Territory Plan - DV301 Estate Development Code and DV303 Residential Zones Development Codes and Lease Variation General Code. The core problem with these codes is that they have been issued ahead of key work which should underpin them, both by ACTPLA and other Government agencies including Territory and Municipal Services (TAMS). The consequence is that there are several areas of concern:

- There is a lack of integration between agencies responsible for planning roads, transport, landscape, infrastructure and utility services in developing a set of requirements to define preferred outcomes for the public realm of our city or the resultant codes for estate or individual block development.
- There is an absence of any evidence base for the distribution of development zones or the definition of those zones in terms which provide the basis for public consultation on the need for change to achieve sustainability objectives, economic, social and environmental.

²³⁴ South Australian Government (2010b)

²³⁵ Australian Institute of Landscape Architects (2010) *The Case for Integrated Design Commissions in all States and Territories* <http://www.aila.org.au/policies/docs/Integrated-discuss.pdf> p.1.

- The linkages between service provisions including public transport and land use planning have not been committed to or demonstrated. This leads to lack of capacity for innovation.
- The principle of a single agency responsible for clear and effective implementation of a planning system is being obstructed by a failure to codify requirements or to define criteria that is able to be reliably interpreted and assessed by ACTPLA and referral agencies.

The overriding message received from the business community during the review was a desire for consistency of interpretation, and coordination of effort from elements of the ACTPS engaged in the planning and development approval process. There was significant good will expressed to share with the Government in the development of the city. A common refrain was “we are not trying to build bad buildings – we live here and want to be proud of what we have done”. This was coupled with a desire from developers that the ACTPS facilitate development and make their decisions once and stick to them.

Contributors to the review noted that because of a lack of specificity in the drafting of relevant policies, officials have had room to, and on occasion have, imposed requirements not otherwise specified, or have changed interpretations such that historical practice is rejected in subsequent applications. One example related to the provision of space for garbage trucks to access commercial buildings, while another related to an agency imposing a particular view of how the Government’s stated aim of a 40% reduction in water usage was to be achieved. In this context, a Submission to the Review noted:

there is a tendency for ACTPLA to seek to achieve some of its social goals by subtly changing its interpretation of the Territory Plan from time to time without actually changing the instrument ... various representatives of ACTPLA are even prepared to say publicly from time to time that they have ‘rethought’ some particular problem and will not accept solutions formerly deemed acceptable.

These examples demonstrate the importance of specificity in government policies, and the desirability of officials interpreting compliance with policy constructively, rather than settling on fixed means of implementation, which risks dampening innovation and creativity.

The Chief Minister’s first Industry Roundtable in early 2008 highlighted a range of concerns that Industry had with the development process. Some of the comments made include:

- the application process was too complex and time consuming;
- small scale development required too many forms for an approval and clogged up the system;
- code compliant applications required too many initial clearances from referral agencies (It was easier to lodge them as merit applications and let ACTPLA undertake the referrals);
- too many requests for further information;
- staff not understanding the costs to developers of delays in the assessment process; and

- conditional approvals requiring the applicant to go through further separate processes to gain clearances on matters identified by referral agencies.

Another contributor to the Review noted:

In many respects, the agencies seem to be working in almost opposite directions not assisting other agencies in achieving Cabinet directives. A clear example of this is with the issuing of housing affordability and our chronic shortage of residential land in the ACT. While the Government has publicly made it clear that land supply and housing affordability are key policy outcomes, there has lacked for some time any co-ordinated strategy across the various agencies to deliver this outcome ...

Reducing the number of agencies and Ministers responsible for this important aspect of government, should be a key goal in this review.

Ultimately, developers will make – properly – commercial decisions about what and when to bring projects to the market. While it is in keeping with the obligations of public servants under section 9 of the *Public Sector Management Act 2004* for officials to, “in dealing with members of the public, make all reasonable efforts to assist them to understand their entitlements under the territory laws and to understand any requirements that they are obliged to satisfy under those laws”, ensure developers know what is, and is not permitted, it is not the role of those officials to tell developers what to build.

The greatest frustrations expressed to the Review related to experiences where developers become caught in disagreements between elements of the ACTPS. While those elements each have a legitimate role to play, they must play those roles in a coordinated, consistent and coherent way that accords with expressed government policies and priorities. Particularly harsh criticism was reserved for circumstances where developers were engaged in joint ventures with the LDA and still encountered resistance from other elements of the ACTPS.

There was praise from the industry for processes instituted by ACTPLA to facilitate meetings with relevant agencies in the process of finalising Development Applications, but a sense of frustration that positions advanced in that context are not followed through consistently.

An issue that emerged in consultations was the perceived inconsistency between tender documents for engloba land sales against which winning bids had been determined and subsequent approval and decision making processes to actually deliver what had been tendered for. While presented as a failing of coordination of implementation, this is, in fact evidence of a failure of coordination and alignment much earlier in the process.

A common solution proffered to the Review for overcoming expressed frustrations in the future was the instigation of more formal mechanisms to facilitate sustainable and sound development outcomes and cut through red tape or inconsistent decision making. One contributor suggested “the establishment of a high level group to oversee the delivery of major territory infrastructure, other capital works projects and critical new private sector projects”:

we envisage such a group, probably of around three highly respected and credentialed people, would be provided with authority to intervene where projects became gridlocked in the day-to-day processes of the bureaucracy as a result of any number of reasons.

Other contributors proposed continuation of the Coordinator-General function which was central to the successful delivery of economic stimulus package projects in 2009. The Review proposes the head of the Economic Development Directorate be called Coordinator-General and permanently play this role. The Coordinator-General would be charged with facilitating resolution of obstacles in the planning and development spheres and act as the key conduit for the business community to raise matters of concern with the ACTPS and the ACT Government. The Coordinator-General would not arbitrate on outcomes, but seek to facilitate acceptable resolutions to issues in keeping with the Government's stated priorities and policies. In part, calls for this function to continue reflect the fact that while a restructure of the ACTPS may overcome some of the current difficulties and frustrations being felt both inside and outside of government, there will always be hurdles to overcome that will be almost insurmountable without intervention and the application of common sense.

The Review considers the Coordinator-General's immediate priorities should include:

- delivery of the proposed ACT Government Office Building; and
- further streamlining processes for unit title registration.

One of the great benefits of the Coordinator-General model was its fostering of critical thought about breaking down process barriers and reducing red tape. The Coordinator-General should continue working closely with the Strategic Board to focus attention on this important area of necessary and ongoing reform across the ACTPS.

A number of contributors stressed, as the Review has remarked elsewhere, that structures are not the whole answer. The culture and approach to doing business of the new Directorates will be crucial to fostering an appropriately rigorous, but coordinated approach to planning and development in Canberra.

Government Architect

As part of the alignment of entities involved in planning and development, the Government Architect should be transferred to the Sustainable Development Directorate. Alastair Swayn was appointed as the inaugural ACT Government Architect in 2010 with a brief to "to advise the Government, inspire industry and generate a desire for excellence".²³⁶ The position is a unique partnership with UC and the funding of this position by UC should continue at the end of the current arrangement.

²³⁶ Stanhope, J. MLA (2010c) *Alastair Swayn named as first ACT Govt Architect*
<http://www.chiefMinister.act.gov.au/media.php?v=9670>

Unit Title Registration

A particular concern expressed in consultations related to delays in the registration of unit titles on completion of new multi-unit developments. The current process can take up to 12 weeks from completion of work to issuing of titles (which permits sales to be concluded) during which time developers bear the full cost of a completed building on which they are not able to proceed to settlement. These additional costs are inevitably passed on to purchasers adding materially to the cost of individual units.

The Review welcomes recent initiatives by ACTPLA to streamline this process including through the use of private certification and notes the extent to which time taken in processing of applications for registration by a relatively small area of ACTPLA is influenced by the volume of such applications.

Notwithstanding those efforts, contributors to the Review expressed concern at continuing delays, and highlighted procedures in place in other jurisdictions that allow issuing of certificates of title and occupancy on the same day (some of which include payment of a significant bond to ensure completion to an appropriate standard). For example, under the Gold Coast City Council's regime:

- developers are required to lodge a financial bond as security against various circumstances;
- the Council has sole discretion to determine the type and amount of the bond on a case by case basis;
- in determining whether a bond is required and its amount, Council considers the trade-off between risk exposure to Council against the cost of the development and surety exposure; and
- relevant bonds include:
 - Uncompleted Works Bond - taken as security to ensure completion of outstanding works when early endorsement of survey plans is sought (by the developer) prior to practical completion;
 - Works Maintenance Bond – taken as a security that for the duration of the maintenance period, the applicant will maintain, repair or replace the works or infrastructure so they comply with the Development Permit;
 - Landscape Bond – taken as a security to ensure the construction/planting of landscaping and/or to establish and maintain the landscape works and/or for the duration of the maintenance period, repair or replace landscape works in accordance with the Development Permit;
 - Performance Bond - required by the Development Permit to comply with performance conditions. Provides security against damage to other land, Council infrastructure, landscape works or natural assets;

- Completion Bond – Bond taken as security to ensure completion of development works by the date in the Development Permit; and
- Combined Uncompleted Works and Maintenance Bond – taken as security to ensure completion of outstanding works when early endorsement of Survey Plans is sought prior to practical completion.

As a result of efficient procedures (including in relation to parallel processes for inspections), and the security of significant bonds, certificates of occupancy and registered title are able to be issued on the same day. The Review recommends, in the context of plans for greater numbers of unit titled properties in the future, the Government adopt equivalent processes as a matter of urgency in the ACT.

Critical Infrastructure

A number of Australian states have specific legislation to permit timely and well coordinated assessment of infrastructure development judged to be of critical public importance. There is no assessment legislation specific to critical infrastructure in the ACT. This situation may become more significant in the near future in relation to projects such as the Majura Parkway, further stages in the Molonglo land release, data centres, Commonwealth defence force facilities, other major road upgrades etc.

Currently, proposed critical infrastructure developments would be assessed by ACTPLA under the Planning Act, often through the impact assessment track. Under this Act fixed documentation, timeframes and other procedural requirements apply for application and assessment and the matter is subject to ACAT merit review. Where the Planning Minister exercises the option to “call in” a proposed development, the Minister becomes the decision maker and there is no right of merit review. Timeframes and procedures remain largely unaltered. The project may also require assessment, referral advice and/or authorisation by other agencies under other legislation such as the *Environment Protection Act 1997*, *Heritage Act 2004*, *Tree Protection Act 2005*, and *Nature Conservation Act 1980*.

New critical infrastructure development type legislation along the lines of those adopted by other jurisdictions would enhance the effective and timely delivery of critical infrastructure for the ACT. It would enable the government of the day to resolve competing requirements in different pieces of legislation which may be likely to either frustrate or delay important projects.

The critical infrastructure process would only be available for construction of Government or public infrastructure to ensure timely delivery in the broad public interest. In addition to the public infrastructure test, other criteria could include significant economic, social, cultural or environmental importance to the Territory and importance to achieving public policy objectives or strategies.

Crown Leases

The ACT's property system is based on a system of leasehold, rather than freehold land, giving the Government the capacity to prescribe in great detail the nature of development that can occur. The core of this leasehold system is the so called "purpose" clauses which establish permitted uses for particular parcels of land. The purpose clause forms part of each lease, notwithstanding permitted land uses are set out in the Territory Plan.

A suggestion raised with the Review, meriting further examination, is the streamlining of leases by removal of duplication of purpose clauses in the Territory Plan and individual leases.

A related issue of concern raised with the Review was the extent to which ACTPLA is currently resourced to pursue breaches of lease conditions.

Future Procedural Reform Planning and Development Reform

An option raised with the Review involved separating the Development Approval function from the planning function entirely. While not possible without legislative change, the arguments advanced for this position reflect local government responsibilities elsewhere, as well as the desirability of signaling exactly where the line between statements of government policy expressed through the planning system rules, and arm's length decision making on individual proposals lies.

The Review suggests reform of this magnitude is not warranted at this stage, but the Government may wish to commission advice on this point in the future.

In any event, the Strategic Board should review and settle a process map for planning and development, that where possible allows for parallel processing of related approvals, 12 months after the structural changes proposed by the Review have been implemented. This will serve as the basis for specification of how the planning system is intended to work and discussion with the community about the course of any future reforms.

Heritage

With regard to Heritage, the recently completed Heritage Review argues for "greater emphasis on strategic approaches, proactive operations and a greater degree of transparency in the operations of the ACT heritage system".²³⁷ That approach to ensuring appropriate protection of heritage assets in the ACT, as well as balancing sometimes competing interests in protecting the past and building the future of Canberra, is sound and would be facilitated and enhanced by responsibility for heritage being located within the area of government responsible for regulation of development and not the proposed Chief Minister's Department.

²³⁷ Marshall, D. (2010) *Australian Capital Territory Heritage Act Review*. Canberra, p.12.

In responding to the recently completed review of the *Heritage Act 2004*, the Government is seeking to develop a coherent package of measures intended to foster, as recommended, a more proactive and strategic approach to heritage, including that the identification and assessment of places with heritage value would be guided by the Government's priorities, rather than by the backlog of nominations. It will, for example, assist timely decision-making on development applications if heritage surveys and assessments can anticipate likely future development decisions, particularly for new housing developments. This will be achieved by the Heritage Council and Government settling an annual list of priority areas and themes for assessment.

These priority areas would generally reflect the best available knowledge of areas that are likely to be subject to development or other land use changes. The use of themes would allow for more efficient technical assessment of heritage places within the context of similar places within the ACT. The Council's identification and assessment program, based on these priorities, would consider nominated places by the public in response to the priorities, and places currently in the nomination 'backlog'.

The Heritage Unit should be transferred to Sustainable Development. ACT Heritage administers the heritage provisions of the *Heritage Act 2004* and assists in conservation of the ACT's heritage assets to ensure their identification, preservation, protection, maintenance and enhancement (where appropriate) for present and future generations. It has close connections to the planning and development approval processes, and should be located in that portfolio.

It is not proposed to subsume heritage within ACTPLA, or mainstream heritage in the planning system (of which Marshall is not supportive in his review).²³⁸ Location of relevant instrumentalities under one Minister in one portfolio will enhance coherence and consistency in achieving government priorities and efficient functioning of the planning system.

This location of heritage as part of the range of instrumentalities with an interest in the planning and development approval process might also assist in overcoming the problem highlighted by the Heritage Act Review that "there is much misunderstanding or a lack of understanding about heritage generally and the operations of the ACT heritage system. This applies both with Government as well as the broader community. While there is no policy to conceal information about operations, there seems to be considerable scope to improve transparency and understanding in a range of areas".²³⁹

ACT Civil and Administrative Tribunal

A number of submissions and consultations raised concerns about the role of the ACT Civil and Administrative Tribunal (ACAT) in the development approval process. In general, concerns related to:

- the level of experience of Tribunal members in planning and development issues;

²³⁸ Marshall, D. (2010) p.92.

²³⁹ Marshall, D. (2010) p.ii.

- the extent of rights for people not directly affected by development applications;
- the availability of appeals after development proposals have been through processes to amend the Territory Plan (including consideration by the Legislative Assembly);
- the operation of “circular appeals processes” where changes are made to a proposal to comply with a Tribunal decision, and are then able to be appealed again;
- the availability of appeals on individual lot development approvals despite the whole subdivision or estate having been approved (and perhaps having been the subject of appeals);
- the capacity for rival developers to lodge “commercial” appeals to frustrate rivals’ projects; and
- the existence of appeal rights against Estate Development Plans for greenfield housing estates in areas reserved for such use under the Territory Plans.

One contributor to the Review noted:

The planning jurisdiction in ACAT is unlimited as to the value of the project and therefore the matters which come before the Tribunal equals or exceeds any civil litigation which occurs in the ACT Supreme Court. ... Along with the high value of the jurisdiction and the controversy comes a complexity in detail in the ACT Territory Plan ... this area of jurisdiction in ACAT has all the hallmarks of one which needs to be handled in a careful and sophisticated manner.

I do not believe that panels hearing planning matters are particularly suitable for that job. Many members preface the commencement of a planning matter by informing the parties that they too are amateurs and need to be guided on the detailed provisions of the Territory Plan. I do not intend to criticise the modesty or the open mind of planning members, but ... there are very few lawyers or qualified planners represented in the panel of persons who normally hear planning matters.

Proposals were raised with the Review to restrict the standing of objectors to persons with a genuine and close interest in the matter at hand or restrict the basis on which objections might be taken to ACAT (e.g. excluding increased traffic where expert engineers are able to provide evidence of capacities and flows and alignment with national standards).

The Review notes that during implementation of the Stimulus Package in 2009 (both for social housing and schools) special dispensation was granted to identified projects limiting third party appeal rights.

The Review recommends the Government establish a circuit breaker team to examine options for revising appeal rights that strike a different balance between facilitating permitted development and allowing people affected by developments to object. The Government might also consider appointing members of the Tribunal with greater experience in the planning and development sphere.

Business Support

Through the course of the Review, there was a consistent display of goodwill from members of the business community, including the property sector, and an expressed desire to work with the Government to grow the ACT economy.

Among Australian jurisdictions, the ACT Government's business and enterprise development function is disproportionately small. Over time, there has been a diminution of the business and enterprise development function which while not inconsistent with what has been occurring nationally, has occurred at a faster rate in the ACT. Members of the business community have been critical of the perceived lack of focus on skills development in the ACT economy, as well as changes to resources and functions over time, and associated lost opportunities.

One example raised was the Knowledge Fund which delivered about \$10 million in program funding over four years to support innovation in businesses. The Knowledge Fund, which was discontinued in 2006, was ultimately responsible for another \$100 million in business investment from other sources in the companies and entities it supported. The way the Knowledge Fund was conceived and delivered was highly regarded by the business community, agency peers and the Commonwealth Government. There has been a move back towards this approach through the new Icon program.

The ACT's current economic development strategy is set out in *Capital Development – Towards Our Second Century*, released in 2008 in the lead up to the ACT Election. There are strong synergies in the direction in that document, the work of the current Business and Industry Development Division of CMD, the role of LAPS, and work undertaken elsewhere in CMD including on the *Live in Canberra* program. There is a clear opportunity to better align *Live in Canberra* with meeting objectives under the Skills and Business Migration Program. There are also significant opportunities to continue to work closely with educational institutions to grow a key export industry for Canberra. This is a relationship with education providers of a different nature to that which they would have with DET.

Alignment of the Skills Agenda across the ACT

An issue raised in consultations, independently of amalgamation of CIT and UC was the potential for greater alignment of activities relating to the supply of skilled labour to the ACT economy, including through provision of Vocational Education and Training, with other initiatives to support business and the economy in the ACT. This would form part of a range of initiatives covering grants programs, the identification of annual training needs, higher education and skilled migration priorities, and the determination of CIT's negotiated 'profile' funding.

There is an opportunity to align more closely the purchase of training by the ACT Government through CIT and other VET providers with the needs of the business community as part of a more coordinated approach to skills development in the ACT workforce. The key issue in this context is the location of responsibility for coordinating across the whole of government, advice to the Government on which skills and outcomes it should be purchasing from the VET

market as it allocates its funding of around \$65 million per annum. Building on the work of the ACT Skills Commission, which drew in industry and government figures, there are strong arguments to be made that this should be the area of the ACTPS most closely attuned to the needs of business and the economy. It is also worth noting COAG's agreement to National Regulation of the VET Sector will both encourage competition in the VET market as well as see ongoing work in relation to regulation of that market and providers in it conducted at a national level.

There is also scope for there to be greater alignment within the ACTPS as an employer with regard to training and workforce strategies to respond to skills gaps and needs, and more effectively target expenditure on VET of ACT Government funding.

As part of the work of the ACT Tertiary Taskforce, consideration is being given to the benefits of establishing a Tertiary Council with strong stakeholder representation from industry and business, education providers, government, and community, in order to provide a framework for planning, communication and interaction between stakeholders in the areas of collaborative and strategic interest. This proposed council should be considered in the context of the review of such bodies proposed at Chapter 3.

In directing this purchasing of VET, the Economic Development Directorate will need to keep in mind:

the disconnect between the policy objectives and the delivery of these objectives could be overcome if there was a greater understanding by the ACT public service of how the training system effectively operates. One issue often cited by ACPET members is the timing in which funding is announced. Preparation time is a prerequisite for delivering quality training and education. Accordingly the ACT public service should be aware that when they develop parameters for government funded contracts that there needs to be an appropriate time frame for RTOs to be able to develop resources, engage staff, prepare facilities and importantly to fit with education and training that has already been committed to and planned.²⁴⁰

The merits of the Victorian model should be assessed where universities sit in the innovation and industry portfolio rather than education, to reflect the economic contribution that education plays in the knowledge economy. The position where the University of Canberra is a net contributor to ACT Government finances sends the wrong signal about Government education priorities.²⁴¹

Functions

Business support programs

Coordinator-General

Economic Development

²⁴⁰ Submission No.7.

²⁴¹ Submission No.26.

Land development

Land release

Major land and property project facilitation

Tourism

Vocational Education and Training

To go to Sustainable Development

Electricity and natural gas, water and sewerage industry technical regulation (water being dependent on the Government's decision about whether to locate all water functions in ACTEW)

Government Architect

Heritage

Planning, development and building control

Survey and leasing

Statutory Office Holders

Overview

In Chapter 3, the Review recommends the number and role of statutory offices in the ACT be separately reviewed. There is a risk that proliferation of such offices adds to fragmentation of responsibility within the ACT's city state government. As was observed in one consultation, given the unique features of Canberra, statutory entities do not necessarily provide the distance from Government that they are able to create in other larger jurisdictions. This is partly an issue of workload and partly a reflection of the closeness of relationships between Ministers and their officials, and the public.

In addition to that general observation, the Review notes a number of specific issues raised with it in the course of consultations as follows.

Issues

Commissioner for Sustainability and the Environment

The Review notes the concurrent review of the role and functions of the Commissioner for Sustainability and the Environment is due to be released shortly. The role of the Commissioner has evolved since the *Commissioner for the Environment Act 1993*²⁴² was enacted to encompass a broader environmental sustainability focus. Updating the legislation to reflect current practice and expectations would seem to be a sensible conclusion to that process, including renaming the Act to reflect the current role.

Auditor-General

The Review notes that an independent performance audit of the operations of the ACT Auditor-General and the ACT Audit Office was concluded by Bob Sendt and Associates in 2010. The key finding of that review was that:

the ACT Audit Office is providing an important service in an efficient and effective manner, and the Legislative Assembly and people of the Australian Capital Territory are achieving good value from the Office's use of the taxpayer's dollar. It achieves this notwithstanding the relatively small size of the Office, the complexity of its role and the demands upon it.²⁴³

The Review notes the Government has increased funding to the Auditor-General by an average of 17 per cent per a year over the five years to 2009.²⁴⁴

Auditors-General play a pivotal role in ensuring Government and public service performance is scrutinised impartially and Ministers and officials are held to account for the way in which

²⁴² See <http://www.legislation.act.gov.au/a/1993-37/default.asp>

²⁴³ Sendt, B (2010) *Report of the Independent Performance Audit of the Operations of the ACT Auditor-General and the ACT Audit Office*. Sydney. p.1

²⁴⁴ Stanhope, J. MLA (2009) *Hansard, 24 June 2009*, p.2818.

they discharge their responsibilities. The ACT is well served by its Audit Office in this regard and the value to the Government of its work is enhanced by the process of consultation with both the Government and the Assembly Standing Committee on Public Accounts on the content of the Office's proposed Performance Audit Program.

Given the importance of there being an absence of conflict or perceived conflicts of interest to the conduct of the Auditor-General's activities, the Review supports continuation of the current fixed term of appointment and prohibition on reappointment.²⁴⁵

ACT Ombudsman

In his Submission to the Review, the ACT Ombudsman noted:

The ACT has largely relied upon Australian Government entities to provide it with government oversight services, contracting with both the Commonwealth Ombudsman and the Privacy Commissioner to undertake a range of integrity functions within the ACT Jurisdiction.

There is a question about whether a more effective model would be for these functions to be established within an integrated, ACT-run agency, in order to focus much more intensively on the specific needs of the jurisdiction. A stand alone ACT Agency may also have more success in driving internal change to complaint handling practices and procedures across the ACT Public Service. The mix of state and local government type functions which make up the ACT's responsibilities do not always sit well alongside agencies providing services mainly for a national or international audience".²⁴⁶

The Review does not support the creation of further separate ACT offices without detailed analysis of the underlying issues and the problem intended to be fixed. Indeed, it is arguable whether it would be possible and if so, viable, for the ACT to seek to establish its own specialist office given its size and scope of its responsibilities. The current arrangements would appear to be a sensible approach for the ACT to adopt, allowing it to draw on the experience and capacity of its larger counterparts.

The questions raised in the Ombudsman's Submission should be considered as part of the review of independent office holders proposed in Chapter 3.

²⁴⁵ See <http://www.legislation.act.gov.au/a/1996-23/default.asp>

²⁴⁶ Submission No.28. ACT Ombudsman.

Appendix 1 – National Criteria for Capital City Strategic Planning Systems

Capital city strategic planning systems should:

1. be integrated:
 - a) across functions, including land-use and transport planning, economic and infrastructure development, environmental assessment and urban development, and
 - b) across government agencies;
2. provide for a consistent hierarchy of future oriented and publicly available plans, including:
 - a) long term (for example, 15-30 year) integrated strategic plans,
 - b) medium term (for example, 5-15 year) prioritised infrastructure and land-use plans, and
 - c) near term prioritised infrastructure project pipeline backed by appropriately detailed project plans;
3. provide for nationally-significant economic infrastructure (both new and upgrade of existing) including:
 - a) transport corridors,
 - b) international gateways,
 - c) intermodal connections,
 - d) major communications and utilities infrastructure, and
 - e) reservation of appropriate lands to support future expansion;
4. address nationally-significant policy issues including:
 - a) population growth and demographic change,
 - b) productivity and global competitiveness,
 - c) climate change mitigation and adaptation,
 - d) efficient development and use of existing and new infrastructure and other public assets,
 - e) connectivity of people to jobs and businesses to markets,
 - f) development of major urban corridors,
 - g) social inclusion,
 - h) health, liveability, and community wellbeing,
 - i) housing affordability, and
 - j) matters of national environmental significance;
5. consider and strengthen the networks between capital cities and major regional centres, and other important domestic and international connections;
6. provide for planned, sequenced and evidence-based land release and an appropriate balance of infill and greenfields development;
7. clearly identify priorities for investment and policy effort by governments, and provide an effective framework for private sector investment and innovation;
8. encourage world-class urban design and architecture; and
9. provide effective implementation arrangements and supporting mechanisms, including:
 - a) clear accountabilities, timelines and appropriate performance measures,
 - b) coordination between all three levels of government, with opportunities for Commonwealth and Local Government input, and linked, streamlined and efficient approval processes including under the Commonwealth *Environment Protection and Biodiversity Conservation Act 1999*,
 - c) evaluation and review cycles that support the need for balance between flexibility and certainty, including trigger points that identify the need for change in policy settings, and
 - d) appropriate consultation and engagement with external stakeholders, experts and the wider community.

CHAPTER FIVE: STRATEGY, RESOURCE ALLOCATION AND THE VACANT MIDDLE GROUND

Introduction

Much is said and written about the need for more strategic thinking and strategic leadership in public and private sector organisations whenever their performance is under review. A plethora of courses and seminars aim to teach people how to be strategic. Officials bemoan the fact that the urgent always supersedes the important, (usually followed by genuinely expressed desires to have time to think).

In some respects, these concerns reflect the pace of life more generally. Technology plays an enormously positive role in modern daily life in making information available, and keeping people “in touch”. It also drives a relentless 24 hour, seven days a week news cycle with media outlets competing for the latest snippet with which to feed the appetite of continuous news channels and on line reporting.

Writing in *The Age*, in April 2010, Professor Glyn Davis AC noted:

Australian public servants are so overwhelmed by day-to-day demands they do not have sufficient time to think about the most important policy problems facing the government. That is to say, the public service needs to spend more time working on strategy.

But why is strategic thinking not a priority already? Perhaps because the balance between responsive policymaking and creative policymaking is skewed in favour of being responsive – reacting to the urgent.²⁴⁷

There is, however, only so much public servants can do to manage these pressures. In part, this amounts to “controlling what you can control”, being clear about priorities, and genuinely balancing work and family life. Indeed, this is a real strength of the ACT Public Service (ACTPS), and one which its staff value highly. In part, the response to these pressures relies on resourcing and capacity and exercising the discipline of allocating time.

If public services are to continue to support governments in an increasingly mobile and connected world, with ever increasing expectations of responsiveness, they will need to get better at using technology to their advantage, at managing expectations of what can – and crucially what cannot – be done. They will, in short, need to be innovative in developing new ways of working. Some of these approaches might be very simple: why, for example, should an email seeking information from a Minister be responded to in a formal letter, cleared through departmental hierarchies, and the response posted some weeks after it was received? Of course officials need to be conscious of the dividing line between responsiveness to the needs of the government of the day and engaging in partisan political activity. Information

²⁴⁷ Davis, G. (2010) “Beyond the Horizon” *The Age*, 6 April.

needs to be correct and aligned with government policy, but even if the Minister insists on responding personally, there are better and more efficient ways of doing so.

In this Chapter, the Review continues the approach of referring to Directorates within the single ACTPS organisation outlined as its preferred model at Chapter 3. It begins with a discussion of the implementation of the ACT Government's strategic planning framework, before exploring in more detail the nature of strategic policy advice. After that, the ACT Government's strategic priority setting and resource allocation processes are analysed in detail.

The ACT already has sophisticated – some would say over-engineered – frameworks and procedures to support Cabinet's decision making, but like any system, they benefit from a periodic “major service” in which they are pulled apart, worn parts are overhauled, moving parts are lubricated, and operating software is updated.

Much of the ACT Government's strategic planning framework is at the forefront of leading practice. The Review has concluded, however, that it could be used and implemented better. Time and effort, along with received historical precedent, has led to organic development of the systems currently utilised for priority setting and resource allocation in the ACT. The Review believes the ACTPS performance in supporting Government decision making, and providing services to the community, would be significantly enhanced through:

- greater alignment and coordination of effort through the “One ACT Government – One ACTPS” model;
- a smaller number of clearly enunciated strategic Government priorities;
- further integration of priority setting and resource allocation processes;
- a recalibration and alignment of reporting streams to alleviate the current reporting burden (especially internally) that is a risk to delivery; and
- more rigorous enforcement of Cabinet and Budget process discipline and provision of more coordinated and comprehensive support by officials to the Budget Committee of Cabinet.

In a Government of seven, with a Cabinet of five, there is, on occasion, an overlap between decision making by the Cabinet and decision making in the caucus. While this is entirely proper – the way in which the Cabinet process is used is a matter for the government of the day – reliance on caucus decision making risks the ACTPS being less well aligned with the intended course than if decisions are made in the Cabinet Room.

The Vacant Middle Ground

The *Canberra Plan* enunciates the Government's strategic and aspirational vision for the city. The ACTPS's performance in delivering Government priorities might be enhanced if articulation of the priorities beneath that overarching vision was clearer, they were fewer in

number, and there was a greater alignment of effort in pursuing them. The view expressed in consultations is that implementation of the strategic framework can be likened to a doughnut – there is a hole in the middle – a gap in the explanation of “how we will deliver the strategic intent and how it all is joined together” that links the busyness of the “what” of government service delivery to pursuit of the vision.

In this context, a Submission to the Review noted:

the gap between the Government’s high level strategic vision, actual delivery of policy to deliver the strategic objectives and implementation is also evident in the lack of delivery of the energy policy – a process which was started in 2004, the review of the Nature Conservation Act and the new No Waste Policy.

Very detailed effort is put into supporting action plans and strategies articulating the “what” but the proliferation of supporting documents is clouding the ACTPS’s line of sight to the key ones. Alignment of effort is being lost in a sea of reporting. Unifying themes are being obscured through fragmentation of planning and delivery. The ACTPS is succeeding in the detail, but perhaps missing the mark in its understanding and pursuit of the whole.

In the Budget process, there is – properly – debate about the level of funding to be allocated to initiatives, but often without the perspective of a shared understanding of what, at the level below the strategic vision, the Government is really trying to achieve and how different interventions link together. There is much debate about whether budget proposals are a good idea or not, but less about whether they are the right idea and how they fit with the Government’s overarching agenda.

The appropriation and decision making frameworks militate against pooling resources for cross cutting programs. The frame for preparation of budget bids is the silo of the Administrative Unit, and not the evidence based, tested and collaboratively developed policy response. In part this is because silos discourage discussions about whether allocation of funding in one portfolio might actually be better spent in another. Rarely does a proposal come forward suggesting that someone else should be allocated additional resources.

There was a clear view in consultations that the ACTPS has too many layers of overly detailed planning and reporting, and suffers from a lack of alignment of effort that comes from agencies being overwhelmed in overlapping frameworks, plans, and strategies. A Submission from a former ACT Public Servant noted:

those of us whose priority was delivering better outcomes for the ACT community were finding it necessary to expend significant resources fighting internal bureaucratic battles with people who, when it came to ‘the big picture’, just didn’t get it, and were more concerned with delivering on meaningless performance indicators and working out how to reveal the least possible information in their annual reports.

In this context, the clarity and simplicity of the Scottish *National Performance Framework* has great attraction (see Appendix 1) with its:

- single purpose;
- five strategic objectives;
- 15 national outcomes; and
- 45 national indicators and targets.

There are already similarities between that system and the ACT's framework. The ACT has already established the *Measuring Our Progress* website²⁴⁸ which reports against just 28 indicators. The ACT Government and ACTPS might aspire to the clarity and meaningful simplicity of the *National Performance Framework* and *Measuring our Progress*.

Delivering on this goal will not be easy. There are risks in the sort of public clarity of purpose and intent that it entails, but there are also enormous incentives for achievement and opportunities to align coherent effort behind a common purpose.

At a practical level, the work entailed – some of which is already underway– includes:

- improving asset management across the ACTPS while integrating it with detailed service planning and aligning this planning and the annual capital works program; and
- clearly articulating service levels with Ministers and the community.

The systems and processes of the machinery of government need to be adapted to revolve around a recalibrated strategic planning framework. There will need to be clear and enforced process gates and an understanding that underdone proposals which inhabit the hazy middle ground will not be permitted. The existing process gates set out in the *Cabinet Handbook* and Budget Process Rules will need to be enforced more vigorously.

Above all, the alignment of effort, coordination of approach, and collaboration across the different perspectives of the ACTPS's constituent Directorates that are central to the Review's preferred model will need to be brought to bear in providing strategic and direction setting advice to the government, and in delivering services to the people of Canberra.

The simple message is that there needs to be a clear line of sight from a statement of purpose, through aspirational strategic vision, to decisions on program design and delivery, to operational and tactical level planning, and back up again.

What is Strategic Policy Advice Anyway?

Much of what is written and understood about strategy and strategic thinking has overtly military overtones. The Macquarie Dictionary, for example, defines strategy as “generalship; the science or art of combining and employing the means of war in planning and directing large military movements and operations”, as “skilful management in getting the better of an

²⁴⁸ See <http://www.measuringourprogress.act.gov.au/>

adversary or attaining an end”, and “the method of conducting operations, especially by the aid of manoeuvring or stratagem”.²⁴⁹ The same Dictionary defines stratagem as a “plan, scheme, or trick for deceiving the enemy” and “any artifice, ruse, or trick”.

Clearly not all of this language is suited to the operations of the ACTPS, but what can be drawn from it, and from the analysis which follows, is a sense of what is meant by strategic policy advice. Indeed, the terms of reference for the Review point the way, in asking that it address “strategic and direction-setting advice”. It is here where the importance of clarity of purpose expressed in terms of strategic direction and priorities to agile government becomes salient – a government can only be agile in its service delivery if it explains where it is going and what it is trying to achieve.

There is a sense that strategic advice is forward looking, even beyond the electoral cycle. There is a sense that it involves engaging with emerging issues and problems rather than reacting to ones that have already manifested themselves. There is a sense that it involves engaging with the big issues. There is an inescapable undercurrent of leadership.

It is important to note in this context that public services play a key role in both shaping and delivering governments’ priorities, providing advice on them, as well as on how they might be implemented. That role then extends in many cases to the actual “doing”, to performance monitoring, to reporting and to evaluation.

In Ahead of the Game – a title which itself highlights the strategic aspects of public service – the Advisory Group on Reform of Australian Government Administration (AGRAGA) observed that in striving to deliver the highest quality advice to government and services to the community, public services engage with:

1. Strategic policy, which focuses on the broader, long-term challenges facing government; and
2. Organisational strategy, which focuses on the policies, people and procedures needed to deliver outcomes on behalf of government.²⁵⁰

AGRAGA also stressed the importance of leadership within public service organisations:

leaders in the [Australian Public Service] need to deliver on both elements of strategy. ... Strong leaders devise effective strategic directions, enunciate them clearly, then build support for them within their organisations.²⁵¹

In describing the role of officials providing strategic policy advice to governments, and what constitutes such advice, the Australian Public Service Commissioner recently remarked that:

It is a no brainer to accept that good advice will be timely, clear, persuasive, evidence based (within the limits of the evidence available), balanced, creative, focused on the issues that matter and, hopefully, be capable of cost effective implementation. It is also a truism that the contestability of policy advice has grown over the years:

²⁴⁹ *Macquarie Dictionary Online* <http://www.macquarieonline.com.au/dictionary.html>

²⁵⁰ Advisory Group on Reform of Government Administration (2010) p.20.

