



INDEPENDENT REVIEW  
OF THE APS

# **Independent Review of the APS: Priorities for Change**

19 March 2019

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### Priorities for Change

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## Message from the chair



Ten months ago, the panel and I began the independent review of the Australian Public Service. Our instruction was to ensure the APS is fit for purpose in the decades ahead.

During this time, we have been struck by just how important the APS is to Australia and its people. As our country faces new challenges and change, more than ever we need a public service that is united, trusted and focused on the people it serves.

We need the APS to provide stability and surety, to promote the wellbeing of all Australians, and to support successive governments in navigating future challenges – whether this is tackling entrenched disadvantage, harnessing the technological revolution to make lives better for all Australians, or defending Australia's security and economic interests in a less stable world. In short, this means investing in the APS and setting it up to succeed – not for its own sake but for Australia's.

This report reflects what we have learned and what changes we believe are needed to build an APS that is fit for the future. Part I summarises our approach and our understanding of the APS today, the challenges and opportunities it is facing, and our aspiration for the APS's transformation. Part II sets out our current thinking on the priorities for change, and some of the initiatives we are considering to help deliver this change.

This report presents our current view – both what we think and what we're still exploring. We were not asked to publish our interim findings, but we believe it is only through testing our thinking, openly and iteratively, that we will come to the best answers – robust, implementable recommendations that achieve the desired outcomes for the APS.

So, please, challenge our thinking and take this opportunity to influence the future of the APS – and through it, Australia.

I would like to thank the other panel members, our Reference Group and the secretariat for their valuable contribution to date.

David Thodey

**Part I:**  
**Building an APS that  
is fit for the future**

## Part I: Building an APS that is fit for the future

In May 2018, the Australian Government commissioned us, as an independent panel, to review the APS to ensure it is fit-for-purpose for the coming decades. We were asked to set out an ambitious transformation program and to guide and drive future public sector reforms. We will deliver our findings and recommendations to the Prime Minister in mid 2019 (see **Exhibit 1: APS review journey at a glance**).

We are conscious of the significant and complementary reforms underway, including those led by the Secretaries' APS Reform Committee. Our work builds on these important initiatives and the genuine groundswell for change we have seen across the APS.

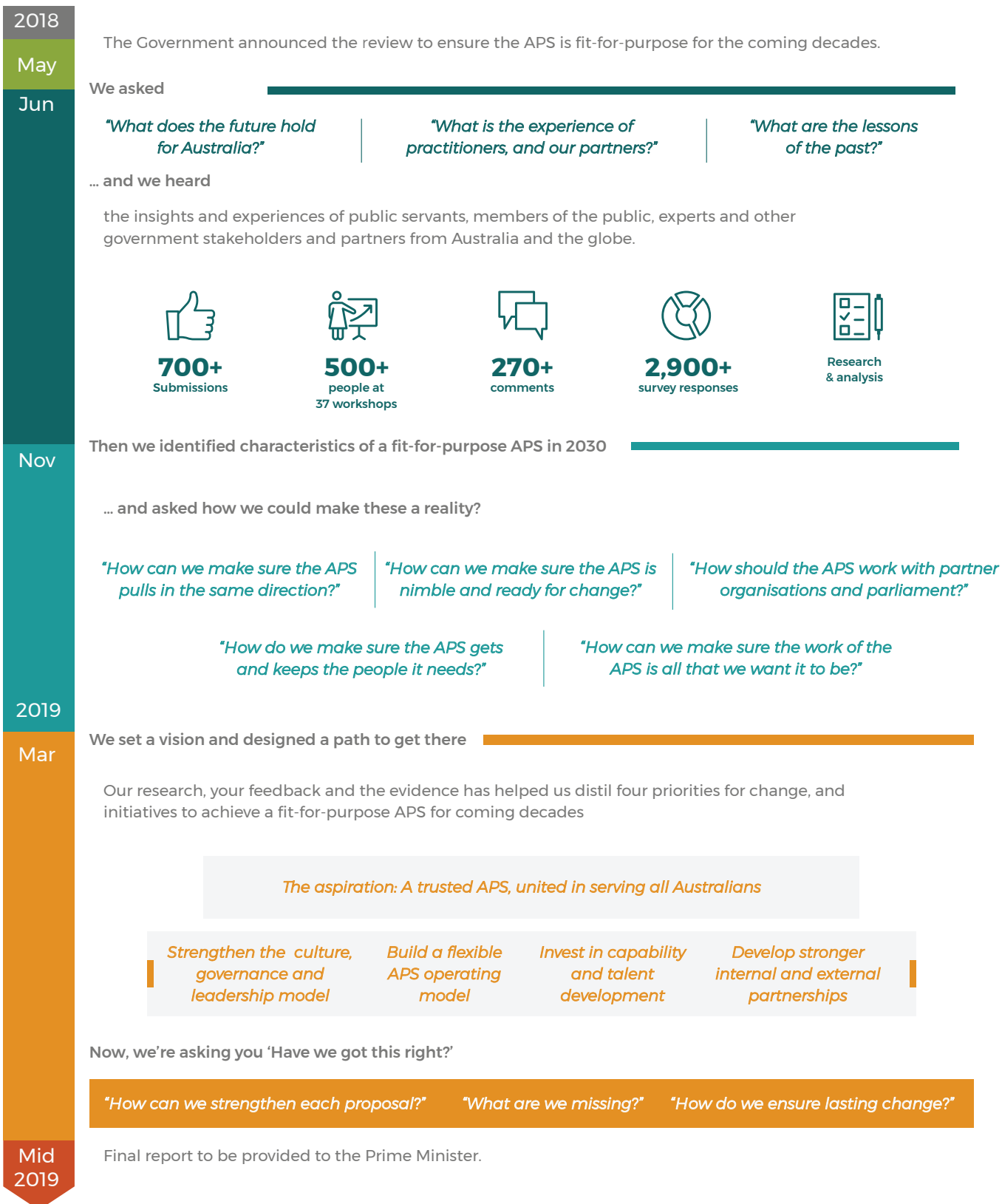
Our approach, our optimism, and our findings are reflected in one aspiration: **a trusted APS, united in serving all Australians**. This aspiration forms the organising principle for the priorities for change set out in this report.

The APS comprises 18 departments of state, more than 100 agencies and authorities, and over 150,000 employees. It is and will remain a broad and complex institution. The opportunity is to harness all of its skills, insights and energy. The APS must have a strong foundation of trust if it is to best serve Australia and its people. Integrity is, and will remain, a key determinant of trust – indeed, it has been remarked that if you have integrity, nothing else matters; if you don't have integrity, nothing else matters.

But we know that change cannot happen in isolation. There is much the APS can do to chart its own destiny and improve its performance, but strong support and active championing from outside the service is essential to deliver lasting, transformative change. There is a critical role for government in this context, but also for the Parliament and the Australian public – and we all stand to benefit.

The findings outlined in this report reflect what we have learned to date – through conversations with the public and APS employees, past and present, and through research into the APS and public sector reform (See **Box 1: Insights and evidence underpinning this review**).

## Exhibit 1: APS review journey at a glance



## BOX 1: INSIGHTS AND EVIDENCE UNDERPINNING THIS REVIEW

The proposals presented here build on ideas from the many stakeholders who have contributed to the review, voiced opinions, and offered solutions. The review is evidence-driven, drawing from available APS data, and new and existing independent research, using quantitative and qualitative analytical methods.

We are considering upwards of 700 [submissions](#), 270 [suggestions](#) on our digital platform, 2900 survey responses, and the [insights](#) from 37 roundtables and workshops – that have involved more than 550 members of the public and the APS at all levels. Our thinking is also shaped by more than 200 one-on-one meetings to date with parliamentarians, community and business leaders and others who work closely with the APS, as well as meetings with current and former public sector leaders.

We are also working with the Secretaries Board to ensure our proposals take note of – and build on – initiatives driven by its sub-committee, the APS Reform Committee, to modernise the APS. And we are drawing on the insights from the panel's [Reference Group](#), which brings together highly experienced national and international experts with diverse perspectives on the public sector.