²⁵¹ Advisory Group on Reform of Government Administration (2010) p.20.

Ministers have a range of sources of advice from which to draw ranging from advocacy groups to academics and personal advisers. And at the same time the pressure for forward looking and timely advice has intensified.

What will compel the attention of ministers to public service advisers is not an assertion on our part that they should listen to us but the demonstration by us that we provide consistently high quality advice that is informed by a wide range of perspectives and has a professional appreciation of the strengths and weaknesses of alternative views.²⁵²

Highlighting the challenge of strategic policy work, the Commissioner observed, that it is not *just* a matter of making time to think about wicked problems and other “big issues”:

effective strategic policy development requires attitudes, resources (especially time) and ways of working that allow disparate skills to be applied to difficult problems to fashion joined up and collaborative solutions.²⁵³

Preparing genuinely strategic policy advice is difficult because it “involves problems that often span jurisdictional boundaries and may be long term in nature. It requires a range of specific skills and methods to generate innovative thinking”.²⁵⁴

Sound, strategic government decision making requires the balancing of competing interests in the long and short term. In his Foreword, the Chief Minister observes:

The *Cabinet Handbook* sets out procedures designed to ensure the Cabinet’s decisions are based on timely, rigorous and comprehensive analysis of issues and possible responses, including their impact on the Canberra community, the environment and the economy of the Australian Capital Territory (ACT).

Rigorous and timely processes assist the Cabinet in coordinating and structuring its crucial strategic policy and direction setting for the ACT Government as a whole.²⁵⁵

To be successful in providing strategic and direction setting advice to the government of the day, the ACTPS needs to “understand itself, its purpose, and the environmental landscape”.²⁵⁶ This work might benefit from “scenario based planning, which does not attempt to predict what is unpredictable, but copes with uncertainty by considering multiple, equally plausible futures”.²⁵⁷ Scenario planning assists organisations to identify key drivers of change through consideration of alternative scenarios, thereby moving discussion and debate beyond traditional forecasting methods, which analyse drivers in isolation or simply presume a continuation of current trends into the future.

²⁵² Sedgwick, S. (2010) Strategic Policy Development and APS values Keynote address to *Leaders in the Public Sector 2010* Conference <http://www.apsc.gov.au/media/sedgwick120510.htm>

²⁵³ Sedgwick (2010).

²⁵⁴ Advisory Group on Reform of Government Administration (2010) p.20.

²⁵⁵ ACT Government (2009a) *Cabinet Handbook*. Canberra, p.2.

²⁵⁶ van der Heijden, K. (2005) *Scenarios – the Art of Strategic Conversation*. John Wiley & Sons, Chichester, p.51.

²⁵⁷ van der Heijden (2005), p.51.

At the core of this scenario planning approach is the strategic conversation:

The three fundamental steps of learning – perception, theory building and joint action – are all group activities that depend on the strategic conversation. Sharing multiple stories about the future makes the organisation more perceptive about its environment, and forces reflection on experience and theories-in-use.²⁵⁸

Indeed, a focus on long term strategy cannot, and should not, be progressed in isolation of an understanding of the short term, tactical (and often political) decision making of governments on a day to day basis. A focus only on the long term is arguably just as dangerous as a focus only on the short, and risks falling at the first hurdle while focusing on the finish line.

It would be difficult to find an argument against the principles enunciated in the *Cabinet Handbook* and set out above, but in practice, strategic policy advice and strategic decision making is testing. It is an issue with which all public services grapple continually, and it is interesting to note that *Ahead of the Game* contains recommendations that every department strengthen strategic policy and delivery capability, and that a Strategic Policy Network and policy tool kit be established.²⁵⁹ More is said about enhancing the capacity and capability of the ACTPS in the next Chapter.

In approaching the discussion of planning, accountability and evaluation frameworks that follows, it is important to keep in mind that the role of the ACTPS in supporting Cabinet is not to make decisions. Certainly it should seek to broker an outcome internally that aligns with Government priorities, and in so doing, hone the areas of genuine disagreement between Directorates, and the arguments on both sides of that disagreement for presentation to Cabinet. The rigour of Cabinet's strategic and other decision making is founded on the rigour of these supporting processes in which both Ministers and officials have an interest, and an important role, in supporting.

Strategic Policy and Direction Setting

Strategic thinking is important for public services because it obliges officials to:

think about a series of outcomes from the intermediate level to the ultimate goal for society, [and] helps to align different activities and interventions, not only of government but of the many other agents at work in society. The most important agents of all are citizens. Their behaviour shapes the way an outcome is achieved and determines whether it is achieved at all. They are also important arbiters of public value (though not the only ones).²⁶⁰

Strategic policy making is, of course, an inherently political exercise. While all governments are elected with a view to improving the long term prospects of, and quality of life in, the communities they serve – inevitably requiring strategic planning – they must properly keep an eye on the electoral cycle and their electoral prospects. This can lead to reluctance to

²⁵⁸ van der Heijden (2005), p.51.

²⁵⁹ Advisory Group on Reform of Government Administration (2010) p.42.

²⁶⁰ Lusk, S. (2009) *The relentless unforeseen: the case for strategy in government* National School of Government, London. p.9.

clearly enunciate policy directions, or perhaps even worse, to articulate directions at many levels so that all stakeholder groups in the community feel like they are being looked after.

Neither of these options makes life easy for public services, but officials must continue to apply their skills and capacities to supporting the government of the day and serving their communities. It will always be the case that governments will choose to maintain some flexibility in their priorities and strategic direction – and this is entirely appropriate. Perhaps the only thing worse than vague priority setting, is rigid and unquestioning adherence to a wrong, but clearly stated, goal.

In this context, New Zealand’s *Review of the Centre* rings true:

The clearer Ministers can be about what they want to achieve, and about how Cabinet collectively prioritises its goals, the more effectively departments and Crown entities will be able to respond.²⁶¹

The ACTPS challenge is to match this clarity of direction with “clear communication of ideas to government, particularly where policy options involve difficult trade-offs”.²⁶²

Strategic and direction setting advice for the ACTPS then, is advice that is timely, forward looking, sensitive to the Government’s policies and aligned with its stated priorities, and makes connections across government in pursuit of citizen-centred service delivery. Above all, it engages with problems and drives robust, evidenced based debate at the Cabinet table, and with the citizenry, about the best course of action for the ACT and people of Canberra.

Strategic Priority Setting and Resource Allocation

At the time of the *Strategic and Functional Review of the ACT Public Sector and Services*, the predominant view was that the Budget was the central strategic policy setting mechanism of the Government, and it was through the annual Budget cycle that priorities were decided and given effect. In light of recent developments in ACT Government practice – which it supports – the Review has sought to redefine the way in which priorities are set and how resources are allocated.

Rather than being the vehicle through which priorities are developed and articulated, the Budget should be framed in the light of government priorities and be focussed on populating the vacant middle ground with clearly articulated and robustly designed policy interventions. The Budget process while focused on allocation of scarce resources (inevitably involving prioritisation of spending), cannot be a substitute for genuine whole of government priority setting conducted well in advance of the annual Budget cycle against the Government’s longer term strategic goals – not least because of its central focus on financial matters.

The Review has deliberately emphasised the process of settling Government priorities as the primary vehicle through which the vision articulated in the *Canberra Plan* is rendered into

²⁶¹ State Services Commission (2001) p.14.

²⁶² Advisory Group on Reform of Government Administration (2010) p.20.

concrete activities and areas of focused effort. In this model, the Budget process is the mechanism by which articulated priorities are translated into action through allocation of resources, implementation of specific programs, and monitoring and evaluation of performance.

This is a deliberately different approach, founded in a logical hierarchy of specification of intent, determination of priorities, and allocation of resources that will allow the ACTPS to support the government of the day better.

Aligning Priorities, Resource Allocation and Performance

The approach taken by the Review is consistent with the principles proposed to be adopted from the Scottish *National Performance Framework* model as described in Chapter 3. That model is focused clearly on the achievement of priorities which are expressed as meaningful outcomes. It is the simplicity and coherence of this sort of model that is appealing for a city state government like the ACT. The Scottish model:

articulates fifteen national outcomes and forty-five measurement indicators that sit below the overarching purpose and five strategic objectives. The national outcomes are clustered around the strategic objectives in a cross-cutting way, so that individual outcomes contribute to more than one strategic priority.²⁶³

The United Kingdom's National School of Government notes that taken together, the elements of the National Performance Framework (set out at Appendix 1):

focus the resources of government in a new way, and describe the link between government's activity and what it is ultimately there to achieve. This creates greater clarity, and gives government and public services a sharp focus on a national Purpose that all of Scotland can recognise and endorse. Through this alignment of public policy and the resources, government in Scotland is equipped to deliver a step change in the prosperity of Scotland and in the nation's future success.²⁶⁴

If, in keeping with the Review's Terms of Reference, the ACTPS is to support the government of the day better, improve "across-government coordination of service delivery" and improve its "effectiveness in delivering on government policies and objectives" it will be crucial to ensure that the Government's strategic priority setting process produces a manageable number of clearly articulated priorities, behind which the collective efforts of the ACTPS can be marshaled. The risks in getting this aspect of government wrong are outlined in the *Review of the Centre*:

fragmentation occurs partly because there are too many agencies, and partly because there is an inadequate unifying vision and purpose for these agencies, within which each can make its own contribution to the Government's objectives. ... The State sector works best when it has a clear sense of where it is going, and what has to be done to achieve the desired results. Ministers have an important role in this, both

²⁶³ National School of Government (2009a) p.6.

²⁶⁴ National School of Government (2009a) p.6.

individually and collectively. Senior public servants need to engage with Ministers on what will make the biggest difference.²⁶⁵

The ACT Government's Current Strategic Planning Framework

The ACT already has a sophisticated strategic planning framework including an annual resource allocation process that still clearly shows its roots in procedures received at self government from the Commonwealth. There was in consultations an overarching view within and outside the ACTPS that the framework is over-engineered, contains unnecessary duplication, and is undermined by fragmentation and dispersal of effort. The framework also generates a very significant reporting burden.

This reporting and administrative burden is also shared by partners in government service delivery in the community sector. The ACT Council of Social Services notes in its Submission to the Review:

The complexity, inconsistency, and duplication of reporting requirements do not assist services to get on with the important and vital work for which they are funded. Inconsistencies and duplications build in inefficiencies both at the government and the sector end. The Productivity Commission has detailed this problem in their report Contribution of the Not-for-Profit Sector.

The costs of performance reporting have been a repeated theme... with many indicating that they see little value in it, in part because of both duplication and non-comparability arising from non-standardised data variables.²⁶⁶

Highlighting the need for a more manageable set of meaningful performance indicators, a contributor to the Review notes:

the Government produces a large number of legislation, policies, action plans and individual policies, many of which have reporting requirements – however much of this reporting gets lost or goes by the wayside. Likewise many of these plans require agencies to do certain things which are then never actioned or even monitored to see if they are actioned, let alone assessed to see if they are achieving intended outcomes.

While the framework is conceptually strong, there is clearly scope for the ACTPS to do better in its implementation. There was a clear and consistent view in consultations that the ACT Government has too many plans, leading to a propensity for the ACTPS to “tie itself in knots” with snowballing layers of plans, strategies, action plans, implementation plans, statements of intent, frameworks and performance agreements. It is worth keeping in mind that these ACT plans are in addition to National Agreements and National Partnerships settled by the Council of Australian Governments (COAG) all of which come with an obligation to prepare and lodge detailed implementation plans, and for a small jurisdiction, a very significant reporting burden. There is therefore a clear need to take account of external requirements (including COAG agreements) to which the Government has committed, and to

²⁶⁵ State Services Commission (2001) p.23.

²⁶⁶ Submission No.19.

attempt to align streams of reporting using common data sets where possible to minimise the effort expended on this important, but necessarily time consuming task.

The ACT's strategic priority setting framework centres on the *Canberra Plan*, first released in 2004, and its three supporting plans. An updated version – *The Canberra Plan – Towards our Second Century* was released by the Government in 2008.²⁶⁷ As part of that process, consideration was given to methods for improving across-government strategy, direction setting, and delivery in a changing environment. *Towards our Second Century* built on the earlier Canberra Plan framework to provide a single source of strategic direction, while retaining the underlying social, economic and environmental (*Weathering the Change*) plans, with the Spatial Plan as the spatial representation of the Government's strategic directions.

The Review notes it is proposed that the Canberra Plan framework be retained and strengthened through regular reviews and further development. The next update, due in 2013, presents the opportunity to absorb the social and economic plans into a single consolidated plan and develop more clearly stated strategic directions, and including outcome goals and targets. The Review recommends every effort be made to settle a small number of succinct meaningful, measurable outcomes and associated indicators of real progress, geared towards ongoing public reporting through the *Measuring Our Progress* website.

The current planning framework contains a large number of subsidiary portfolio or sectoral strategies and plans. These documents provide for direct engagement with and commitment to specific stakeholder groups, but they also involve extensive implementation planning with related reporting. It is at this level in particular that the framework begins to fall down and further work should be undertaken to incorporate a greater strategic focus and lighter touch at this level.

The Strategic Planning Hierarchy

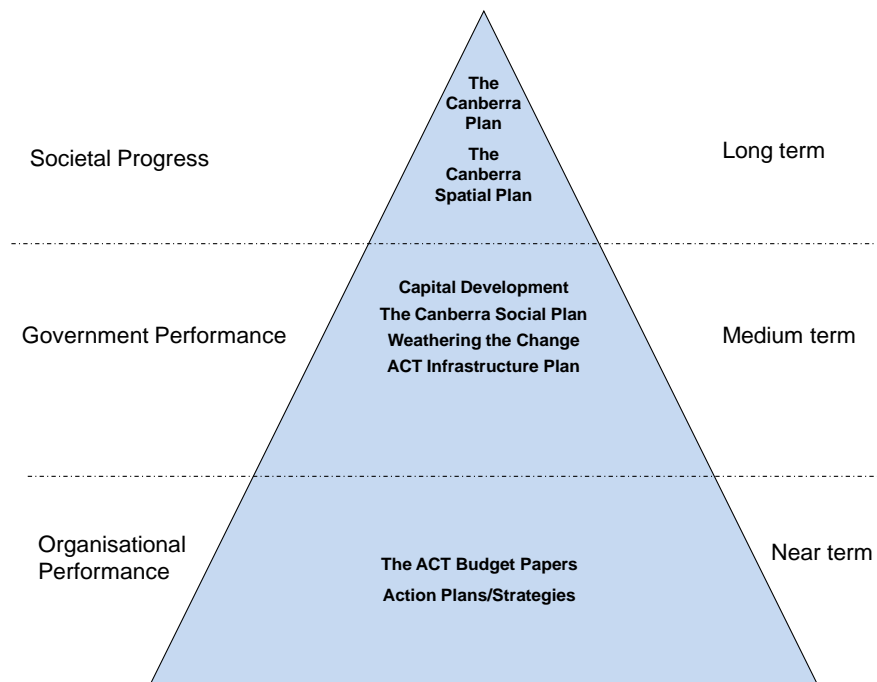
The Government already has a clear hierarchy of plans, from the *Canberra Plan's* long term directions, to annual budget papers, and the operational plans of government agencies. This hierarchy is shown in Figure 14. Identified strategic priorities define where the Government, as a whole, will focus its attention and effort from a high level policy perspective.

The Government's strategic planning framework aligns with the principles outlined by COAG to inform the strategic planning priorities of capital cities. Those principles provide high-level direction to facilitate and support cities that “are well placed to meet the challenges of the future”.²⁶⁸

²⁶⁷ See <http://www.cmd.act.gov.au/policystrategic/canberraplan>

²⁶⁸ Council of Australian Governments (2009) *Communiqué 7 December 2009*, Canberra, p.8.

Figure 14 - ACT Strategic Planning Hierarchy



The constituent plans in Figure 14 are described briefly below:

- the *Canberra Plan* articulates the Government’s vision for the ACT, and the seven broad goals that the Government, in partnership with the community, will work towards over the long term, namely:
 - a fair and safe community;
 - a strong, dynamic economy;
 - a sustainable future;
 - a vibrant city and great neighbourhoods;
 - excellent education, quality teaching and skills development;
 - high quality services; and
 - quality health care;
- the *Canberra Spatial Plan* sets the strategic directions for the development of Canberra over the next 30 years and beyond. It is the Territory’s key strategic planning document for directing and managing urban growth and change. With the *Sustainable Transport Plan*, it comprises the *ACT Planning Strategy* required by the *Planning and Development Act 2007*;²⁶⁹

²⁶⁹ See <http://www.legislation.act.gov.au/a/2007-24/default.asp> For completeness, the Review notes the *Statement of Strategic Directions* is part of the *Territory Plan* and translates the high level planning considerations to sufficiently guide development assessment and court decisions, and the *Statement of Planning Intent* is the vehicle for the ACT Planning Minister to give overall directions to the ACT Planning and Land Authority (ACTPLA) on planning principles and guide operations.

- *Capital Development* is the ACT Government's economic strategy and is founded on an ongoing commitment to prudent fiscal management, appropriate regulation, sustainable development and a regional focus. It has three strategic themes, each with its own action plan: investing in people – to increase capacity, flexibility and efficiency of the economy; encouraging business and innovation – to create a more competitive, dynamic business sector; and building infrastructure and planning for the future – to support and coordinate economic activity;
- the *Canberra Social Plan* (currently under review for re-release in 2011) is the Government's long-term plan to ensure people can work towards their potential, make a contribution and share the benefits of Canberra. The Plan identifies seven priorities to guide Government decision making: economic opportunity for all Canberrans; respect for diversity and human rights; a safe, strong and cohesive community; improved health and wellbeing; lead Australia in education, training and lifelong learning; housing for a future Canberra; and respect and protect the environment;
- *Weathering the Change* is the ACT Government's Climate Change Strategy, and a central pillar of the Government's commitment to a sustainable Canberra. It has four objectives, each underpinned by more detailed four year action plans (the second round of which are currently in preparation): to be smarter in how we use our resources; to design and plan our city to be more sustainable; to adapt to and manage current and future changes in climate; and to improve our understanding of climate change; and
- The *ACT Government Infrastructure Plan* is the medium-term plan to meet the infrastructure needs of Canberra. First released in 2010, the ACT Infrastructure Plan will be updated annually and covers a ten year horizon.

In keeping with COAG principles, the ACT Government's Strategic Planning Framework:

- includes a hierarchy of plans addressing the long, medium and near term;
- integrates planning across government and across functions such as land use, transport and economic development;
- responds to nationally significant policy issues such as climate change, demographic changes, and social inclusion;
- strengthens networks between capital cities and regions; and
- supports development of land release programs with an appropriate balance between green-field and urban infill.

Strategic Planning

Strategic and long term direction setting is, by definition, aspirational. The *Canberra Plan* articulates the Government's ultimate objective to improve the well-being of Canberrans and contribute to real and sustainable improvements in our health, education, prosperity, social inclusiveness, and environment. Given its focus, the *Canberra Plan* has been updated once per term of Government.

As outlined previously, the current Plan has seven broad goals (comparable to the five objectives in the Scottish *National Performance Framework*).

The Government, individuals, businesses, and community groups all contribute collectively to progress against the *Canberra Plan* goals. The Government has a significant role and is committed to leading and coordinating those collective efforts. Crucially for the ACTPS, all Government priorities, and Directorates' objectives, activities and services should contribute to meeting these goals.

Government Priorities

Government priorities are defined in terms of their intended outcomes, and are measured through performance indicators. The ACT Government's strategic priorities are articulated in a range of documents including:

- Cabinet Decisions;
- broad strategic plans such as *People, Place, Prosperity*; the *Social Plan*; the *Spatial Plan*; and *Capital Development*;
- whole of government strategies addressing particular issues such as *Think water, act water*; *Weathering the Change*; *Sustainable Transport Plan*; the annual *ACT Infrastructure Plan*; and
- intergovernmental agreements such as National Partnership Agreements.

To provide clearer direction to agencies about Government priorities, and respond to emerging opportunities and challenges, the Government has introduced an annual priority-setting process. This process helps bridge the gap between long-term goals and broad strategies, and more immediate decisions and actions. The Review notes plans in place to further embed and improve this process through introduction of Directorate strategic service delivery and asset management plans, which will inform the government of matters such as changes in service demand, emerging risks, and how these may be managed.

The Government reviews and refines these priorities each year which allows clarification and reinforcement of the priorities which agencies are expected to deliver. It also provides capacity to respond to emerging challenges and opportunities in particular policy areas.

This set of priorities covers a 12 to 24 month window, intended to:

- reinforce, clarify and give specific effect to the Government's longer-term strategic plans;
- strengthen integration within the hierarchy of ACT Government plans;
- inform strategic and operational planning by Government agencies;
- guide resource allocation through the Budget process; and
- respond to emerging challenges and opportunities.

Progress against these priorities is reported to Cabinet every six months.

A weakness in the current system, however, is that these annual priorities are settled through the Cabinet process, but are not as well communicated within the ACTPS as they need to be to serve their intended purpose of aligning and driving performance. While settled priorities are currently incorporated into Chief Executives' performance agreements, it emerged in

consultations with staff that they are not generally well understood or explained down the line.

For these priorities to drive performance, and to be meaningful, they need to be fewer in number and to be made public (except where there are grounds for confidentiality). The Review recommends that future annual Government Priorities be published in the Budget papers or in a separate formal Statement of Intent along the lines of the *Statement of Government Intentions* prepared by the Victorian Government under former Premier Brumby.

While the annual priorities are currently settled through a Cabinet process involving all Chief Executives, this process must be better integrated with the annual Budget process. Priority setting also needs to be more closely linked to the preparation of formal Statements of Intent where they are required by legislation. In the past, statements of intent have been developed without the benefit of a coordinated process involving the central agencies and taken to Cabinet in a compressed process. In a fully integrated and coherent system, these formal statements would align seamlessly with the Government's planning hierarchy and incorporate agreed priorities.

Government strategic planning is currently coordinated by central agencies and the Chief Executives' Strategic Planning Committee (in which all agencies participate). The role of this Committee includes:

- preparing information and evidence to inform strategic planning;
- identifying and advising the Government of strategies to enhance delivery of services and infrastructure, minimise risk, and improve integration of government activity; and
- coordinating development of the ACT Infrastructure Plan.

These functions should be discharged by the ACTPS Strategic Board in the future (See Chapter 3).

The Directorate Level

Each directorate's strategic planning should focus on its individual contribution to the Government's priorities and long term goals. Key outputs of this planning are:

- strategic objectives – what impact, or difference, the Directorate aims to make in the community;
- strategic indicators – measures of achievement against these objectives through assessing progress of outcomes or community impact of actions; and
- high level strategies for achieving these objectives.

These elements are currently summarised in agency corporate plans and in the annual budget papers, but more detailed information is presented in strategic service and asset plans. These plans look to the medium term and include:

- strategic objectives and indicators and their linkages to government priorities and goals;
- integrated service delivery and asset management strategies to achieve objectives;

- emerging issues and risks and how these might be managed; and
- organisational capacity plans.

Agencies currently also prepare strategies or action plans that focus on specific issues in their sphere of operations and responsibility (but require effort from agencies across government).

These documents include, for example:

- the *Strategic Plan for Positive Ageing*;
- the *Young People's Plan*;
- the *ACT Affordable Housing Strategy*; and
- the *ACT Chronic Disease Strategy*.

Shared Outcomes – Shared Priorities

Achieving many Government priorities and long-term goals will depend on contributions from a range of Directorates, and require coordinated activity across government. Such cooperation between Directorates requires clear understandings of roles and responsibilities if it is not to increase duplication, and to ensure the most effective use of expertise, experience and resources across government. The ACT Government employs a range of mechanisms to foster across government cooperation and shared delivery of priorities. These include:

- executive strategic planning committees providing whole of government direction;
- statutory positions with the power to direct and coordinate activity across government to achieve particular objectives;
- policy development forums to share expertise and experience in developing policies and programs; and
- interdepartmental working groups to develop and manage specific programs and initiatives.

There is also a clear and ongoing role for the proposed Chief Minister's Department in bringing together Directorates to tackle these difficult and cross cutting issues.

An issue for discussion in the future will be the capacity for appropriations to be more flexibly allocated to cross cutting issues, reflecting the networked governance models described in Chapter 3.

Reporting

The ACTPS currently prepares a range of reports which reflect the hierarchy of strategic plans, and provide a broad picture of performance, from long-term outcomes, to medium-term priorities and results, and near-term actions and initiatives. In so doing, it suffers from the organic growth of an enormously complex reporting framework, itself a creature of a planning and performance framework that is not as streamlined and aligned as it could be for a city state government. This organic growth manifests itself in the fact that there is not a single repository of performance information, nor is there a common system or process for seeking and providing input to reports. It is evident in the need to ask for overlapping streams of performance data which while similar, are not coherently aligned.

Much of this coordination work in whole of government reporting currently falls to the CMD, and would remain in the proposed Chief Minister's. ACTPS colleagues rightly complain when overlapping requests are made in a seemingly uncoordinated fashion requiring nearly the same information to be provided through different channels, but this is a reflection of the need to align the reporting streams and standardize data sets, and not a lack of desire or effort to streamline processes from the centre.

There are, for example, more than 40 action plans and strategies in existence that might be conceptually grouped under the *Social Plan* that have, through a series of incremental decisions each of which is reasonable in isolation, been added over time but are not required by that plan. Each of these plans has further layers of performance indicators and reporting requirements. In the case of the *Young People's Plan*, for example, there are 167 actions against which reporting is required. Furthermore, often these lower level action plans, instead of describing how strategic goals and Government priorities will be pursued and progress reported and evaluated, expand to fill the available space, locking in programs and ways of working.

The enormous (and often self imposed) reporting load placed on the ACTPS was raised repeatedly in consultations with senior officials, and with staff in round tables. While no one would argue that proper reporting is not central to robust accountability processes, there is a view – rightly – that the current level of reporting activity is a material distraction from delivery of services, and absorbs very significant levels of resourcing that might be better directed elsewhere.

Indeed, before it reports on a single ACT specific performance measure, the ACTPS is required to report on its performance to the Commonwealth Government on literally several hundred indicators required by the Productivity Commission for the *Report on Government Services*, and the National Agreements, National Partnerships and other intergovernmental agreements settled by COAG or directly among affected jurisdictions. In many cases, performance against these indicators are tied to assessment of performance by the COAG Reform Council and linked to significant levels of reward funding.

The Review recommends that the ACT Government continue work underway to recalibrate the ACT's strategic planning framework along the lines of the Scottish *National Performance Framework*. There are too many indicators, and those there are might be expressed in clearer and more measurable language. This should be supported by effort across the ACTPS to align mechanisms for collecting and collating performance information more efficiently. In this process, the indicators required under national frameworks should be taken as a given and ACT specific measures (if indeed it is appropriate for them to exist at all) developed making use of existing data sets, or able to be collected at the same time as national indicators, wherever possible.

The ACTPS is not big enough to manage sustainably a reporting burden of the sort it currently bears, nor would it necessarily be an efficient or effective use of resources even if the capacity existed. There is an enormous reputational and service delivery risk in

attempting to do a large number of things, in comparison to a tighter and more defined list of goals and delivering against them at the highest standards.

The Review notes work is already well advanced in this regard, including through the *Measuring Our Progress* website. Related projects include refinement of reporting to Cabinet on achievement of Government priorities, the *Performance and Accountability Framework*, and the review of strategic indicators used in the Budget Papers. The Review recommends the Government take the next logical, but potentially transformational step of adopting at the next review of the *Canberra Plan* a simpler framework, with clear lines of sight from purpose to delivery and back, similar to the *National Performance Framework* at Appendix 1.

Layers of Reporting

The ACTPS is subject to cascading layers of reporting:

- at the National Level;
- to the ACT Government at three levels:
 - on Societal Outcomes through *Measuring Our Progress*;
 - on achievement of strategic intent and implementing Government strategy through Annual Reporting on the Canberra plan (which will be aligned with reporting on the Annual Statement of Intent under the proposed *Performance and Accountability Framework*); and
 - on organisational performance – through Annual Reports (including performance against agency strategic indicators and operational performance);
- to the Cabinet on performance, including biannually on Government Priorities, annually on election commitments, and regularly on the Parliamentary Agreement; and
- at the portfolio specific level in relation to strategies and action plans (including externally in some cases).

While the Government has little control over the National level of reporting, it does control the remaining three. It is in the latter category that there is the most pressing need to rationalise the volume of reporting (and indeed of strategies and plans). Greater alignment of effort in relation to reporting to the Cabinet and in relation to strategic intent will help to focus effort in delivery and in reporting on what matters.

To criticise this level of detail is not to denigrate the importance of service delivery in these areas or these plans themselves. The point is that these documents often lead a stand-alone existence, with separate data collection, and without meaningful connection to evaluation and decision making in the annual Budget cycle. Often, performance indicators measure what is easy to count rather than striving for criteria that actually measure progress towards desired outcomes.

In any reform of the reporting mechanisms used by the ACTPS, it is highly desirable that reports indicate how performance relates to broader operations and the context. For example, in reporting against Government priorities, it should be clear which Directorate strategic

objectives contribute to the priority and which long-term progress goal the priority is working towards. Similarly, in annual reports, it should be clear which services and initiatives contribute to which strategic objectives, and which Government priorities.

ACTPS reporting proceeds on the basis of a definition of sustainability involving social, economic, and environmental impacts. Agencies currently present Triple Bottom Line summaries in their annual reports, using a concise indicator scorecard. This approach should be enhanced and further embedded in the future.

The Review notes that a review of strategic indicators was being undertaken at the time of writing. This process should continue and its implementation be considered in light of proposals in this report for a major recalibration of the ACT's planning and reporting frameworks and processes.

Where to From Here?

The Review notes the Government will need to work closely with the Assembly Public Accounts Committee to develop suitable guidelines for annual reporting by the single ACTPS entity that at least preserve, if not enhance the utility of this important accountability mechanism. A greater emphasis on meaningful performance measures, continuous reporting of performance through *Measuring Our Progress*, and a more open approach to sharing information held by the Government as proposed in Chapter 6 will assist in ensuring that the Assembly continues its crucial role.

The One ACTPS model provides an opportunity for more meaningful and coherent reporting to the Assembly and the community that overcomes the fragmentation that results from the current division into and extraordinary 81 reporting entities for annual reporting purposes.

The ACT Government's strategic planning framework is soundly based and fit for purpose. While performance would be enhanced if the clarity of Annual Government Priorities were improved, the process for framing them is appropriate. ACTPS performance would similarly be improved if settled priorities were more widely articulated within the bureaucracy, and become – as they should be – the cornerstone of all that the ACTPS does.

Overall performance would be enhanced if the number of Annual Government Priorities was reduced from the current more than 170 to a more manageable number. As part of that process, the injection of a sense of precedence would facilitate greater alignment of ACTPS activity. It is hard when all priorities are accorded equal weight to know where or how to direct limited resources. Despite it being a commonly heard phrase, it is straining the ordinary meaning of the language to talk about “my key priorities *are* ...”. Priority setting is about just that – lining up things in order of importance.

The capacity of the ACTPS to support the government of the day with strategic advice, and better serve the citizenry of the ACT would be greatly enhanced through greater alignment of strategic direction setting and resource allocation processes, and the creation of opportunities for greater rigour in the Budget Committee of Cabinet's decision making processes. It is to that critical process to which the remainder of this Chapter is dedicated.

Putting Plans into Action – Resource Allocation and Reallocation

The ACT Budget papers, like all Australian jurisdictions, set out financial and other information about planned performance to both support the Legislative Assembly for the ACT's (the Assembly) consideration of the annual appropriation bills, as well as to inform the citizenry of the Government's plans for the coming year. This information on planned performance is subsequently reported upon in agencies' annual reports and is available for public scrutiny, as well as to the Auditor-General.

The ACTPS has made significant progress towards better incorporation of evaluation of programs and initiatives and of performance information into the Budget Committee of Cabinet's decision making processes and these efforts should be continued and enhanced. The Organisation for Economic Co-operation and Development notes in this context that:

information about public sector performance can satisfy the public's need to know, and can be used to show that governments provide good value for money through their actions. Perhaps most important, performance information has the potential to help policy makers to make better budget and management decisions.²⁷⁰

The introduction of performance budgeting in countries around the world has been linked to efforts to improve the efficiency of public sector operations and to an increasing emphasis on managing for results. Indeed, it is in the focus on planning for and delivering results within government, and greater transparency for results outside government, that the greatest benefits of this model are seen.²⁷¹ The OECD notes that:

The widespread introduction of performance information into budgeting and management processes ... if successfully implemented, can provide more information on government goals and priorities, on how programmes fit in with these goals, and on actual progress and results in achieving the goals.²⁷²

More public and meaningful performance information will also assist in moving debates:

beyond subjective and biased evaluation of programmes, self serving assessment of interest groups, and value judgments based on anecdotal evidence and scandals, and towards the use of more objective criteria from which to make rational decisions about policies and programmes and the allocation of resources.²⁷³

It will also assist in aligning effort and achievement: an analysis of State Governments in the USA, for example, demonstrates the best performing public services and governments:

tend to promote goal setting and the use of performance information throughout government at both the statewide and agency levels ... Missouri, for example, introduced statewide goals – “Show Me Results” – because agencies needed more

²⁷⁰ Organisation for Economic Co-operation and Development (2007) *Performance Budgeting in OECD Countries*. Paris, p.3.

²⁷¹ Organisation for Economic Co-operation and Development (2007) pp.11-12.

²⁷² Organisation for Economic Co-operation and Development (2007) p.59.

²⁷³ Organisation for Economic Co-operation and Development (2007)p.60.

central direction in developing their strategic plans and the governor wished for the budget, the statewide plan and agency plans to focus on the same set of goals.²⁷⁴

That is not to say performance budgeting is easy. Crucially, the simple “provision of this information alone is not sufficient to improve performance: it has to be used in decision making”.²⁷⁵ It should not be assumed that the ACTPS has the necessary capacity or capability to engage with performance information and use it to its greatest advantage. The OECD cautions that member countries have experienced difficulties, especially in their ministries of finance in developing the necessary institutional capacity. It notes performance information:

is different from financial information. In order to make judgments and compare performance, the [ministry of finance (MOF)] needs the relevant expertise to be able to analyse and evaluate the information received from different spending ministries. Spending ministries ... like the MOF, will need the capacity to understand and evaluate information they receive.²⁷⁶

Performance and Accountability Mechanisms

Accountability of the Executive to the Legislature is fundamental to the Latimer House Principles and is the cornerstone of any assessment of government performance. It is an accepted and valued principle that permeates the governance framework in which the ACT Government and ACTPS operate. In a democracy, the key accountability relationships are between citizens and holders of public office, and between elected politicians and bureaucrats.²⁷⁷

Historically, Westminster bureaucracies are well suited to hierarchical lines of authority and accountability through the “chain of ministerial responsibility, upwards through the departmental hierarchy to the secretary and the minister and, via the minister, to Parliament and the public”.²⁷⁸ These traditional hierarchical reporting and accountability lines are well suited where “it is clear what action should be taken, what the effects of that action will be, or where the Government prefers consistency and uniformity over innovation and creativity”.²⁷⁹

Traditional vertical accountability is given effect through parliamentary processes including question time and committee processes which themselves are often amplified through the media. These processes are supplemented by other mechanisms including independent institutions like auditors-general, ombudsmen, and the courts, as well as freedom of information regimes.²⁸⁰ In the ACT context, the Human Rights Commissioner should be added to this list given the operation of the *Human Rights Act 2004*.²⁸¹

²⁷⁴ Moynihan, D. & Ingraham, P. (2003) “Looking for the Silver Lining: When Performance-Based Accountability Systems Work” *Journal of Public Administration, Research and Theory*. 13(4) pp.469-490, p.481.

²⁷⁵ Organisation for Economic Co-operation and Development (2007) p.40.

²⁷⁶ Organisation for Economic Co-operation and Development (2007) p.69.

²⁷⁷ Mulgan, R. (2000) “Accountability”: An Ever-Expanding Concept?, *Public Administration*, 78(3) pp.555-573. p. 556.

²⁷⁸ Mulgan, R. (2002) “Accountability Issues in the New Model of Governance”. *Discussion Paper No 91*. Australian National University, Canberra, pp.4-5.

²⁷⁹ Australian Public Service Commission (2009b) *Delivering Performance and Accountability* Canberra, pp.51

²⁸⁰ Mulgan (2002) pp.4-5

²⁸¹ See <http://www.legislation.act.gov.au/a/2004-5/default.asp>

While accountability systems are an accepted and important part of Australian systems of government, accountability is not an “unqualified good”:

its general rationale is the need to prevent or reduce the abuse of power by those who cannot otherwise be trusted to do what they are obliged to do. But it is not costless, requiring time-consuming reporting and explaining on the part of those accountable, along with expensive and intrusive institutions dedicated to monitoring and investigating. Trust and goodwill, where they can be relied on, are more efficient means of securing compliance.²⁸²

The Australian Public Service Commission (APSC) notes that while essential to the democratic system, accountability processes form “only one of a number of qualities necessary to an effective system of government” and are not without their drawbacks including: cost and complexity, reduced incentive and scope for independent action or innovation in response to new challenges, creation of delays to decision making, and the fact that while greater transparency “can help to prevent foreseeable and preventable errors ... it can also encourage risk avoidance and conservative decision-making”.²⁸³

As has been outlined in Chapter 3, the more devolved models of governance evident in a public value paradigm create challenges not only for officials charged with their operation, but also for accountability frameworks and institutions:

it involves longer, and often more diffuse, relationship and responsibility chains. Many policy responses, whatever the implementation approach, require flexibility and innovation at the point of delivery, implying a degree of open-endedness which does not always sit easily with traditional accountability mechanisms.²⁸⁴

In a public value paradigm, accountability processes are challenged by the fact that it is harder to locate centres of authority in networks, and while they offer “more points of contact and information and may be more open and porous than traditional hierarchies ... they also lend themselves to buck-passing when things go wrong.”²⁸⁵ Furthermore, while:

ministers are still held accountable to some extent for the detailed actions of public service providers, partly because of public expectations of politicians but partly also because of the comparatively low degree of accountability to the general public practised by private organisations and their leaders. ... At the same time, some diminution in ministerial accountability must follow from the diminution of direct control, particularly in the capacity of ministers to impose remedies in response to public complaints.²⁸⁶

The challenge for the ACT, then, is to continue to develop and refine a system of holding the government and officials accountable for performance that meets the proper needs and

²⁸² Mulgan (2002) p.4.