We have sought to understand the APS's operating environment in 2030 through [scenario planning](#). We have taken insights from previous APS reforms and the wealth of broader public sector scholarship, best practice guidance and case studies.

We have also commissioned independent research from leading academics and practitioners through the Australia and New Zealand School of Government (ANZSOG) to further inform our deliberations (see **Appendix 1**). These papers do not necessarily reflect our views, but are important contributions and are being published to support public discussion.

## Context and case for change

**In this section we consider the history and traditions of the APS, the context in which it operates today, and the extent to which the APS is ready to adapt and respond to emerging challenges and opportunities.**

### The APS history and tradition

Given the scope of this review, it is important to contextualise the history and role of the APS.

Since 1901, the APS has been a critical institution in Australia's federation. Its work is broad and diverse. It provides impartial advice to government on national security, economic, social and foreign policy matters. It helps protect Australia's national security and supports delivery of education, health, social, aged care and disability services. It collects taxes and manages government finances. And it helps develop, monitor, and enforce the laws and regulations that underpin much of Australia's social compact.

Strikingly, over 70 per cent of the APS works in implementation, regulation or service delivery roles, and over 62 per cent of the workforce is located outside



Canberra (see **Exhibit 2: The APS at a glance**). Any changes to the service must have regard for the full breadth of its roles and how and where they are performed.

The APS has a proud history of independent civil service. It has remained true to enduring values of acting as an apolitical steward of the common good for the people of Australia and serving as the institutional memory of the nation. These values are the basis on which reform must be built.

The APS has deep roots in the Westminster tradition, characterised by a continuous, impartial, and merit-based career civil service that supports the elected government. Crucially, as set out in its governing legislation, the APS is expected to efficiently and effectively serve the government, the Parliament and the Australian public.

This model has proven remarkably durable, evolving over time to meet the demands of different eras – from the expanded role of the Commonwealth in World War II and the post-war reconstruction period, to establishing significant features of Australia's social security system, and helping to drive important economic reforms in recent decades. Throughout, the APS has been a bedrock of stability and continuity for Australia's democracy, serving successive governments. The Westminster tradition will remain the foundation for the APS in coming decades, provided it continues to evolve to meet the needs of the time.

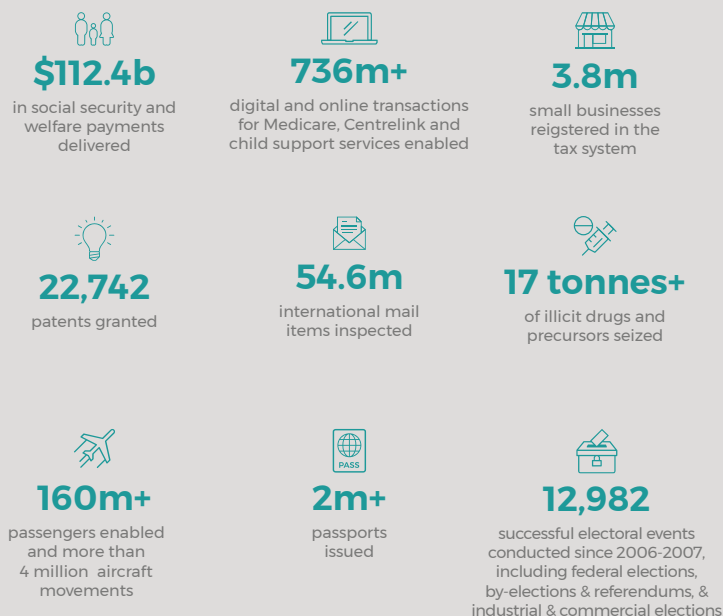
Overall, international comparisons paint a positive picture of the APS. The OECD ranks Australia highly on regulation, data availability and accessibility. We enjoy above average citizen confidence and satisfaction in public services, including health care, education, law enforcement and the judicial system. The 2017 International Civil Service Effectiveness Index ranked the APS third in the world – although it also identified room to improve in integrity, policy making, social security and tax administration, and human resource management.

While proud to recognise the achievements and international standing of the APS, we must also understand where and why it is not meeting its full potential. As we discuss below, Australia needs the APS to be at its best to address the challenges and opportunities brought by new technology and broader social, geopolitical and economic developments.

## Exhibit 2: The APS at a glance

## Serving the people of Australia

The APS's work has a fundamental impact on individuals, families and businesses. There are many touchpoints where citizens expect access to quality, reliable services delivered in a way that meets their needs. In 2017-18, the APS:



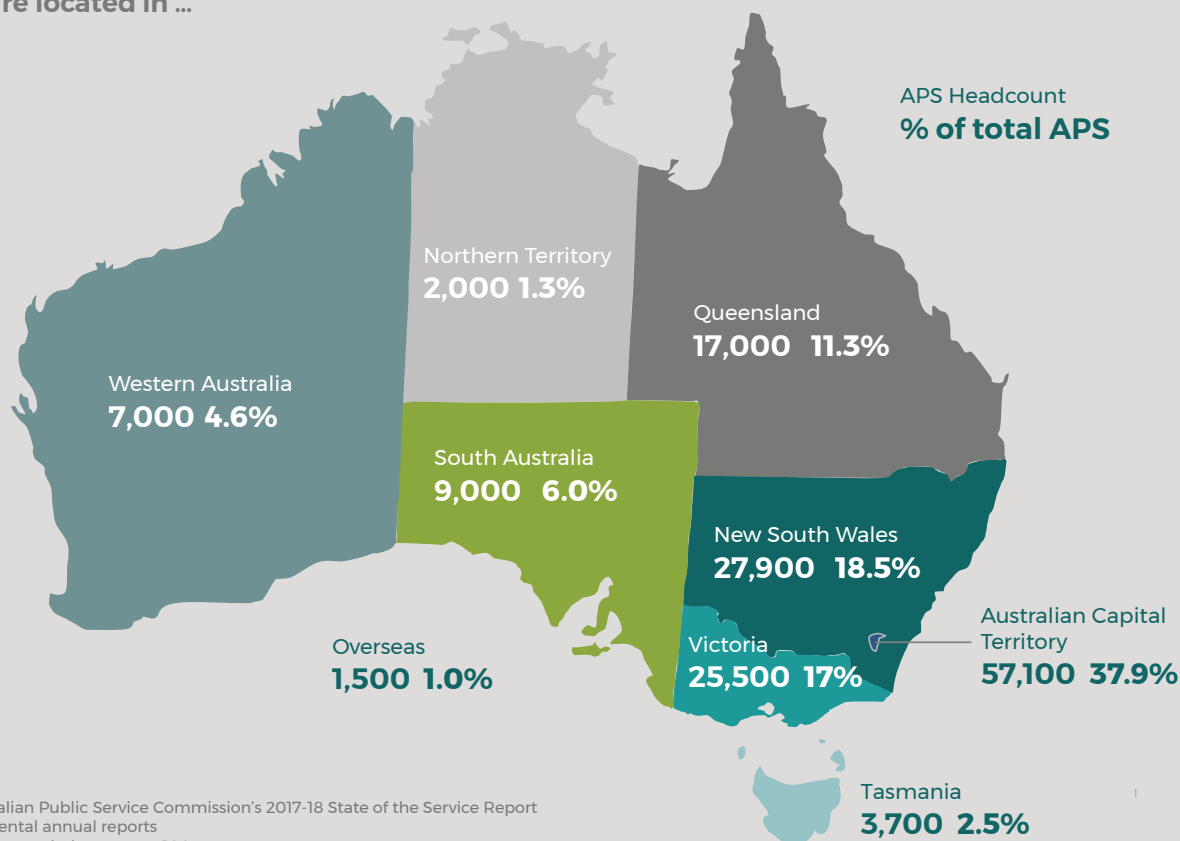
## What the APS looks like



## They work in ...



## And are located in ...



Source: Australian Public Service Commission's 2017-18 State of the Service Report and departmental annual reports  
NOTE: Figures rounded to nearest 100

## Adapting to a rapidly changing world

The world is changing rapidly and it is important to consider the global trends that are affecting Australia and the APS.

First, we are experiencing rapid and profound change in technology and connectivity. To put this in perspective, 90 per cent of the world's data was produced in the last two years. The global number of connected devices was around 500 million in 2003, overtook the world's population in 2014, and is expected to exceed 50 billion in 2025.

Modern devices, app-based technologies, and tailored solutions driven by data analytics all show how technology can be used to ease many day-to-day challenges. In this context, people are coming to expect greater personalisation in the services they use.

Second, we have seen declining trust in traditional institutions, accompanied by dissatisfaction with public services and a push to solutions that are more local and personalised in design and delivery. The last five years have seen the emergence and rapid growth of new political parties in some of the world's largest economies. Trust scores are the lowest on record, particularly for government. The pressures of 24/7 news coverage have been amplified by social media networks.

Third, work and career paths are changing fundamentally, both inside and outside the public service. Demographic shifts, improving standards of living, and shifting workforce expectations are changing the nature of jobs and creating new opportunities. At the same time, enhanced use of data, automation and artificial intelligence (AI) present compelling opportunities for the APS to deliver better services for all Australians.

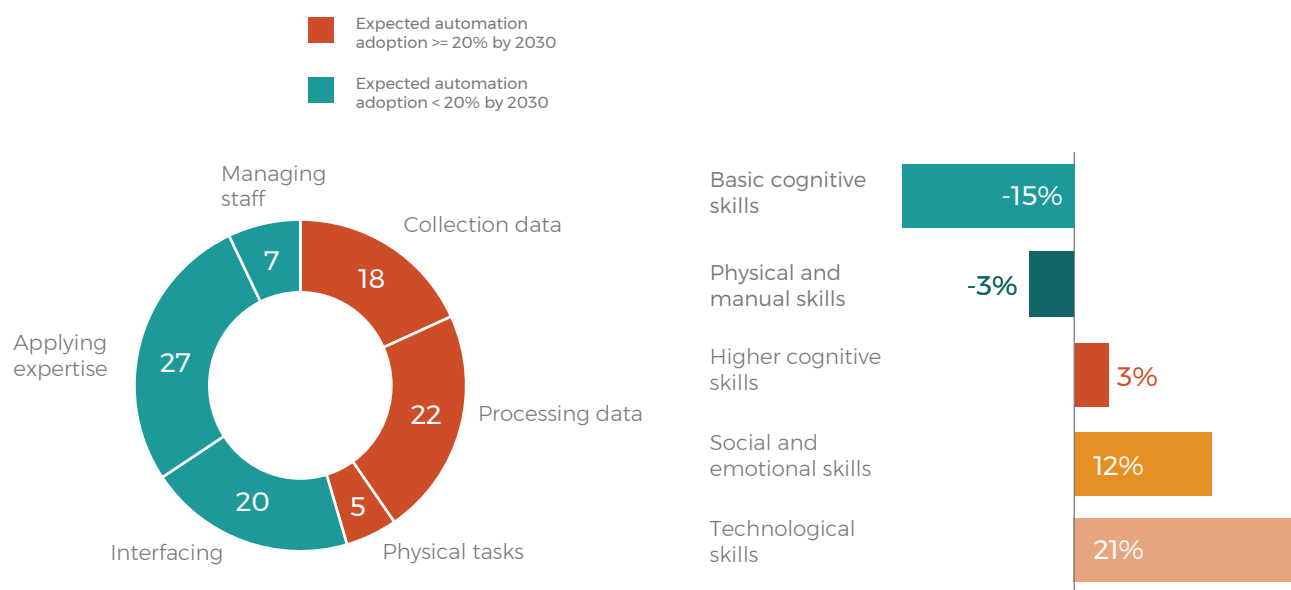
Approximately 40 per cent of the time spent on tasks performed by the APS today involves highly automatable data collection and processing (see **Exhibit 3: The future of work**). Automation and digitisation can improve the experience for people interacting with the APS in areas such as grants and payments. It may also free employees from routine tasks, enabling them to spend more time on customer facing roles and other higher value activities. Further, it will provide opportunities to improve the service's own enabling services, helping the whole APS deliver better outcomes.

Automation and digitisation should deliver better quality and more personalised services for Australians and will create opportunities for APS employees to build new skills and take on new roles. Realising these opportunities will require a joint commitment across the APS, reflected in a whole-of-service workforce strategy and supported by collaborative ways of working and common and interoperable enabling platforms.

### Exhibit 3: The future of work

In the APS today up to 40 per cent of time is spent on highly automatable tasks such as data collection and processing  
Estimated distribution of time on tasks, 2017  
% of total hours spent

Capturing the opportunities for improved services through automation will change the skills needed in the APS  
Estimated shift in skills in the APS 2017-2030, %



Source: McKinsey Global Institute automation impact model; APSC data

Finally, geopolitical instability is increasing, characterised by a rise in nationalism and populism and a decline in the influence of multilateral economic and security institutions and frameworks. Once-stable regional blocs are increasingly characterised by trade tensions or conflict, affecting many Australian markets.

The implications of these technological, workforce and political global trends for the average Australian are profound. People experience remarkable levels of personalised service through new technology and have come to expect the same from all service providers. This trend will only continue. Australians are, on the whole, more sceptical of government and the media than ever before. And in coming decades Australia could face ongoing uncertainty about the global political and economic environment.

The implications for government and the APS are equally profound. The public sector will face increased expectations for delivery of seamless, personalised services. Social, economic and international flux will exacerbate policy challenges and put a premium on an understanding of, and connections into, Australian communities, the Asia-Pacific, and the world more broadly. The battle for talent will intensify. And in a contested, low-trust environment, politics will likely continue to be conducted as a 'permanent campaign', in turn influencing the priorities of government and the risk appetite of the public service.

To help us understand these future challenges, we commissioned research to explore the global trends likely to affect the APS over the coming decades. This informed [scenario planning](#) for the future of the APS (see **Box 2: Potential scenarios for the future of the APS**).

## BOX 2: POTENTIAL SCENARIOS FOR THE FUTURE OF THE APS

The work we commissioned identified four scenarios for 2030. All are provocative and extreme, yet still plausible. They are as follows:

1. A **tech-dominated** Australia where people embrace breakthrough technologies; rapid workforce transitions create new challenges; and data, advanced analytics and AI drive government policy and operations.
2. An Australia where people are **losing trust** in big institutions and growing dissatisfied with standard public services, instead putting trust in local and place-based approaches.
3. A scenario where people are frustrated with political institutions and demand **personalised solutions**; 'echo chambers' have replaced traditional sources of news; and Australians are increasingly taking control and governance into their own hands, using online platforms to engage with the APS to shape policy on the issues that matter to them.
4. An **insular Australia** where perpetual near-conflict and populist national views dominate the global political landscape, driving nationalistic sentiment in domestic politics.

Such scenarios are not an objective for Australia, but they usefully highlight the different environments in which the APS may need to operate. We cannot predict what the future will hold, but scenario planning helps us prepare for it by pushing our thinking beyond immediate problems. In reality, the future will likely comprise various elements from across the four scenarios.

Given the profound changes ahead, Australia and the APS will need to be adaptable and resilient. There are some clear 'no regrets' actions – for example, ensuring the APS's people can deliver tailored solutions, developed in partnership with state and territory governments, communities and others, with greater flexibility and across organisational boundaries. This will require skills and mindsets that embrace analytics at scale, a focus on users in service design and delivery, and a commitment to openness and transparency. Stability and continuity – founded on a culture of integrity – will become even more vital during periods of volatility.

### Current context and challenges

In considering the large-scale shifts discussed above, we must also be mindful of the historical underpinning of today's APS.

Many aspects of the current culture, capabilities and operating model of the APS reflect reforms introduced over decades, including following the Royal Commission Report into Government Administration (the Coombs review) of 1976. Many changes were driven by new managerialism or New Public Management thinking that sought to deliver greater efficiency and value for money through the adoption of new practices.

These reforms saw widespread devolution across the APS. Responsibility for internal budgets and enabling functions was given to individual agencies, and departmental secretaries and agency heads were conceptualised as chief executive officers. Many changes focused on driving productivity, including through outsourcing significant public services to commercial and not-for-profit providers, introducing efficiency dividends for all agencies, and emphasising accountability for outcomes and outputs. Meanwhile,

governments have exerted greater influence over the APS over time, including through senior appointments and the role of ministerial advisers.