²⁸³ Australian Public Service Commission (2009b), pp.8-9.

²⁸⁴ Australian Public Service Commission (2009c) *Policy Implementation Through Devolved Government* Commonwealth Government, Canberra, p.23.

²⁸⁵ Mulgan (2002) p.11.

²⁸⁶ Mulgan (2002) p.11.

desires of the Legislature to scrutinise the actions of the Executive, but which also fosters and encourages innovation and improvements to ACTPS policy and program design and delivery.

The Commissioner for Public Administration's Submission to the Review argued that:

The ACTPS must get the balance right between process and outcomes, and between delivering services and reporting on the delivery of these services. In my view, getting the balance right will require the support of all members of the Legislative Assembly and perhaps a cultural shift from members as well. Many ACTPS employees report to me that the Legislative Assembly currently places too much emphasis on process and increased reporting without recognising the costs associated with this and the concomitant reduction in emphasis on community outcomes and the delivery of services.²⁸⁷

To address these challenges, those responsible for delivery – the Executive – and those with the power and legitimate right to hold it to account – the Legislature – need to work cooperatively to ensure that the accountability systems put in place by the ACT Government and the Legislative Assembly recognise that “accountability systems that punish public servants for their mistakes will constrain policy innovation, and limit the public service’s capacity to deal flexibly with new and emerging problems.”²⁸⁸ That is not, of course, to suggest that reckless risk taking should be other than shown for what it is, or that wastage of public money should not be exposed and criticised. What it does mean, is that accountability processes should allow new approaches to be tried, and for them to fail provided that lessons are learnt, experiences are captured and new insights are fed back into program design and delivery in a proper system of evaluation and review, and that mistakes are not repeated. Such an approach depends on a transparent and open assessment of risk, and a system and culture that encourages and rewards innovation and informed risk taking:

accountability systems that punish public servants for unforeseen or unpreventable errors will constrain policy innovation and organisational learning, and limit the public service’s capacity to deal with new and emerging problems.²⁸⁹

In settling the detail of accountability frameworks, it is worth keeping in mind that just as good people will make bad structures work, “courageous leaders and talented staff can innovate even within a rigid accountability framework, but an overly rigid and prescriptive framework can make this more difficult”.²⁹⁰

It is through cooperation and understanding and articulation of purpose, as well as legitimate roles and responsibilities of the branches of government, that the sorts of “fit for purpose” accountability structures favoured by the APSC will be able to be developed in the ACT.²⁹¹ Such arrangements would be “tailored to the policy issue at hand, appropriately balance the need to be accountable for the use of public resources and performance and the achievement

²⁸⁷ Submission No.18. Commissioner for Public Administration.

²⁸⁸ Australian Public Service Commission (2009b), p.2.

²⁸⁹ Thomas, P. (2006) *Performance Measurement, Reporting, Obstacles and Accountability: Recent Trends and Future Directions* ANU EPress, Canberra, p. 61.

²⁹⁰ Australian Public Service Commission (2009b) p.9.

²⁹¹ See for example Australian Public Service Commission (2009c).

of desired outcomes, and include adequate provision for external scrutiny”.²⁹² Such frameworks would recognise the fact that “some public services need to be provided in an equitable and consistent way, but in delivering others, governments desire experiment and innovation over uniformity”.²⁹³

Accountability structures in the public value paradigm require decision makers, and those who hold them to account, to engage with greater uncertainty, and above all, to engage with risk management:

In practice, this often means becoming an active participant in the way that problems are perceived and defined, and helping to shape expectations about acceptable tolerances for inconsistencies, mistakes and failures in how complicated problems are tackled. ... while it may not be possible (or desirable) in the new modes of control the way things are done, it is possible to manage and mitigate the risks.²⁹⁴

For the ACT, with its unique city state governance arrangements, the solution to these challenges may well lie in “looking for different, less traditional, ways of assessing performance and adjusting expectations of the way in which performance information should be interpreted and applied.”²⁹⁵ Approaches such as benchmarking and genuine evaluation processes are better suited to services delivered through networks and partnerships but:

The greatest challenge and perhaps most radical way of reforming accountability arrangements to support new ways of working would be the transition to an accountability framework that acknowledges the pressures for shared decision-making power and funding authority through the development of collective accountability for joint governance.²⁹⁶

In this context, Anglicare Canberra and Goulburn notes in its Submission:

Greater responsibility of the service providers to achieve outcomes should be accompanied by a greater attempt to define and measure outcomes/impacts for the ACT community ... this will require greater capability in the service delivery entities (public, private, community sector) to deliver outcomes and to undertake continuous improvement, risk management and reflective practice.²⁹⁷

Mr Jim Grenfell similarly noted:

Significant effort has been expended on developing individual processes to achieve results. Much of this effort has been directed towards meeting accountability requirements. There is scope for redirecting effort more towards meeting the primary objectives rather than focussing on process as such”.²⁹⁸

²⁹² Australian Public Service Commission (2009c) p.18.

²⁹³ Australian Public Service Commission (2009b) p.11.

²⁹⁴ Australian Public Service Commission (2009b) p.36.

²⁹⁵ Australian Public Service Commission (2009b) p.41.

²⁹⁶ Australian Public Service Commission (2009b) pp.47,48.

²⁹⁷ Submission No.2.

²⁹⁸ Submission No.12.

Performance and Accountability in the ACT

The ACT Government already has a robust *Performance and Accountability Framework* which assists in delivering government priorities while ensuring transparent and accountable decision making and resource allocation. The 2008-09 Budget initiative *Accountability in Government* aimed to:

- strengthen the Government's capacity to deliver policies and service delivery outcomes;
- promote Directorate accountability and performance; and
- develop a performance and accountability model and the first stage of implementation.

As part of that initiative, CMD oversaw work aimed at developing a framework that:

- reflected current and emerging best practice in public sector accountability across Australian and New Zealand Governments;
- provided a fit for purpose framework that takes into account the size and scale of the ACT as well as analysis of the costs and benefits;
- directly connected government strategy and direction with public sector delivery through a systematic approach to across government strategic priorities and outcome goals that inform and align across government budget, policy development and agency delivery; and
- provided greater consistency in agency planning and reporting.

This model is predicated on three pillars of government activity:

- priority setting/decision making (i.e. what we do?);
- service frameworks and delivery (how we do it?); and
- accountability (did we do it and how well?).

A review of the *Performance and Accountability Framework* was recently concluded and involved consultation with all agencies, evaluation of arrangements in other jurisdictions, analysis and advice from the Allen Consulting Group,²⁹⁹ and input from the ACT Auditor-General. That review, endorsed by the Government in November 2010,³⁰⁰ concluded there were opportunities to strengthen the existing ACT Framework through:

- improving the clarity, focus and visibility of Government priorities;
- closer integration of Government planning and priority setting, agency planning and resource allocation;
- enhancing the focus, integration, efficiency, and usefulness of performance indicators;
- improving the clarity and integration of government plans;
- further developing performance capacity across government;
- enhancing coordination of Government activity to deliver shared priorities;
- improving the clarity, accessibility, efficiency and usefulness of reports; and
- strengthening evaluation practices across government.

²⁹⁹ See <http://www.cmd.act.gov.au/functions/publications#reviews>

³⁰⁰ This section of this report draws heavily on that document, and the efforts of staff in the Chief Minister's Department, supported by colleagues across the ACTPS in its development are acknowledged and applauded.

That work was supported by, and will similarly enhance, concurrent work on the development of a robust evaluation framework for government activities.

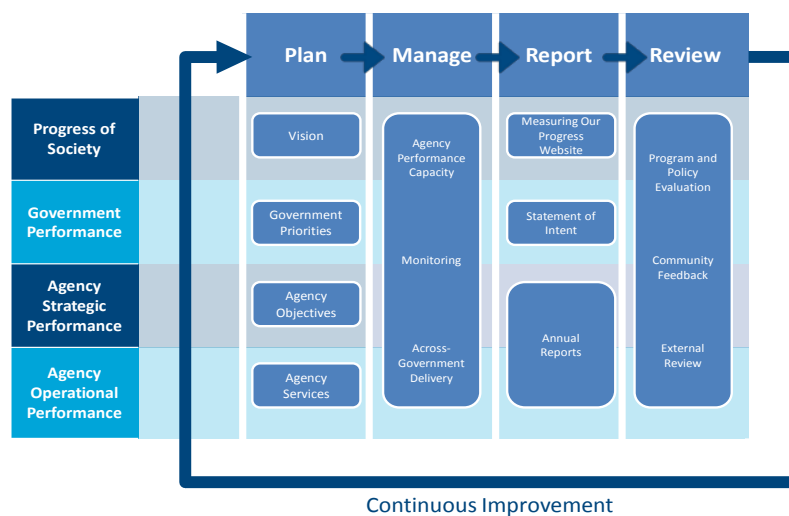
The Review has considered and endorses the work done over a number of years in progressing incremental changes to the *Performance and Accountability Framework*. There are opportunities in conjunction with the structural reforms recommended in this Report for a transformational step forward. In the context of moving to a single ACTPS agency, there will need to be a fundamental rethinking of appropriation structures to ensure transparency and accountability to the Assembly and the public are not diminished. If the ACTPS is to engage with the challenges it faces in a genuinely collaborative and innovative way – under a public value paradigm – fundamental reconsiderations of policy and program design processes, and delivery models and approaches will be required.

A more strategic priority setting and resource allocation process will be central to improving the performance of the ACTPS into the future, and the success of that system relies on robust, clear and simple performance, accountability and evaluation processes. Perhaps above all, the success of this transformation relies on the articulation of clear purpose, reinforcement of the objectives outlined in the *Canberra Plan*, and the development of a much smaller and more meaningful set of performance indicators and measures.

These changes create both the pressing need, as well as opportunity, to embed and expand upon the solid foundation of work done in developing the *Performance and Accountability Framework*. The ACT Government is better placed to face these challenges because of the recent and high quality work done in CMD and across the ACTPS in this regard.

The *Performance and Accountability Framework*, represented in the following figure, reflects two broad dimensions: the different levels at which government performance and accountability are assessed (represented on the vertical plane); and the cyclical process directed at improving performance and accountability (represented on the horizontal plane).

Figure 15 - The ACT's Performance and Accountability Framework



The performance and accountability process can be conceptualised in a cycle. It provides a model to translate intentions into action and results by continually refining goals and strategies to improve performance and ensure accountability. This cycle is ongoing, with the review stage, informing the planning of the next cycle. Four basic elements of this cycle are:

- planning objectives and actions;
- managing or delivering services;
- reporting on the performance of the service provided; and
- reviewing and evaluating the outcome of the process.

There are different, but connected cycles for each of the levels at which government performance can be assessed. In general, the higher the level of performance and accountability, the longer its cycle. For instance, the Government's long-term vision for the community articulated in the *Canberra Plan* is reviewed and updated every term of Government (i.e. every four years), but Directorate services will be delivered, reported and refined on an annual basis.

A strong performance and accountability framework depends on sound structures and processes through the entire performance cycle.

Evaluation

In parallel with the *Performance and Accountability Framework* outlined above, CMD, in collaboration with colleagues across the ACTPS has recently settled and received Government approval for a formal evaluation framework to support decision making on resource allocation.³⁰¹ That work, like the *Performance and Accountability Framework*, is high quality and appropriately designed to suit the unique characteristics of the ACT. It should be implemented immediately.

Evaluation is an essential phase of the policy cycle. It strengthens accountability for decisions and the allocation of public resources, recognises achievements, consolidates strengths and helps drive improved performance. The *Evaluation Framework* will assist in providing the Government with valuable information on performance that will facilitate more informed decision making, particularly in relation to resource allocation and reallocation decisions:

performance information [PI] provides key actors with details concerning what is working and what is not with government programmes, and in the case of evaluations it can provide an explanation as to why programmes are not working. PI acts as a signalling device that highlights problems with programmes and with service delivery, as well as good practice.³⁰²

Establishment of the new Evaluation Framework does not mean the ACTPS does not already undertake a range of evaluation activity. It reflects the opportunity to improve the

³⁰¹ See http://www.cmd.act.gov.au/_data/assets/pdf_file/0004/175432/ACT-Evaluation-Policy-Guidelines.pdf This section of this report draws heavily on that document, and the efforts of staff in the Chief Minister's Department, supported by colleagues across the ACTPS in its development are acknowledged and applauded.

³⁰² Organisation for Economic Co-operation and Development (2007) p.59.

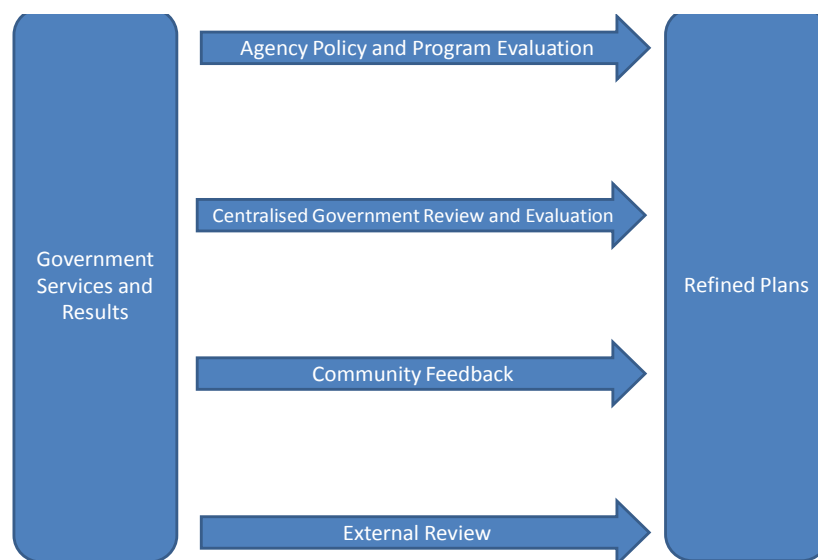
coordination, breadth, and utility of this activity. The *Evaluation Framework* requires that agencies, as far as appropriate and practicable, align evaluation activity with the annual budget process.

Evaluation is a key component of the process of conceiving, developing, implementing, and modifying public policies. This process of policy development is often organic, iterative and irregular, due to the inherent complexity of public policy problems, and the need to address competing interests. Evaluation helps determine the success of earlier steps in the policy development cycle, whether the program had the intended impacts and met its objectives, and whether things can be done better in the future.

The main elements of the ACT's *Evaluation Framework* for review and evaluation are:

- policy and program evaluation by agencies;
- whole of government evaluation of policy and expenditure;
- feedback from the community; and
- external review by the Legislative Assembly and Auditor-General.

Figure 16 - ACT Evaluation Framework



Self-reflection can be the most insightful, informed and timely type of evaluation, and is a fundamental requirement for continuous improvement. For this reason, Directorates will be expected to evaluate their activities critically on an ongoing basis. It will be necessary for the ACTPS to foster maturity in the evaluation system by:

- building evaluation capability – the expertise, systems and structures to conduct evaluations;
- planning to evaluate, by embedding evaluation into policies and programs, and coordinating evaluation activity;
- evaluating strategically, by prioritising and scaling evaluation activity in accordance with an assessment of materiality, risk and complexity;

- conducting evaluations to a high standard, and from an overall perspective of sustainability; and
- making evaluation count – by communicating results and acting on recommendations.

The proposed Chief Minister’s Department will be responsible for coordinating and monitoring evaluation activity across government. The Chief Executive will chair the Expenditure Review and Evaluation Committee which exists to:

- examine, the appropriateness, effectiveness, and, in particular, the efficiency of Directorate programs, functions and activities;
- identify possible cost savings, more effective service delivery methods, and opportunities for better coordination of activities; and
- report these findings to the Government for consideration in developing the annual budget.

Results Logic

The way in which agencies share information and work together in the preparation of the Budget has a significant bearing on the quality of that process, and the support and advice provided to Cabinet. An issue that emerged in consultations within the ACTPS was a lack of clarity about “how we do things around here”, especially for new staff including Senior Executive Service officers. A system that relies on learning by observation is one condemned to repeat ingrained bad behaviour. A system that relies on clear and commonly understood rules and behavioural norms is one which culturally facilitates collaboration, sharing of information, and the preparation of comprehensive advice to the Cabinet.

Much of how the design and assessment of policies and programs in the ACTPS, and central agencies in particular, is undertaken can be described as based on a model where:

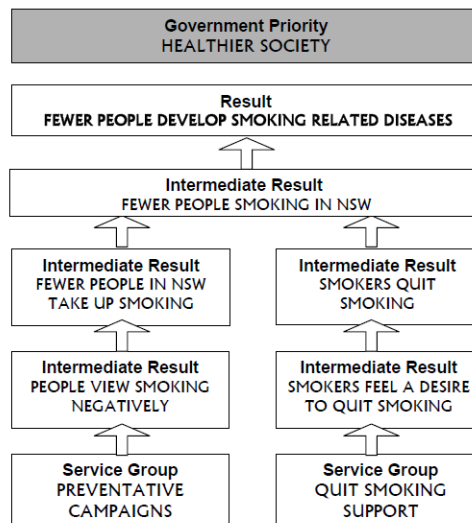
results logic is your understanding of how the services your agency delivers contribute to results for the community. The ‘logic’ describes the link between what your agency does (services) and the desirable impact that it will have on society (results), through a series of logical steps (intermediate results) ... The logic explains your assumptions about how your services work. ... As you ‘step down’ through the hierarchy, your agency will have a greater level of influence over the results. This will be matched by a greater level of accountability.³⁰³

A view emerged in consultations with ACTPS staff that a preference for preserving the “dark arts of budget process” and its often antagonistic approach results in significant wasted effort and energy, where a more open, commonly understood process and genuine collaboration would deliver better results for the Government. That is not to say that Directorates should always agree, or that Finance should roll over and accept the first set of estimates provided to it. There are distinct and proper roles to be played by Directorates, but how they are played can very significantly affect the outcomes of that interaction.

³⁰³ New South Wales Treasury (2006) *What You Do and Why - An Agency Guide to Defining Results and Services* New South Wales Government, Sydney, p.3.

Figure 17 below demonstrates this application of results logic in a simple example.

Figure 17 - Results Logic Diagram – Smoking³⁰⁴



The Review notes results logic is already explicitly incorporated in the *Performance and Accountability Framework*, with a view to engaging staff and giving them a shared understanding of, and language to use in, the process in which they are engaged on a daily basis. This will greatly assist the collaboration and alignment of effort necessary to improve the quality of support provided to the government of the day.

The Budget Process

The *Cabinet Handbook*, like its counterparts in other jurisdictions describes a beautifully ordered process which most officials in the ACTPS with experience of it might say is sometimes far removed from the reality of the weekly Cabinet meeting cycle. Ultimately, the way in which Cabinet processes operate in Westminster systems is, of course, a matter for First Ministers and their Cabinet colleagues.

In the ACT Government, there is a commonly expressed view – particularly in relation to the Budget process, but about Cabinet processes generally – that the quality of decision making would be improved if there were to be higher levels of compliance with the process rules. While the gatekeeper and enforcement role is one for the proposed Chief Minister’s Department to discharge, its capacity to do so ultimately hinges on the cooperation of Ministers and their Offices, as well as on the willingness of their ACTPS colleagues to “play by the rules”. The proposed Chief Minister’s Department’s gatekeeper role should be endorsed by Cabinet and enforced rigorously.

The intended result should be achievement of the robust decision-making processes described in the *Cabinet Handbook*, where Ministers receive detailed proposals that are comprehensively

³⁰⁴ New South Wales Treasury (2006) p.2.

argued and accurately costed in a timely and orderly process. This will allow Cabinet's decision making to be supported by clear and robust briefing from officials and Ministerial staff.

Spending Between Budgets

There are already, for example, clear and sensible rules about how the Budget and Cabinet processes are supposed to operate in relation to the bringing forward of spending proposal outside the Budget context. There will inevitably be urgent and unforeseen matters that require urgent consideration, and perhaps even commitment of new funding between Budgets. That said a more orderly process for "business as usual" would enhance the ACTPS's and Cabinet's capacity to deal with those sorts of matters.

In the context of the Government's plan to return the Budget to surplus, there is even more reason to enforce these rules strictly. The risk of ad hoc decision making is that it undermines the capacity of the Budget Committee of Cabinet, on advice from the ACTPS (and the proposed Chief Minister's Department in particular), to weigh up competing demands for resourcing and attention. When taken in isolation, each case can be compelling. Side by side, and in light of articulated strategic priorities, the decisions may well be different. Furthermore, forcing consideration of spending through the Budget cycle facilitates consideration of offsetting savings if necessary to secure the broader fiscal policy goals of the Government. Indeed, even for urgent and unforeseen matters, the requirements for Ministers to bring forward realistic offsetting savings proposals at the same time as the proposed urgent measure should be rigidly enforced. To do so makes explicit the trade-offs or reprioritisation to which the Budget Committee of Cabinet is being asked to agree.

Evaluation and Review

Despite the efforts that go into the annual Budget processes, in all jurisdictions it is an exercise conducted at the margins. Rarely is the ongoing business of government, or programs that have been in place for some time subjected to the same scrutiny as new incremental spending proposals. In light of the *Evaluation Framework*, the preferable approach in most cases would be to commit to new programs for a limited period, subject to proper evaluation and review in due course. This approach would allow the Government to consider the effectiveness of its initiatives, and the need (if any) to continue those programs, modify them, or allocate those resources to other priority areas.

While for estimates maintenance purposes, funding might be included in the forward estimates, the rigour imposed by proper evaluation, consideration of continuing relevance and alignment with government priorities, and the opportunity to consider meaningful performance information would add significantly to the Budget Committee of Cabinet's decision making process.

Evaluation reviews would need to be completed and considered well before funding is due to run out, to provide certainty to non-government bodies and allow them to continue to manage the program including in relation to workforce planning to avoid service gaps.

Strengthening Budget Discipline and Alignment

The annual Budget cycle, broadly speaking involves consideration of two types of proposals:

- funding for (often demand driven) budget pressures; and
- proposals for an expansion in the scope of existing services or for new services.

Unless the ACT Government's strategic planning and service frameworks are brought together and coordinated through the annual Budget process, achievement of key strategic goals will be compromised. Budget and service strategies are inextricably combined and essential to each other. If the Budget process is a weak link in the machinery of government, then all government strategies and priorities are put at long-term risk.

Currently, the focus of the debate in the Budget Committee of Cabinet is on accommodating the spending proposals within the fiscal envelope. In effect this drives an incremental approach to budgeting, to which the majority of existing expenditure is invisible.

A consistent view emerged through consultations that the annual Budget process involves unnecessary work for Ministers and the ACTPS, is therefore inefficient and could be supported better by officials. The view was also expressed that the constraints of the Appropriation Framework and current custom of a single appropriation bill each year fosters perverse incentives that again manifest themselves in inefficiency and unnecessarily adversarial approaches.

An annual Budget cycle without a standing capacity to vary appropriations through the year creates perverse incentives to underestimate the cost of a proposal or inflate ambit claims in the Budget process, and makes holding the line on spending within budget rules almost impossible. It also encourages – rightly – the current Department of Treasury to be reluctant to advise the Treasurer to agree to requests to access the Treasurer's Advance through the year. In this context, the definition of “urgent and unforeseen” tends to be stretched by agencies and overprotected by Treasury.

Budget discipline is also undermined by an entrenched belief that the fiscal situation will always be better in the final result than forecast. While fluctuations in the final result compared to Budget in every jurisdiction are inevitable, the accuracy of estimates for matters within the ACT Government's control is strong. Spending proposals would be managed better by a rule that if expenditure exceeds what is estimated, offsetting savings must be found from within the same Directorate.

In addressing these issues, one option would be to delay the ACT Government budget until after the Commonwealth Government delivers its Budget. Given the significance of Commonwealth Government grants to ACT Government revenues, and the Australian Public Service to the ACT economy, there is scope for material changes to the ACT Budget position as a result of every Commonwealth Budget. This proposed approach would permit the use of published Goods and Services Tax revenue estimates in the ACT Budget decision making process – at present the Treasury uses an estimate – and allow the Australian Government's impact on the broader economy to be taken into account.

A more significant improvement would be to mirror Commonwealth Government practice and include an annual supplementary appropriation process in the Budget cycle. The supplementary appropriation has been used a number of times in recent years (2004-05, 2007-08 and 2008-09), but not in an integrated way. Instituting this supplementary process would have a number of advantages:

- the Assembly would have another formal opportunity to scrutinise government activity and service delivery plans;
- it would reduce pressure on, and allow a reduction in, the Treasurer's Advance;
- it would facilitate more agile government;
- holding the "spending between Budgets" line would be more practical;
- the option would exist for the Government to reconsider achievement of priorities and allocate, or reallocate funding as required;
- certain proposals for capital works or recurrent initiatives could be considered in April and rather than funded in the Budget, deferred for further work and analysis and reconsideration mid-year. This would avoid the Cabinet being pressured into agreeing to a proposal because it is unwilling to delay funding decisions by 12 months; and
- consideration of the supplementary appropriations could coincide with the annual priority setting process, further integrating the priority setting and decision making processes.

Creation of another formal opportunity for consideration of new spending proposals might – perversely – encourage more bids to be brought forward than there might otherwise be. In part, the mitigation of this risk lies in the hands of Ministers and the Strategic Board in following the clear and sensible process rules set out in the *Cabinet Handbook*.

One means of perhaps limiting the scope of any perverse outcomes would be to focus the supplementary appropriation round principally on capital projects. This would align with the processes already followed by the Budget Committee of Cabinet in regularly reviewing progress in the delivery of the capital works program, but would also reduce pressure to fund projects in the Budget for which all necessary preparatory work may not have been settled. In an annual funding cycle, there is an understandable pressure to fund final design and construction through the Budget, whereas a planned supplementary process would, for example, permit final funding decisions to be based on settled design processes.

Strengthening Budget Coordination - Alignment and Consistency

The current Budget cycle is well understood by officials and supports delivery of the Budget in May each year. There is clearly scope, however, for that process to be improved. Perhaps most importantly, the process would be enhanced by more closely aligning it with the achievement of government priorities (which would also assist in reducing the inefficiency that comes through the preparation of unnecessary budget proposals), and through the exercise of a stronger role by the Expenditure Review and Evaluation Committee in the management of the Budget process, as well as in the preparation of consolidated and comprehensive briefing to support the Budget Committee of Cabinet's decision making.

The Terms of Reference for the Expenditure Review and Evaluation Committee should be expanded to include the management and coordination of the budget process and provision of briefing to the Chief Minister and Treasurer. A sub-committee of the Expenditure Review and Evaluation Committee – called the Budget Coordination Committee – should be established with membership from relevant areas of the proposed Chief Minister’s Department, and a small number of Directorate representatives, to oversee planning of the Budget process and the preparation and content of procedural advice to Directorates.

In broad outline, the Budget process should follow a course comprising:

- a preliminary meeting of the Budget Committee of Cabinet in September or October to settle broad parameters for the Budget (i.e. broad fiscal strategy, requirements of the Budget Plan³⁰⁵, and broad strategic focus for the forthcoming Budget in light of agreed priorities and the proposed fiscal strategy);
- identification, in light of the strategic direction articulated in the *Canberra Plan* and annual Government priorities, of indicative budget initiatives by Ministers;
- a second meeting of the Budget Committee (November/December) to sift through proposals and determine which are to be fully worked up into budget business cases, and the conditions on which proposals should come forward (e.g. offset, new funding, options at different funding levels). This meeting would be supported by joint briefing from the Expenditure Review and Evaluation Committee on the merits of proposals and their alignment with Government priorities); and
- Ministers bring forward Portfolio Budget Submissions containing approved business cases. In light of Cabinet’s determination of clear fiscal targets early in the process, including potentially savings initiatives in each portfolio, Directorates would develop for Ministers approval, options for Cabinet’s consideration in consultation with the proposed Chief Minister’s Department strictly within those targets (late February).

The usual round of Budget Committee meetings would be held through March and April to consider Ministers’ Budget Submissions. Meetings would be supported by briefing from the proposed Chief Minister’s Department (including Finance advice). This briefing would be provided to all Ministers two days ahead of meetings. The relevant Director-General would attend Budget Committee of Cabinet meetings to support their Ministers.

Greater collaboration in the preparation of formal briefings to Ministers will support more robust policy debate in settling the Budget, and better decision making by Cabinet.

Conclusion

The success of the ACT Government, and the ACTPS in supporting the Government, is founded on the determination and articulation of strategic direction, and the development of policies and programs to give effect to that vision. The ACT already has a sophisticated strategic planning hierarchy, and the ACTPS recently concluded important work on

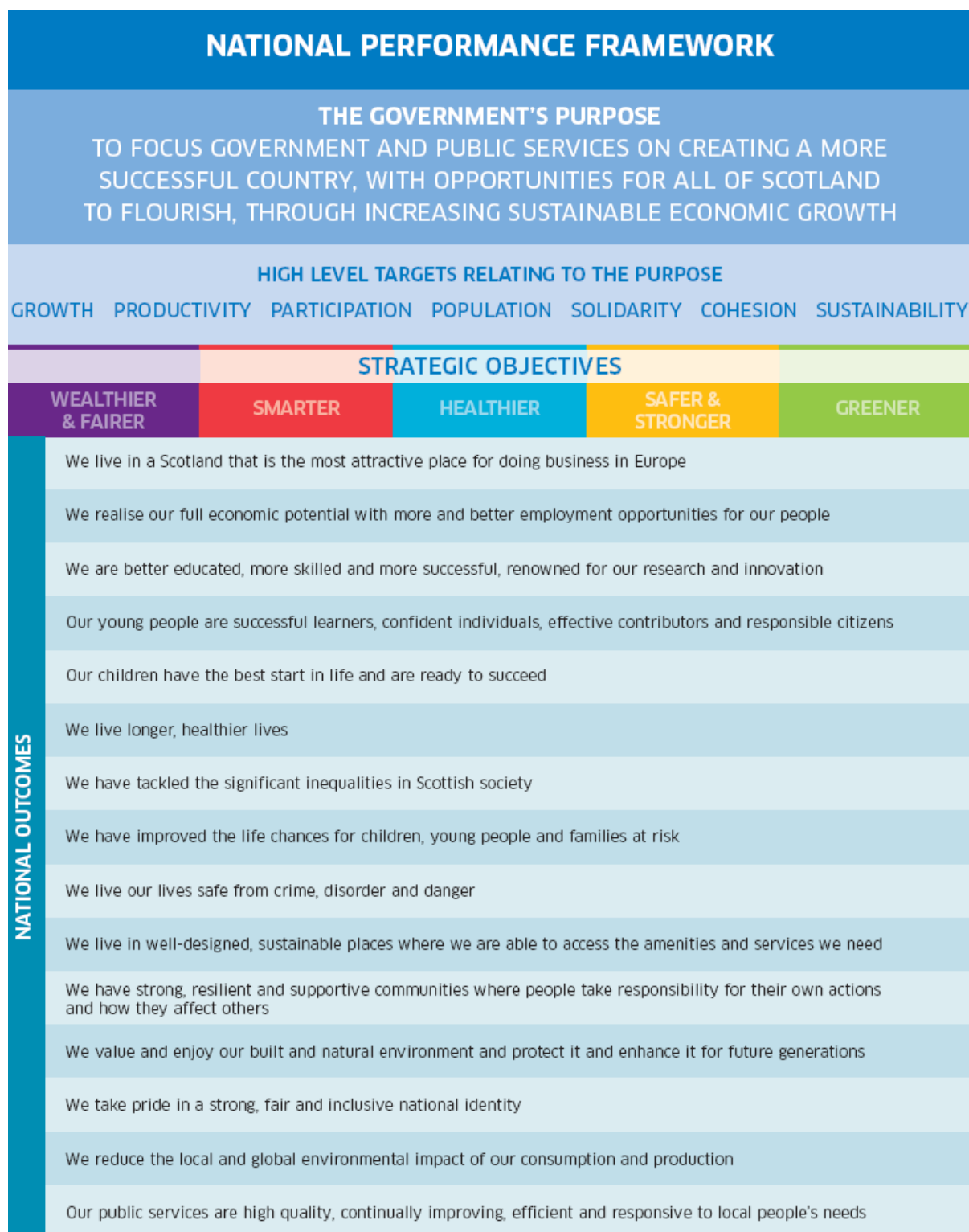
³⁰⁵ See www.treasury.act.gov.au/budget/budget_2010/files/paper3/03bplan.pdf

Performance and Accountability and Evaluation Frameworks to support Cabinet's decision making.

The simple improvements in processes and ways of working proposed by the Review would significantly strengthen the quality of procedural and policy support provided by the ACTPS to the Government and thereby enhance the rigour of the Cabinet's decision making. These should be implemented as far as possible in the 2011-12 Budget process, and fully adopted for the 2012-13 Budget.

Governance, structure and process are three of the four foundation stones that will support the improvements to ACTPS performance in the future. The last is the capability and capacity of its people, and it is to those issues to which we now turn.

Appendix 1 – The Scottish National Performance Framework³⁰⁶



³⁰⁶ National School of Government (2009a).

NATIONAL INDICATORS AND TARGETS		NATIONAL INDICATORS AND TARGETS
	At least halve the gap in total research and development spending compared with EU average by 2011	Achieve annual milestones for reducing inpatient or day case waiting times culminating in delivery of an 18 week referral to treatment time from December 2011
	Increase the business start-up rate	Reduce the proportion of people aged 65 and over admitted as emergency inpatients two or more times in a single year
	Grow exports at a faster average rate than GDP	Reduce mortality from coronary heart disease among the under 75s in deprived areas
	Improve public sector efficiency through the generation of 2% cash releasing efficiency savings per annum	Increase the percentage of people aged 65 and over with high levels of care needs who are cared for at home
	Improve people's perceptions of the quality of public services delivered	All unintentionally homeless households will be entitled to settled accommodation by 2012
	Reduce the number of Scottish public bodies by 25% by 2011	Reduce overall reconviction rates by 2 percentage points by 2011
	Reduce the proportion of driver journeys delayed due to traffic congestion	Reduce overall crime victimisation rates by 2 percentage points by 2011
	Increase the percentage of Scottish domiciled graduates from Scottish Higher Education Institutions in positive destinations	Increase the percentage of criminal cases dealt with within 26 weeks by 3 percentage points by 2011
	Improve knowledge transfer from research activity in universities	Increase the rate of new house building
	Increase the proportion of school leavers (from Scottish publicly funded schools) in positive and sustained destinations (FE, HE, employment or training)	Increase the percentage of adults who rate their neighbourhood as a good place to live
	Increase the proportion of schools receiving positive inspection reports	Decrease the estimated number of problem drug users in Scotland by 2011
	Reduce number of working age people with severe literacy and numeracy problems	Increase positive public perception of the general crime rate in the local area
	Increase the overall proportion of area child protection committees receiving positive inspection reports	Reduce overall ecological footprint
	Decrease the proportion of individuals living in poverty	Increase to 95% the proportion of protected nature sites in favourable condition
	60% of school children in primary 1 will have no signs of dental disease by 2010	Improve the state of Scotland's Historic Buildings, monuments and environment
	Improve the quality of healthcare experience	Biodiversity: increase the index of abundance of terrestrial breeding birds
	Increase the proportion of pre-school centres receiving positive inspection reports	Increase the proportion of journeys to work made by public or active transport
	Increase the social economy turnover	Increase the proportion of adults making one or more visits to the outdoors per week
	Reduce the rate of increase in the proportion of children with their Body Mass Index outwith a healthy range by 2018	50% of electricity generated in Scotland to come from renewable sources by 2020 (interim target of 31% by 2011)
	Increase the average score of adults on the Warwick-Edinburgh Mental Wellbeing Scale by 2011	Reduce to 1.32 million tonnes of waste sent to landfill by 2010
	Increase healthy life expectancy at birth in the most deprived areas	Increase to 70% key commercial fish stocks at full reproductive capacity and harvested sustainably by 2015
	Reduce the percentage of the adult population who smoke to 22% by 2010	Improve people's perceptions, attitudes and awareness of Scotland's reputation
	Reduce alcohol related hospital admissions by 2011	

CHAPTER SIX: CAPABILITY, CAPACITY AND EFFECTIVENESS

Introduction

Since its establishment in 1994 the ACT Public Service (ACTPS) has experienced waves of restructuring, privatisation, reorganisation, outsourcing and modernisation. Underpinning all of these changes is the strong desire from the Government of the day for an efficient, modern and agile public service that provides robust policy advice and delivers high quality services.

Structural reform is only part of the answer to improving capability, performance, operations and service delivery. Critical to the future success of the ACTPS is a suite of initiatives that build a Service which embraces learning, adopts leading practice, harnesses the capability of its workforce and genuinely engages with internal and external stakeholders. These initiatives must include cultural change, creation of institutional imperatives, and improvements to systems and ways of working.

The Chief Minister's Department is currently responsible for strategic direction across the ACTPS on public sector governance frameworks, and people and performance. This incorporates workforce culture and capability, industrial relations, and the machinery and administration of government. It will remain so in the Review's preferred structure.

Sustaining and building the skills and knowledge of ACTPS people is essential to delivering the necessary mix of innovative policy and program solutions to the issues confronting the ACT. To deliver high quality services in an increasingly complex and constrained fiscal environment, the leadership and managerial capacity of ACTPS must be developed and provided with the right operational tools and systems to delivery high quality services and advice.

Recent efforts by the ACT Government have gone some way to strengthening the capability of its public service, through increased investment in the policy framework, training and leadership development, improved recruitment processes and a range of attraction and retention initiatives.

Feedback to the Review suggests more needs to be done. Officials strongly advocated for improved competence and dexterity of the ACTPS, expressed by one as follows:

The ACT public sector needs to dramatically improve its capacity. Recruitment of the right people is a starting point but much more needs to be done around the retention of talented staff; training and professional growth (including opportunities for secondments to the private sector; academic institutions; and other public services); career paths (especially challenging for the ACT); developing and adopting an ACTPS leadership model (the Victorian approach may be appropriate); and dealing with under-performers. I believe our Service has too many under-performers at the middle and junior executive levels including those who have been in positions for far

too long. There is clearly an unwillingness to tackle this problem in an aggressive and systematic way.

Officials expressed a desire to be part of a dynamic values-based culture that affirms strong performance, provides frank and fearless advice and is genuinely engaged in participatory decision making. There is no doubt that the ACTPS wants to be more responsive and effective in order to serve the future needs of the Government. During the Review, officials spoke with great freedom and honesty – affirming the immense array of skills and expertise across the Service while recognising the opportunity for improvement, enhancement and innovation.

As referred to in Chapter 2, the ACT faces significant fiscal constraints and to meet the future needs of the ACT Government, the ACTPS will need to accelerate the pace of modernisation, reform, efficiency and innovation. This Chapter considers the core enablers to improving ACTPS capacity, capability and performance.

Leadership Capability

Corporations and citizens expect government not so much to be ‘ahead of the game’ (whatever that means) but first and foremost to lift its own game. They expect the public sector to ready itself to engage far more cleverly, constructively and interactively with a society that is bigger, more differentiated, more fast-moving, better educated, and more demanding than ever before. The drivers of this development are not going to go away, and governments that lag behind in adapting to them effectively diminish their country or region’s international competitiveness and quality of life.³⁰⁷

Leadership capability underpins the ACTPS’s ability to deliver outcomes effectively. The Corporate Leadership Council’s 2009 Leadership survey³⁰⁸ found eight out of ten Chief Executive Officers surveyed expected significant changes to organisational strategy and execution in 2009 but few organisations had the bench strength necessary to meet the anticipated demands of change.

High performing organisations are well led, built on clear values, operate strategically, cultivate innovation, harness information and knowledge effectively; engage their workforce and stakeholders; focus on customers and citizens; demonstrate accountability; manage to the triple bottom line; and critically, are outcome focused.

During the Review some officials suggested there was a disconnect between the executive strategic leadership vision and the realities of daily practice. Some officials attributed this to being too busy delivering outcomes to stop and consider how things could be done better while others related the issues to managers being too remote from the detail.

³⁰⁷ t’Hart, Paul (2010). “Lifting its game to get ahead: the Canberra bureaucracy’s reform by stealth” *The Australian Review of Public Affairs* <http://www.australianreview.net/digest/2010/07/thart.html>

³⁰⁸ See https://clc.executiveboard.com/Public/PDF/Merch/Leadership_Survey_5.18.09.pdf

References to leadership permeate every aspect of the public sector from position descriptions to executive meetings, whole of government strategies and frameworks. In reality, however, leadership is frequently discussed, infrequently applied and rarely transformational.

The challenges of transformational leadership are common to most public sectors. The UK's National Health Service found that only about ten per cent of senior managers appeared to understand how to transform their agencies and even fewer understood what they needed to do to create and protect innovation. Many executives, "although excited by the vision of change and a desire to give up command-control management, appear uncertain of their leadership role within the modernisation process."³⁰⁹

Effective leadership is having the right people with the right attitude in the right roles with the right organisational processes, structure, and resources to support them. Too often executives focus on managing day-to-day issues and spend little time, energy or passion developing strategic insights or invest for the future. During the Review, over 160 officials embraced the opportunity to join together, share insights and offer solutions to long standing ACTPS challenges. The ACTPS must harness its workforce to drive solutions to the specific challenges of a small jurisdiction:

... departmentalism and protecting fiefdoms do not help the change process. ... cross cutting work is not rewarded or owned by any one person or department – its success depends on individual motivation and commitment. Each department has its own performance management indicators and the vertical silos within government departments have not been dismantled. The lack of joined-up government is evident in policy, process and resource streams. ... Unfortunately, new relationships are too often inhibited by old cultures and structures.³¹⁰

Critically, this change must be led by the Strategic Board individually and collectively. The Strategic Board should foster the internal modernisation process so that their direct reports instigate, lead, protect and sustain the change process. The importance of this role as change agent will be obvious. Directors-General must be accountable to each other as well as the Chief Executive and Head of the ACTPS to ensure they collectively harness the capability of the ACTPS, align their approach and operate with a coherent strategy. The Strategic Board will need to conduct itself as the model of leadership – exemplifying the ACTPS leadership values of respect, integrity, vision, strategy, adaptability and teamwork.

³⁰⁹ Maddock, S. (2002) "Making Modernisation Work: New narratives, change strategies and people management in the public sector". *International Journal of Public Sector Management* 15(1), pp.13-43., p.29.

³⁰⁹Maddock, S. (2002) p.12.

The modelling of these values is more important when leaders are sprinting a marathon:

.... [officials] are mindful of the need to maintain the political mandate for their work –i.e. to meet the demands of ministers – and therefore are highly responsive to short-term imperatives when those are given priority ... senior officials are under many of the same pressures as ministers; they are feeding a hungry machine, with stakeholders demanding answers.³¹¹

Mechanisms to build leadership capability and strategic focus must underpin the progress towards achieving Government priorities.

Following Australia's largest corporate failure in 2001 of the HIH Group, the Australian Stock Exchange (ASX) formed a Corporate Governance Council. The Council's brief was to develop and deliver a framework and practical guide for listed companies, their investors, the wider market and the Australian community. The result was a set of ten ASX Essential Corporate Governance Principles including, at number eight, a recommendation that boards "fairly review and actively encourage enhanced board and management effectiveness."³¹²

A regular and systematic Board appraisal will help to identify what skills, knowledge and experience exists among Strategic Board Members and through this identify opportunities for further development either among the Directors-General or their executive teams. The appraisal would also include an analysis of the Board's structure and composition, the makeup of its various committees (such as the reinvigorated and refocused People and Performance Council – which would replace the current HR Council, and new look Policy Forum – renamed as the Policy Council), the decision-making processes of the Board and how the Board communicates with its committees and the wider ACTPS. The Strategic Board should embrace the leading practice of a regular appraisal of how they perform against Government priorities, strategy and performance objectives.

Board and individual assessments will lead this development. The openness and honesty required for individual assessments will be confronting for many and humbling for most. For the outcomes of an assessment to be effective, Board members must be genuinely committed to improving their individual contribution and enhancing the performance of the ACTPS and of the Board. Members will need to ask themselves:

Do I devote the necessary time to my role? Do I attend meetings? Do I challenge? Do I ask questions? Do I read board papers? Do I mentor management? Do I understand the roles of board and management?³¹³

³¹¹ ANZSOG Institute for Governance. Unpublished paper. "*Building policy capability and performance: Why does government find it so hard to be strategic? An analysis of what stands in the way of strategic work in the public sector, and of ways to overcome the obstacles*"

³¹² Stuart, D. (2006) Corporate Governance - Is DIY Really Effective?, *Company Director Magazine* <http://www.companydirectors.com.au/Publications/Company+Director+Magazine/2006/April/cover+story+-+corporate+governance+-+is+diy+really+effective.htm>

³¹³ Stuart, D. (2006).

To become an exceptional Strategic Board, Directors-General will need to work intentionally to develop themselves and their colleagues. Chris Thomas, from Egon Zehnder International³¹⁴ believes that:

Board members need a series of core competencies if they are to be successful. These competencies include results orientation, strategic orientation, collaboration, and integrity and independence. In addition, the Chairman needs the skills to be able to lead the Board, to mentor and work effectively with the chief executive and the management team, and to ensure that the management and the Board both view their respective roles as ones with a fundamental accountability.

If the ACTPS is to continue to move beyond the conventional task-finish approach then executives will need to subordinate their Directorate's self-interest to a whole of ACTPS approach.

In the context of a 2008 executive workshop, Chief Executives identified the fragility and 'thinness' of the ACTPS as a weakness and a threat to current and future capability to deliver quality services to the community. At the time, the ACTPS was feeling the impact of a tight labour market, skills shortages and the inability to replace key talent and leaders. In recognition of the need for leadership enablers, and building on work done by Dr Julie West of Workplace Research Associates on a major employee engagement survey and report, the ACT Government invested in its *Attraction and Retention Framework*. It is specifically designed to improve the effectiveness of ACTPS officials, through professional development and implementation of targeted attraction and retention strategies. The programs offered focus on improving leadership and managerial capability and providing ACTPS employees with opportunities to grow and develop.

At the time of this Review, nearly 45 percent of ACTPS executives and over seven percent of Senior Office Grade A/Bs have participated in a learning and development program under the *Attraction and Retention Framework*. Participation in these programs alone will not deliver improved, efficient and bold 'top tier' ACTPS leadership – they must be complemented by a whole of government approach to investing in leadership capability. The Corporate Leadership Council characterises the environment for "top tier" leadership as one where there is:

- senior executive commitment to development;
- organisational reinforcement of development;
- hiring for organisational compatibility;
- exacting performance standards;
- full business exposure for rising executives; and
- selection of successors for their leadership ability.

³¹⁴ Thomas, C. (2010) *Board Performance Appraisals* <http://www.ceoforum.com.au/article-detail.cfm?cid=6303&t=/Chris-Thomas-Egon-Zehnder-International/Board-Performance-Appraisals>

To complement the existing work executed under the *Attraction and Retention Framework*, further investment will be required to build leaders who have the ability to inspire others, as well as communicate and operationalise their visions.³¹⁵ Formal programs should be further complemented by a series of initiatives designed to support sustainable change across the ACTPS – including communities of practice, rising leader placement programs, secondments to and from the Australian Public Service and private sector, innovation hubs and diversity employment strategies.

Aversion to change and to providing staff with new opportunities will stifle the effectiveness of the ACTPS and limit the potential to develop leading practitioners. As one official expressed it:

Short-term temporary opportunities regularly arise in the ACTPS. The initiatives enable staff to contribute to government priorities, engage with other agencies, learn new skills and subject matter and enhance their capability – however on many occasions officials are not released into these opportunities as the ‘home’ agency is concerned about ‘poaching’ and the impact on other deliverables.

Workforce Capability

Officials and stakeholders recommended improving and strengthening workforce capability in leadership and management, client service delivery (internal and external clients), policy capability, policy implementation, project management, data collection and analysis, and operational effectiveness. Importantly, some stakeholders were also of the view that greater focus needed to be applied to creating a skills path and career opportunities in the ACTPS for key professions like nursing and the trades.

Facing similar issues, the Commonwealth Government commissioned the Advisory Group on Reform of Australian Government Administration (AGRAGA) to develop a blueprint for reform which categorised nine reforms into four key areas:

- meets the needs of the citizen;
- provides strong leadership and strategic direction;
- contains a highly capable workforce; and
- operates efficiently and at a consistently high standard.³¹⁶

The ultimate focus of this reform was to build an Australian Public Service (APS) with a culture of independence, excellence and innovation. To inform AGRAGA’s work, the Department of the Prime Minister and Cabinet commissioned KPMG to compare APS performance against leading public services around the world. KPMG used the new

³¹⁵ See Goffee, R. & Jones, G. (2000) “Why should anyone be led by you?” *Harvard Business Review* September– October 2000, pp.2-10.

³¹⁶ See Advisory Group on Reform of Australian Government Administration (2010).

international index Sustainable Governance Indicators (SGI) to measure policy outcomes and capability.³¹⁷

Using this study KPMG identified the APS as comparable to some of the world’s best public services. Six key performance areas provided the framework for the KPMG review:

- attracting and retaining people of the highest quality;
- providing high quality advice;
- providing high quality, effective programs and services focused on the needs of citizens;
- a values-driven culture that retains public trust and confidence;
- flexibility and agility in responding to changing realities and government priorities; and
- efficiency in all aspects of government operations.

KPMG found that the APS does not perform as well as other countries in providing high quality advice, but there is debate about the evidence basis for these findings.

Figure 18 – Extract from KPMG Report to AGRAGA

Table 4-2 Australia is rated “low” among comparator countries for policy capability (2005- 2007 assessment)³¹⁸

Selected questions	Rating (out of 10)							
	AUS	CAN	DEN	FR	NL	NZ	UK	USA
How much influence does strategic planning have on government decision-making?	6	9	9	5	8	7	8	8
How influential are non-governmental academic experts in decision-making?	5	8	6	4	9	7	7	7
How effectively do line ministry civil servants coordinate policy proposals?	7	7	9	9	9	9	9	3
How important is regulatory impact assessment in the policy-making process?	7	7	8	4	8	9	10	10
Does the government consult with unions, business, religious, social and environmental interest groups?	6	7	9	4	9	8	6	9
To what extent does the government implement a coherent communication	9	9	8	8	7	8	9	10

³¹⁷ The SGI measures 30 OECD countries on their need for political and economic reform (based on an assessment of policy outcomes) and their capability to achieve reform. The SGI considers 149 individual quantitative and qualitative aspects to create the Status and Management Indices. For each aspect, countries receive a score from one to ten to enable comparison. Qualitative assessments were made by a panel of three experts in each country 110 and were conducted over a period between January 2005 and March 2007. All findings are audited and approved by the SGI Board.

³¹⁸ KPMG (2009) *Benchmarking Australian Government Administration Performance*
http://www.dpmc.gov.au/consultation/aga_reform/docs/benchmarking_australian_government_KPMG.pdf

policy?								
Averaged rating (equally weighted)	7.3	8.4	8.3	6.8	8.5	8	8.2	8.4

The ANZSOG Institute of Governance’s Submission to AGRAGA contended that

Australia’s strategic policy capability is no worse than its international comparators; however, it requires strengthening in terms of:

- a) improving the planning nexus between policy and implementation;
- b) recruiting and retaining the best and the brightest;
- c) ensuring that a balance is struck between encouraging mobility of personnel, both within the public service and between other sectors and the public service and making sure that this does not lead to a lack of institutional memory and program specific expertise;
- d) creating mechanisms for more effective organizational learning by nurturing closer working relationships with academic researchers through action-based research programming which includes senior practitioners in both the production and the analysis of research findings, broader use of innovation intermediaries such as ANZSOG, the formalization of opportunities for secondments out of the public service for periods of learning and reflection on critical governance issues and the production of supply side incentives for academics to facilitate high quality public impact research.³¹⁹

These sentiments were echoed by officials and stakeholders during this Review:

The overall small size of the ACTPS, together with fragmentation of agencies and employment across agencies, provides limited capacity to build depth and breadth of skill and expertise to provide strategic policy direction and advice from an individual Portfolio or government wide perspective. The existing arrangements in each Agency are ‘sub scale’ for effective policy development and preparation of strategic advice. This applies in particular to innovation and industry and economic development. With the exception of health and welfare there is a lack of scale in the management of service delivery areas in key areas of government responsibility.³²⁰

Policy Capability

The matter of policy capability – particularly, policy capability in the centre prompted much comment from officials during the Review. The Canberra Business Council recommended that “capacity can be developed and nurtured by aggregating and integrating separate Agencies into large Portfolio departments.” They went on to advocate for “a central policy

³¹⁹ ANZSOG Institute for Governance (2009).

³²⁰ Submission No. 26.

unit ... to build capacity for strategic policy development and direction-setting advice.”³²¹
The Council also supported recommendations for better partnership arrangements with Canberra based universities and research institutions to provide policy research and analysis.

Sustainable improvement to the effectiveness of the ACTPS must be based on the capabilities of its workforce. Reducing the fragmentation between service delivery, regulation and policy design will enable the ACTPS to model leading practice and genuinely engage in participatory decision making.

The Strategic Board, through a Policy Council sub-committee (to be formed from the current Policy Forum), will be responsible for whole of government policy co-ordination and strengthening the policy capability of the ACTPS. Council members would be individually and collectively responsible for enhancing the provision of coaching and mentoring for non-executive policy officers. A cornerstone of this work will be early and collaborative engagement with those who execute front line service delivery of the relevant subject area. Creating connections between policy, implementation, service delivery and regulation and building networks and understanding between the policy designers and the deliverers will assist in building sustainable policy and sustainable quality service delivery.

Braithwaite’s Pyramid provides important principles for ACTPS policy development: “the hypothesis is that it is normally best to start with less interventionist policies at the base of the pyramid and only move up to more interventionist strategies when those lower in the pyramid fail”.³²² Officials who work at the coal face of service delivery and the immediacy of day-to-day activities are in a good position to provide practical advice as to the merits, application and implementation potential of regulation. This has certainly been the experience of the Office of Regulatory Services (ORS) – see below.

Policy and Regulation – a Practical Application

Whether to separate or combine policy and regulatory functions is much discussed, with different approaches taken depending on the circumstance and objectives of regulation. The Victorian Government identifies several reasons against combining policy and regulatory functions, including:

- the increased risk of ‘regulatory creep’ because of the potential predisposition of a regulator to align policy preferences with its institutional interest to maintain or expand its role;
- the potential for a regulator to be drawn into the political process which may possibly compromise its perceived or actual independence and its capacity to make impartial decisions;

³²¹ Submission No. 26.

³²² Braithwaite, J. (2004) *2004 Chief Health Officer Seminar Series*
http://healthstewardship.anu.edu.au/documents/Chief_Health_Officer_Seminar_Series/2004/Braithwaite_trans.pdf
p.3.

- the greater likelihood of a narrower policy perspective being applied by a regulator at arm's length from Government compared to a portfolio department routinely engaged in whole of government consultation, particularly where the regulator is specific to one industry; and
- the increased risk of a regulator being captured by the regulated industry who will perceive the regulator as able to heavily influence policy development and therefore devote commensurate resources to lobbying the regulator.³²³

These points are particularly relevant in the ACT. As a small jurisdiction there is a need to develop capacity and nurture communities of practice. Providing role clarity enables clear responsibility for policy makers to engage with government and stakeholders in setting policy objectives. The regulator can engage on implementation without being compromised in its enforcement and compliance by being associated with the need to engage actively with the community on policy matters. This provides transparency and accountability in the context of a close community.

The arguments associated with combining functions relate to providing greater communication and collaboration between the policy maker and regulator. In keeping with ACT Government practice, strategic policy responsibility is separated from the function of regulator and law-enforcement. Policy areas within agencies retain responsibility for development of policy in relation to Acts and regulations which the Office of Regulatory Services (ORS) administers.

The 2006-07 Budget established the ORS to provide a single coordinated point of regulation and enforcement of a number of activities previously provided by several areas of government. The rationale for establishing ORS was to bring together a broad range of business, occupational and consumer regulation into a single entity to provide a 'One-Stop-Shop' for industry to work towards maximising regulatory capacity by sharing resources and best practice; and to streamline the structures of regulation in the ACT.

ORS undertakes licensing, registration and accreditation, dispute resolution and consumer and trader assistance, compliance and enforcement and education functions for between 70 and 80 pieces of legislation. ORS is responsible for: parking operations; charitable collections, hawkers and outdoor cafes; WorkSafe ACT; fair trading and business regulation; the functions of the Registrar General; tobacco and smoking regulation; and Unit Titles regulation.

At inception, it was anticipated that ORS inspectors would regulate concurrent legislation and multi-task across an array of statutes. In practice this integrated model of regulation is complex, difficult to implement and the efficacy of these arrangements has not been fully realised. The concept of super-regulator does not easily translate to the functions, talents and capacity of an individual. As outlined previously, the Review does not advocate creation of

³²³ See State Service Authority (2010) *Governance arrangements for Victoria's Regulators: Discussion Paper*. Victorian Government, Melbourne.

roles where individuals are to exercise the total powers of multiple regulators, but ORS should look at its functions and roles to test opportunities for enhanced ways of working, sharing information and regulation of ACT laws. In a small jurisdiction with finite resources it makes administrative sense that a fair trading inspector should be able to check that a business is meeting its general obligations under other statutes administered by ORS. Where the detail of enquiry extends beyond the expertise of the official the matter would be referred to the relevant technical area.

An increased effort is being made to build the capability and capacity of WorkSafe ACT. A recurrent investment in building both the technical and non-technical skills of ORS officials will allow for further consolidation of functions, establishment of good practices and development of a highly skilled workforce.

Chapter 4 proposes augmentation of existing ORS functions with the transfer of other similar streams of work. In tandem with these expanded responsibilities, ORS should continue to invest in the development and implementation of a coherent compliance framework.

The Australian National Audit Office (ANAO) sees administration of regulation as a clear and distinct part of the regulatory process: “using its legislated powers, a regulator administers its regulatory functions to achieve defined policy objectives.”³²⁴ Administration of regulation is complex and involves responding to the environment in which the regulations are operating as well as the objectives defined by policy makers.

To further support the exercise of good regulation, consideration could be given to regular systematic external review of the functions of the regulator as suggested by the CPSU:

The Office of Regulatory Services should be empowered and resourced for transparent centralised regulatory control and be able to monitor agency compliance without interference from, or overlap with policy areas. CMD should be tasked with reviewing ORS functions, lines of communication and reporting with a view to clarifying areas of responsibility and associated accountability.³²⁵

Codifying good work practices in operational regulation will be essential to collapsing ‘old practices’ and replacing them with models of excellence.

Service Delivery Capability

The prevailing view among officials was that service delivery across the ACTPS could be enhanced. In the move to a single ACTPS, *Canberra Connect* will be a central plank of the single and unified identity of the ACTPS. The exemplary service offered by *Canberra Connect* (see case study below) is often referred to as a model of outward facing service delivery.

³²⁴ Australian National Audit Office (2007) *Administering Regulation: Better Practice Guide*. Commonwealth Government, Canberra, p.2.

³²⁵ Submission No.11.

The Auditor-General has recently tabled a report³²⁶ into handling of complaints and feedback by the current Department of Territory and Municipal Services and *Canberra Connect* in particular. The report notes the sound framework within which *Canberra Connect* operates and outlines recommendations to improve the handling of complaints. The positive customer service culture manifesting within *Canberra Connect* serves as a model for other front line service delivery areas and the Review recommends harnessing this expertise and applying it across the Service.

Case Study – Canberra Connect

Canberra Connect provides information, payment and emergency support services to the community on behalf of all ACT Government agencies. *Canberra Connect* service channels include:

- four full-service shop fronts located in Belconnen, Dickson, Tuggeranong and Woden;
- a drivers licence service in the Civic library;
- a telephone contact centre on 13 22 81; and
- online at www.canberraconnect.act.gov.au and www.contact.act.gov.au.

During 2009–10, *Canberra Connect* Shop fronts served more than 480,000 customers and processed more than 560,000 transactions. The Contact Centre received over 880,000 calls and visits to the online sites increased by more than seven per cent from the previous year. The value of transactions received by *Canberra Connect* on behalf of the ACT Government increased in 2009–10, to over \$900 million.

Canberra Connect's commitment to provide a customer oriented service was most recently recognised in October 2009 when *Canberra Connect* Shop front services won the ACT Chief Minister's Inclusion Award for customer service by a government agency. This award recognises the efforts of *Canberra Connect* in ensuring face-to-face services are accessible to all people.

Canberra Connect has recently developed further innovative means for the community to engage with and provide feedback to the ACT Government, including:

- improving the ACT Government feedback system, allowing government staff to receive attachments with feedback from the community and utilising Google maps™ so the location of issues reported by members of the community can be clearly identified;
- launching 'Fix My Street'—an online service where Canberrans can report neighbourhood issues such as cracked footpaths or potholes, helping the Government to improve its response to community issues;
- reviewing and upgrading the ACT Government (www.act.gov.au) and *Canberra Connect* websites so that both sites now have a fresh look and improved usability; and
- joining with a number of ACT government agencies to make the contact centre the single gateway to ACT Government information, payments and services.

Initiatives are supported by a dedicated Business Development Unit. Collaboration with other ACT Government agencies has seen the improved delivery of specific services, including:

- successfully integrating the ACT Public Library and Information Service enquiries, increasing the hours for public access;
- supporting the ACT State Emergency Services, answering all calls during major storm events on the 132 500 assistance number;
- receiving record call volumes over several months, highlighting the popularity of this service with the ACT community; and
- upgrading the emergency information website (www.emergencyinformation.act.gov.au) by adding Web 2.0

³²⁶ See <http://www.audit.act.gov.au/auditreports/reports2010/Report%20--2010%20Management%20of%20Feedback%20and%20Complaints.pdf>

Practices to Build Capability

The Review notes concurrent work under the *Attraction and Retention Framework*, where funding has been specifically allocated to build and maintain leadership and management capability with the ACTPS. The focus has been on delivery of professional development programs including:

- Executive Leadership Development Programs for Band 2 and Band 1 officers;
- Future Leaders Development Program for Senior Officers Grade A and B;
- sponsored training for first-time managers;
- Public Sector Management Program Graduate Certificate – delivered by the APSC; and
- ANZSOG Masters and Fellows programs.

Executive Leadership Development Program and Future Leaders Program

The Executive Leadership Programs and Future Leaders Program are based on the five key elements in the ACTPS Leadership Capabilities:

- achieves results with integrity
- exemplifies citizen, community and service focus
- fosters collaboration;
- leads and values people; and
- shapes strategic thinking.

Each program is specifically designed to build leadership capability. In particular, the Executive Leadership Program (SES Band 2) includes feedback sessions with the participant's chief executive, comprehensive leadership readings and strengthened learning outcomes in relation to navigating government complexity, dealing with ambiguity, role clarity, performance management and meeting budgets while maximising outcomes.

These leadership programs are jointly sponsored by CMD and participating agencies.

Sponsored Training for Front-line and First-line Managers

Each year 25 first-time managers receive training in a suite of five essential topics. This is specifically designed to improve managerial skill within the ACTPS and to aid retention of highly skilled employees. The five essential topics are:

- financial management;
- employee performance;
- recruitment and staff selection;
- workplace behaviour and conflict resolution; and

- workplace health and safety training for supervisors and managers.

Public Sector Management Program

The Public Sector Management Program graduate certificate is a cross-jurisdictional program targeted at middle to senior managers. On successful completion, participants receive a Graduate Certificate in Public Sector Management from Flinders University. This development program is funded centrally and targeted at the Senior Officer Grade A and B and Administrative Services Officer 6 levels.

Similarly, Singapore grooms future public service leaders through its ‘Management Associated Program’. This three to four year program is designed to give future leaders broad experiences working across agencies and undertaking a wide range of training and development. Participants are recruited as graduates, from the public service commission scholar program or lateral-hires, with the prerequisite being either a first or upper second class honours degree. On conclusion of the program outstanding participants are invited to join the Administrative Service.³²⁷ The Administrative Service is the ‘top tier’ pool for public sector leaders appointed by the Public Service Commission. It is designed to recruit and develop the next generation of Singapore’s public service leaders. As part of the Service, members constantly undertake training and development; this includes a four month community attachment program, continual academic and non-academic training and development courses, milestone programs as recruits reach different management levels within the public service, postings to private sector companies to understand business and the markets better, and the opportunity to serve as directors on boards of government linked companies or statutory boards to develop their leadership skills further.³²⁸

Australia and New Zealand School of Government

CMD jointly sponsors with agencies two places in the Australia and New Zealand School of Government’s Executive Masters of Public Administration Program and one place in the Executive Fellows program each year. These places are targeted at Executives and high performing Senior Officer Grade A’s.

Investing in Capability

The capability challenges facing the ACT are not unique and other Australian jurisdictions have invested significantly in similar programs. There is much to be gained by moderating and adapting this work from other jurisdictions to the ACTPS’s circumstances.

The Australian Public Service Commission’s Integrated Leadership System (ILS) provides a common language for leadership development in the APS. Specifically, it:

³²⁷ KPMG (2009)

³²⁸ KPMG (2009) See also <http://www.admainservice.gov.sg/>

... provides capability development guidance for individuals and agencies in the form of descriptions and behaviours for all levels in the APS and contains practical tools for individuals and agencies to chart leadership development.

The ILS is flexible and offers agencies across the public service and leadership pathway suited to their particular contexts and challenges.³²⁹

The Review recommends adjusting the existing ACTPS leadership programs to measure and provide feedback on overall leadership capabilities using the ACTPS Senior Executive Leadership Capability Framework.

Funding for current programs offered under the *Attraction and Retention Framework* ceases in July 2011. Anecdotal feedback from participants, their line managers, Directors, and Chief Executives strongly support ongoing investment in these leadership programs.

During the Review, officials also recommended a variety of tools to build the capability of the Service and complement existing leadership programs. A number of these tools aligned with those previously considered, recommended and adopted by the Governance Division of Chief Minister's Department, the AGRAGA report *Ahead of the Game* and the South Australian Performance Commission.³³⁰ Importantly, the tools focus on building a learning environment through collaboration, mentoring and cross-agency experience.

Leadership and Executive Rotation program

Participants in leadership programs developed a proposal for a professional development initiative to complement the leadership programs offered under the Framework. The leadership placement program was designed to reduce fragmentation at the junior executive and senior officer levels and provide those officers identified as rising leaders with the opportunity to work in other agencies and departments. The proposed program was initially supported by Chief Executives but has not been implemented. The Review recommends reinvigoration of this proposal under the guidance of the People and Performance Council (to be formed from the current HR Council). For the project to succeed, Directors-General will need to look beyond the immediate demands on their Directorates and focus on investing in the future capability of the ACTPS as a whole.

Circuit Breaker Teams

*There are many reasons that we should work in a whole of government way. Not least is the fact that every major challenge of public administration ... necessarily requires the active participation of a range of central and line agencies.*³³¹

A concrete example of how the ACTPS might support a more collaborative and flexible response to emerging, or seemingly intractable, issues lies in the establishment of taskforces

³²⁹ See <http://www.apsc.gov.au/ils/index.html>

³³⁰ South Australian Performance Commission (2010) *Report to Government November 2010*. South Australian Government, Adelaide.

³³¹ Management Advisory Committee (2004b) p.v.

of officials to tackle critical issues. The New Zealand *Review of the Centre* proposed the concept of Circuit-Breaker teams:

front-line based, interagency teams to find creative ways to solve problems that have proved intractable over time ... These would not be simply more committees - they represent a different approach to problem solving. ... The teams would also:

- create a demonstration effect showing that front-line, cross-boundary creativity can solve problems;
- show that the centre is serious about tapping the ideas of the front-line; and
- build stronger links between the centre and the front-line.³³²

The idea of taskforces is not new to the ACTPS – the most often cited examples of the ACTPS at its best are the Bushfire Recovery Taskforce and the Stimulus Package Taskforce. A feature of circuit breakers teams and taskforces is the collection of key skills drawn from officials from across the ACTPS. The model of collaboration is focused on resolution to issues rather than just ‘co-ordination of response’. The Review found that there is a strong perception, both within and external to government, of a lack of leadership and direction provided by CMD in relation to whole of government responses.

Communities@Work suggests:

situations where several government agencies or several sections within government agencies are involved or need to be consulted can be complex and confusing for outside organisations. Perhaps a matrix type of management of issues across government agencies could be considered, or perhaps one government agency should take the lead responsibility for project managing the matter.³³³

The CPSU’s Submission aptly articulates the issue:

To be more effective and consistent in delivering on government policy and objectives, CMD should be better resourced to play a greater role in facilitating consultation with agencies and stakeholders prior to policy implementation.³³⁴

As is the case in New Zealand and Vienna (which employs a similar approach) it presents a powerful signal to the community and to the public service, that the Government is focussed on resolving a particular issue by drawing together skilled resources from across the Service.

Establishment of circuit breaker teams will be at the direction of the Strategic Board in response to Government requirements.

³³² State Services Commission (2001) pp.21-22.

³³³ Submission No. 5.

³³⁴ Submission No. 11.

Communities of Practice

Other strategies previously recommended in accord with other public sector reform efforts, include establishment of communities of practice to build and maintain core technical expertise, forge links across the service and ensure dissemination of leading practice.

AGRAGA recommended communities of practice in the areas of strategic policy and implementation while the South Australian Performance Commission has adopted a “Heads of Professions” (HoP) program to allow executives to maintain a core network of technical expertise in disciplines such as economics, planning, science and innovation, medical sciences, engineering and education.³³⁵

ACTPS Chief Executives previously expressed some reservations about the momentum, form and operation of ‘informal’ networks and instead canvassed a time limited and formal approach. A number of these communities of practice are already in operation across the ACTPS:

- Shared Services operates a Return to Work Coordinators network for staff responsible for assisting ACT Government injured workers return to work. This unfunded network demonstrates that leading practice can be effectively modeled at officer as well as manager and executive levels;
- participants in the centrally sponsored leadership programs have continued to meet in their leadership cohorts to discuss new ways of working and proposals to improve the capacity, capability and effectiveness of the ACTPS. One such group provided a comprehensive proposal to this Review on the ‘no wrong door approach’ that has flowed through to the recommendations in Chapter 4;
- the Community of Practice Policy Group was instigated in September 2009 by a Department of Education (DET) staff member who identified the need to establish better practice operational policy development among policy staff within DET. The focus of the group was to share understandings of operational policy design, development and management. Over time the group has grown to include officers from other elements of the ACTPS and more recently the group has come under the auspices of the current HR Council in order to provide an appropriate governance framework to the groups’ work; and
- the ACTPS Young Professionals’ Network (YPN) was established under the *Attraction and Retention Framework* as a means of providing professional development opportunities for ACTPS staff aged 35 and under and, in turn contributes to building organisational capability now and into the future. YPN’s activities include training and skills development seminars; engagement events with current issues, knowledge sharing; and networking with fellow young professionals and senior ACTPS staff.

³³⁵ South Australian Performance Commission (2010).

The Review recommends establishment of a series of communities of practice to build and maintain core technical expertise in people and performance, policy development, project management and service delivery.

The Policy Council should bring to fruition proposals under consideration for some time to convene a community of practice for policy officers – the primary purpose being to develop capability of non-executive policy officials through a combination of mentoring and practical problem solving for difficult and complex policy issues.

Current and aspiring policy officers would do well to read the article by Behm, A., Bennington, L., & Cummane, J. “A value creating model for effective policy services” in the *Journal of Management Development* 19(3), 2000, pp.162 – 178.

The People and Performance Council should take a lead role in developing the professionalism and competency of “Human Resource” professionals in the Service. A view reflected in the Unions ACT Submission:

The lack of these people at the Agency level since the Costello Review has resulted in some serious deficits in performance and outcomes for all stakeholders. It also makes it very hard to recruit new people into these roles because the workloads are excessive and the reputation is poor. My members are constantly involved in disputes and misconduct issues of a low order because they have not been tackled effectively at an agency level. Many of these matters are referred to Shared Services who are clearly under-resourced and not sufficiently skilled to deal with them. This is well evidenced by the constant delays to resolution which seriously affect both my members and their respective members plus the staff in Shared Services. It also aids in creating a culture of indecision, shifting blame and poor outcomes to these matters which in turn creates job dissatisfaction for all concerned. There is a very strong culture of risk aversion and “punting the problem” in the ACT Public sector ...Notwithstanding this the new Respect and Diversity Strategy will go some way to addressing some of these problems and we applaud this initiative.³³⁶

Recommendation: Leadership and Workforce Capability

- articulate the strategic role of the Strategic Board to drive ACTPS performance;
- undertake regular and systematic Strategic Board appraisals within the Board’s terms of reference;
- commit to ongoing funding for leadership and development programs offered under the Attraction and Retention Framework;
- consider refining the leadership training program to incorporate assessment of participants against

³³⁶ Submission No.3.

the ACTPS executive leadership capabilities;

- instigate an executive rotation program to provide rising executives with full exposure to the role and function of the ACTPS;
- complement the formal leadership and development programs with a series of initiatives designed to support sustainable change across the ACTPS including:
 - circuit breaker groups – for planning and development appeal rights (Chapter 4) and innovation and integration in the education sector (Chapter 4)
 - communities of practice for policy and implementation, front line service delivery (internal and external), and people and performance professionals
- task the Strategic Board, through its Policy Council sub-committee to work with Governance Division, to strengthening the policy capability of the Service;
- consider providing additional resourcing to the centre to support policy making and decision making processes;
- undertake regular systematic external reviews of the functions of the ORS and test opportunities for enhanced ways of working, sharing information and regulation of the Territory's laws; and
- replicate and entrench the strategies that have led to the positive customer service culture manifesting within Canberra Connect as a model for other front line service delivery areas.