These changes have progressively reshaped the APS and delivered significant benefits. They have increased the responsibilities and autonomy of agencies, and driven a greater focus on performance, efficiency, strategy and delivery. They have also ensured increased responsiveness to ministers and governments. Despite the benefits, it is clear, three decades on, that the APS is now grappling with some of the inevitable consequential challenges in a rapidly changing operating environment.

For example, devolution has empowered agencies – but has made it more difficult for the APS to tackle the interconnected challenges Australia will face in coming decades. There is widespread agreement that the constituent parts of the APS will need to work together on these challenges and to realise the opportunities provided by breakthrough technologies and better engagement. But this will be difficult with no APS-wide view on current capabilities, let alone future capability needs. And some approaches to service provision seem increasingly at odds with public expectations of a seamless experience, regardless of which agency is responsible.

There are strong concerns the APS's underlying capacity has been weakened over time. This is commonly reflected in suggestions about latent skills, talent leaking to the private sector, and missing capability and connections with Australia, the Asia-Pacific and the rest of the world. The risk is that Australia will find itself with an APS that, in coming years, struggles to provide successive governments with integrated advice and support – informed by a deep understanding of the needs of the Australian people – to best tackle complex problems.

There are also concerns that the APS's operating model can stand in the way of people, skills and resources being deployed in the most efficient and effective manner. And long-term underinvestment in major capital, particularly digital and data infrastructure, will risk leaving the APS with expensive legacy systems that do not support exceptional services or enable data-led policy making.

And too often, successful leadership within the APS is more associated with responsiveness and upward management than with employee development, entrepreneurialism and stewardship of the service. These are not mutually exclusive attributes: there is a gap between the leadership skills and culture of today and those the APS needs to be at its best in the future.

These pressures are reflected in the veins of frustration evident across the service, and are affecting the APS's confidence and institutional authority. They are not unique to Australia and are being faced by other Western liberal democracies. Nor is the APS the only institution facing challenges in response. But in Australia, these shifts and sentiments – and their impact on the APS – have been reinforced, and indeed exacerbated, by specific experiences in recent public memory. These include a number of high profile inquiries that have criticised key aspects of public administration.

The public should rightly expect the APS to serve Australia's elected representatives. This remains a key feature of public services in all Westminster democracies, for parliamentarians are elected by the people; officials are not. But we can and should also expect our public service to provide continuity of service to successive governments, as required by the APS's

governing legislation. This is ultimately about balance: the APS should be empowered both to remain responsive to the government of the day and to act as custodian of the range of functions and institutions that endure from government to government.

It is important to emphasise there are countless inspiring examples of excellence across the APS. These warrant greater recognition both within and beyond the service. They demonstrate the service can and does operate well in many contexts. But too often successes are not the rule and rely on workarounds, the commitment of individuals and teams, or some external impetus – often in the form of a crisis. In future, they will flow naturally from the prevailing culture, capability and operating model of the APS.

## Priorities for the future

**In this section, we set out our aspiration for the APS, and our priorities for change to meet this aspiration.**

### Our aspiration

**We need a trusted APS, united in serving all Australians.**

This aspiration has three parts. First, the APS must be **trusted** – by government, the Parliament and the people of Australia. Trust is founded on integrity, transparency and reliability, and these underpin our proposed priorities for change.

As reflected in its legislated values, the APS must be ethical and act with integrity in all it does. This is an enduring feature of public administration across Western liberal democracies, most recently reinforced in Australia by bipartisan support for a new anti-corruption body. Integrity is vital to the APS performing its duties and, if anything, will become more so in the future. The APS operates in an increasingly complex environment with significant external pressures. It manages a multitude of formal and informal relationships with others outside the service, and undertakes frequent and high-value procurement decisions.

Second, our priorities are driven by the need for the APS to deliver more than the sum of its parts as a **united institution**. This does not mean homogeneity, false consensus, or the absence of rich debate across the constituent parts of the service. However, it does mean getting on the same page, with employees and agencies working to shared goals and collaborating for the benefit of those the APS serves. To do this, the APS must better harness its different people and agencies, its diverse insights and perspectives, and all its energy and will, to serve Australians. A united APS will be characterised by joined-up leadership and a flexible operating model, with collaboration the norm.

Finally, the APS must put the **interests of the Australian people** at the heart of all it does. From designing services *with* those who use them, to enabling participation in identifying and solving problems – for families, businesses, communities and the nation. The focus must be much more on the Australian people and much less on the internal business of the APS, guided by a deep spirit of service to others. This focus underpins our priorities for change, from governance at the most senior levels, to how outcomes are resourced and measured and how services are delivered and policy made.

To realise this aspiration, the APS will need to transform: its **governance and leadership model**, its **operating model**, its **people**, and its **partnerships** (see **Exhibit 4: Priorities for building an APS fit for the future**). These changes are summarised in turn below, with Part II of the report providing

further detail on our priorities for change and some proposed initiatives to deliver them.

Our priorities for change to transform the APS are as follows.

### **Strengthen the culture, governance and leadership model**

Australia will increasingly need an APS that is more than the sum of its many parts. This means a service that instinctively pulls together to tackle complex challenges, bringing all its expertise, perspectives and resources to bear. Key to this will be ensuring the people of the APS understand and have confidence in what they are striving to achieve, and how well they are performing.

Drawing on the different perspectives and contributions of all parts of the APS, this common purpose will unify the service and strengthen its ability to deliver outcomes that matter to the government, the Parliament and the Australian people. Crucial to this will be the individual leadership of each secretary and agency head, alongside the collective leadership of a revitalised Secretaries Board. Together, they will provide direction and cohesion, ensuring the APS can deliver on agreed priorities - many of which will transcend the responsibilities of particular portfolios and agencies.

In delivering these outcomes, a culture of openness, transparency and accountability will become the norm.

### **Build a flexible APS operating model**

To meet these challenges, the future APS must be able to flexibly adopt new approaches, reconfigure teams, and deploy skills where and when most needed. This means having rules, systems, structures and ways of working that empower, not encumber, the flexibility and collaboration essential to advancing Australia's long-term interests. It also means enabling the APS to meet government priorities quickly and adeptly, by bringing together the right people, insights, resources and energy from across the service to get the job done.

The workforce structures and practices of the future must therefore support effective decision-making, empower people and deepen the culture of collaboration across institutional boundaries. Networked enabling systems - including across HR, finance, ICT and data - and common processes will further break down boundaries between agencies and remove barriers to collaboration. An APS that is a leader among digitally enabled organisations will see people at all levels empowered to lead, innovate and coordinate to deliver effective outcomes. Common enabling platforms will position the service to utilise data and emerging technologies to the benefit of all.

These approaches will be underpinned by a flexible, disciplined budgetary framework that ensures the APS can meet the expectations of government and the public for high quality advice, regulation and delivery for decades to come.

### **Invest in capability and talent development**

To fully deliver upon future needs, the APS must also prioritise its own people - and be supported in doing so. This includes boosting its leadership, capability and diversity - and supporting all staff to be 'professional public servants'. We need an APS that builds and maintains the necessary skills, innovates across the service, and provides fulfilling work opportunities in an increasingly competitive labour market.



This will involve two major shifts. First, the APS will need to value and prioritise its people and their development far more. Second, the APS will need to undertake strategic, whole-of-service workforce analysis and planning as a matter of course - and use it to underpin long-term workforce strategies. New recruits and experienced hands alike will see positive change. They will be both trained in core public sector skills and supported to develop deep expertise in specialist areas. They will also see a wide range of possibilities for their career, supported by managers in realising their potential.

This workforce of capable and empowered people will lift APS performance. It will spearhead a renewed focus on the foundations of outstanding, integrated policy advice and delivery excellence - including through research, evaluation and data analytics - and ensure the APS best serves the government and the people of Australia.