Workforce Culture

In tandem with building leadership capability and workforce capability, a strategic and coordinated approach to building a positive work culture is required. Culture is the sum of the 'way things are done around here' – it is the "habitual way of seeing and thinking about the world; it's an 'automatic pilot', rarely thought about, but one that influences almost everything people do."³³⁷ A positive work culture underpins a high performing workforce – it enables employees to be involved, to contribute and perform to their full potential. Workplaces that increase employee engagement and improve levels of workplace participation produce better quality outcomes.

A positive work culture will enable procedures and practices that protect old 'custom and practice' to be dismantled. This will continue the ACTPS's move beyond the conventional task-finish paradigm to an outcomes focused service.

³³⁷ Moran, T. (2010). *Speech to the Institute of Public Administration Australia (ACT)*, Wednesday 8 December. http://www.dpmc.gov.au/media/speech_2010_12-08.cfm

Responding to the fiscal pressures faced by the Territory requires a fundamental shift in workforce approaches and culture. The ACTPS is ready for change – a transformational change to create a ‘One ACTPS’ approach to priority setting, policy development and implementation, and program and service delivery.

Most governments have been less effective at reforming the ‘software’ of the public sector – the cultural systems that underpin high performance rather than the ‘hardware’ of structures, systems and processes. The Scottish Government’s reforms were undertaken over a two year period at a pace and scale not seen before. The significant redirection to an outcomes approach “... required nothing short of a cultural overhaul in government ... [this] may not sit naturally with traditional working culture.”³³⁸

Michael Bichard makes it crystal clear what has to change in the public sector:

If you put down the things that stifle creativity in a single column, you would have a good description of the way in which the civil service has traditionally worked: a work based culture, hierarchical, exclusive, doesn’t work across departments, and doesn’t value outsiders. There is an absolute classic correlation throughout...³³⁹

In 2008, Workplace Research Associates conducted a series of focus groups to examine employee engagement across the ACTPS. The main aim of the focus groups was to collect quality information regarding employee engagement in order to inform attraction and retention strategies. The respondent results showed that:

- over 80% felt the work they do is meaningful;
- nearly 90% felt confident in their ability to carry out their work;
- around 75% felt supported by their supervisor;
- just over 78% felt loyal to groups or teams in their agency;
- about 70% felt that relationships in the workplace are generally positive;
- some 64% agreed that experiences of work in their agency are positive; and
- just over 60% are satisfied working for their agency at the present time.

Importantly, the survey found that the key management practices that motivate, engage, attract and retain employees are integrity, honesty, respect, valuing, trust, decisiveness, ability to delegate, confidence, consistency of message, visibility (ability and willingness to take on tough issues), responsibility, clarity of purpose and zero tolerance for bad behaviour. These findings were replicated in views put by officials to the Review. Positive work cultures create high performing organisations and encourage creativity and innovation.

ACTPS cultural change will not occur overnight – it must be driven both from the centre and from Directorate leadership. It will require significant investment in people and recurrent funding to maintain leadership development. It also requires tackling the barriers head on.

³³⁸ National School of Government (2009b)

³³⁹ Bichard, M (1999) “The Stakeholder, No.1” cited by Maddock, S. (2002).

Barriers to a transparent, agile, respectful culture include:³⁴⁰

- poor relationships with stakeholders;
- poor leadership by [those] who have a vested interest in the continuation of risk-free cultures; and by executives who do not understand how to involve staff;
- structural, top-down change levers and narratives [that] obscure emergent practices;
- transactional management and a focus on outputs and targets;
- inappropriate performance management;
- risk-averse and gender cultures; and
- the need for a transforming social philosophy to support those who are developing new practices.

So what does a public service do to become a great place to work? The recently launched ACTPS *Respect Equity and Diversity Framework* (RED Framework) recognises the key values and management characteristics that underpin great workplaces with positive cultures and provides the framework for change.

The RED Framework:

- outlines why a workplace culture that is respectful, courteous, equitable and that values individual differences is a core aspect of building a positive workplace culture;
- states the legislative obligations in relation to Respect Equity and Diversity and outlines the roles and responsibilities under the Framework for employees across the ACTPS;
- defines Respect, Equity and Diversity;
- analyses the current workforce data relating to Respect, Equity and Diversity and identifies Workforce Challenges for the ACTPS;
- provides an Action Plan to address the Workforce Challenges;
- provides a mechanism for evaluating progress against the Action Plan; and
- provides a maturity model to assist in implementation of the Framework.

Accompanying the RED Framework is a detailed action plan of initiatives to be implemented sector-wide. Achievement of these worthy goals requires broad engagement and appropriate resourcing to ensure the Framework benefits can be fully realised.

³⁴⁰ Adapted from Maddock, S. (2002) " pp.23

Workplace culture in the ACT Parliamentary Counsel's Office

Over the years the ACT Parliamentary Counsel's Office (PCO) has successfully fostered a positive workplace culture. The office has a low level of staff turnover and a high level of staff satisfaction. PCO receives regular positive feedback from clients about the services provided.

PCO's positive reputation flows from a determination within the office to meet high expectations. There is a sense of shared pride in the quality of the work they do, the legislation register and its importance for the ACT community.

PCO's workplace culture has many characteristics that support the satisfaction reported by clients and staff. These include:

Valuing people and providing work/life balance

PCO genuinely recognises the importance of a balance between work and other aspects of life. Part-time arrangements are not seen as a problem (PCO has 13 part-timers) but rather as a way of supporting and retaining highly skilled staff. Acknowledging other commitments and providing flexibility to staff reduces stress, makes people think more positively about their workplace and means they are happier when they are at work. This willingness to accommodate people's circumstances has major benefits for productivity. It positively impacts on staff's commitment to the office— staff are happy to go the extra mile when workloads or the situation demands it.

PCO has an active social committee providing the opportunity for relationship building with colleagues and contributing to the positive work environment.

Open communication

Open communication is valued and practised at PCO—talking to one another is encouraged. Each area of the office has regular meetings to monitor workloads and discuss work issues.

Whole of office meetings are held monthly to inform staff about office, departmental and whole of government issues, including the office budget. All staff are encouraged to contribute at these meetings. Meetings are often combined with morning tea which is catered for by all staff on a roster.

A high degree of workplace collaboration

PCO has two distinct areas of the office—drafting and publishing. However, the office does not operate in silos. All work in the office is valued and regular meetings mean that everyone knows what is going on. Individuals do not see their work in isolation, for example drafters are aware of what is happening in the publishing area and are encouraged to think about the impact of what they are doing on the publishing stage of the process.

There are several work projects that are undertaken by people from all sections of PCO. Staff are encouraged to contribute ideas and become involved, and anyone who is interested is able to participate. For popular office projects such as the Drafting and Publishing Standards, staff rotate through the group.

Leadership

Leadership in PCO is characterised by a high degree of openness and respect for all team members. Leaders recognise the contributions of staff and are supportive professionally and personally.

If mistakes are made the culture is to look for solutions and lessons learnt rather than to allocate blame. This encourages the early recognition and reporting of problems so that they can be worked through, rather than being ignored or allowed to fester.

While there is a clear hierarchy, the leadership team is receptive and open to a range of views. Decisions are generally made quickly by the management team after discussion and wider consultation if required.

Professional development, whether it is internally or externally focussed, is seen as core work. This helps to maintain a high standard of work and embeds growth and development as shared workplace values.

Individual officials must take greater accountability for their actions, drivers and outcomes. Importantly, officials must be prepared to challenge behaviour. Personal accountability, willingness to be responsible and acknowledge weaknesses is fundamental to sustainable implementation of new ways of working. Importantly, the following questions can help officials refocus their efforts daily:

- does my reaction contribute to a constructive working environment?
- do I treat my peers, colleagues and clients with decency and respect?
- how can I take responsibility for improving an outcome today?
- what will I do today to make a difference?

Individuals who seek to prosper and reach their potential would do well to study how they can make a difference by reading Chapter 6 of Peter Drucker's *Management Challenges for the 21st Century*. This Chapter includes the secret of managing your boss!

Critical to a 'One ACTPS' approach and a high performing ACTPS is access to quality information that tells the story of the Service and its people. The current operational and record keeping tools do not provide for the systematic capture of quantitative and qualitative data. An improved understanding of ACTPS workforce metrics and qualitative information will assist in understanding workplace culture, planning for future needs, identifying trends, and priority areas, and enabling appropriate benchmarking for future measurement of achievements.

An ACTPS-wide pulse survey will enable an accurate and regular read of ACTPS culture, work climate, and blockages to future high performance. Designed to take snapshots of employees' opinions at a given point in time, such surveys can be conducted frequently, using the same baseline questions – problem areas that require more attention can also be

explored. With the help of benchmarking, the results will allow management and executives to respond appropriately either at a whole of service level or at individual Directorate or Business unit level. Pulse surveys can be executed online – minimising the impact on core business and enabling timely identification of the areas most in need of improvement without committing to a full research program.

Recommendation: Workplace Culture

- mandate and resource implementation of the RED Framework;
- invest in a six-monthly ACTPS-wide pulse survey and commit to responding in a planned and systematic way to the results; and
- invest in the development of an ACTPS positive work culture that enables employees to be involved, contribute and perform to their full potential.

Workforce Planning and Capacity

A common refrain from officials was the need for greater mobility and opportunities for practical professional development within the Service.

Recent survey data indicates that investment in learning and development are foundational to attracting employees. The top five employer of choice characteristics are:³⁴¹

- recognises and rewards staff well;
- invests in the learning and development of its people;
- operates ethically and fairly at all times;
- has family/life friendly workplace practices; and
- management is passionate and engaging to work with.

Career development and opportunities for training and development are an important element for retaining staff. The top five reasons employees stay are³⁴²:

- salary increases;
- opportunities for career development;
- opportunities for training and development;
- flexible work hours; and
- special arrangements to suit your lifestyle (e.g. mature age arrangements).

The *Attraction and Retention Framework* remains a priority and is imperative to attracting and retaining staff in the current budgetary climate. Compared with the cost of replacing an

³⁴¹ Leadership Management Australasia (2010) *The Leadership, Employment and Direction Survey 2000-2010*. Melbourne, p.11.

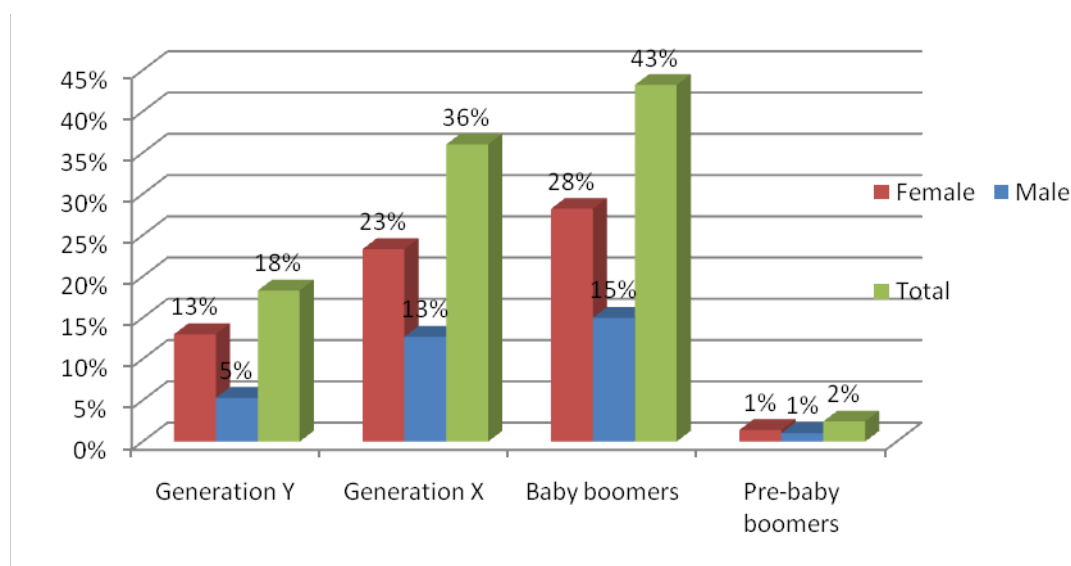
³⁴² Leadership Management Australasia (2010) p.21.

employee (estimated at between 30 and 200 percent of salary) learning and development costs are low. Since implementation of the *Attraction and Retention Framework* separation rates have halved representing a conservative saving of \$19.5 million in direct recruitment and indirect productivity costs. It is difficult to ascertain what impact the Global Financial Crisis has had on separation rates, but the Commonwealth’s APS rate didn’t shift significantly during the same period.

Of great concern are the indirect costs associated with loss of skills, expertise and corporate knowledge. If the ACTPS fails to continue to attract and retain sufficient appropriately skilled staff, its capacity to deliver Government outcomes will be severely compromised. Losing experienced staff has a deep and direct impact in a jurisdiction the size of the ACTPS.

The ACTPS like other public services faces the challenge of an ageing workforce. While the average age of ACTPS employees has remained relatively stable in recent years around 43% of the workforce are Baby Boomers (i.e. born between 1946 and 1964) and are approaching retirement. While focusing on both recruitment and retention of younger employees, work is also underway on a Mature Aged Employment Strategy which will consider conditions of employment that may assist in both the attraction and retention of older workers.

Figure 19 – ACTPS by Generation and Gender as a Percentage at June 2010



In its Submission to the Review, UnionsACT suggested:

This is not to say that there are not excellent officers working in the ACT Public Sector but merely that there are often too few of them. Good officers with clever ideas are not seriously encouraged enough to create excellence and often lack the support and resources to succeed. This causes burnout and means that some of these people leave the service.³⁴³

³⁴³ Submission No. 3.

Continuing to provide employees with opportunities for growth, demonstrating an interest in career development of staff and recognising their efforts will increase retention of staff at all levels. However, retaining essential skill sets will require ACTPS executives to think differently about how they provide staff with rewarding and satisfying work in a culture which embraces work and life balance. The capability as a public service must continue to increase by improving the skills of employees in a systematic and coordinated way.

The ACTPS, through the current HR Council, has been exploring a more formalised and structured approach to workforce planning. In June 2009, an inaugural Workforce Planning Conference was held which examined national and global initiatives in workforce planning and considered a number of comprehensive case studies from a range of Australian industries, sectors, states and territories.

Effective workforce planning for the ACTPS should result in a workforce capable of servicing the needs of the government and the community while creating a positive and flexible employment environment which fosters innovation and high performing staff. To foster a highly capable service, the ACTPS has already developed and implemented a wide array of policies, strategies and programs designed to attract, develop and retain high performing staff. While these measures are having a positive impact on the capability of the ACTPS workforce, there is more that can be done to ensure that the workforce has the depth of leadership, skills and flexibility required to respond to the rapidly changing context in which services are provided.

“Human Resources” professionals play an important role in building the ACTPS. The term ‘human resources’ unfortunately portrays a mindset that people are on a par with financial resources – a commodity to be traded. The value of individuals is a core principle of the RED framework (see workforce culture) and in recognition of this the Review recommends replacing the term “human resources” with “people and performance”.

Workforce planning is increasingly urgent for the ACTPS, but workforce planning without quality robust data is useless. The CPSU advocated for improved data quality and reporting capability to assist with workforce planning, reporting and strategy development.³⁴⁴ Of particular need is the collection of granular qualitative and quantitative data including diversity groups, education qualifications, movements between Directorates, promotions, prior ACTPS experience, cross-agency experience, information on employee perceptions, leadership, job satisfaction and job motivation. Robust policy development and program design hinges upon the quality of data collected and the tools and skills used to interrogate it.

While some agencies are progressing with workforce planning, there are no ACTPS-wide guidelines resulting in a fragmented approach, potential for duplication of effort and a lack of focus with a divergence of approaches and methodologies. Other agencies do not have the resources to attend to formal workforce planning initiatives at all.

³⁴⁴ Submission No. 11.

Stakeholders also contend there is a need for a better constructed skills path and career opportunities in key professions such as nursing and the trades. The Review is conscious of the interest shown by unions in this issue but is nevertheless disposed to recommend it be considered by the proposed Chief Minister's Department in its whole of service workforce planning.

Case study: ACT Health

ACT Health operates a Graduate Nurse Program to assist graduate nurses consolidate their professional practice as outlined in the ANMC National Competency Standards for the Registered Nurse (2006) and provide safe, quality nursing care to patients and clients of ACT Health

Professional Nursing literature describes the first year of nursing practice as challenging and stressful for graduates. Many graduates experience fear of failure, fear of total responsibility and fear of making mistakes that is compounded by a lack of confidence, high expectations of self, unrealistic expectations by clinical staff and the need to adapt quickly to a new role.

The ACT Health Graduate Nurse Program (GNP) is a 12-month structured program designed to provide clinical and professional support, feedback and guidance during the transition from student to Registered Nurse. The GNP aims to focus on every facet of the graduate experience, providing a high level of support for orientation, rostering, feedback, reflection and competency assessment, and socialisation into the workforce.

As a key recruitment and retention initiative for ACT Health, the GNP has evolved and expanded each year since inception in 1988. The graduates are supported by experienced Clinical Development Nurses (CDNs) who are rostered 365 days a year and are available to graduate nurses on an on call basis. In 2009, evaluation of the CDN role was extremely positive with 64% of the graduates rating the support as 'excellent' and the remaining 36% rating it as 'very good'.

"I chose the GNP because of the FULL support provided by the grad CDN."

"The support from my CDNs during the graduate year was outstanding, both professionally and personally"

When first established, the program facilitated strict rotations of one surgical, medical and specialty placement for each graduate. This is no longer standard practice as graduate placement requests have changed, as have models of health care delivery within the organisation. In 2005, national and local workforce forecasts identified critical shortages in many areas and in response to this the GNP was modified to enable interested graduates to be placed in specialty streams during their first year. The GNP is structured to facilitate clinical placements in a wide variety of acute and non acute clinical areas including surgical and medical nursing; aged care and rehabilitation units; cancer services; mental health; alcohol and drug services; community nursing; critical care; paediatrics and neonatal care. Current specialty streams offered are Peri Operative, Cancer, Mental Health, Ambulatory Care, Critical Care and Cardiology. This initiative has been popular and extremely successful for both the graduates and the organisation.

There is an increasing need for Service-wide leadership in addressing workforce planning. Although diverse, the ACTPS is relatively small and there is merit in having a consistent, overarching approach to workforce planning which can be applied in all Directorates. A single approach would assist with: simplifying evidence and data gathering; providing a consistent language and understanding of workforce planning by staff across the ACTPS; and ultimately promoting the concept of the ACTPS being a single entity. While an ACTPS-wide and consistent approach to workforce planning would promote efficiency, the framework must be structured in a way to be sufficiently flexible to encourage its adoption across the ACTPS and meet the specific needs of all Directorates and employment groups. Workforce planning should become a regular feature of a totally integrated business function and embedded into routine business planning activities.

An overarching workforce planning policy and framework must complement and focus existing strategic “human resource” planning and management initiatives and programs. It would further inform the requirements and priorities for people and performance strategies, initiatives and programs that should be developed and implemented on an ACTPS-wide basis.

According to one official:

There is potential for greater alignment in activities relating to workforce planning and development across ACT Government, particularly across the Department of Education and Training and the Chief Minister’s Department. In order to ensure more effective engagement between industry and ACT Government with regard to training and workforce strategies to respond to skills gaps and needs, and more effectively targeted expenditure of ACT Government funds, there needs to be better alignment between ACT DET’s grants programs, the identification of annual training, higher education and skilled migration priorities, the determination of CIT’s negotiated ‘profile’ funding, and the work of the CMD Business and Industry Development unit with regard to workforce development and planning and the Skilled and Business Migration Program.

The proposed Chief Minister’s Department should take a lead role in developing an ACTPS-wide workforce planning policy together with a supporting framework, strategy and/or action plan. Each Director-General could then adapt and implement the overarching framework in their Directorate. Given the diversity of functions, services and employment groups across the ACTPS, consultation would be essential within all Directorates. Noting that some elements of the ACTPS have invested in workforce planning, it would be useful to leverage off this earlier work.

Recommendation: Workforce Planning and Capacity

- establish a whole of service capacity and capability framework;
- improve workforce data quality and capability and review the operations and business requirements of the current operational “HR” systems and upgrade as necessary to ensure agencies have access to reliable data and efficient systems;
- provide learning and development of employees in identified diversity groups; and
- embed workforce planning in routine business planning activities.

Innovation

There is growing recognition that innovation is essential for good government. The need for innovation in the Public Sector has been identified as a key priority and key challenge by Governments internationally and domestically:

a high-performing public service is relentless in its commitment to continuous improvement. It never assumes that the current policies, processes and services are the best or only solution.³⁴⁵

As stated previously, the ACTPS is well placed to be a leader in innovation in public policy design and service delivery. The size of the ACTPS, the size and contained geographic scope of the ACT, the proximity of leading academic institutions, and the collocation of the APS create fertile ground for fostering leading public service practice and performance.

A recurring theme during the Review from both officials and stakeholders was that innovation was essential in the ACTPS – in the face of new and more complex problems, rising public expectations and the need for the ACTPS to do more with less. This theme is further reinforced by growing recognition within the government sector that public sector innovation is essential in a context which requires Governments to achieve more with less, while developing new solutions to old and new complex problems.³⁴⁶

The prevailing view among officials during the Review was that space was needed within existing operations and structure to allow for innovation. Critically, officials were of the view opportunities for innovation were jeopardised in the rush to deliver short-term program delivery and policy outcomes:

³⁴⁵ Management Advisory Committee (2010) *Empowering Change: Fostering Innovation in the Australian Public Service*, Commonwealth Government, Canberra.

³⁴⁶ Sunningdale Institute (2010) *Beyond Light Bulbs and Pipelines: Leading and Nurturing Innovation in the Public Sector*. National School of Government Sunningdale Institute.

... finding this 'space' [to innovate] may be the hardest challenge of all – as one person's 'innovation capacity' is often another's 'efficiency saving'.³⁴⁷

Vertical structures and siloed approaches can also stifle innovation:

policy makers at the heart of government will need to become much more comfortable with the idea of innovation being driven by frontline workers – central agencies need to become talent spotters for new ideas and initiatives or risk becoming bottlenecks. Joining up government around outcomes will require a significant investment of political and managerial leadership to break down entrenched barriers. Effective shaping of the future environment will often require public sector leaders to take an unfashionably long view of policy problems.³⁴⁸

There was a strong desire from officials to approach agency specific and ACTPS-wide challenges and issues holistically – looking for seamless end-to-end solutions and services. The key barriers to innovation identified by officials and articulated in the literature³⁴⁹ are:

- the under-developed innovation capability within the Service;
- the risk adverse culture;
- the perception that experimentation is career threatening;
- the lack of clarity in the role of strategic leadership – that is, how to deal with risk, reward and reliability;
- the assumption that innovation has to be someone's job³⁵⁰; and
- the over specification and systematising of process.

A recent report from the UK, *Beyond Light Bulbs and Pipelines: Leading and Nurturing Innovation in the Public Sector* outlines innovation models for how innovation happens in the public sector:³⁵¹

... noting that they are neither exhaustive nor exclusive

- research and development led – a traditional view of innovation where specialists develop an idea. The paper suggests that this is useful for scientific and technology-based products but not suitable for innovation in areas of service where there are high levels of discretion or where a solution co-produced with users is needed;
- high involvement – employees contribute to incremental problem solving/continuous improvement. The authors suggest that this assists in situations where there is a need for incremental process innovations and where there is little discretion;
- network – the development, adaptation and adoption of ideas comes from networks. The paper notes that this is most appropriate when there are high levels of discretion, as in certain professions;

³⁴⁷ Sunningdale Institute (2010) p. 6

³⁴⁸ State Services Authority (2008) p.2.

³⁴⁹ Mulgan, G. (2007) *Ready or not? Taking innovation in the public sector seriously*. National Endowment for Science, Technology and the Arts, United Kingdom; Sunningdale Institute (2010) Maddock, S. & Robinson, B (2010) *Place Based Innovation* National School of Government Sunningdale; Australian National Audit Office (2009) *Innovation in the Public Sector: Enabling Better performance, Driving New Directions, Best Practice Guide, 2009*. Commonwealth Government, Canberra.

³⁵⁰ Mulgan, G. (2007) p.15.

³⁵¹ Sunningdale Institute (2010) p. 6.

- radical/discontinuous – where there is [licence] to consider radical innovation. The authors propose this is best used where a dramatically different approach is required;
- entrepreneur driven – where individual ideas arise and compete at the small scale. The authors consider such innovation useful for organisations in a range of circumstances;
- recombinant – adapting and adopting ideas from other settings. The paper supports public sector organisations being continually open to this model and
- user-led – innovation from users of services. The paper argues that this model of innovation is important all the time, but that for some problems solutions are best developed with or by users.

Supporting Innovation

According to the Sunningdale Institute while there is no shortage of good ideas in the public sector, the challenge is to make something of them in a large scale.³⁵² During the Review officials reflected these sentiments – elaborating the need for frameworks, senior leadership support, and opportunities to incubate, to test ideas and to improve.

Dismantling old regimes, structures and ways of working is extremely difficult – particularly where there is a high degree of vertical compartmentalisation. The Review recommendations outlined in Chapter 4 should go some way to dismantling old structures and, when combined with recommendations outlined in this Chapter, will help establish new ways of working.

Innovation will remain marginal as long as:

- individuals, agencies, departments and governments do not know where to start;
- line managers, senior managers and other leaders appear not to understand innovation;
- officials do not have the intellectual and operational space to be creative;
- risk is feared; and
- the public sector culture doesn't support innovation.

Critical to supporting innovation and making it mainstream is the creation of an infrastructure and culture that cultivates and supports it. Too often creative ideas get lost within teams, agencies and departments.³⁵³

The Sunningdale Institute supports a framework for innovation that recognises dimensions of innovation – product, process, position and paradigm.

³⁵² Sunningdale Institute (2010) p. 1.

³⁵³ Maddock, S. (2002)

Figure 20 - Dimensions of Innovation³⁵⁴

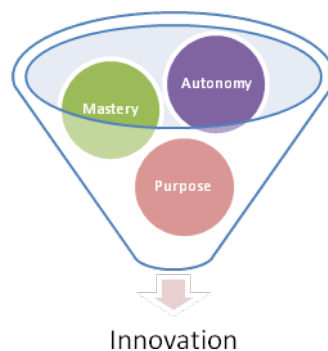
Innovation type	'Do better' (incremental)	'Do different' (radical innovation)
Product – what we offer the world	Improved service offerings – faster, simpler, better quality etc	Completely new service offerings Example: Canberra Connect
Process- how we create and deliver that offering	'Lean' improvements in health etc – essentially taking the waste out of existing processes On-line versions of existing processes Example: e-VALUA online lodgment and assessment of ACT Government tenders	Radical new process for delivering services – e.g. Total shift to online, outsourcing of key services etc
Position – where we position it in terms of markets, the story told around it, branding etc	Opening up new channels to end users or engaging wider participation/social inclusion agenda for delivery of existing services Example: Consultations that led to development of the ACT Social Plan; the Community Inclusion Fund	Opening up complete new – unserved or under-served 'markets' Telling new stories to new user groups Radical reposition of public service in end user's minds Example: Home to Work program; CCCares program to support the needs of pregnant or parenting students, providing a 'one-stop-shop' for educational and health services.
'Paradigm' – underlying mental model of what we do, what we are about	The 1940's welfare state New Public Management Possibly – the shift from the delivery to the relational state Example: Time to Talk: Canberra 2030	

Inherent in a culture of innovation is a high level of employee engagement and an environment of certainty and trust – certainty that a concept, idea, proposal will be respected, considered and debated and trust that there will be no consequences for unsuccessful ideas.

³⁵⁴ Sunningdale Institute (2010) p.11.

Daniel Pink³⁵⁵ argues three core factors motivate people in the workplace, importantly three factors that can drive innovation – autonomy, mastery and purpose. Autonomy is characterised by an individual’s ability to self-direct and choose their methodology. Mastery is the human desire to get better at executing tasks, functions and delivering outcomes. Fundamentally, without a purpose at work individuals fail. A transcendent purpose enables individuals to feel they are making a contribution; it attracts better talent and is a critical driver to good service delivery and product outcomes.

Figure 21 - Autonomy, Mastery and Purpose Cone



Most innovation fails at the concept stage. A framework for innovation in the ACTPS will provide officials with certainty as to the mandate of innovation and clarity as to where to go and what to do with the innovation concept.

Central government continues to view innovation support in terms of a linear pipeline model. This model is not well suited to the public sector – nor often the private sector for that matter – as real innovation travels in unpredictable ways between people not conducive to one-size-fits-all approached or top-down management.³⁵⁶

As highlighted in the KPMG report commissioned by AGRAGA:

Stakeholders noted that policy ideas hailed as innovative have often been developed by public servants over a long period, sometimes decades. The challenge for the APS is to provide an environment in which a ‘stock’ of ideas can be generated, tested and refined in consultation with other governments, business and the community sectors and citizens. The realisation of new policy approaches also relies on a confluence of factors: leadership from government and senior public servants (including a preparedness to take calculated risks and contemplate failure), strong relationships of trust across government, between levels of government and with key external stakeholders and shared goals and incentives for collaboration. Consultation with those affected by policy changes and those with expertise in the area is essential. In

³⁵⁵ Daniel H. Pink is the author of four books about the changing world of work — including the New York Times bestsellers, *A Whole New Mind* and *Drive*

³⁵⁶ Sunningdale Institute (2010) p.14.

the past, limitations on external consultation (for example, on taxation issues) hampered the quality of policy advice to government.³⁵⁷

Models of Innovation in the Public Sector

*At their best, public services transform people's lives, providing opportunity for all and tackling inequality. But changing people's lives for the better is not only about the policies we develop or the money we spend, it is also about the way we work and how services are organised to effect change.*³⁵⁸

In 1995 the Singapore Public Service created a major change movement *Public Service for the 21st Century* or PS21³⁵⁹ in recognition that change doesn't just happen. The change movement was established under the Prime Minister's Office, is led by Public Service leaders and impacts all officials. PS21 aims to build a Public Service that is ready for change. It is a people-centred mass movement that encourages public officers to embrace change in their daily work in order to keep the Public Service at the leading edge.

PS21 aims to build the capacity of the Singapore public service to “anticipate change, welcome change and execute change efficiently and effectively. The success of PS21 lies not with the number of projects it has spawned, the cost savings it has achieved, or the impact of its various initiatives, but in the extent to which an attitude of excellence and a culture of being prepared continuously for change has been internalised in the public service.”³⁶⁰

PS21 works within four focal areas:

- staff wellbeing – morale, welfare, development and engagement of public officers;
- ExCEL (Excellence Through Continuous Enterprise and Learning) - tapping the creativity of each public officer, fostering teamwork and institutionalising training and development;
- Organisational Review - about having robust systems and processes within organisations to ensure efficiency, effectiveness and sustainability; and
- Service Quality - delivering excellent customer service to members of the public – services that are responsive, efficient and courteous.

Each of these areas is driven by a senior leadership steering committee and each agency has an internal steering committee for practical operational improvements. The Singaporean Government actively promotes and encourages a sustainable innovation culture in both the public and private sectors.³⁶¹ In addition to its efforts to change the software of its service, the Singaporean Government's enterprise challenge (The Enterprise Challenge - TEC) established in 2000 was a “revolutionary initiative to harness radically innovative ideas that

³⁵⁷ KPMG (2009).

³⁵⁸ Scottish Government (2007), *Transforming Public Services: The Next Phase of Reform: Progress Report*. Edinburgh. p.5.

³⁵⁹ See <http://www.ps21.gov.sg/index.html>

³⁶⁰ See <http://www.psd.gov.sg/PublicServiceRole/BuildCapacity/Movement/>

³⁶¹ National Research Foundation (2008) *Managing Innovation in a Connected World* http://www.nrf.gov.sg/nrf/uploadedFiles/News_and_Events/Speeches/2008/Microsoft%20Word%20-%20Innovation%20Symposium_speech%202008.pdf p.4.

can create new value and quantum leap improvements in the delivery of the Public Service. The TEC concept was conceived with the belief that every individual has the potential to contribute innovative ideas. TEC provides an open platform to trial test risky and unproven innovations that could bring about quantum leap improvements in the delivery of Public Service, if proven and implemented".³⁶²

In its first eight months of operation, TEC received 185 proposals ranging across a diverse field of public services and specialisations from health services to education approaches, and ideas for reinventing government processes:

Our public agencies often prefer to stick to tried and tested solutions. They are hesitant to adopt new ideas or innovations which may not work or may fail, thereby wasting their time and resources. And, of course, being public officials, they will be concerned with auditors faulting them for wasting public funds. This is where TEC comes in. We take the risk, wholly or partially, for them.³⁶³

In the five years to 2005, TEC received more than 900 proposals of which 68 were funded for trial testing at a cost of about \$19 million. All projects selected met the predetermined criteria of highly innovative, potential to bring tremendous benefits to the delivery of public service or resulted in public good. Since establishment of TEC, innovation has become embedded in the Singaporean Public Sector culture – concepts and ideas coming from all parts of the sector:

We had [two] young fire fighters who sought to overturn the traditional way of putting out fire. Instead of trying to get larger hoses and bigger fire engines to deliver increasingly bigger volume of water to drown out the fire, they proposed to spray water droplets so they could quickly evaporate to displace air and snuff out the fire. Imagine the resistance from macho fire fighters. But they won the day with the design of a light, portable water mist gun that has been successful beyond their own expectations.³⁶⁴

Scotland too has identified the need for innovation in public sector led reform:

As a small, well-connected country, Scotland has the conditions to be a public sector hothouse for innovation – finding new solutions to old problems, and tackling emerging issues.³⁶⁵

Scotland recognises the importance of the central agency to help identify, support and spread knowledge of new ideas. While most good ideas emerge from those in the front line the Scottish Government have recognised the role the centre plays in building and mainstreaming an innovative culture:

Scottish public service leaders want to develop a culture of innovation involving:

³⁶² See <http://was.nl.sg/wayback/20060523031105/http://www.tec.gov.sg/home1.htm>

³⁶³ Siew, T. (2005) *Straits Times Digital Life*, August 9, 2005.

³⁶⁴ National Research Foundation (2008) pp.4-5.

³⁶⁵ Scottish Government (2006) p.14.

- better information sharing to support joined-up services;
- [a] shift from risk averse culture and processes to one which supports innovation; [and]
- drive efficiency through more shared services, including ICT.³⁶⁶

In practice, this involves genuinely engaging in participatory incubation, sharing good practice and applying a whole of government performance framework that allows innovation to flourish. Anchoring Scotland's reform strategy is five key program deliverables – one of which is 'Best Value'. Best Value principles underpin the operation of public service organisations and are a central, enduring foundation for continuous improvement across the public sector:

Best Value balances quality and cost considerations in improving the performance of public service organisations. The duty of Best Value is to make arrangements to secure continuous improvement in performance (while maintaining an appropriate balance between quality and cost) and in doing so to have regard to economy, efficiency, effectiveness, equal opportunities requirements and to the achievement of sustainable development. Best Value places the emphasis on the customer, not just the bottom line.³⁶⁷

In 2008, the Canadian Government created an Employee Innovation Program³⁶⁸ as a two year pilot initiative, to identify creative and practical ideas that lead to tangible Government savings and improved services to Canadians. The goal of the Employee Innovation Program is to encourage government employees to identify savings and more efficient ways, within their departments, to deliver services to Canadians. The program provides cash incentives for employees to identify innovative ideas – it focuses on creative and practical ideas that lead to tangible savings for Canadian taxpayers as well as increased efficiencies within Government. The quantum of the incentive is linked directly to the savings measured in the first year of implementation (10% of the savings measured in the first year of implementation, up to a maximum of \$10,000). The proposals selected for incubation are evaluated on practicality, innovation and creativity. Significant improvements to a government program or an internal service must be noted, and tangible benefits must be observed in order to receive the award.

The Danish have utilised an incubation concept called 'MindLab',³⁶⁹ a cross-ministerial innovation unit which involves citizens and businesses in creating new solutions for society. MindLab provides a physical space – a neutral zone for inspiring creativity, innovation and collaboration, working with public servants in three parent ministries: the Ministry of Economic and Business Affairs, the Ministry of Taxation and the Ministry of Employment. These three ministries cover broad policy areas that affect the daily lives of virtually all Danes. Entrepreneurship, climate change, digital self-service, citizen's rights, employment services and workplace safety are some of the areas they address. MindLab is instrumental in helping the ministry's key decision-makers and employees view their efforts from the

³⁶⁶ Scottish Government (2007) p.12.

³⁶⁷ See <http://www.scotland.gov.uk/Topics/Government/PublicServiceReform/14838>

³⁶⁸ See <http://www.tbs-sct.gc.ca/faq/eip-pie-eng.asp#q1>

³⁶⁹ See <http://www.mind-lab.dk/en/om>

outside-in, to see them from a citizen's perspective. The Danes use this approach as a platform for co-creating better ideas.

In 2009, the Commonwealth Department of Innovation, Industry, Science and Research led a cross-agency project to investigate how to advance innovation within and by the Commonwealth public sector. On 21 May 2010, the Australian Public Service Management Advisory Committee report *Empowering Change: Fostering Innovation in the Australian Public Service* was released. The report looks at the 'state of play' for innovation in Australia and identifies barriers that public servants face when innovating. The Report makes 12 recommendations around the following five themes: strategy and culture; leadership; systemic/structural issues; resourcing and managing innovation in the Australian Public Service; and recognition, sharing and learning.

From this report the APS 200 Public Sector Innovation Project³⁷⁰ was born. The project has been tasked with providing the framework for the APSC's innovation investment and to find ways of promoting innovation in the APS.

The project is sponsored by the Secretary of the Department of Innovation, Industry, Science and Research and is being led by members of the APS 200 (a senior leadership group comprised of Senior Executive Service Band 3 officers and Secretaries). The project has adopted Web 2.0 tools, hosted workshops and master classes and provides a forum for APSC staff to collaborate on issues, discuss concepts and build innovation momentum.

Case study: Innovation in the ACT

CCCares program

DET developed a nationally acclaimed innovative policy and program design through its CCCares program. Canberra College has partnered with the Child, Youth and Women's Health Program run by ACT Health to support the needs of pregnant or parenting students, providing a 'one-stop-shop' for educational and health services for their students. It has resulted in greater student engagement and connection with external health agencies, higher rates of certificate completion and an increased sense of belonging. These achievements were recently recognised through the Schools First awards program, with CCCares winning the inaugural Schools First National Award in November 2009 and \$750,000.

Home to work

Home to Work, is a collaborative community inclusion initiative designed to improve the life and work opportunities for public housing tenants living in Canberra's inner-north. The project was initiated by the ACT Government (CMD and the Department of Disability, Housing and Community Services), funded by the Commonwealth; project managed by Anglicare Canberra and Goulburn and implemented by Northside Community Services. The project employs three brokers (based in Anglicare, Northside Community Services and Housing ACT) to outreach to tenants, build links between services and deliver parts of the project on-site.

ANZSOG and NATSEM will independently evaluate the project in early 2012 to assess the experiences and outcomes for tenants, and the challenges and opportunities for working in innovative and collaborative ways. The evaluation will further inform 'joined-up' policy development and service delivery in the ACT and nationally.

³⁷⁰ See <http://innovation.govspace.gov.au/about/>

The plethora of approaches to encouraging, capturing and implementing innovation in the public sector and the desire for instant results and high quality execution keeps the debate about change and modernisation hidden. Critically, a desire for change will not in and of itself bring about change— fundamental to sustainable change is engagement of the ACTPS and its leadership.

Much public sector innovation occurs away from the media, politicians and academics, largely because people need the freedom and space to innovate out of the sight of expectant eyes.³⁷¹ The desire for constant improvement, innovation and modernisation has resulted in a culture throughout the Public Sector (here and elsewhere):

...whereby an idea springs to mind and instantaneously policy makers must respond with an instant remedy which must work like magic within a period just long enough for the press to remember it. For instance:

- failing schools are given “super-heads”;
- action zones are located in disadvantaged neighbourhoods;
- staff are given tick-box “check-lists” of what to do;
- blaming individuals for “age-old” practices and disasters does not lead to improved practices but rather a denial of the realities and relationships that need to change.³⁷²

A common theme during the Review was a genuine and powerful desire to be innovative and improve how the ACTPS works, but the risk aversion, entrenched cultures and norms of behaviour made working this way very difficult. Traditional hierarchical public service governance arrangements and structures can stifle innovation and encourage insular siloed thinking if those structures are not grounded in a collaborative and adaptive culture.

Officials advocated an innovation framework within the ACTPS, but were of the view that a one-size fits all innovation model would fail. They called for an urgent and transformational approach to dealing with the issues that face the city state government.

The prevailing view was that open and collaborative problem solving would assist in establishing innovation as core business (‘the way things are done around here’). Innovation should be rewarded, recognised and cultivated by the ACTPS’s senior leadership.

Conclusion

The Review recommends embedding innovation as a core value within the ACTPS priority setting framework and tasking the Strategic Board with leading an enterprise challenge. The ACTPS enterprise challenge would support the Government’s broader fiscal strategy and the overall ACTPS reform program.

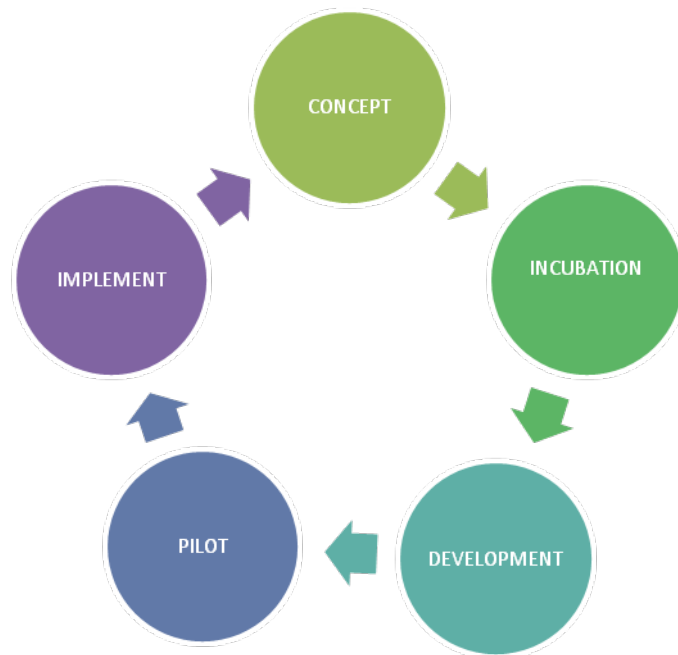
Practically, the Review recommends adoption of innovation enablers. The enablers are a series of initiatives designed to create a whole of service innovation framework and develop

³⁷¹ Maddock, S. (2002) p.18.

³⁷² Maddock, S. (2002) p.14.

mechanisms for the cultivation of innovation. The enablers will identify mechanisms to support (and fund) innovation.

Figure 22 - Innovation Cycle



Recommendation: Innovation

- establish an innovation framework that articulates the innovation enablers;
- highlight the enterprise challenge of innovation – what can I do today that will improve how services are delivered and policy is designed;
- mandate the role of innovation in Government priorities;
- mandate the proposed Chief Minister’s Department with the responsibility to co-design and actively promote and encourage a sustainable innovation culture; and
- leverage web 2.0 technologies to establish an innovation hub

Employment Framework

The ACTPS organisation structure and employment framework reflects ‘large’ Government rather than a small city-state jurisdiction. Considerable administrative effort has been expended on simplifying the employment framework over the last few years. As outlined in the ACTPS Submission to the AGRAGA Review:

Subject to occupational specific payments such as shift work allowances, an individual who transfers at level within the ACTPS does so with the surety their remuneration, leave entitlements and other terms and conditions will not change. Although employment arrangements differ for non-executive and executive staff, legislative mechanisms are in place for both streams that provide this continuity. Consequently, individuals can consider moving between departments – thereby moving ideas, skills and experience between agencies and strengthening the capacity

of the service – without being concerned their remuneration or entitlements will regress if they do so.³⁷³

There is significant opportunity to improve how the ACTPS works cohesively towards common outcomes. Many of the challenges facing the ACT public sector are common to governments around Australia and the world. The Scottish Executive, for example, highlights a number of issues that resonate well with the ACT experience:

But there is no doubt that our public services have to be more responsive and effective and that we face a number of long-term challenges over the next 20 years, which we cannot meet unless we accelerate the pace of modernisation and reform:

- We have a more diverse and individualistic society with different aspirations and expectations. People are better equipped to make assessments of service quality and to judge service quality against the best elsewhere, and they expect services tailored to their needs ...
- We are experiencing unprecedented technological change – with opportunities to deliver services in new ways, but also risks of increased inequality.
- The proportion of people of working age in the population is shrinking. The fact that so many of us are living longer is a cause for celebration, but we cannot deny that it will put public services under increasing pressure if we do not reform.”³⁷⁴

During the consultation process, ACTPS staff provided extensive input as to what cultural, structural and legislative conditions would support a high functioning, innovative and agile public sector. Officials saw the current employment framework as a key inhibitor to achieving a sustainable high performance culture.

Feedback from officials indicates that a core outcome of the employment framework should be a One ACTPS approach that attracts, develops and maintains a high quality workforce. Critically, officials desired an employment framework that allows for flexible employment and engagement practices and one that allows greater mobility across the Service (including to and from the Commonwealth).

History of the Employment Framework

The ACTPS was established in 1994 under the *Public Sector Management Act 1994* (the PSM Act) – an Act derived from the Commonwealth *Public Service Act 1922* (now repealed). Prior to establishment of the ACTPS under a Territory Act the ACT public sector was an agency established under Commonwealth Law to provide services to the newly established body politic.

³⁷³ Cappie-Wood, A. (2009) *Submission by the Administering Chief Executive on behalf of the ACT Government to the Advisory Group on Reform of Australian Government Administration*.
http://www.dpmc.gov.au/consultation/aga_reform/pdfs/0093%20Mr%20Andrew%20Cappie-Wood,%20on%20behalf%20of%20the%20ACT%20Government.pdf

³⁷⁴ Scottish Government (2006), p.5.

The legislative employment framework consists of the *Public Sector Management Act 1994* (PSM Act), the subordinate Public Sector Management Standards (PSM Standards) and Enterprise Agreements (Agreements) made under the Commonwealth's *Fair Work Act 2009*.

In 2002-2003 the then Commissioner for Public Administration Richard Moss conducted a comprehensive review of the PSM Act. The Review made 31 recommendations to improve the legislative employment framework, modernise the ACTPS and support a strong and highly skilled public service. The Review recommended an overhaul of the PSM Act – similar to the modernisation of the Commonwealth legislation in the *Public Service Act 1999*.

The Moss Review recommended fundamental changes to the employment framework that would support agile government and provide for a 'one Service'. Importantly, it recommended a system of employment that encourages independence and the provision of frank and fearless advice. Recommendation 15 proposed mechanisms to deploy staff more effectively in pursuit of organisational and Service goals.³⁷⁵ The establishment of a single administrative unit for the ACTPS would assist in achieving the same goal albeit using a different mechanism.

Some changes to the employment framework have occurred, but the majority of recommendations were not progressed due to stakeholder opposition, changes to the wider ACTPS working environment and Government priorities at the time.

Implementation of the recommended single ACTPS would be aided by immediate progression of amendments to the PSM Act and its associated subordinate legislation. The legislative amendments would signal the Government's resolve to drive change through the ACTPS.

Successive rounds of Agreement-making in the ACTPS have seen matters originally covered exclusively in the PSM Act and PSM Standards modified by Agreements. In several instances, Agreements have expressly overridden the PSM Act or PSM Standards in relation to a particular matter.

Over time, the interaction between the PSM Act, PSM Standards and Agreements in relation to some matters has become unnecessarily complicated, making the legislative employment framework difficult to interpret. Having matters duplicated in multiple documents creates ambiguity about the role and function of the different components of the legislative employment framework.

The Public Sector Management Group within CMD has been working on a program to reduce the tension between the PSM Act, Standards and Agreements, thereby making the legislative employment framework less difficult to interpret and operate under. In December 2010, the Public Service Amendment Bill 2010 was tabled. This Bill is intended to address, in part,

³⁷⁵ Commissioner for Public Administration (2003) *Report of the Review of the Public Sector Management Act 1994*. ACT Government, Canberra p.33

inconsistencies between the components of the employment framework and to contribute to the overall efficiency of the ACTPS

In particular, the PSM Act requires significant structural changes in order to establish a modern, flexible, efficient and accountable legislative employment structure in line with other jurisdictions, including the APS. In tandem with an overhaul of the PSM Act there is a need to review and enhance the capability and capacity of the existing ACTPS operational systems:

InTACT and the Payroll systems employed by the ACT Government are both outdated and often incompatible with other software used by departments.... This is very poor for a modern service trying to operate in a competitive labour market and affects the reputation of the ACT Public Sector.³⁷⁶

There are at least six operational systems³⁷⁷ covering staff employed under the PSM Act. The existing operational systems are unable to adapt to the increasing demands of a flexible, modern workforce. For a small organisation the complexity of the operational systems is illogical, warranting a strategic investment.

Central to the pursuit of a simpler, more consistent and more coherent legislative employment framework is the need to streamline the ACTPS enterprise agreements. Single enterprise agreements covering general classification staff are in place in the Victorian, South Australian, Northern Territory and Tasmanian public sectors. The CPSU has recently lobbied for a single agreement at the Australian Public Service level.

In 2009 the Government proposed a single enterprise agreement to consist of agency schedules for those general classifications currently covered by “common terms and conditions” agreements.³⁷⁸ The proposed single agreement would apply only to employees currently covered by common terms and conditions and specific occupation based agreements would continue. It’s puzzling that this proposal for the ACT was rejected given the path the CPSU has pursued at the Commonwealth level and in other States.

Logically, a single agreement would also constitute a more efficient method of conducting negotiations for union and non-union representatives as well as for the employer. There are complexities associated with a single agreement – none the least ensuring buy-in from bargaining representatives (both union and non-union).

³⁷⁶ Submission No.3.

³⁷⁷ Operational systems include those systems that maintain employee records; process payroll, record and process leave entitlements, and store and report on workforce data.

³⁷⁸ A ‘common terms and conditions’ agreement is an “agreement” which is reached between Government and nominated bargainers including most unions on specific entitlement matters (including quantum, leave types and length of agreement etc) that apply across most of the ACTPS enterprise agreements as Part One of those agreements. The common terms and conditions cannot be bargained away at agency level. Part Two of overall agency agreements (commonly referred to as agency schedule matters) pertain to agency specific matters only which are specific to that agency and can be bargained by the agency. The common terms and conditions does not normally apply to occupation based agreements e.g. fire-fighters, doctors , teachers, ambulance officers, nurses etc. However, those agreements pick up aspects of the common terms and conditions.

Unions expressed frustration to the Review at the lack of progress on undertakings made during successive collective agreement negotiations. The Review has concluded that these frustrations would be resolved if resources were able to be more efficiently utilised and reallocated from tactical multiple enterprise agreement negotiations to a single multi-year agreement for general clerical staff.

A long term goal of a single agreement for general clerical staff will foster simplicity, efficiency and agility and free up resources to focus on strategic improvements to the employment framework.

Classifications and Workforce Capabilities

A further complexity to the employment framework is the sheer volume of classifications – more than 230 across the ACTPS. During 2010-11 and 2011-12 the proposed Chief Minister's Department will jointly undertake a review of the classification structure in the ACTPS with nominated union representatives to develop a simpler classification structure which will:

- promote greater consistency across government in classifying positions and improving wage equity between positions having equivalent work level standards and work value requirements;
- clarify and update the legislative framework for the ACTPS classification structure to accommodate the changing needs of a modern public sector workforce, including a single salary spine;
- rationalise and simplify the ACTPS classification structure to improve administrative efficiency and facilitate mobility, with a view to ensuring that the assets of the Service are used effectively and responsively; and
- facilitate recruitment by making the competencies, qualifications and remuneration levels for ACTPS vacancies more accessible to potential applicants and by removing outdated structural barriers to mobility.

The Review endorses a focused effort to enhance the employment framework and the limbs that underpin it. Critically and in tandem with the classification review, workforce capabilities across ACTPS general classification levels or bands must be established (known currently within the ACTPS as work level standards). Crucial to a robust Service that is able to harness the capabilities of its workforce is an understanding of, and recruiting to, those core technical and non-technical capabilities.

Other jurisdictions have invested considerably in the development and articulation of non-technical workforce capabilities at all levels across the Service. In its recently completed report to the South Australian Government, the Public Sector Performance Commission (PSPC) outlined its action plan to relaunch sector-wide performance management with specific emphasis on ensuring benefits to individuals, line managers and agencies. The PSPC will specify the process of performance management but more importantly it will be based on the expectation that all public sector employees understand their minimum performance

standards and practices and how their performance goals align with the strategic direction of their organisation and unit.

The most developed workforce capability paradigm is the Commonwealth's Integrated Leadership System (ILS) which articulates five core capability clusters to assist in professional development, capability planning and agency succession management.³⁷⁹ This unambiguous articulation of expected workforce capabilities enables officials to work towards common performance goals. In the words of one official "if you don't have a map how do you know your final destination?":

Despite detailed clauses in the Agreement and other policy documents addressing this issue in the Public Sector Management standards this matter [dispute resolution] is particularly badly handled in the ACT Public Sector. Often these matters drag on for months and sometimes years resulting in staff being on extended periods of paid or unpaid leave without a resolution to the problem. It has also resulted in some expensive workers compensation and stress leave claims which are both costly to the service and unsatisfactory in their outcome for the parties concerned.

Properly qualified and skilled Human Resource managers in departments would go some way to solving this problem and creating a more positive problem solving culture. It would create real career paths for staff who are skilled or wish to become skilled in this area to stay in the ACT Public sector. The new Respect and Diversity policy together with suitable training for staff and managers will assist in this process.³⁸⁰

A clear expression of expected workforce capabilities and performance standards for the ACTPS combined with improved people and performance capability will assist with timely resolution of workplace disputes.

The Review believes it critical that non-technical workforce capabilities are developed for the general clerical classifications (including administrative service officers, senior officers, public affairs officers, legal policy officers, tourism officers, etc). The Commonwealth's ILS provides a solid tested model for the ACT. Importantly, if People and Performance Division does not have the skilled resources to undertake this development in-house then those resources should be recruited to work alongside existing officials to build capability in this essential area of strategic people performance and workforce planning.

Resourcing

Hand in hand with workforce capabilities is the remuneration structure for ACTPS officials. The matter of resourcing drew some commentary during the course of the Review. Officials and stakeholders identified several weaknesses in the existing classification structure, both in terms of remuneration as well as work value measurement. The Review's mandate does not

³⁷⁹ See <http://www.apsc.gov.au/ils/index.html>

³⁸⁰ Submission No. 3.

extend to matters of remuneration and resourcing, so this issue should be referred to the proposed Chief Minister's Department for further consideration.

According to the CPSU,³⁸¹ the following table shows ACTPS Pay Rates Compared to the APS Average (does not include minimum 6.4% less superannuation in the ACTPS).

Table 10 - ACTPS Pay Rates³⁸²

	ACTPS	APS Average	Deviation \$	Deviation %
APS 1/ASO Class 1	\$41,241	\$42,574	\$1,333	3.2
APS 2/ASO Class 2	\$46,832	\$48,464	\$1,632	3.5
APS 3/ASO Class 3	\$51,916	\$54,357	\$2,441	4.7
APS 4/ASO Class 4	\$58,213	\$60,596	\$2,383	4.1
APS 5/ASO Class 5	\$63,409	\$66,512	\$3,103	4.9
APS 6/ASO Class 6	\$74,188	\$77,544	\$3,356	4.5

UnionsACT were of the view:

the current resourcing in the Public Sector Management Group and the Office of Industrial Relations is completely inadequate to undertake the expected role to the benefit of the government, employees and departments. This is not only evidenced by the very lengthy and protracted negotiations that took place in the last bargaining round. Various agency agreements were negotiated between September 2009 and June 2010 yet (at the time of writing) voting still has not occurred in many departments...A Work Reclassification review which was supposed to have commenced in August has still not begun or even recruited suitable staff. Failure to complete work and meet deadlines is a constant problem in this area. The lack of skilled staff in the ACT public sector in Human Resource management at all levels is a constant cause of delays, wastes a lot of our members time and creates dissatisfaction in the service with employees.³⁸³

The Review notes the concurrent work of Mercer Consulting reviewing the executive structure and Special Employment Arrangements (SEA) framework. SEAs are industrial instruments entered into between an individual and their Agency to provide the individual additional entitlements in accordance with a predetermined set of parameters. Through SEAs agencies are able to respond to market pressures and the competitive job market in the attraction and retention of high calibre individuals, or individuals with scarce or especially valuable skills or qualifications.

The SEA framework is used by some agencies to provide for greater differentiation between the Senior Office Grade B and A classifications. Generally there is a significant responsibility differentiation between the two levels but only a very small remuneration difference of \$3,500 between classifications (sole increment).

The Review notes Mercer Consulting has provided its preliminary conclusions to CMD for consideration.

³⁸¹ Submission No. 11.

³⁸² Source: CPSU Wages Database 30 June 2010

³⁸³ Submission No. 3.

Recruitment

*A robust and dynamic approach to recruitment is therefore critical to secure a skilled workforce able to deliver the diverse range of services provided by government.*³⁸⁴

Since the ACTPS implemented the *Attraction and Retention Framework* separation rates have halved representing a conservative saving of approximately \$19.5 million in direct recruitment and indirect productivity costs. Although considerable improvements have been made to ACTPS recruitment practices the increased focus on leadership development and workforce capability will be undermined if those practices are not further simplified and streamlined. Recruitment practices must, of course, be undertaken in a fair and transparent manner consistent with legislative requirements, but there is significant opportunity to continue to improve the efficiency and effectiveness of ACTPS practices.

Facing similar issues to the ACTPS, the PSPC has recently completed a review of recruitment and retention, South Australia finding a “raft of practices that were unnecessarily fragmented and costly, and ultimately inefficient and ineffective. These practices posed considerable risk to the public sector’s ongoing capacity to secure and retain critical skills.”³⁸⁵

Similarly, the ANAO found that despite the exhortations of several reports and senior APS leaders over a number of years:

...nearly half of all responding APS agencies (47 per cent) reported that they did not have policies, strategies and/or frameworks in place to support them to meet workforce capability requirements over the next one to five years. The three audited agencies had not implemented workforce planning processes that were able to identify capability gaps, and had not tailored recruitment initiatives in response to clearly identified skill shortages. The lack of mature workforce planning processes impairs agencies’ capacity to address challenges arising from the changing workforce environment. In addition, none of the three audited agencies had developed recruitment strategies that addressed both general and targeted recruitment.³⁸⁶

The recently released APSC *State of the Service* report³⁸⁷ notes the average time to finalise recruitment for non-executive jobs in the Commonwealth Public Service was three and a half months compared to an ACT average of 56 days.

In one sense it is comforting to know that the challenges facing the ACT are not unique and that there are other sources of advice and inspiration on which it might draw. The ANAO and PSPC findings encapsulate the challenges and dilemmas facing the ACTPS. The findings made by the PSPC also resonate with those expressed by officials during this Review:

There were five central areas highlighted for action. These were:

³⁸⁴ Australian National Audit Office (2008) *Management of Recruitment in the Australian Public Service. Audit Report No.31 2007-08*. Commonwealth Government, Canberra, p.13.

³⁸⁵ South Australian Performance Commission (2010) p.19.

³⁸⁶ Australian National Audit Office (2008) p.18.

³⁸⁷ See <http://www.apsc.gov.au/stateoftheservice/0910/index.html>

- Develop the strategic human resource capacity of the whole public sector - If the fragmented approach to workforce structure and planning is not reformed at the public sector wide level, the public sector stands to lose its competitive capacity in a highly contested labour market. This includes the capacity to share good practice and encourage innovation.
- Create a single, sector-wide e-recruitment system - This recommendation was made previously by the Government Reform Commission in June 2007, although it was not implemented. In the absence of such a system, agencies will be forced to stick to a devolved approach, and Government will miss out on economies of scale and consistency of service.
- Create a candidate-focused recruitment experience - Recruitment should be focused on the experience of the candidates. New recruits and line managers told the reviewers of their concerns that current processes were cumbersome and too internally focused rather than ensuring a positive experience for candidates.
- Rethink branding - Chief executives, human resource managers, new recruits and line managers all strongly urge adopting a sector-wide approach to advertising that promotes flexible, family-friendly work arrangements, opportunities for career progression, and the ability to make a difference across a wide range of areas.
- Ensure that advertising accurately reflects the position - Advertisements and job descriptions were considered unappealing by new recruits, too complex and bureaucratic, and a poor representation of the work required by the position. This, plus a complex application processes, was found to deter candidates from applying.³⁸⁸

Further, the PSPC has recommended implementation of sector-wide recruitment reform by:

- delivering a public sector wide e-recruitment solution;
- increasing candidate attraction to the public sector brand through targeted campaigns that utilise modern communication channels; and
- providing a coordinated approach to general intakes, targeting skills areas and general workforce needs at sector, cluster and agency levels.

The ACTPS *Attraction and Retention Framework* has delivered many of the reforms proposed by the PSPC - targeted campaigns to attract vital skills and a coordinated approach to general intakes, a consistent ACTPS brand and, an advertising approach that accurately reflects streamlined application processes. Further opportunity exists to improve upon the solid foundations of the framework and streamline the processes of recruitment.

Recommendation: Employment Framework

- undertake a systematic and comprehensive review of the PSM Act, its subordinate instruments and the Enterprise Agreements. The outcomes should be:
 - a new modernised Act

³⁸⁸ South Australian Performance Commission (2010) p.20.

- a simplified employment framework
- a single classification enterprise agreement
- a simplified classification structure ;
- by late 2011, release an exposure draft of a new PSM Act for community and ACTPS consultation;
- invest in the development of a whole of government “HR” operational system that would support the needs of the entire Service;
- develop and implement non-technical workforce capabilities for the general clerical classification (including administrative service officers, senior officers, public affairs officers, legal policy officers, tourism officers, etc); and
- identify recruitment needs, limitations of current practices, costs and further opportunities for improvement. Identify and implement measures to streamline recruitment processes while maintaining the principles of merit and transparency.

Statutory Office Holders

Statutory offices are generally created to enable the function to be performed at arm’s length from the Government. The Territory has a number of such people who discharge specific statutory responsibilities prescribed in enabling legislation.

The Review’s comments on the role of statutory office holders appear in Chapter 3. The model of statutory office holders varies across the ACTPS. They are appointed on either a full time or part time basis. Some are employed by the ACTPS as executives (or non-executives) and others are appointed by the government to carry out prescribed statutory functions. There are currently 16 fulltime statutory office holders who are not employed in the ACTPS and for whom the Remuneration Tribunal determines remuneration.

The terms and conditions vary across statutory office holders and generally are not well defined by the agreements. Although CMD has gone some way to standardising arrangements, there is room for improvement.

Recommendation: Governance

- the proposed Chief Minister's Department adopt a standard model for the appointment and terms and conditions for fulltime and part-time statutory office holders
- review the arrangements of ACTPS engaged part-time statutory office holders.
- In keeping with their independence, these offices should receive appropriation funding in their own right. While the level of resourcing for those officers is properly a matter for the government to determine in setting the Budget, it is appropriate that funding for independent office holders be appropriated directly to their offices.

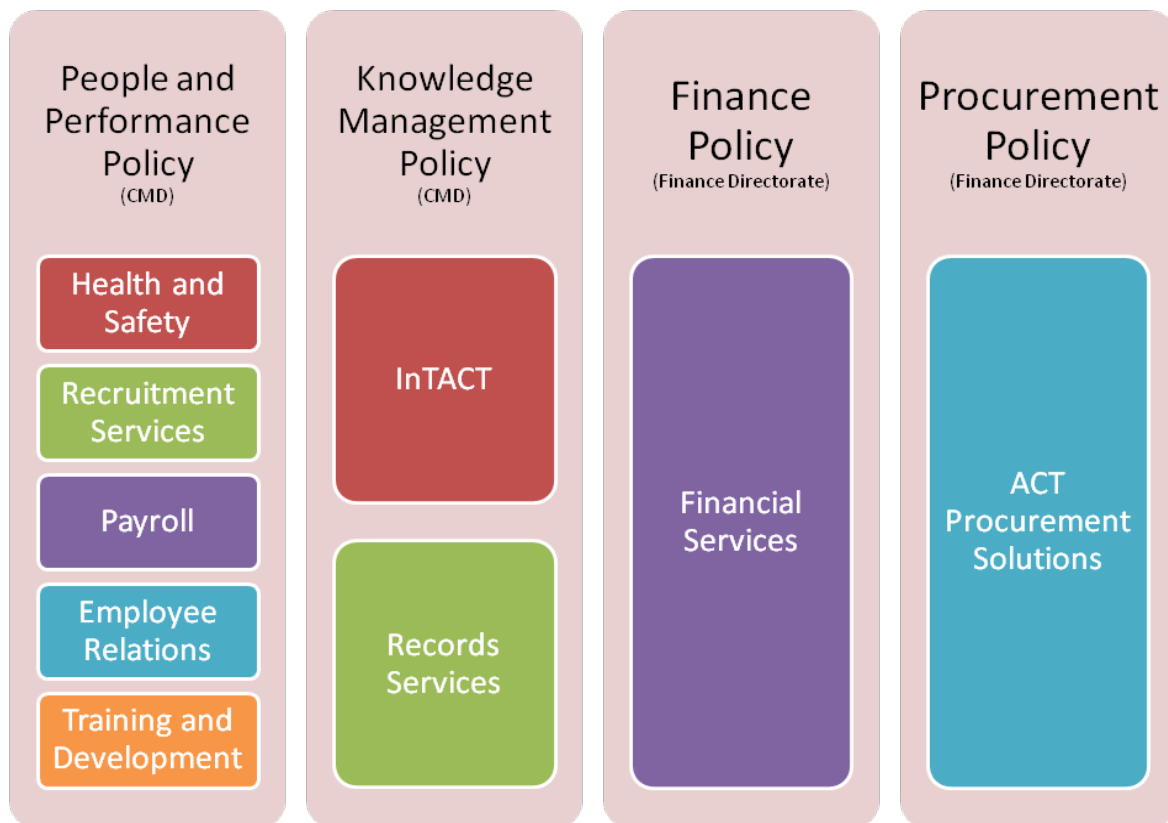
Shared Services

The Review has considered and endorses the model of Shared Services and notes concurrent work by the Expenditure Review and Evaluation Committee reviewing its operations.

Throughout the Review, there was general support for the Shared Services model. While the establishment of Shared Services has begun the process of removing duplication and enhancing efficiencies, there was also consensus that more could be done to embed and enhance the function and operation of Shared Services. A consistent view was expressed that transactional finance and people and performance were being delivered satisfactorily, but there was particular scope for improvement in relation to procurement, information technology, and provision of the next layer of people and performance services.

There was also a clearly held view about the need for greater clarity between the role of policy (central agency), strategic operations (client agencies) and operational service delivery (Shared Services). In practice, when the policy function is under both capacity and resourcing pressure the operational service provider (Shared Services) may at their own initiative step into the whole of government policy and strategic program delivery areas. This response further compounds the desiccation of responsibility between the policy function and operational service deliverer.

Figure 23 – Strategy and Policy and Operational Service Delivery Roles and Responsibilities



Officials believed that the Shared Services delivery model would benefit from further consolidation and refinement and that there should be a focused effort to build the capability of Shared Service officials to deliver high quality services in a complex environment:

Many of these matters [investigations] are referred to Shared Services who are clearly under-resourced and not sufficiently skilled to deal with them. This is well evidenced by the constant delays to resolution which seriously affect both my members and their respective members plus the staff in Shared Services. It also aids in creating a culture of indecision, shifting blame and poor outcomes to these matters which in turn creates job dissatisfaction for all concerned.³⁸⁹

Critically, officials were of the view that Shared Services fails to understand the business of the ACTPS. One official expressed it as:

At the heart of this seems to be Shared Services lack of clarity around their role as a service provider rather than a service determiner. The focus of Shared Services is often more on process than supporting the work of the agency. While a focus on collaboration and developing closer working relationships has been introduced to

³⁸⁹ Submission No. 3.

ameliorate such issues, this is not able to create a shared understanding of Agency priorities and need, particularly when expertise is required.

Some of this lack of clarity may stem from Shared Services' governance structure which may not allow appropriate expertise to be developed. Anchoring corporate services in the problems to be solved within Directorates and shifting them from being generic and detached back of house services to an engaged service deliverer will assist Shared Services develop a better understanding of their clients business needs .³⁹⁰

A consistent theme from Officials was that Shared Services should be funded through Budget appropriation rather than through service fees. The current funding model creates inefficiencies and implies a standard of service and application of expertise that is not evident in the service delivery. The Review has referred the matter of the Shared Services funding model to the Expenditure Review and Evaluation Committee for consideration. The Review does, however, recommend that any funding model for back of house services should be measured against the principles of efficiency, effectiveness, minimisation of duplication and best value. There is a risk, however, if price signals for Directorates (e.g. for provision of IT equipment) are entirely lost in different funding models. It may be that a blended model of funding of core capabilities, supplemented by fee for service on basic equipment for example, might bring improvement and efficiencies at both ends of the transaction.

Concerns were expressed by Officials about the ability of Shared Services to support agency service and program delivery. Officials perceive that the expertise and project management capabilities within Procurement Solutions are not of the order necessary to support departments facilitate minor projects or deliver large scale initiatives such as those undertaken during the Building the Education Revolution projects.

Almost universally when failed, late or over-budget public sector projects are reviewed, poor project management is identified as a contributing factor. The recent Queensland Auditor General's Report into their Continuity Project for Payroll systems³⁹¹ emphasises the need for significant improvement in program and project governance, including up front and ongoing scope management, vigorous controls over budgets, and comprehensive testing and implementation regimes.

Good project outcomes need both skilled project governance and good project managers. Generally, agencies are poorly positioned to oversee the scoping, development and implementation of ICT initiatives. In practice, they rely heavily on the expertise of InTACT to guide the development of business requirements, oversee project management (business and technical management), provide infrastructure and support to applications. As one official put it:

³⁹⁰ Maddock, S. and Robinson, B (2010) p.21.

³⁹¹ Queensland Audit Office (2010), *Report to Parliament No. 7 for 2010 Information systems governance and control, including the Queensland Health Implementation of Continuity Project*. Queensland Government, Brisbane p.1

Often, to avoid these costs, business managers in the ACT Government, systemically underestimate the complexity of ICT enabled projects and the need for specialised project management skills. Relatively junior administrative staff are nominated as project managers for what are wrongly judged as “simple technology” projects, leading to poor project outcomes through delays and escalating costs.

ICT workforce planning should be part of the mandate of the proposed Chief Minister’s Department. This workforce planning requires a balance between permanent employees and contract staff, periodic decisions as to which ICT functions are best undertaken “in house” which should be delivered through partners and an acute awareness of the changing technological skill sets required. The planning will also include growing a skilled set of business resources that can parachute into a Directorate to assist or oversee project management on behalf of the client business area. This would reflect an approach already implemented in recognition of the growing challenges of ICT projects, by the Department of Education and Training which has created an Information Services Branch to provide business leadership to projects.

Officials also advocated for a more flexible and tailored approach to procurement processes. Officials also heavily criticized the current funding model stating that the standard contract administration fee (four per cent) charged by ACT Procurement Services for construction projects is excessive, not competitive with the private sector, and not in proportion to the level of resources allocated by Procurement Solutions to manage projects. Moreover, the regulatory and service delivery roles performed by Procurement Solutions are not separately identified in the fee structure, something that needs to be rectified.

The lack of clarity around Procurement Solutions’ role in procurement, contract administration and project management is a core inhibitor of high quality services. These three functions are fundamentally different, requiring different core skills and expertise.

Officials from across the service have highlighted deficiencies in the operational “HR” systems – notably the failure to process long service leave, to respond to graduated return to work arrangements and provide detailed superannuation information on pay slips.

Staff turnover and lack of training have amplified the challenges faced by Shared Services and identified opportunities for further improvement in the areas of employee relations (particularly investigative standards), injury prevention and injury management.

Critically, the operational deficiencies manifesting in the transactional functions of Shared Services are magnified by the lack of strategic policy stemming from the workforce capability and capability functions.

Consideration could be given to embedding Shared Services staff within Directorates to develop a better understanding of their core business.

Recommendation: Shared Services

- undertake a review of the Shared Services funding model;
- undertake a service improvement program for non-transaction service delivery within Shared Services;
- under the direction of the relevant policy function, build Shared Services core technical and non-technical capabilities; and
- replicate and entrench the strategies that have led to the positive *Canberra Connect* customer service culture as a model for other front line service delivery areas.

CHAPTER SEVEN: SUSTAINABILITY, HOUSING AFFORDABILITY, TRANSPORT

Introduction

The governance, structural and capability changes proposed in earlier chapters are not ends in themselves: they are the means to improve the capacity and effectiveness of the ACTPS in supporting the Government's delivery of its vision and priorities for the city. Indeed, this is at the heart of the Review's purpose as outlined by the Chief Minister:

Government wanted to be sure that the configuration of the public sector remained appropriate for meeting the broad-ranging needs of government and to deliver on the Government's agenda for the remainder of the term, particularly in relation to major priorities such as sustainability, housing affordability and transport, which cross traditional agency parameters.³⁹²

This Chapter provides an overview of issues raised during consultations and in Submissions to the Review in connection with those three major priorities, including an outline of some current strategies and activities in which the ACTPS is engaged.

Sustainability

What is Sustainability?

If you were to ask ten people what 'sustainability' means you would probably get ten or more different answers, illustrating the evolving nature and understanding of sustainability as a concept in light of the emergence of climate change as a critical public policy issue.

The most globally accepted definition of sustainability is drawn from a report by the World Commission on the Environment and Development. The then Secretary-General of the UN established the Commission, Chaired by Gro Harlem Brundtland, in 1983 to assess and identify environmental concerns around the world and determine strategies for addressing them. The Brundtland Commission highlighted issues spanning living conditions, resources, population pressures, international trade, education, and health.

³⁹² Stanhope, J. MLA (2010b) "Dr Allan Hawke AC to review ACT public-sector structures, capacity". Media Release. <http://www.chiefminister.act.gov.au/media.php?v=9919>

This led the Commission to define sustainable development as:

development that meets the needs of the present without compromising the ability of future generations to meet their own needs.³⁹³

In the foreword to the Brundtland Commission's report, the Chair described the importance of understanding the true nature of 'environment' and 'development':

The environment does not exist as a sphere separate from human actions, ambitions, and needs, and attempts to defend it in isolation from human concerns have given the very word "environment" a connotation of naivety in some political circles. The word "development" has also been narrowed by some into a very limited focus, along the lines of "what poor nations should do to become richer", and thus again is automatically dismissed by many in the international arena as being a concern of specialists, of those involved in questions of "development assistance".