### **Develop stronger internal and external partnerships**

The APS's impact, influence and success in the years and decades ahead will rely heavily upon meaningful, lasting relationships. Such relationships are essential if the APS is to deliver on government priorities and serve the public. This will require a fundamental shift in mindset and approach, with the APS bringing greater confidence in its role and contribution, and greater humility in how it partners with others. The partnerships will be many and varied - including with state, territory and local governments, civil society, business, communities, service providers, and the Australian public. They will be typified by the highest standards of ethics and integrity.

Relationships of this quality will be evident in genuine commitments to work with others (and willingness to be held to account), regular release of the valuable data and research the APS gathers and produces, and best practice approaches to engaging meaningfully with the public. In time it could also mean, for example, seamless, personalised service delivery through closer relationships with and between Commonwealth providers, and greater collaboration with states and territories.

Nowhere is the importance of genuine partnerships truer than in supporting the aspirations of, and pursuing outcomes with, Aboriginal and Torres Strait Islander peoples. Now is the time for the APS to reconceptualise how it works with Aboriginal and Torres Strait Islander peoples.

The APS will also strengthen one of its most critical relationships - with Ministers and their offices - including by providing ministers with better access to APS expertise and insights.

### **Implementation is key**





Some of these priorities have been recommended in past reviews but have either not been fully implemented or their original intent has not been fully realised. And taken individually, no single idea is sufficient to drive meaningful change in the APS. The APS will be fundamentally transformed if:

- the complete set of initiatives is taken forward as an integrated package
- they are owned and embedded across the APS - which will require a new and sustained approach to implementation.

## Exhibit 4: Priorities for building an APS fit for the future

## The aspiration: a trusted APS, united in serving all Australians

## Priorities for change

<b>Strengthen the culture, governance and leadership model</b>  <p>Shared purpose and values across the APS, championed by strong and accountable leaders</p>	<b>Build a flexible APS operating model</b>  <p>A dynamic operating model that enables collaboration and focusses APS energy on the highest priorities</p>	<b>Invest in capability and talent development</b>  <p>An integrated workforce strategy, building and maintaining service-wide skills to deliver and innovate</p>	<b>Develop stronger internal and external partnerships</b>  <p>Working openly and with integrity with partners, to support the delivery of outcomes for Australians</p>
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## Initiatives

<ul style="list-style-type: none"> <li>■ Common purpose and vision that unites and inspires the APS</li> <li>■ Secretaries Board driving outcomes across government and APS performance</li> <li>■ A defined 'head of service' and 'head of people'</li> <li>■ Clarity and confidence in the appointment and expectations of secretaries</li> <li>■ Genuine transparency and accountability for delivering outcomes for Australians</li> </ul>	<ul style="list-style-type: none"> <li>■ Dynamic ways of working and structures to empower individuals and teams – making collaboration the norm</li> <li>■ Strategic allocation of funds and resources to outcomes and essential investment</li> <li>■ Networked enabling systems and common processes across the service</li> </ul>	<ul style="list-style-type: none"> <li>■ Professionalised functions across the service to deepen expertise</li> <li>■ Empowered managers accountable for developing people and teams</li> <li>■ Strategic recruitment, development and mobility to build the workforce of the future</li> <li>■ 21st century delivery, regulation and policy capabilities</li> <li>■ Policy advice that integrates social, economic, security and international perspectives</li> </ul>	<ul style="list-style-type: none"> <li>■ Seamless services and local solutions designed and delivered with states, territories and other partners</li> <li>■ An open APS, accountable for sharing information and engaging widely</li> <li>■ Strategic, service-wide approaches to procurement to deliver better value and outcomes for Australians</li> <li>■ Ministers supported through easier access to APS expertise and insights and formal recognition of distinct role of ministerial advisors</li> </ul>
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## Implementation: delivering lasting change

<ul style="list-style-type: none"> <li>■ Senior leadership cohort who own transformation</li> <li>■ Clear prioritisation of reforms, focusing on the most important things first</li> </ul>	<ul style="list-style-type: none"> <li>■ A transformation leader with the influence to drive and coordinate delivery</li> <li>■ Deep engagement across the service in developing and implementing change with service-wide investment in capability building</li> </ul>	<ul style="list-style-type: none"> <li>■ Funding, resources and support to drive transformation</li> <li>■ Meaningful metrics for short and long term success of transformation</li> </ul>
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## Delivering lasting change

**This section lays out the panel's initial perspective on how to ensure change is implemented fully and effectively across the APS.**

Having examined many previous recommendations to improve the APS (see **Appendix 2**), it is striking that many of the issues and suggested solutions are evergreen. Though the Coombs review was the last exercise of similar scope, on average there has been more than one major review every year for the past 15 years.

Beyond these formal reviews, there is also a substantial body of work on public sector reform by government agencies, such as the Australian Public Service Commission (APSC), parliamentary committees, the Productivity Commission, the Australian National Audit Office and the Commonwealth Ombudsman. This sits alongside a wealth of academic discourse, international experience, and domestic and global case studies.

This material provides insights for the review and conclusions that warrant reiterating. But it also suggests that, regardless of the richness of ideas about what needs to happen to prepare the APS for the future, making it happen is a very different matter.

Many people involved in developing and implementing past reviews are justifiably proud of the changes achieved. But they also reflect with some frustration that many solutions and innovations have not been fully delivered or the intent fully realised.

In some cases, the momentum for reform petered out. In others, technical change was made and the box ticked, but the desired outcome was not realised. Resourcing constraints and a lack of continuity in leadership are common, and often very valid, explanations. Notably, reforms seen to have had most impact are characterised by strong APS and political support, a sound and transparent case for change, and clear accountability for implementation.

In finalising this review, the panel will therefore give equal consideration to how change is implemented, not just what changes are required. This is difficult in any organisation, let alone an institution as large and complex as the APS. Globally, there are more examples of failed public sector transformations than successes. And there is inevitably some cynicism about the possibility of change, or about having heard it all before. Simplistic solutions will not suffice. Nor should we just turn to the private sector for the answers.

The deep spirit of service across the APS is striking. This is a remarkable quality. There is genuine enthusiasm and willingness across the APS – from graduates to the Secretaries Board – to engage in real, not token, reform. There is much the APS can already do to improve its own performance. Considerable work is underway, and much of what we think is needed can be readily implemented within existing legislative and policy frameworks.

But, beyond the APS, the broader authorising environment really matters. In particular, government – as a key beneficiary – has a vital role. In some instances the government will need to specifically agree and resource the necessary changes. In other areas, government will simply need to champion and support the APS to do what needs to be done.

Without such an authorising environment there are still good prospects for continued incremental performance improvement across the service. But the opportunity for genuine, lasting transformation will be lost.

It will therefore be important to identify and focus on early quick wins, within what will be a long-term reform agenda. This will help make these initiatives tangible and meaningful for the APS's people and provide assurance to government and other stakeholders that the effort and resources are worthwhile and should be sustained.

**Box 3: Ensuring successful reform** sets out some principles the panel will consider in settling its findings on implementation of the review.

### BOX 3: ENSURING SUCCESSFUL REFORM

Success means a fit-for-purpose APS that delivers for governments, the Parliament and the people of Australia over coming decades. This will be measured by the APS's readiness to adapt, to deliver and to renew itself to help Australia prosper in the years ahead. It will also be measured by the impact it has on Australia.

As set out in our terms of reference, we will propose a transformation program to ensure delivery of recommendations and to guide and drive future APS reforms. This will build on important work already underway, including that led by the Secretaries' APS Reform Committee. We will also make these changes concrete by illustrating what they will mean for the day-to-day working lives of people across the public service.

Drawing on global and domestic public and private sector experience, we have identified key principles for successfully changing large, complex organisations. We are considering these in the context of potential approaches to implementing the outcomes of this review. The common elements of successful large-scale transformations include:

- **committed leadership** to ensure reforms are owned and embodied at senior levels across the service – and leaders act consistently with the reform directions
- clear **prioritisation of reforms**, focused on the most important things at all times with scope to take stock and adjust priorities as necessary
- a **transformation leader** with the resources and influence to drive and coordinate delivery
- **deep engagement** of people across the service – at all levels and in all places – in developing and implementing changes, supported by compelling communication and investment in **capability building** to underpin ambitious reform
- short, medium, and long-term **metrics for success**, including specific indicators of impact, so implementation remains focused on delivering outcomes, rather than ticking off recommendations
- enduring **funding, resources and support**, including from government, to enable genuine transformation

We recognise that some – though not all – of the current proposals entail cost. Some reprioritisation and more strategic use of current resources is certainly conceivable. But government will ultimately have decisions to make once our final report is provided, balancing the importance of investing in the future of the APS against many other priorities.