But the "environment" is where we all live; and "development" is what we all do in attempting to improve our lot within that abode. The two are inseparable.³⁹⁴

While expressed in many ways, sustainability has three key components:

- recognition of the interdependence of social, economic and environmental well-being;
- a focus on equity and fairness, and the need to take account of the effect of our actions on others in an interdependent world; and
- recognition that meeting the needs of today must not be at the expense of future generations being able to meet their needs.

The ACT Government's approach to sustainability is set out in its key policy document, *People, Place, Prosperity* which adopts the Brundtland Commission's definition of sustainability. The policy states:

In order to fulfill our role effectively in creating a sustainable future, the ACT Government has adopted an understanding of sustainability that recognises the need for a long-term perspective, the need for responsibilities and benefits to be shared equitably, and the interdependence of our economy, environment and society.³⁹⁵

Similarly, Section 9 of the *Planning and Development Act 2007*³⁹⁶ provides:

sustainable development means the effective integration of social, economic and environmental considerations in decision-making processes, achievable through implementation of the following principles:

- (a) the precautionary principle;
- (b) the inter-generational equity principle;

³⁹³ United Nations (1987) *Our Common Future: Report of the World Commission on Environment and Development*. <http://www.un-documents.net/wced-ocf.htm>

³⁹⁴ United Nations (1987)

³⁹⁵ ACT Government (2009c) *People, Place, Prosperity: The ACT's Sustainability Policy 2009*. Canberra, p.2.

³⁹⁶ See <http://www.legislation.act.gov.au/a/2007-24/default.asp>

- (c) conservation of biological diversity and ecological integrity; and
- (d) appropriate valuation and pricing of environmental resources.

the inter-generational equity principle means that the present generation should ensure that the health, diversity and productivity of the environment is maintained or enhanced for the benefit of future generations.

the precautionary principle means that, if there is a threat of serious or irreversible environmental damage, a lack of full scientific certainty should not be used as a reason for postponing measures to prevent environmental degradation.

The triple bottom line focus of the Government’s approach to sustainability is evident in *People, Place, Prosperity*, as well as in these legislative provisions.

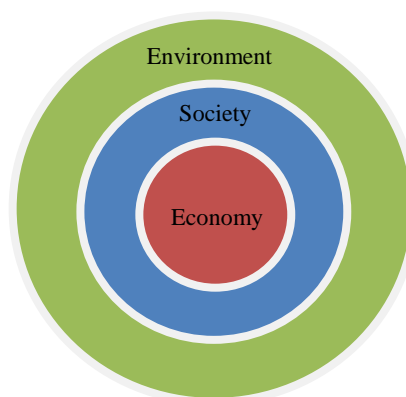
What is not transparent, however, are the difficult trade-offs that are often involved in pursuing policy directions and priorities in which balances must inevitably be struck. In supporting the Cabinet’s decision making in these circumstances, it is critical that the necessary cross cutting whole of government advice from the ACTPS is robust and comprehensive, and takes account not just of the three limbs of sustainability, but also the alignment of proposed interventions with the Government’s priorities.

The ACTPS needs to provide the Government with the perspective that allows it to reach a decision conscious not just of the social, environmental and economic impacts of a particular proposal, but also how the consequences of a decision that might properly, on balance favour one of those limbs, or affect the achievement of other priorities.

While it is helpful to establish a common understanding of the meaning of sustainability, it is perhaps more important to appreciate the context in which the term is used. In particular, sustainability does not mean no development, no growth or no change. The Review has consciously recommended the new Directorate responsible for this aspect of the work be called Sustainable Development for this reason.

This is particularly relevant when considering the triple bottom line concept of sustainability ‘environment’, ‘society’ and ‘economy’. There are, broadly, two models for representing these elements of sustainability. The ‘concentric circles’ model portrays the ‘social’ and ‘economic’ spheres as dependent on - or even constrained by - the environment sphere.

Figure 24 - Sustainability Represented as Concentric Circles



The second model represents each sphere as having equal standing, while reflecting the interrelationship between the elements, with sustainability achieved at the intersection.

Figure 25 - The Three Spheres of Sustainability



The sustainability policy articulated through *People, Place, Prosperity* promotes an ACT Government approach consistent with the second model.

Current Sustainability Framework and Arrangements

The Department of the Environment, Climate Change, Energy and Water was established at the 2008 election reflecting the increasing importance of, and focus on, environmental sustainability and climate change issues for the ACT Government. Its predecessor, the Office of Sustainability (which incorporated a wider sustainability role as well as environment, energy and water policy and programs) was initially located in CMD but, following the *Strategic and Functional Review of the ACT Public Sector and Services*, was moved to the Department of Territory and Municipal Services.

CMD continues to play its central agency role including through delivery of particular projects such as finalising the *Measuring Our Progress* website, developing approaches to triple bottom line annual reporting, and updating the government's sustainability policy *People, Place, Prosperity*. In 2010-11, proposed projects include coordinating the Government's involvement in the Legislative Assembly's Environment, Climate Change and Water Committee's inquiry into the ecological carrying capacity of the ACT and region, and finalising the triple bottom line assessment approach.

The framework for sustainability policy is sound. There was a view expressed in consultations, however, that while the Government has made various statements of its intent to embed sustainability into ACT Government agency operations and decision-making, this

broad commitment is not being translated into action in a coherent or strategic whole of government manner and consequently its performance is uneven. This will remain a challenge for the ACTPS into the future.

Role of the Commissioner for Sustainability and the Environment

The Commissioner for Sustainability and the Environment's statutory functions comprise:

- investigating complaints about the management of the environment by the Territory or a Territory authority;
- conducting investigations as directed by the Minister; and
- conducting, on the Commissioner's own initiative, investigations into actions of an agency where those actions would have a substantial impact on the environment of the ACT.³⁹⁷

In 2007, the Office was the subject of a comprehensive review, undertaken by Darro Stinson (the Stinson Review) which made five recommendations, two of which were directed at augmenting environmental sustainability:

The Commissioner for the Environment should now incorporate duties relating to sustainability and will be referred to as the Commissioner for the Environment and Sustainability.³⁹⁸

Implementation of sustainability frameworks requires a whole-of-government approach. Each agency should be required to prepare a framework document outlining how they will contribute to whole-of-government direction regarding environment and sustainability.³⁹⁹

Following release of the Stinson Review, the Chief Minister announced an expanded role for the Commissioner for the Environment:

On the basis of that review it had been decided to significantly expand the role of the Commissioner, making it a full-time position, to be known as Commissioner for Sustainability and the Environment. The position may also incorporate some elements of the current role of Conservator of Flora and Fauna, following the completion of the review of the Nature Conservation Act. Further work will be required to flesh out the expanded role, including some legislative changes.⁴⁰⁰

On 21 November 2007, the Assembly noted "that the Government will amend the *Commissioner for the Environment Act 1993* to expand the role of the Commissioner to include responsibility specifically for sustainability and will consult widely with the Government, business and the broader community on the scope of legislative change".⁴⁰¹

³⁹⁷ See <http://www.legislation.act.gov.au/a/1993-37/default.asp>

³⁹⁸ Stinson, D. (2007). *Review of the role of the Commissioner for the Environment*. ACT Government, Canberra, p. 4.

³⁹⁹ Stinson, D. (2007) p. 6.

⁴⁰⁰ Stanhope, J. MLA (2007) *Bigger Role for New Commissioner for Environment*
<http://www.chiefminister.act.gov.au/media.php?v=5951>

⁴⁰¹ See <http://www.hansard.act.gov.au/hansard/2007/week12/3598.htm>

The consultation process referred to above was undertaken by the Commissioner's Office, culminating in a report to the Minister for the Environment, Climate Change, Energy and Water. The Government is yet to announce its position on the report.

Given the nature of the Commissioner's responsibilities, specifically in relation to advancing sustainability and environmental security, it is appropriate that the Commissioner remain within the Environment, Climate Change, Energy and Water portfolio, with administrative responsibility vested in the Sustainable Development Directorate.

Embedding Sustainability Principles within the ACTPS

The word 'sustainable' (or derivatives) is used more than 100 times in the report on the outcomes of *Time to Talk Canberra 2030*. This reflects a high level of community interest and advocacy in this area:

Early in *Time to Talk Canberra 2030*, Canberrans identified a need for change and for Canberra to become a more sustainable, accessible and affordable city. As the conversation continued, discussion broadened to describe a clear agenda for this. The community is seeking change that is strategic; that respects the landscape; that supports sustainable, convenient transport; that encourages a healthy way of living; that promotes diversity – demographic, cultural and environmental - and that positions Canberra to take a greater lead in the region.⁴⁰²

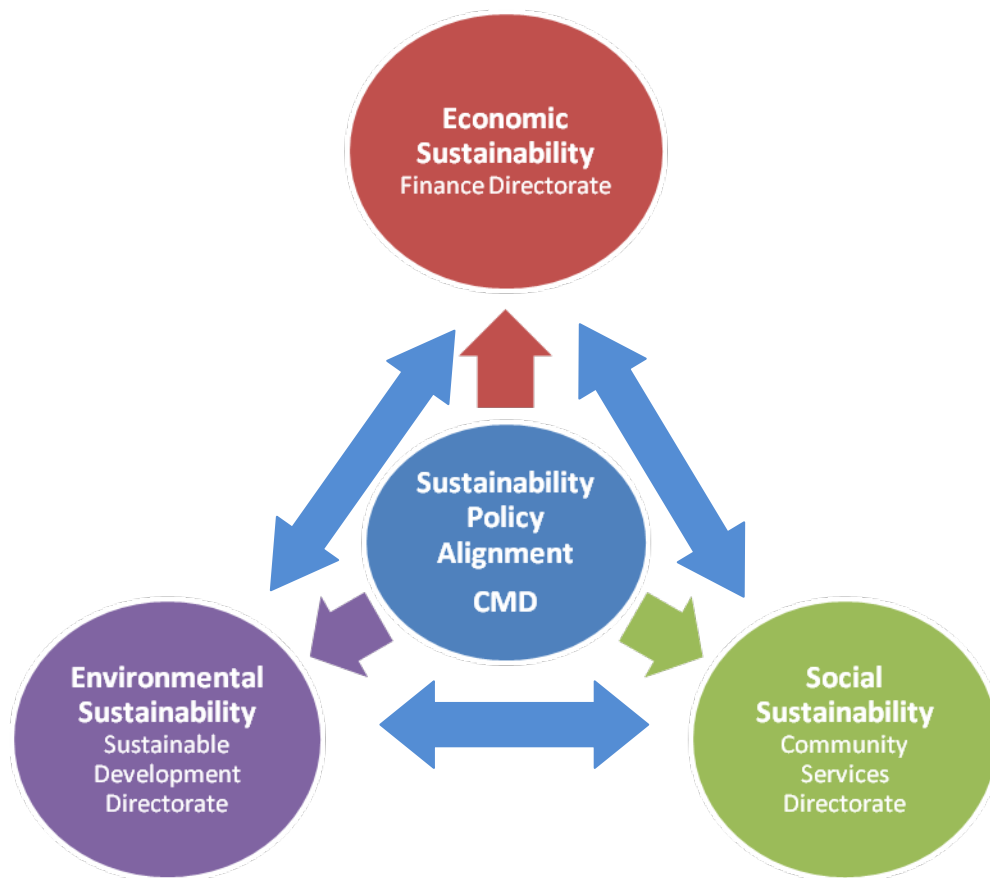
Steps have already been taken to address the Government's intentions with regard to sustainability, particularly through the ACT Government's Sustainability Policy, *People, Place, Prosperity*, which sets out a series of future actions, including:

- embedding community inclusion policy and practice in ACT Government;
- preparing a scoping study that will be used to shape a Clean Economy Strategy for the ACT Government;
- development of a triple bottom line assessment framework for government policies, programs, projects and initiatives;
- introduction of triple bottom line annual reporting;
- monitoring and reporting on progress towards sustainability;
- developing a second Action Plan under the ACT's Climate Change Strategy 2007-2025, *Weathering the Change*; and
- development of a framework for embedding environmental sustainability in ACT Government operations.

To improve whole of government engagement and adoption of sustainability principles and practices, greater coordination and alignment of effort within the ACTPS is required, as is genuine engagement with the citizenry in program and policy design and implementation.

⁴⁰² ACT Government (2010e) *Outcomes Report, Time to Talk Canberra 2030*. Canberra, p.6.

Figure 26 - Sustainability Interrelationship



Achievement of this level of interaction and integration needs to go beyond the simple production of frameworks and strategies. It must be central to how Directorates function and work together. Moreover, a decision taken by one agency with regard to, say, environmental sustainability, should automatically prompt input from the other Directorates with regard to the social and economic implications.

To this end, the proposed Chief Minister's Department must drive policy, ensuring alignment across a triple bottom line of sustainability focussed policies and programs.

Suggestions:

- the sustainability policy framework be formally articulated, incorporating the role of the various Directorates, including Triple Bottom Line Sustainability Policy Alignment (proposed Chief Minister's Department), environmental sustainability (Sustainable Development Directorate), economic sustainability (Finance Directorate), and Social sustainability (Community Services Directorate);
- the implementation strategy, timeframe and division of responsibilities for all sustainability policy initiatives and actions be clearly articulated in a single publicly available document (the sustainability policy); and
- progress on achievement against the sustainability policy be monitored and reported against, including progress against timeframes.

Housing Affordability

Background

A significant public policy issue that has emerged in the past decade concerns housing affordability. Rising house prices, particularly in the past decade, has seen rapid growth in the gap between those able to buy a home (and sustain a mortgage), and those who cannot. The implications of declining housing affordability go beyond simply home ownership; they are at the heart of the Australian dream and a strong and viable society.

Declining housing affordability is being tackled on many fronts at all levels of government. The COAG communiqué of 19-20 April 2010 noted:

The housing market faces significant pressures, with population growth and a healthy economy continuing to add to strong housing demand. Housing supply has not responded as strongly as it could have to this demand. Unless demand-side pressures are well understood and supply-side constraints are identified and addressed it is likely there will be greater pressure on house prices.⁴⁰³

Under the National Affordable Housing Agreement, Australian governments have agreed to work together to ensure people have access to “affordable, safe and sustainable housing that contributes to social and economic participation.”⁴⁰⁴

Much of this work is being undertaken through a Heads of Treasury working group, but progress has been slow. This arises from the significant disparity between the various approaches adopted by jurisdictions to tackle housing affordability. Development of ‘one size fits all’ measures is therefore difficult to achieve and may not be sensible anyway.

⁴⁰³ Council of Australian Governments (2010) - Communiqué - 19 and 20 April 2010, Canberra

http://www.coag.gov.au/coag_meeting_outcomes/2010-04-19/docs/communique_20_April_2010.pdf

⁴⁰⁴ COAG Reform Council (2010) *National Affordable Housing Agreement: Baseline performance report for 2008-09* – Report to the Council of Australian Governments. Sydney, p. xi.

Historically, the ACT has enjoyed the nation's best housing affordability. This situation is reflected in the most recent statistics gathered by the Real Estate Institute of Australia which indicate that, while the national average required to meet mortgage repayments is around 35% of household income, Canberra is roughly half this level at 18%.⁴⁰⁵ This performance is, of course, largely a consequence of the Territory's higher than average household incomes. Housing affordability is nevertheless an urgent public policy imperative for the ACT Government.

As is the case in other jurisdictions, increases in housing prices over the last decade have had a disproportionate impact on lower income households. In Canberra's relatively small housing market higher prices have severely restricted the opportunities for lower income households to enter the mortgage market, putting further pressure on Canberra's rental market and public housing waiting lists.

As elsewhere, the rise in house prices in Canberra can be partly linked to the increase in Australia's population as a result of significantly higher levels of immigration. More directly, however, Canberra's housing market has been fuelled by strong growth in the Australian Public Service and by lingering 'pent-up' demand as a result of several years of undersupply exacerbated by the loss of over 400 houses in the devastating Canberra bushfires of January 2003.

Land Management in the ACT – Processes and Problems

All land in the ACT ultimately belongs to the Commonwealth of Australia and its use is strictly controlled under a leasehold system, managed by the ACT Government. This leaves the ACT Government uniquely positioned to manage the supply of land available for residential and commercial development and the nature of that development. It does this by releasing land in a four year forward program.

While recent efforts by the ACT Government to increase land supply have seen a significant rise in the number of dwelling sites released to the market, the increase has not prevented Canberra experiencing similar if not greater growth in house prices as other Australian cities.

It also needs to be noted that external factors including the *Environmental Protection and Biodiversity Conservation Act 1999 (Cwlth)* (EPBC Act), have the potential to materially affect the yield potential of greenfield development fronts, including, for example, Molonglo.

The Complexities of Bringing Land to Market

The Government's aim of having 'land on the shelf' for development requires land being processed through a series of planning and regulatory stages. Raw land must first be made 'zoning ready' - a process which requires development of an appropriate zoning for an area of land and amendment of the Territory Plan. This can take up to eight years for new development areas. 'Zoning ready' land must then be made 'planning ready' – a process

⁴⁰⁵ Real Estate Institute of Australia (2010), *Housing Affordability Report June 2010 to September 2010*. Canberra, p. 3.

taking up to four years. ‘Planning ready’ land follows ‘release ready’ – a process taking around 18 months. When this stage is reached, ‘release ready’ land can be sold to a developer and so enter the developers’ pipelines.

For ‘zoning-ready’ land to be ‘planning ready’ generally requires an approved Precinct Code – the product of a detailed suburb-based Concept Planning process prepared by ACTPLA, which is embedded in the Territory Plan after approval by the Assembly of a Variation to the Territory Plan. Other requirements include: EPBC Act clearance, an approved Environment Impact Statement, determination of required environmental offsets, and identification of trunk infrastructure items. The process can also require field surveys of endangered habitats and species and extensive analysis and consultation. Once the land has achieved ‘planning ready’ status it then must receive clearances from Heritage, Environment, Emergency Services Authority (ESA), Environment Protection Agency (EPA), ACTEW, and TAMS, including traffic, bushfire and storm water studies; and that it has capital works funding committed and programmed to allow the land to be sold to a developer to be deemed ‘release ready’.

Once ‘release ready’ land achieves this status, it is sold to developers who then commence preparation of the detailed subdivision and engineering design of the roads, drainage and related works, known as Estate Development Plans (EDPs). EDPs normally take on average around nine months to finalise, including approval by ACTPLA. Approval of the EDP allows there to be an exchange of contracts for sale either to builders or private purchasers. Financial settlement takes place once the developer has serviced the land, which usually takes at least nine months following exchange of contracts, at which time builders commence construction of dwellings on the site.

It is inevitable that proper planning and land survey takes time, but the current processes are complex, and ill suited to bringing land to the market quickly. Coming at the end of these long processes and under the pressure to deliver on the Government’s land release program, the LDA is often left very little time to complete the detailed sub-division design required in an EDP and to secure its approval by ACTPLA. While ACTPLA is required to finalise the assessment of an EDP within statutory timeframes, the timeframe does not commence until ACTPLA agrees that the EDP is in a form acceptable for it to be lodged with the Authority. As part of its process of agreeing to lodgment, ACTPLA circulates the draft EDP to secure endorsement from all ‘relevant’ agencies, which can involve 26 different decision-makers!

Not unusually, agency comments necessitate amendments to draft EDPs. Although this may be regarded as appropriate risk management, there is no limit on the number of re-circulations that may be deemed appropriate. As such, the statutory time limit on ACTPLA’s approval does not provide any real indication of the time for approval of an EDP, which in many cases is only achieved after many months of redrafting and circulation to agencies.

The response to address the complexities of the assessment processes has been for the controlling documents, in particular the Sub-division and Precinct Codes, to become more

prescriptive. This has resulted in those documents becoming even more voluminous and difficult for developers to interpret.

These complexities and time pressures also impact on private sector development, which are under their own commercial imperatives. A review by the Government's Industry Reference Group of the delivery of capital works and projects associated with land development identified the main problems in the following terms:

- the large number of studies and the similarity of many of the studies required;
- a lack of commitment from government agencies to the outcomes from each step in the process;
- a lack of clarity about who has a mandate for decisions;
- too many agency circulations;
- demands for unnecessary detail in EDPs; and
- planning work not being completed prior to raw land being sold at auction.

The implications of the current system were highlighted in a Submission to the Review:

... in a city state of 360,000 people, and without the imposition of an extra level of government as found in other jurisdictions in Australia, the current structures do not allow us to be as nimble as we should otherwise be to respond to critical matters such as capital works delivery and housing affordability.

ACTPLA, LAPS and LDA have recently agreed to changes to the existing planning and development process in an attempt to minimise delays caused by the requirement for both Structural and Concept planning, and to seek ways of creating better knowledge transfer between the planning and development stages of the process. So long as the administrative functions remain under separate control centres the Review believes that the systemic impediments of the current system will be difficult to overcome.

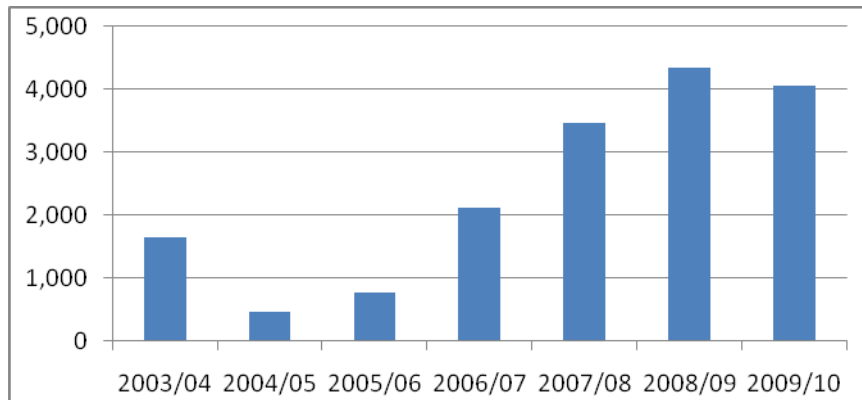
Strategies for Addressing Housing Affordability

To address the decline in housing affordability, in 2006 the ACT Government initiated an accelerated land release program. Recognising that land was the primary component of price inflation, the Government responded to the growing affordability gap by dramatically increasing the supply of residential land to the market in its forward release program to be sold by the Land Development Agency (LDA), commencing with the 2006-07 Land Release Strategy. The new priority accorded to land release was also reflected in the transfer of administrative responsibility for development of the land release program to the Chief Minister's portfolio, later culminating in establishment of the Department of Land and Property Services (LAPS).

Notwithstanding the higher community priority accorded to housing affordability, and the initial land release increases in 2006 and 2007, market demand continued to strongly outstrip supply. By 2007 it was becoming clear that housing affordability was an increasingly significant and complex issue requiring a sharpened policy focus and a substantial increase in

the release of residential land. As can be seen in Figure 28 below, by releasing around 12,000 dwelling sites over the past three years (2007-08 – 2009-10), dwelling sites nearly quadrupled the 3,300 sites released over the previous three years (2004-05 – 2006-07).

Figure 27 - Release of Residential Dwelling Sites - 2003-04 to 2009-10



Provided by the Department of Land and Property Services

Even this increase has not been sufficient to quell demand for land. To provide a sustained and comprehensive response to the problem of housing affordability, two key strategies have been put in place:

- increase supply still further to an extent which would move supply sufficiently ahead of demand that an inventory of land ‘on the shelf’ is established, to place downward pressure on land prices; and
- introduction of targeted measures and programs, to support those in greatest housing stress.

These measures were brought together under the umbrella of the Government’s *Affordable Housing Action Plan* (AHAP) first released in 2007 and expanded in a Second Phase in 2008.

Pump Priming Supply – Establishing an Inventory of Land ‘On the Shelf’

Under the AHAP, the Government’s land supply objective is to establish a sufficient inventory of land within the Developers’ and Builders’ pipelines (together also known as the ‘Combined Land Servicing and Dwelling Construction Pipeline’) to address current demand and thereby discourage land price inflation and to “develop a supply strategy that is capable of responding reasonably quickly to changes in demand”⁴⁰⁶. To achieve these objectives, the AHAP identifies several initiatives, including:

...adopt a four year developers’ pipeline (one year builders’ and three year developers’) maintaining inventory on the shelf at each stage of the pipeline to improve responsiveness”; and

⁴⁰⁶ACT Government (2007) *Affordable Housing Action Plan Progress Report*. Canberra, p. 8.

add an additional inventory to the pipeline of approved Estate Development Plans (EDPs) accounting for 8-12 months of current demand”.⁴⁰⁷

The ‘Combined Land Servicing and Dwelling Construction Pipeline’ comprises three components according to the different stages of the readiness of land to be sold for house construction (either directly to homebuyers or to builders delivering house and land packages). These stages are:

- where preparation of an Estate Development Plan (EDP) has commenced;
- where land is available for a civil works contract to be let; and
- where land is undergoing estate infrastructure servicing.

The targets set by the AHAP are for four years worth of supply at forecast levels of demand in the pipeline plus 8-12 months worth of land ‘on the shelf’. On the basis of current annual demand levels, having four years of land in the pipeline essentially means that there should be 12,000 dwelling sites available (9,000 in the hands of developers and 3,000 in the hands of builders) with another 2,000 to 3,000 blocks held by the Land Development Agency (LDA) with approved EDPs in place so that construction contracts can be let if demand increases suddenly. The objective is detailed below.

Figure 28 - AHAP Objective of Land in the Developers’ and Builders’ Pipelines

Combined Land Servicing and Dwelling Construction Pipeline					
	Developers’ Pipeline		LDA’s ‘EDP’ shelf	Builders’ Pipeline	Total
	3 years’ supply		8-12 months’ supply	1 years’ supply	
Phases of Pipeline	EDP in preparation	Land Servicing - trunk infrastructure connections	Contingency to meet demand changes	servicing done and land ready for dwelling building start	
AHAP Targets	9,000		around 3,000	Up to 3,000	15,000

Any land left over from the three stages is ‘on the shelf’ ready to meet demand spikes. The number of dwelling sites within current pipelines is over 14,700 but most are still at the early stages of the Developers’ pipeline and there are no dwelling sites ‘on the shelf’.

Targeting Areas of Greatest Housing Stress

To supplement its broad supply-side response to the growing pressure on affordability, the AHAP also introduced a range of measures targeted at people in public housing and rental stress and those in the affordability gap which had emerged as a result of the increase in

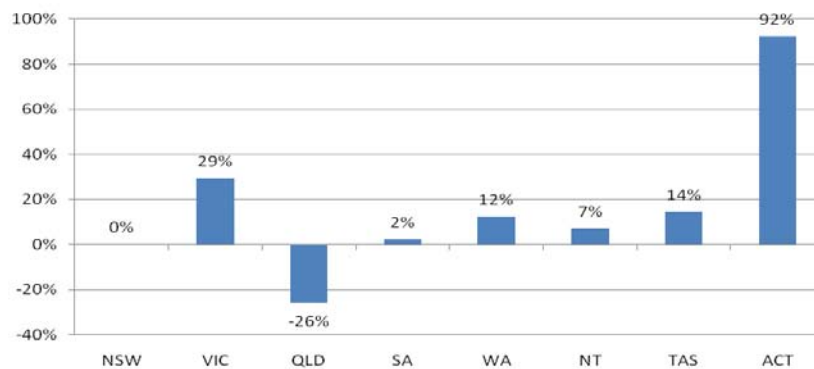
⁴⁰⁷ ACT Government (2007).

house prices. Among the actions targeted at particular segments of the lower income quintiles, the headline measures included:

- more affordable house and land packages – a requirement that 20% of all new residential estates must now comprise affordable house and land packages (currently under \$328,000) indexed to *the ABS House Construction Index*;
- ACT Land Rent Scheme – allowing homebuyers to pay a rent rather than an upfront lump sum capital payment for the land component of their property;
- stamp Duty concessions and payment deferrals to eligible first home buyers – including deferral of stamp duty for up to five years, an increase in the stamp duty income threshold, and deferral of land payment until the certificate of occupancy is issued;
- shared equity schemes for ACT public housing and community housing tenants; and
- income land ballots targeted at low and moderate income quintiles.

Most importantly, as a result of the combination of these various measures, the increase in housing starts in the ACT is at a scale not emulated elsewhere in Australia.⁴⁰⁸

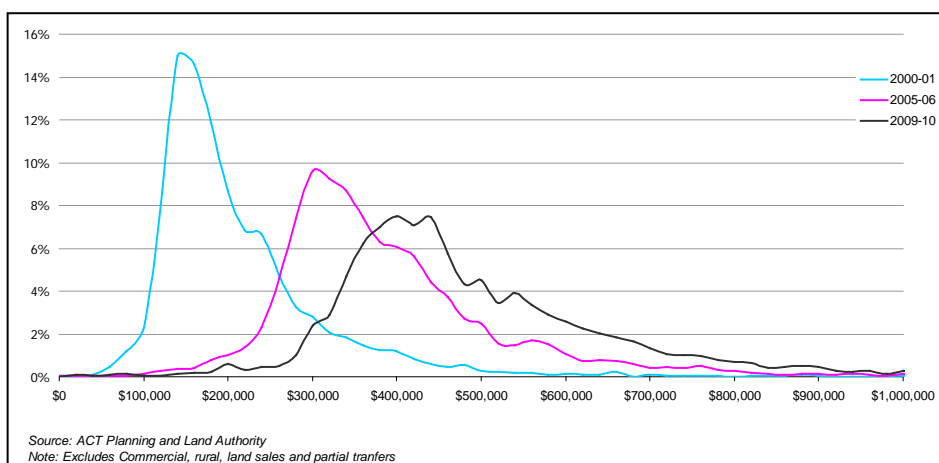
Figure 29 - Dwelling Commencements – Percentage Change from 2007-08 to 2009-10, States and Territories



The effects of these measures are demonstrated in the positive impact they have had around the more affordable price points of \$200,000 and \$300,000 where there have been spikes in the numbers of houses sold in 2009-10. This is shown in Figure 31 below, which graphs the percentage of houses sold against each price point (the highest peaks for each year are the mode figures). Figure 31 demonstrates that, while housing prices have continued to rise, the rate of change has slowed from the dramatic rise in prices between 2000-01 and 2005-06.

⁴⁰⁸ Australian Bureau of Statistics (2010) *ABS Dwelling Commencements*, ABS Publication no. 8750.0

Figure 30 - ACT Housing Market Price Distribution



The ongoing challenge is to further slow the movement of the chart to the right by achieving a better balance of supply and demand of land.

Ironically, increasing the number of people who are able to afford a house and land package increases the pressure on the Government to put more land to the market to meet the demand it is facilitating. While this might be seen as somewhat self-defeating, the alternative is unmet housing demand, an ever-tightening rental market and longer public housing queues.

While the achievements outlined above have made a positive impact, the unfortunate reality is that housing affordability remains a significant issue. Existing administrative arrangements and statutory processes constrain the capacity to deal with housing affordability. The process itself is complex and lengthy, making implementation of policy directions difficult and time consuming. Moreover, the governance arrangements for selling land do not always accord with the Government's policy priorities.

It is also important to note that declining housing affordability goes beyond just the inability to achieve the great Australian dream of buying a home. Other dimensions of the housing affordability paradigm include social and supportive housing. For many, it can mean the difference between living on the street and having a roof over your head.

Supportive housing provides services to live a full life as well as housing services. Organisations like common ground⁴⁰⁹ based in South Australia but with a new development recently opened in Queensland - are organised around the belief that homelessness can be ended rather than simply providing more temporary housing. The Common Ground model is permanent, safe, affordable housing that includes onsite support to rebuild lives and a social mix of tenants (50:50 low wages and unemployed). Housing is provided in parallel with personal support to create pathways to independent and fulfilling lives.

⁴⁰⁹ See <http://www.commongroundadelaide.org.au>

The usual model is that Commonwealth and State governments provide the initial capital funding to build housing. Generally, the relevant state government funds the ongoing assisted living/ building independence programs. Other models with potential for the ACT would be greater links to the concessional rent scheme, the redevelopment of 'brown fields' sites for supported housing – for example, redevelopment of the ABC flats in Reid - and a blend of private and public sector partnerships.

The Review notes that the ACT Government has recently provided additional funding to the not-for-profit community housing provider, CHC Affordable Housing, to increase the availability of affordable rental homes.

This follows a \$50 million facility provided to CHC in August 2008, in addition to the transfer of about \$40 million worth of housing stock to assist the company to deliver affordable housing. As at 30 June 2010, CHC had delivered 101 dwellings for sale and 110 for rent, including in Holt, Calwell, Crace, Forde, Franklin, Gilmore, Harrison, Higgins, Kaleen, Latham, Lyons, Melba, Pearce, Scullin, Wanniasa and Gungahlin.

The \$20 million extension to CHC's loan facility will be applied to increasing the number of affordable rental properties in the ACT for people on low to moderate incomes.

The complexities of the current land release and development system have been compounded by a number of external impacts, particularly by requirements under the EPBC Act, which have punctured many of the Territory's earlier assumptions about the yield potential of its greenfield development fronts. While demand for land may moderate, to fill current and potential shortfalls in supply, the Government is engaging the community on the need for, and benefits of, greater levels of urban consolidation. Unless the land release process can be simplified, it seems inevitable that Government policy objectives will be difficult to achieve.

While the administrative steps for moving land into the pipeline are lengthy and involve an exhaustive number of studies, from a strategic management perspective the crucial requirement is to ensure that all the studies are scheduled early in the process to allow for orderly planning of releases and to avoid the need to revisit strategic decisions. There is no doubt that clear parameters limiting the scope for administrative duplication and repeat re-evaluations would assist to streamline the processing of estate development planning.

Case study: Development in Molonglo

Planning for urban development in the Molonglo Valley commenced with the identification of Molonglo in the Canberra Spatial Plan in March 2004. In 2005, ACTPLA undertook a Molonglo Valley Suitability Study and commenced preparation of a structure plan, the latter was finalised in May 2006. The next stage was to vary the Territory Plan and amend the National Capital Plan. This triggered a Preliminary Assessment which was finalised in 2007. The Territory Plan variation process was complete in December 2008. While the variation included a Concept Plan for the first two suburbs of Coombs and Wright, revised concept plans were being continually updated until being finalised in early 2010.

Further changes to the concept plans were made in mid 2010 when ACTPLA added the solar access provisions into the planning controls for Coombs and Wright.

Despite some six years of planning preparation and studies, a number of significant issues remain unresolved. These include:

- bushfire protection and whether a 100 to 300 metre outer bushfire protection zone must be located within the urban boundary or within the adjoining open space;
- protection of the endangered pink tail worm lizard and its compatibility with bushfire protection;
- treatment of storm water - options include a large lake or a series of ponds; and
- the elevation of the Scrivener Dam surge protection line and its impact on the developable land boundary in Coombs.

While many of these issues remain unresolved the estate development plan for Coombs is proceeding with land sales proposed to occur in June 2011. In total, this six year process has permitted the release of only 1,200 single dwelling sites in Molonglo.

In order to progress with stage 2 of Molonglo, ACTPLA has commenced further planning studies and preparation of a planning and design framework (concept plan). EPBC clearance, environmental impact statements, traffic studies, infrastructure capability studies are required. This work will not be complete until June 2012 at the earliest on current projections.

Transport

An effective transport system is integral to a prosperous, healthy community and liveable city. Transport pervades all aspects of everyday life, from purchasing goods to accessing employment and services, or participating in community activities. An effective transport system is safe, convenient, accessible and affordable for everyone. Transport systems affect the physical character of cities as well as the cohesiveness of communities.

Canberra's early planning around car based transport, with its generous road and street system, as well as space reserved for parking, has meant that cars are the most convenient mode of travel for most Canberra residents. This road system, enables our high car use, generating around 24% of the ACT's total greenhouse gas emissions.⁴¹⁰

⁴¹⁰ ACT Government (2004b) *Sustainable Transport Plan for the ACT*. Canberra, p.16.

Canberra also has an extensive walking and cycling network (400km of on and off road cycle paths). More Canberrans cycle to work than in any other Australian capital city and Canberra commuters are taking up alternative transport modes. An analysis of transport preferences reveals:

- Canberra has been leading the nation in commuter cycling for many years, but is still to meet the Sustainable Transport Plan targets;
- walking has increased with more people opting to live closer to the City and town centres (between 2001 and 2006 the number of people in Turner walking to work increased from 6% to 24%). This steady increase places Canberra second to Hobart for this mode;⁴¹¹ and
- people's use of public transport has increased. The 2004 *Sustainable Transport Plan* set a target of nine per cent of journey to work trips using public transport by 2011 and this is close to being achieved.

Low density of development equates to long travel distances, which makes transport options, other than by car, inconvenient for many households. Apart from the financial costs of laying new roads, maintaining paths, implementing cycleways, building public transport facilities and buying and running buses, there are many less tangible costs in our transport system. These include traffic congestion, traffic accidents, longer travel times in getting to work, providing and managing parking, impacts on amenity and quality of our public space and residential areas and the cost of greenhouse gas emissions.

Consultations

During consultations, individuals and groups raised suggestions or concerns about the future of transport in Canberra, many of which were supportive of more coordinated and faster action in delivering the Government's stated intentions in this area.

In her Budget Speech in May 2010, the Treasurer, Ms Katy Gallagher MLA, stated:

an efficient and sustainable transport system is the cornerstone of any well functioning and connected city. The 2010-11 ACT Budget provides a massive down-payment on the future of the Territory's transport system through a comprehensive \$97 million funding package for all modes of transport.

The Transport package outlines the Government's vision for a sustainable transport system. It invests in new roads, transit ways, bus frequency and bus stations, road safety, new pedestrian and cycle paths, real-time passenger information, and park/bike-and-ride facilities for an efficient, reliable and integrated transport network to respond to the needs of our growing community.⁴¹²

The timeframe of this Review coincided with renewed interest in a very fast train between Sydney, Canberra and Melbourne, and the announcement by the Australian Government of a

⁴¹¹ Australian Bureau of Statistics (2006b) *2006 Census Journey to Work (Hobart and inner Canberra suburbs)*. (Cat. No.2006.0)

⁴¹²ACT Government (2010h) *Budget Paper No.1 2010-11*. Canberra, p.9.

feasibility study for that project, as well as ongoing discussion of alternatives such as light rail (which was included in the Government's list of infrastructure priorities submitted to Infrastructure Australia). Discussions of future transport options were also central to the *Canberra 2030 – Time to Talk* process.

Within this context, Transport – and the provision of genuine sustainable alternatives to the motor car – will remain central to the ongoing discussions about the future of Canberra. It should be kept in mind in those conversations that Canberra is not a major city with a large population for whom public transport is the only viable option. Canberra is a regional centre with a good road network on which congestion is (relatively) minor in duration and severity, and where public transport will need to work hard to be the mode of choice.

The challenge for transport in Canberra now is twofold: to preserve the transportation corridors that might one day carry light rail supported by higher development densities along these trunk routes; and to continue to encourage higher use of public (bus) transport and other sustainable modes into the future by offering a service that is a genuine alternative for a population wedded to their cars.

Transport Planning

This approach highlights the need for transport planning to be integrated with urban planning, consistent with the approach outlined in Chapter 4 through establishment of the Sustainable Development Directorate. That structural change will not of itself be sufficient to achieve the Government's objectives in this area. In this context the Review welcomes the recent appointment of Mr Paul Peters as the city's new Director of Transport Planning.

Transport planning is a specialist skill and the ACTPS needs to continue to have leading transport planners discharging this critical responsibility. In so doing, planners also need to draw on the experience of bus drivers who know the practicalities of delivering public transport to Canberrans on a daily basis. That needs to happen early and throughout the process, not just in consultation at the end.

Public Transport

ACTION

ACTION runs regular bus services and dedicated school services to and from Canberra suburbs. It operates a special needs transport service for clients of the ACT Department of Education and Training as well as charter services. The Review notes the tabling by the Auditor-General on 26 August 2010 of Report No. 5 of 2010 – *Delivery of ACTION Bus Services*⁴¹³ and that the Government is due to make its related Submission to the Public Accounts Committee shortly.

⁴¹³ See

<http://www.audit.act.gov.au/auditreports/reports2010/Final%20ACTION%20report%20for%20website%2026%20Aug.pdf>

ACTION staff and management are acutely aware of the importance of accessible public transport to the ACT community and are committed to improving the efficiency and effectiveness of the business. The Review understands TAMS and ACTION Management have already taken steps to address many of the issues raised in the Performance Audit.

The Review notes and endorses the recommendation that TAMS “should ensure that activities of the various business units associated with the planning for, and delivery of, bus services and relevant infrastructure are well coordinated.”⁴¹⁴

Both TAMS and ACTION have confirmed that corporate systems, governance and capability in the business have been somewhat compromised over the past three to four years. Management prerogative has also been compromised by the industrial relations environment. The current enterprise agreement negotiations represent a first step in the reform of and continued improvement of ACTION. It will be imperative that ACTION reclaims its management prerogative to make the business decisions for which it will ultimately be held responsible.

Timetabling

Regular timetabling and route planning changes for ACTION can be highly disruptive to passengers and ultimately self defeating as customers lose confidence in the transport provider and system itself. The Review suggests there would be significant benefits to service delivery from further embedding of detailed peer review of proposed approaches, and close collaboration with other transport providers in the region in pursuit of passenger centred, rather than operator centred networks.

The Review notes recent positive changes to bus services, such as the trial of the REDEX service, which recently became a permanent part of the bus network as Red Rapid, complemented by a new service Blue Rapid.

Red Rapid Route 200 is a limited stop service between Gungahlin Town Centre, Northbourne Avenue, City Bus Station, Russell, Barton, the Canberra Railway Station and Fyshwick. It operates every 15 minutes between 7am and 7pm weekdays. The service commenced on 16 November 2009 under the name *Redex* (Rapid Express Direct) as a trial service between Gungahlin and the Railway Station. The service has recently been extended to the Direct Factory Outlets centre in Fyshwick. All Red Rapid services are operated by wheelchair accessible buses fitted with bicycle racks.

The Blue Rapid services provide a high-frequency (departures every 5-8 minutes between 7am and 7pm on weekdays) link between the City and the bus stations at Belconnen, Woden and Tuggeranong Town Centres. The Blue Rapid services consist of the 300 series routes on weekdays and route 900 on weekends and public holidays.

⁴¹⁴ ACT Auditor-General (2010a).

During daytime, Blue Rapid routes commence from suburbs in Belconnen or Tuggeranong then travel through all bus stations along the trunk (or common) route and terminate at the last station. At night the Blue Rapid service consists of Route 300 which travels only between bus stations, but does not extend to the suburbs. All Blue Rapid services are operated by wheelchair accessible buses and most by buses fitted with bicycle racks.

Maintaining Public Confidence in the Bus Service

Building and maintaining public confidence in the bus service needs to be a high priority for its ongoing viability. As noted above, regular timetable changes can be detrimental to the bus service as the public loses confidence in service reliability. Similarly, other improvements to the bus service should be managed to ensure that the community understands the purpose of the change and how it will enhance the service provided.

The need for better management of community interaction was demonstrated when the most recent timetable change was announced in November 2010. Scheduling of the announcement coincided with the opening of the new Belconnen Bus Interchange, creating an unfortunate distraction from what is a significant improvement to public transport infrastructure, amenity and safety in Belconnen.

However good the intentions, changes to the bus service are likely to attract some negative commentary. The challenge is to ensure that proposed changes are well considered and well managed, with the public at the forefront of considerations.

Ease of Access

In a world increasingly dependent on mobile technology and where expectations of information accuracy and timeliness are high, passengers would be well served through innovations such as iphone applications for the ACTION timetable, and the provision of real time information at bus stops on expected arrivals. This system is already in place in other cities including Perth for its Central Area Transit services, and in Melbourne at tram stops.

Fare Pricing and Concessions

ACTION fare revenue currently covers nearly 20 per cent of the cost of running ACTION (with the remainder funded from the Budget). Consultations included proposals to treat public transport as part of basic infrastructure (like roads, water, electricity) and consider a transport levy within the property rates system to make the bus travel free.⁴¹⁵

While initially attractive, this suggestion raises a number of issues worthy of further consideration. The argument presupposes bus patronage levels in Canberra are sensitive to price. The number of relatively full car parks in the city and town centres each week day

⁴¹⁵ Submission No.26.

suggests that it may not be so. Convenience, amenity, and ease of use are all relevant to individual decisions to leave the car at home and catch the bus.

There are also equity arguments which ultimately rest on matters of policy in making a service available free to those who can afford to pay. Because the ACT Budget and revenue base is as narrow as it is, a loss in revenue from one source will need to be made up somewhere else (in additional revenue or reduced expenditures), and in this context there would seem to be merit in retaining some form of user pays system for public transport.

Free bus travel at peak times would probably result in overcrowding at those times (or overinvestment in capacity for those times that is unused through the rest of the day). The size of the Canberra population may again prove to be a limiting factor in this regard.

It is also necessary to consider other levers available to the Government in encouraging modal shift in transport choices. These include the costs of parking, and availability of parking around town centres and employment hubs, congestion charging and so on.

Industrial Reform

The current industrial framework at ACTION is a significant obstacle to flexible and passenger centred management of the public transport system. Deeply ingrained work practices including in relation to the ratio of full time and part time drivers, prohibition of a seven day roster, and restrictions on workshop operations add significantly to ACTION's cost and inefficiency. Deanes Buslines, the privately owned Queanbeyan based operator employs 1.4 people per bus, while ACTION currently has over 4 people per bus.

If the public transport system in Canberra is to evolve into a service that passengers want to use because it meets their needs, significant redrawing of the industrial framework and work practices will be required. If that proves impossible in a reasonable timeframe, privatisation seems inevitable – either altogether or by the Government retaining fleet ownership, but having one commercial operator of the fleet on the South side and another on the North side.

Other Service Options

A number of suggestions were made to the Review of options for delivering public transport and focusing ACTION on the delivery of core services. These suggestions included different models of service delivery for:

- school bus services;
- weekend bus services; and
- integration of services with other public transport providers in the region.

The Government is already working with NSW authorities, Queanbeyan City Council and Deanes on a cross border taskforce. Issues in this context include easing of restrictions on both sides of the border on buses picking up and dropping off passengers. At present, a Transborder bus travelling from Yass to Canberra is not permitted to pick up passengers as it travels down Northbourne Avenue, just as ACTION buses are not permitted to enter

Queanbeyan. Similarly, Transborder school buses delivering regional children to ACT schools are not permitted to pick up passengers in the ACT.

These sorts of restrictions limit choice and access for passengers and make public transport more difficult to use. The Review notes Deane's are already able to pick up and set down passengers on some routes in the ACT, demonstrating that this sort of agreement can be reached.

During the course of the Review, the contract to operate the Nightrider bus service was awarded to Deanes. The Review notes that in announcing the new service the Chief Minister indicated it would be evaluated in 2011 to determine its success and possible extension.

Weekend ACTION services could also be undertaken using contracted drivers. At present, the rigidity of the industrial agreements at ACTION prevent it from implementing a seven day roster, meaning the availability of services on weekends is dependent on drivers volunteering for duty (at penalty rates). In the event agreement could not be reached to overcome this rigid work practice, the operation of weekend services could be subjected to competition for the provision of suitably qualified contract drivers or other commercial operators.

School Buses

Just as the Nightrider Service was recently subjected to a tender process, there is no reason why school bus services must be delivered by ACTION. They could be delivered under a NSW style contracted system where student passenger travel is free and the Government contracts with providers to deliver services. Such an approach could form part of a deliberate decision by Government to focus ACTION on core public transport service provision.

ACT students have two options in catching public transport to school: regular passenger services and designated school buses (which account for 50% of school student travel). In part this figure is driven by driver and bus availability, and this results in relatively poor services to students, as well as the occupation of seats on regular services by students. By subjecting school services to competition, in addition to efficiencies, additional seats would become available on regular passenger services for new bus patrons.

Hypothecation of Revenue

A number of contributors suggested transport related revenue be hypothecated to transport infrastructure investments, or to public transport. The Review notes Mr Ted Quinlan has been commissioned to review the overall efficacy of the ACT tax system, current revenue streams, and sustainability of the tax base. This issue might be considered in the context of that review.

Suggestions:

The Government may wish to investigate, or continue to pursue, consider a range of timetable, technological and industrial options for enhancing ACTION services, such as:

- unless the industrial framework can be significantly revised before the 2011-12 Budget to allow the more efficient functioning of ACTION, considering privatising the operation of the ACTION network either in totality or in two areas - North and South of the lake;
- embedding peer review of timetabling, and establishing close collaboration with other transport providers in the region;
- establishment of iphone applications for the ACTION timetable, and provision of real time information at bus stops on expected arrivals;
- making off peak services free;
- making community services connecting suburban areas to town centre hubs free (while continuing to charge on “intertown” routes);
- making all concession travel free;
- reviewing the industrial framework and work practices to ensure that the public transport system is flexible and passenger focused, specifically in relation to:
 - the ratio of full time and part time drivers;
 - prohibition of a seven day roster; and
 - workshop operations;
- the operation of weekend services be subjected to competition for the provision of suitably qualified contract drivers; and
- subjecting school services to competition.

Taxis

The Review notes the concurrent work being done by TAMS on Taxi regulation. Public dissatisfaction with the taxi services provided in Canberra is a long running issue. In part, this is due to the size of the Canberra market, and the fact demand is so heavily influenced by the sitting pattern of the Commonwealth Parliament. It has also been due to an absence of competition among taxi services in Canberra.

Options raised with the Review in consultations include issuing of short term “peak time” taxi licences to facilitate a greater surge capacity in the taxi supply, seeking equilibrium in supply of and demand for taxi licences by holding regular auctions at which the number of plates available reflects demand at the last auction, deregulation of the taxi industry, and creating further incentives for multiple hiring in peak times.

The Review notes that, in August 2009, the Government announced a Taxi Review to address a range of concerns about the performance of the ACT taxi industry. The key issues of concern were an insufficient supply of taxis, especially at peak times, and concerns about access and quality of services provided by wheelchair accessible taxi fleet. The view was

expressed that the poor reputation of Canberra's taxi industry for reliability, availability and ease of use acts as a deterrent to business travelers and a dampener on the ACT economy.

The countervailing view from the taxi industry was that there was an oversupply of taxis following the Government's release of 90 standard leased plates from 2006 to 2008. Taxi operators and taxi drivers argued this has reduced incomes and threatened their viability.

The Review also notes that Recommendation 66 of the Commonwealth Government's Henry Tax Review states that the quantity limits on taxi licences should be phased out. The report notes that the restrictions on licences "are beyond those necessary to maintain service standards or safety and are simply used to raise revenue." The Review notes taxi industries do operate in many cities in the world without a cap on licences without compromising safety or quality of service standards.

The Review notes the Government has recently finalised its response⁴¹⁶ to the Taxi Review, announcing:

- release of at least 25 new standard taxi plates and four new wheelchair taxi plates;
- annual increases in taxi licence numbers to ensure taxi supply meets demand;
- introduction of a centralised booking service for wheelchair-accessible taxis to improve reliability and service quality;
- improving taxi driver training standards; and
- enhancing compliance activity to ensure high standards of service to taxi users.

The number of new licences is slightly lower than the 30 recommended by PricewaterhouseCoopers in the Review, however, the Government has reserved the right to release more licences if the industry's performance is not meeting the reasonable expectations of residents and visitors to the Territory.⁴¹⁷

Peak Service Licences

The ACT taxi industry, perhaps more than most, is subject to strong shifts in demand between peak and off-peak times. This is particularly driven by Commonwealth Parliamentary sittings and a high level of business travelers arriving by air during the morning peak. The Government may wish to consider introduction of peak service licences, including:

- 24hr licences during Parliamentary sittings; and/or
- short term licences to cover airport morning peaks (this could be extended to cover overnight services; from midnight to 9am).

⁴¹⁶ Stanhope, J. MLA (2011) *Taxi changes will improve services* <http://www.chiefminister.act.gov.au/media.php?v=10355>

⁴¹⁷ Stanhope, J. MLA (2011)

Green Cabs

Many countries are embracing ‘green cabs’ as a means of contributing to sustainable public transport. New Zealand's environmentally friendly taxi company, Green Cabs, runs a fleet of hybrid cabs in Auckland, Wellington and Christchurch. Green Cabs also plants trees to offset emissions produced.

The ACT should consider introduction of a similar model. While the Toyota Prius is well suited for such a proposal, the Government’s recent agreement with Better Place to roll out electric car infrastructure in Canberra presents an excellent opportunity for the ACT to be at the forefront of environmentally friendly public transport.

Suggestions

- It is recommended that the Government investigate and consider:
 - the introduction of peak service licences, including:
 - 24hr licences during Parliamentary sittings; and
 - short term licences to cover airport morning peaks (this could be extended to cover overnight services; from midnight to 9am); and
 - the introduction of green cabs to the Territory.

Bringing Reforms Together

It is likely that the future direction of policy debate about public transport will involve a combination of some of the elements raised with the Review, as well as new perspectives that will emerge from the ongoing conversation with the Community about the future of Canberra and its future transport needs.

CHAPTER EIGHT: IMPLEMENTATION – REALISING THE BENEFITS

Successful implementation of the Review’s Recommendations is contingent on strong leadership and direction from the Cabinet and senior officials, harnessing the leadership capability of the ACTPS along with the goodwill and energy of ACTPS staff, the provision of necessary funding in some circumstances, and the creation of imperatives for change.

The Review recommends the Government:

- invest in the co-development and co-design of the detailed approaches to delivering the Review recommendations;
- commit to the necessary financial resources to ensure successful implementation;
- ensure an energising pace of change;
- limit concurrent new major policy or operational reform during the implementation period; and
- allow the ACTPS a period of consolidation and stabilisation to embed major cultural and structural reform.

Establish Clear Governance and Accountability

A robust governance structure led by the ACTPS Strategic Board will be essential to delivering sustainable improvements in the ACTPS’s capacity to support the Government with strategic and direction setting advice and to deliver high quality services to the people of Canberra. The Strategic Board will monitor the progress of implementation, provide input to key decisions and report to Cabinet every two months on progress towards implementation (see attached Reporting Template).

The Review recommends that the ACT Government undertake a disciplined and committed implementation program over two years. The ACTPS, led by the Strategic Board and the proposed Chief Minister’s Department, must commit to making implementation its top priority – devoting the necessary funding, people and time to ensure delivery of this initiative.

The Chief Executive and Head of the ACTPS will have overall responsibility for implementation. The majority of recommendations will be implemented by Directorates reporting to the Strategic Board.

Allocation of clear and personal accountability for delivery of reform and the resources necessary to achieve it under the five overarching initiatives will be critical to their success.

Change Management

Sustainable change will only be achieved through the dedicated efforts of the implementation team and entire ACTPS staff. The implementation effort should be divided into distinct

modules, each with a lead senior executive with single accountability, working towards a single objective or group of tightly linked objectives.

Most organisational design initiatives fail to achieve objectives after three years as organisations are unwilling and unable to continue to adapt to their changing environment.⁴¹⁸ A program of change management will acknowledge that change does not ‘just happen’ - it is driven. That is why it is so important that the changes flowing from this Review be driven from the very top of the ACTPS.

The Chief Executive and Head of the ACTPS may wish to engage an individual with the necessary skills and experience to partner the implementation team.

To realise the totality of potential benefits from the Review’s Recommendations, ACTPS officials should be given the opportunity to participate meaningfully in the co-design of implementation processes. Where necessary, proposals might be road tested prior to full implementation to test their merits and practicality. For example, the ANZSOG School of Governance at the University of Canberra might be engaged to pilot community engagement tactical strategies that over time would be suitable strategies to embed in new ways of working in ACTPS.

Legislative Framework

Implementation of some recommendations will require legislative change. The Review recommends papers be developed for Cabinet consideration as soon as possible addressing changes to the *Public Sector Management Act 1994* and the *Planning and Development Act 2007* in particular. Given the time necessary for those changes to be approved by the Assembly, and the significant workload associated with extensive structural changes during a financial year flowing through to Annual Reports, the Review recommends the single ACTPS entity not formally commence until 1 July 2011.

A number of recommendations, including the majority of proposed changes to the Administrative Arrangements, can be implemented forthwith. Certainly, the ACTPS Strategic Board should commence operations immediately not only to manage the change process, but to begin to model and embed the necessary changes to ways of working within the ACTPS that are integral to success of the proposed structural model.

Funding

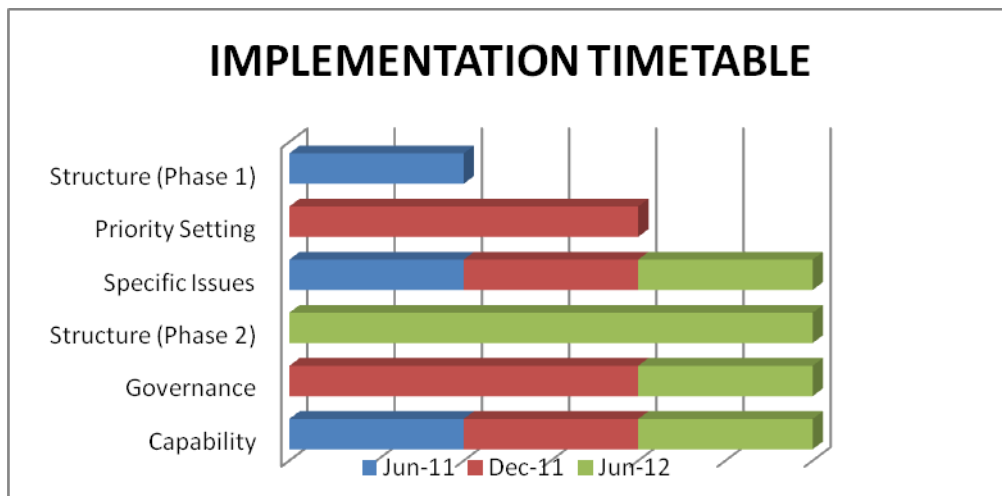
Proper funding of these initiatives while outside the brief of the Review is imperative to its success. Importantly, the great majority of the recommendations can be delivered through existing resources. The Review proposes that consideration of proposals for implementation

⁴¹⁸ Corporate Leadership Council (2009) *Leadership Survey*
https://clc.executiveboard.com/Public/PDF/Merch/Leadership_Survey_5.18.09.pdf

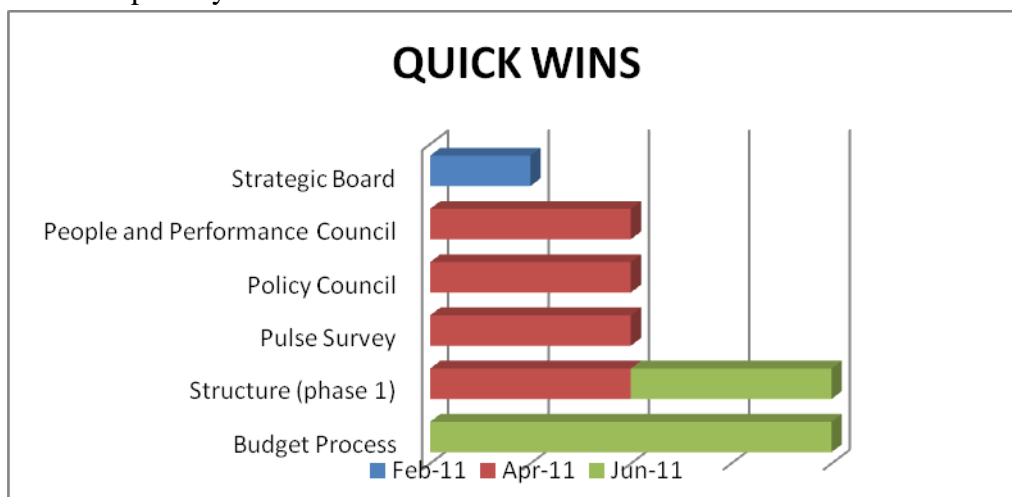
funding be coordinated by the Expenditure Review and Evaluation Committee for consideration by the Budget Committee of Cabinet in the 2011-2012 Budget. Detailed costing analysis can be undertaken by the implementation team in conjunction with the Finance Directorate.

The importance of investing in the ACTPS’s primary asset – its people – must not be underestimated. Modernisation of the employment framework will provide the cornerstone for an agile one ACTPS.

Timetable to Maintain Momentum



Initiatives that do not have administrative or legislative inhibitors should be implemented as a matter of priority.



Dashboard Reporting




The attached template for dashboard reporting every two months will enable Ministers, the Chief Executive of the ACTPS and the Strategic Board to visualise and track trends against each of the decisions that the Government takes on the Review Report's recommendations.

The Chief Executive of the ACTPS might similarly decided to bring together the Review Report's other conclusions and findings in the same format.

Recommendation: Implementation

- Invest in co-development and co-design of detailed proposals that underpin the Review recommendations.
- Commit to the necessary financial resources to ensure successful implementation.
- Ensure an energising pace of change.
- Limit concurrent new major policy or operational reform during the implementation period.
- Allow the ACTPS a period of consolidation and stabilisation to enable the embedding of major cultural and structural reform.
- Assign ACTPS executives to be accountable for each implementation deliverable

NAME OF DIRECTORATE:

Traffic light	Implementation stream	Outcomes this period	Anticipated deliverables next reporting period	Issues and Concerns
	<p>Please use the title as per implementation guidelines</p>	<ul style="list-style-type: none"> • Key achievements against milestones • Achievements expected against the last report and the IP, and what was actually achieved; • Progress against financial milestones; • Follow up of all issues in the last report; • Delays/missed deadlines, the impact and any mitigation activities. 	<p>Deliverables and/or milestones due in the next reporting period from IP</p>	<p>This section should focus on overall progress with implementing the original decision and should cover:</p> <ul style="list-style-type: none"> • whether the implementation is 'on track' • key risks that may emerge or have materialised in the current reporting period, and what risk management processes are in place; • significant changes in scope (which are likely to need to be reflected in a revised IP); • significant issues arising in the funding/expenditure profile for this measure; • any key deadlines which were missed and the impact (e.g. increased costs, delay to implementation).
	<p>Start/end dates</p>			
		<ul style="list-style-type: none"> • 		
		<ul style="list-style-type: none"> • 		

ATTACHMENT A: CHIEF MINISTER'S PRESS RELEASE ANNOUNCING THE REVIEW

Dr Allan Hawke AC to review ACT public-sector structures, capacity

Released 03/09/2010

Distinguished former departmental secretary Dr Allan Hawke, AC, has been engaged by the Chief Minister's Department to review the structure and capacity of the ACT public sector, as the mid-point of this term of government approaches.

Chief Minister Jon Stanhope said the Government wanted to be sure that the configuration of the public sector remained appropriate for meeting the broad-ranging needs of government and to deliver on the Government's agenda for the remainder of the term, particularly in relation to major priorities such as sustainability, housing affordability and transport, which crossed traditional agency parameters.

Dr Hawke has been asked to examine:

- the capacity of existing public-sector structures to support the government of the day with strategic and direction-setting advice;
- effectiveness in delivering on government policies and objectives;
- performance and accountability mechanisms;
- how existing structures differentiate between the roles of policy and regulation;
- across-government coordination of service delivery; and
- structures that would improve resilience and innovation across the public sector.

The reviewer, Dr Hawke, was a former Secretary of a number of Commonwealth departments, including Defence, Transport & Regional Services, and Veterans' Affairs. More recently he has headed up reviews of Commonwealth environmental legislation and the role of Ministerial Councils.

The ACT review will commence immediately and Mr Stanhope said he looked forward to seeing Dr Hawke's findings by the end of the year. There will be opportunities for consultation and for individuals to make submissions to the review.

The review will form part of a suite of work currently being undertaken by the Government mid-term, including the review of taxation being headed up by former Treasurer Ted Quinlan, a continuation of the Evaluation and Expenditure Review Committee's identification of potential efficiencies, and finalisation of a formal document outlining the Government's

priorities for the remainder of the term.

Chief Minister Jon Stanhope said today that the review of structures and operational effectiveness would complement and build on work undertaken in 2006 through the Costello Review, which focused primarily on efficiencies.

ATTACHMENT B: CONSULTATION

Consultation process

In announcing the review, the Chief Minister indicated that there would be opportunities for consultation and to make submissions to the Review. In addition to submissions, information to support the Review was collected from a range of sources, including public documents, interviews with stakeholders and in discussions with officials and stakeholder groups.

A dedicated Review website was established as a means of establishing a public interface at <http://www.actpsreview.act.gov.au>. The website provided details about the Review, including terms of reference, contact details for the Review Secretariat and information about the public submission process. Submissions were also posted on the Review website (except those who requested their Submission remain confidential to the Review).

Submissions to the Review

A call for public submissions to the Review was advertised in *The Canberra Times* on Saturday 11 & 18 September and 23 & 30 October 2010 and in *The Chronicle* on 21 September. The call for submissions was also distributed across the public sector via an all staff email on 14 September. As noted above, details of the public submission process were also posted on the Review website.

An *Information Protocol* and *Snapshot of the ACT Public Sector* were made available from the website to inform submissions to the Review.

The Review received 28 Submissions and these are listed below. In accordance with the Information Protocol, submission sponsors were asked to confirm their willingness for their submission to be published. In addition, the Review Secretariat also considered whether any material should not be released on one or more of the following grounds:

- it would unreasonably disclose personal information;
- it would disclose the deliberations of the Cabinet;
- it would affect the enforcement of the law or the protection of public safety;
- it would have a substantial adverse effect on the financial or property interests of the Territory;
- it would constitute a breach of confidence, legal professional privilege, parliamentary privilege, or relevant ACT or Commonwealth law; or
- it would have a substantial adverse effect on the proper and efficient conduct of the operations of an agency.

No submissions, or parts of submissions, were withheld by the Review Secretariat.

Public Submissions

Author

ACT Council of Social Service

ACT Ombudsman

ACTEW Corporation Limited

Anglicare Canberra & Goulburn

Australian Council for Private Education and Training

Australian Institute of Architects

Canberra Business Council Ltd

Catherine Hudson, Commissioner for Public Administration

Clare Henderson

Communities@Work

Community Alliance Party

Community and Public Sector Union

Conservation Council ACT Region Inc.

Helen Swan

Irene Simkin

James Grenfell

John Harris

John Macnaughtan

Joint Community Government Reference Group

Mark Drummond

Master Builders Association of the ACT

National Disability Services ACT

Unions ACT

In publishing the submission from ACTEW Corporation Limited, the Review published a disclaimer that “Dr Allan Hawke AC is a member of the ACTEW Corporation Limited Board of Directors. Dr Hawke was not involved in the preparation of the submission from ACTEW Corporation Limited to the Review of the ACT Public Sector”.⁴¹⁹

Four submissions were confidential by request of the sponsors.

⁴¹⁹ See

http://www.actpsreview.act.gov.au/_data/assets/pdf_file/0009/169776/SUB_016_ACTEW.pdf#Submission%20by%20ACTEW%20Corporation%20Limited

Meetings held by the Reviewer

- AHMED, Khalid - Executive Director, ACT Treasury
- ALEXANDER, Col - Colliers International
- BARR MLA , Andrew – Minister, ACT Government
- BAXTER, Paul - Senior Commissioner, Independent Competition and Regulatory Commission
- BEAUCHAMP, Glenys - Acting Secretary, Department of Regional Australia, Regional Development and Local Government
- BLUNN, Tony - former Department Secretary, Commonwealth Government
- BROWN, Peggy - Chief Executive, ACT Health
- BURCH MLA, Joy - Minister, ACT Government
- BURNS, John - ACT Chief Magistrate
- BYLES, Gary - Chief Executive, Department of Territory and Municipal Services
- BYRON, Stephen - Managing Director, Canberra Airport
- CAPPIE-WOOD, Andrew - Chief Executive, Chief Minister’s Department
- CHISNALL, Mick - Director, ICT Strategic Planning
- COONEY, Michael - Adviser, Office of the Prime Minister and former Chief of Staff to Andrew Barr MLA
- COOPER, Maxine - ACT Commissioner for Sustainability and the Environment
- CORBELL MLA, Simon - Minister, ACT Government
- COSTIGAN, Paul - Chief Executive Officer, Australian Institute of Landscape Architects
- DAVOREN, Pam - Deputy Chief Executive, Policy, Chief Minister’s Department
- DAWES, David - Chief Executive, Department of Land and Property Services
- DELOITTE - Craig O’Hagan
- DIVORTY, Jill - Executive Director, Shared Services, Department of Territory and Municipal Services
- DURKIN, Mary - Disability and Community Services Commissioner and Health Services Commissioner
- ELLIOTT, Tom - Executive Director, Transport and Infrastructure Division, Department of Territory and Municipal Services
- ERNST AND YOUNG - Mark Nixon, Maria Storti and Chris Nightingale
- EXPENDITURE REVIEW AND EVALUATION COMMITTEE
- GALLAGHER MLA, Katy - Deputy Chief Minister, ACT Government
- GARRISSON, Peter – Chief Solicitor, ACT Government Solicitor’s Office
- GOGGS, Stephen - Deputy Chief Executive Community Safety, Department of Justice and Community Safety
- GRAY, The Hon Justice Malcolm - Acting Chief Justice
- GRIMES, Paul - Acting Secretary, Commonwealth Department of Sustainability, Environment, Water, Population and Communities
- HARGREAVES MLA, John - Member for Brindabella

- HARRIS, Mike - Chief Executive, Australian Automobile Association
- HARPER, David – Master, ACT Supreme Court
- HEHIR, Martin - Chief Executive, Department of Disability, Housing and Community Services
- HENRY, Chic - Promoter, Summernats
- HINDMARSH, John - Executive Chairman, Hindmarsh
- HUDSON, Cathy - ACT Commissioner for Public Administration
- HUNTER MLA, Meredith – Parliamentary Convenor ACT Greens
- INDIGENOUS ELECTED BODY
- JOINT COUNCIL (union and agency officials)
- LAMBERT, Sandra - former Chief Executive, ACT Department of Disability, Housing and Community Services
- LASEK, Jeremy - Executive Director, Culture and Communications, Chief Minister’s Department
- LEIGH, Kathy - Chief Executive, Department of Justice and Community Safety
- LEON, Renee - Deputy Secretary, Commonwealth Attorney-General's Department
- MARRON, Adrian - Chief Executive, Canberra Institute of Technology
- MASTER BUILDERS’ ASSOCIATION – John Miller, Jerry Howard, Ross Barrett and Simon Butt
- MCDEVITT, Vince - ACT Regional Director, CPSU
- MILLARD, Heather - President National Capital Attractions Association
- MILLER, John - Executive Director, Master Builders Association
- MORGAN, Nick - Project Director, Blueprint for Reform of Australian Government Administration
- PAPPS, David - Chief Executive, Department of Environment, Climate Change, Energy and Water
- PEGRUM, Annabelle - Professorial Fellow, University of Canberra
- PENFOLD, The Hon Justice Hilary – ACT Supreme Court
- PERRAM, Phillip - Executive Director, Territory Services, Department of Territory and Municipal Services
- PHAM, Tu - ACT Auditor-General
- PHILLIPS, Brett - Executive Director, Office of Regulatory Services, Department of Justice and Community Safety
- PINKAS, Klaus - Transport Workers Union
- PORTER MLA, Mary - Member for Ginninderra
- POTTS, Graham - Principal, Amalgamated Property Group
- POWDERLY, Paul - State Chief Executive, Colliers International
- PRATTLE, Gary - Chair, Western Australian Planning Commission
- PRICEWATERHOUSE COOPERS - Eugene Kalenjuk
- PROPERTY COUNCIL OF AUSTRALIA, ACT Division
- QUAEDVLIEG, Roman - ACT Chief Police Officer
- QUINLAN, Ted - Reviewer, ACT Tax Review

- RATTENBURY, Shane - Speaker, ACT Legislative Assembly
- REFSHAUGIE, The Hon Justice Richard – ACT Supreme Court
- ROBERTSON, John - Chief Executive, Land Development Agency
- ROY, Alasdair - Children and Young People Commissioner
- SAVERY, Neil - Chief Planning Executive, ACT Planning and Land Authority
- SCHREINER, Shelly - Chief Executive Officer, Independent Competition and Regulatory Commission
- SES BAND 2 WORKING GROUP
- SESELJA MLA, Zed - Leader of the Opposition
- SINGER, James – Project Officer, Deanne’s Transit Group
- SMITH, Greg - former head, Revenue Group, Federal Treasury; Reviewer, Functional and Strategic Review of the ACT Public Sector
- SMITHIES, Megan - Chief Executive, Treasury
- SMYTH MLA, Brendan - Deputy Leader of the Opposition
- STANHOPE MLA, Jon - Chief Minister
- THOMPSON, Alan – Secretary Department of Parliamentary Services
- TOMLINS, George - Deputy Chief Executive, Department of Land and Property Services
- TONKIN, Rob - former Chief Executive, Chief Minister’s Department
- UNIONS ACT and AFFILIATES
- VANDERHEIDE, Michael - Chief Information Officer and Exec Director Infrastructure, Victoria Police
- VOLKER, Derek - former Department Secretary, Commonwealth Government; former Chair of the ACT Skills Commission; former Chair of the Australian Capital Tourism Corporation
- WATCHIRS, Helen, ACT Human Rights Commissioner
- WATSON, Garry - Project team leader, National Capital Attractions Association
- WATTERSTON, Jim - Chief Executive, Department of Education and Training
- WHITE, Jon - ACT Director of Public Prosecutions
- WHITNEY, David - Director, ArtsACT, Chief Minister’s Department
- WINNEL, Bob - Chief Executive Officer, Village Building Company
- ZATSCHLER, Gerhard - Manager, ACT Heritage

The Reviewer also chaired three roundtable meetings, involving:

- University of Canberra and Australian National University academics; and
- Government Stakeholders (2 meetings).

Consultation Undertaken by the Review Secretariat

The Review Secretariat facilitated 20 roundtable discussions involving over 160 current ACT Public Servants. The roundtable discussions were advertised via whole of government messages. All Chief Executives were also encouraged to draw the invitation to the attention of staff within their agencies.

The scheduling of the Roundtable discussions took account of the work arrangements and physical location of ACTPS officials. Morning and afternoon discussions were held and venues offered included Canberra City, Woden, Belconnen and Lyneham.

The Review Secretariat also held meetings and discussions with individuals and groups upon request, or as necessary.

Input was also provided via email, post and through individual discussions.

The Review Secretariat maintained records of consultation of the Review in accordance with the *Territory Records Act 2002*, and relevant Chief Minister's Department guidelines.

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