The long-term benefits of adequately resourcing APS transformation will be profound for the nation as a whole. An enduring funding mechanism to support these reforms over the coming years is therefore highly desirable. There are domestic and international precedents for such an approach – indeed, the current Public Service Modernisation Fund is predicated on reinvesting a proportion of the efficiency dividend into a range of projects. The panel will further consider these issues when finalising this review.

## **Part II:** **Priorities for change**

## Part II: Priorities for change

We need a trusted APS, united in serving all Australians. This is our aspiration for the APS. We've outlined how we have arrived at this aspiration in Part I of this report. Part II sets out the four priorities to deliver this aspiration. In this section you will find the following information:

- i. **An overview of each priority:** the context and the transformation opportunity, supported by a selection of insights that have informed our thinking.
- ii. Some **proposed initiatives to deliver change:** further details on what we think is needed, what is shaping our thinking, and what we are still exploring.

By releasing the information in this section, we are sharing and testing our thinking with everyone who is interested in how the APS will operate in the future.

You will see that these priorities for change and potential initiatives may not always present a complete picture of the required transformation. This reflects our current view – both what we know and what we're still exploring.

We would like to invite you to add to, and challenge, our thinking to assist us in making the final recommendations as strong as possible. We have also published the submissions, research, insights and feedback that have informed our thinking.

**WE WANT TO TEST OUR THINKING WITH YOU.**  
**Go to our [website](#) and give your comments and feedback by 2 May 2019. We're asking you the following questions:**

- How can we strengthen each proposal?
- What are we missing?
- How do we ensure lasting change?

## Priority: Strengthen the culture, governance and leadership model

### What we have heard

- *"For the APS to be best placed to serve Australian governments and the community into the future, it is essential there is visible, cohesive leadership and a clear strategic vision for the APS delivering on the principle that a citizen's interactions with government are as integrated and seamless as possible."*

#### Submission – Australian Taxation Office

- *"Public service should be based on stewardship and accountability to drive long-term outcomes 'leaving something better off than we found it'."*

#### Public workshop

- *"... the lack of unifying purpose plays a significant role in the weaknesses the APS has in collaboration and coordination, governance, strategic decision-making and organisational performance management."*

#### Submission - Anonymous

- *"There are enormous benefits to encouraging joined-up outcomes, particularly as policy problems become more interconnected and dependent on the efforts of multiple actors."*

#### Submission – Melbourne School of Government

- *"The central issue ... is to demonstrate that top appointments in the APS are merit-based, and that the public and the Parliament can be confident that appointees can and will promote as well as uphold the Values including of impartiality and non-partisanship."*

#### Submission – Andrew Podger

## Shared purpose and values across the APS, championed by strong and accountable leaders.

### Context

- The APS has a compelling institutional foundation. Its mission is to be an apolitical public service that acts with integrity in all it does, and is efficient and effective in serving the government, the Parliament and the Australian public.
- Australia needs a confident and impactful APS to help tackle complex, interdisciplinary problems in coming decades, ranging from delivering seamless services, to navigating international and security interests, and working with communities on local solutions.
- Globally, trust in large institutions has fallen significantly. The APS is not immune: Australians want their public service to be accountable and transparent, and to operate with integrity.
- There is an aspiration within the service to be one APS, bringing together the best of all its parts, but this is not lived in practice – incentives, institutional structures and the broader authorising environment push work into vertical siloes that inhibit collaboration and the ability to deliver better outcomes.

### The transformation opportunity

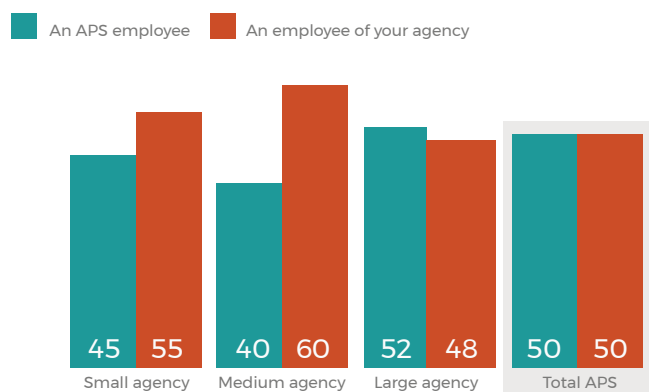
- Service-wide leadership around clarity of purpose, vision, values and collective outcomes will ensure that all public servants and agencies see themselves as part of the service, harnessing their talents and insights in the interests of Australia.
- Clear roles and responsibilities for the APS at its most senior levels – and a renewed mandate for its leaders to work across the service – will enable it to work for the collective benefit of Australia and build long-term capability.
- Strengthened governance, with clearer accountability, will drive improved performance with a renewed focus on integrity.



## Exhibit 5: A selection of insights informing our thinking on the need to strengthen the culture, governance and leadership model

### We aspire to be a united APS but this is not lived in practice

Proportion of APS staff who identify primarily as either an APS employee or an employee of their agency  
% of respondents



SOURCE: APS Employee Census, 2016, q26: If asked to choose, which would you primarily consider yourself to be?

### There are opportunities for leaders to set clearer strategic vision and foster collaboration

Under

**60%**

Under 60% of staff think their SES set a clear strategic direction for the agency<sup>1</sup>

Under

**60%**

Under 60% think SES clearly articulate the direction and priorities for the agency<sup>1</sup>

Under

**45%**

Under 45% of APS employees agree their SES collaborates with other agencies<sup>2</sup>

SOURCE: 1 2018 APS employee census [Q31c.g.h] [agree or strongly agree] 2 2012 APS employee census [q53.iv strongly agree or agree] - this question did not appear in recent years, but related questions and submissions to the panel suggest this remains a challenge for the service

### Research shows that a shared purpose brings employees together and delivers benefits

**81%** of executives believe that purpose-driven companies will **deliver a higher quality of products and services for their clients**<sup>1</sup>

Employees who feel connected to their company's mission and find meaning and purpose at work are

**2.2x** as likely to be satisfied at work

*"One of the benefits for higher-purpose driven companies is an increase in the willingness of teams to partner across functions and product boundaries"*<sup>1</sup>

SOURCE: 1. HBR/EY, The business case for purpose, 2015; 2. HBR/The Energy Project, Human era at work, 2014

### Strong and accountable leaders are key to successful change

Respondents indicating that action was taken during transformation, weighted % of total, global sample

■ Completely successful transformations ■ Unsuccessful transformations

Leaders role-modelled the behaviour changes they were asking their employees to make

Completely successful transformations	43%
Unsuccessful transformations	22%

Leaders were held accountable for their contributions to change programs in their annual performance evaluations

Completely successful transformations	43%
Unsuccessful transformations	22%

Senior-management communicated openly and across the organisation about progress and success

Completely successful transformations	49%
Unsuccessful transformations	18%

SOURCE: McKinsey Centre for Government Transformation Survey, December 2017

## Strengthen the culture, governance and leadership model

### Common purpose and vision that unites and inspires the APS

The APS has no articulated common purpose and vision to complement its legislated objects and values. With the issues that matter most becoming increasingly complex and crossing portfolio boundaries, a shared purpose and vision can provide a foundation for coherent leadership, service alignment and shared execution across the APS.

#### What we think is needed

- A legislative requirement to develop an inspiring purpose and vision that unifies the public service, linked to and building on the existing Public Service Act values. The purpose should articulate the reason for the APS's existence. The vision should outline how the service works and contributes to Australia.
- A vision for the APS, developed by the Secretaries Board and supported by the APS200 (agency heads and deputy secretaries cohort), drawing on feedback and ideas from across the service.
- The vision, purpose and values to be embedded in the APS's culture and way of working, including through public reporting on outcomes and management of performance.

#### What is shaping our thinking

- The well-established practice in high-performing organisations that aligning around an aspirational purpose and vision improves individual satisfaction and lifts organisational performance.
- Current legislation that establishes *"an apolitical public service that is efficient and effective in serving the government, the Parliament and the Australian public"*. It also requires collaboration across agencies, and that individual agencies develop annual purpose statements.
- Feedback that, while current legislation helps define who the APS serves and outlines agency responsibilities and deliverables, it does not provide a focal point for the APS to deliver its work, or address complex or cross-cutting issues.
- Commonwealth agencies have purpose and mission statements, which provide a frame for their work and have been effective in helping employees clearly identify with their agency. This has resulted in hundreds of purpose statements across the service.
- Evidence that, for a shared purpose to endure and move beyond rhetoric, it should be co-developed through genuine engagement with employees.
- Positive feedback from current APS employees that a common purpose and vision would assist in linking their daily work to a national perspective and align the service.

#### What we are still exploring

- Effective ways to embed the common purpose and vision across the service to drive better outcomes.
- Whether the present APS values should be amended alongside a new purpose and vision.

## Strengthen the culture, governance and leadership model

### Secretaries Board driving outcomes across government and APS performance

The Secretaries Board is the APS's principal service-wide governance body. There is an opportunity to build on its high-level legislated responsibilities, with the Board driving collective accountability for leadership of the APS and unifying the service in delivering on government priorities and outcomes for Australians.

#### What we think is needed

- Secretaries Board with the decision-making rights and support to fulfil its mandate in leading the APS – including by driving cross-portfolio policy and delivery outcomes and ensuring the APS is fit for the future.
- Secretaries Board to prepare a national outlook – with key trends, opportunities and challenges for Australia, based on service-wide data and insights – published after each election to help inform government policy.
- Greater access to and communication of the work and decisions of the Secretaries Board, where appropriate, consistent with its leadership role.
- Establishment of specific Secretaries Board committees as required to support delivery of government priorities (for example, mirroring Cabinet committees) and service-wide initiatives (for example, the APS Reform Committee).

#### What is shaping our thinking

- The current legislated functions of the Secretaries Board, including: taking responsibility for stewardship of the APS; identifying strategic priorities; drawing together advice from senior leaders in government, business and the community; and working collaboratively and modelling leadership behaviour.
- The relationship between accountability of secretaries to their portfolio ministers and secretaries' broader stewardship and cross-service responsibilities as set out in legislation.
- Feedback on limited APS or public awareness of the Secretaries Board, alongside evidence that, for the best organisational outcomes, key governance boards must clearly and regularly communicate their role and decisions.
- Experience of comparable international jurisdictions that demonstrates the benefits of outcomes-focused governance structures that enable cross portfolio collaborative approaches (for example, Canada and New Zealand).
- Work already undertaken by the Secretaries Board to support service-wide initiatives, such as the Diversity Council and APS Reform Committee.

#### What we are still exploring

- Appropriate governance, resourcing and support for a strengthened Secretaries Board. This could include a delivery assurance function to help monitor and drive delivery of whole-of-government outcomes.
- How to best reflect in legislation and practice the distinct and complementary roles of the Secretaries Board, individual secretaries, the Secretary of the Department of the Prime Minister and Cabinet (PM&C) and the APS Commissioner.

## Strengthen the culture, governance and leadership model

### A defined 'head of service' and 'head of people'

The APS needs empowered and accountable leaders to set the tone and direction for the service. In particular, the Secretary of PM&C and the APS Commissioner have critical roles in, respectively, overall leadership of the service and responsibility for people and capability within the APS.

#### What we think is needed

- Role and responsibilities of the Secretary of PM&C, as 'head of service', explicitly set out in legislation.
- Responsibilities of the APS Commissioner clarified in legislation, as 'head of people', including a reinforced role in appointment and performance management of Senior Executive Service (SES) officers, and responsibility for professions and for leading a strengthened pro-integrity regime.
- Measures to ensure confidence in the appointment process for the APS Commissioner, such as requiring parliamentary consultation.
- A revamped APSC, empowered to fully deliver on its responsibilities, including through sustainable resourcing and strengthened in-house capability.

#### What is shaping our thinking

- The analysis and findings of the ANZSOG paper 'Being a trusted and respected partner: the APS integrity framework' by Nikolas Kirby and Simone Webbe.
- The experience of other jurisdictions, domestic and international, in defining and enacting key leadership responsibilities (for example, Canada and New Zealand).
- Previous reviews that have envisaged a strengthened role for the APSC, but implementation has not enabled the necessary change.
- 'Division 2 – Commissioner's appointment, conditions etc.' of the *Public Service Act 1999*.

#### What we are still exploring

- Mechanisms to underpin and reinforce the head of service role for the Secretary of PM&C – for example, directions powers.
- Governance options to support the APS Commissioner discharge their role, such as an advisory board.

## Strengthen the culture, governance and leadership model

### Clarity and confidence in the appointment and expectations of secretaries

As set out in legislation, departmental secretaries have vital roles at the apex of the APS, both as principal policy advisors to ministers and as leaders and stewards of the service. It is therefore important that all Australians have confidence in the appointment, performance management and termination processes for secretaries.

#### What we think is needed

- Retention of the Prime Minister's legislated role to make recommendations to the Governor-General on the appointment of departmental secretaries.
- A codified process to inform these recommendations, including published criteria.
- Transparency around performance expectations and management of secretaries. This could include clear criteria on the basis for performance and evaluation, and measures linked to legislated responsibilities, government and ministerial priorities, and departmental and service-wide outcomes.

#### What is shaping our thinking

- 'Part 7—Secretaries of Departments' in the *Public Service Act 1999*.
- Feedback on the benefits of greater clarity in this area, including for quality of APS advice to ministers and the ongoing recruitment of potential future leaders.
- The experience of international jurisdictions, such as New Zealand and the UK, with prescribed processes for appointments of departmental heads.

#### What we are still exploring

- Options to support advice to the Prime Minister on appointments, for example a panel including the Secretary of PM&C, the APS Commissioner and a ministerial nominee.
- Options for greater rigour and transparency for any proposed termination of secretaries, while retaining the Prime Minister's legislated role to make recommendations to the Governor-General.
- Structural options to support greater collaboration among secretaries.
- Appointment processes and expectations of agency heads, building on existing guidelines.

## Strengthen the culture, governance and leadership model

## Genuine transparency and accountability for delivering outcomes for Australians

It is important that measures of outcomes and performance in the APS are not exclusively based on agency silos, reflect a robust evidence base, and address project or cross-portfolio outcomes that matter most to Australians. This will boost accountability and trust in the service. A future APS will welcome scrutiny and feedback, and make the most of such insights to lift performance across the service.

### What we think is needed

- Public performance commitments and reporting that focus on measures and outcomes that matter to the Australian people.
- The Secretaries Board taking a prominent role in improving the quality of performance reporting across the service, including through realising the intent of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and with a focus on providing meaningful information to people.
- Reinstatement of regular independent capability reviews for all departments and large agencies. Such reports – and management responses – should be publicly released.
- Publication of annual APS employee census results for each agency, alongside management responses, with the APS Commissioner empowered to review results that warrant attention.
- A disposition to seek and act upon external perspectives to help improve agency health, for example, through the greater use of advisory boards.

### What is shaping our thinking

- Feedback that fear of failure is affecting the approach to performance reporting, including use of metrics that are easier to measure rather than outcomes of importance to the public.
- International (for example New Zealand and Canada) and domestic (NSW and WA) efforts to improve transparency of performance, for both policy and citizen-service measures.
- Relevant findings of the 'Independent Review into the Operation of the Public Governance, Performance and Accountability Act 2013' (PGPA Act Review), particularly recommendations 1, 4 and 34.

### What we are still exploring

- How to ensure that any new arrangements around APS performance reporting are useful to the Parliament, including the Joint Committee for Public Accounts and Audit and other parliamentary committees.

## Priority: Build a flexible APS operating model

### What we have heard

- *"Our research into MoG changes suggests they are frequently enacted but poorly implemented... and highly disruptive."*

**Submission – UNSW, Public Service Research Group**

- *"There are different HR and filing systems, different reporting structures and so on. This results in an incredible waste of time to transfer from one agency within the APS to another."*

**Submission – Anonymous**

- *"It is imperative that cultures and behaviours across the APS facilitate collaboration across portfolios, including as policy priorities and portfolio intersections change."*

**Review questionnaire – Department of Human Services**

- *"[To] support a culture of collaboration [we need] the development of a consistent set of principles for working together."*

**Submission – Australian Taxation Office**

## A dynamic operating model that enables collaboration and focusses APS energy on the highest priorities.

### Context

- Like all large, complex organisations, the APS will need to adapt to respond effectively to shifting challenges in an uncertain future.
- Organisations that adopt more dynamic operating models respond faster to changing priorities, better meet the needs of people they serve, and engage and empower employees.
- The APS and its people aspire to a unified service, but significant cultural and structural barriers constrain effective collaboration outside of crises.
- Many of the APS's systems, processes and policies limit the flow of information, people and resources between agencies. Efforts to harmonise this have faced challenges of coordination, funding, and governance.
- Machinery of Government (MoG) changes are a principal means for governments to align APS functions around their priorities. Over the past 20 years, the APS has undergone more than 200 MoG changes.

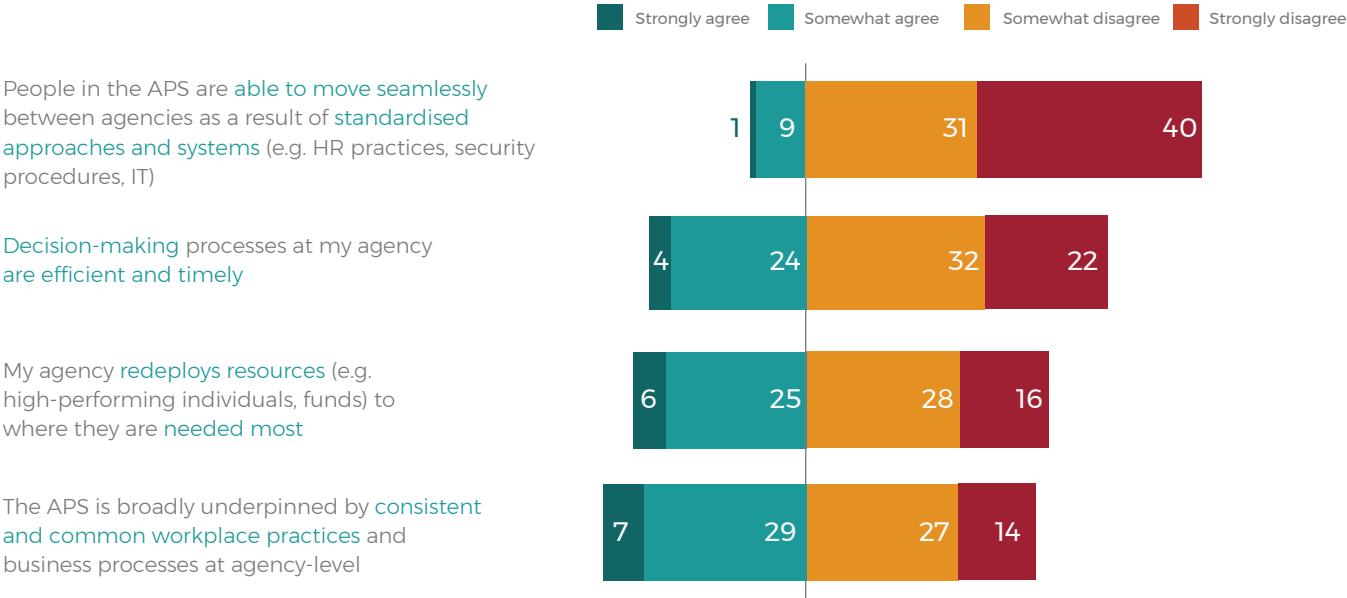
### The transformation opportunity

- An APS with common or networked enabling platforms, systems and policies will deliver efficiencies and allow resources and people to be focused on strategic priorities.
- Rather than reverting to centralisation and control, a move to common, shared or interoperable platforms will enable the APS to link up and coordinate to deliver more effective outcomes.
- A better flow of information and people across the APS will facilitate collaboration across and within agencies, allowing faster and more effective responses.
- An improved resourcing and financing framework will ensure that, consistent with government policy, the APS can reallocate resources proactively and – for example – enable investment in the underlying digital platforms needed to deliver long-term outcomes.
- Simpler workforce structures will support effective decision-making, empower employees and deepen the culture of collaboration across institutional boundaries.
- A truly dynamic operating model will reduce the need for MoG changes – and when they are needed they will be cheaper, quicker, and more efficient.

Exhibit 6: A selection of insights informing our thinking on the need to build a flexible APS operating model

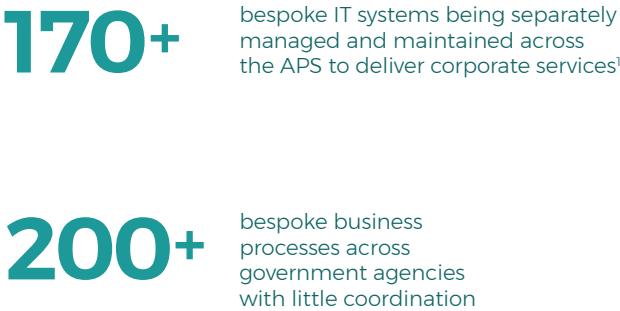
The APS lacks common ways of working, networked enabling systems, and resource allocation processes needed dynamic prioritisation and collaboration

Survey of APS on operating model dimensions that contribute to organisational agility  
%, n = 900



SOURCE: Results from APS Review survey of operating model elements across the service. Note: Figures do not add to 100% as neutral responses are not included

APS processes and systems are fragmented and some are nearing end of life



SOURCE: Department of Finance

Organisations that have adopted agile working practices see benefits

Survey on impact of agile practices<sup>1</sup>  
% of respondents who believe agile has produced better outcomes, n=3880



SOURCE: 10th Annual State of Agile report, VersionOne, 2016



## Build a flexible APS operating model

### Dynamic ways of working and structures to empower individuals and teams – making collaboration the norm

Australia's most significant public policy challenges are invariably complex and will increasingly cut across portfolio and organisational boundaries. The future APS must be able to take on challenges with the capacity to adopt new approaches, reconfigure teams and deploy skills where and when most needed. Machinery of government changes can be used to align the APS with government priorities, but the service should not wait for – or rely on – these to transform the way it works.

#### What we think is needed

- An operating model that dynamically responds to new and shifting priorities, with a culture and shared ways of working that allow teams to come together to tackle priorities for government and the Australian people.
- The optimum hierarchies, management layers and spans of control to empower people and teams, and drive effective decision-making.
- Performance measures that reward collaboration and support employees to excel in a dynamic and adaptive environment.

#### What is shaping our thinking

- Increasing evidence that more dynamic ways of working help large organisations respond to people's needs faster, deliver better outcomes, increase productivity and improve employee engagement.
- Concerns that current work practices too often reflect individual agency preferences and focus, rather than being oriented around solving complex issues and delivering outstanding services..
- Balancing the important prerogative of government to structure the APS as it sees fit, against feedback on the cost, disruption and variable outcomes when such MoG changes occur.
- Work underway through the Secretaries Board examining structures and operating models, to ensure the APS way of working supports integration, efficiency and a focus on citizen services.
- Feedback that current structures and ways of working inhibit information sharing and can delay decision-making. Evidence on optimal approaches to hierarchy, management layers, and spans of control in improving efficacy of decision-making and overall organisational health.

#### What we are still exploring

- Initiatives to drive the necessary cultural change to embed new ways of working, including training, incentives and other support.
- Opportunities for the APS to meet government expectations and minimise the need for MoG changes, and to reduce costs and disruption when they do occur.

## Build a flexible APS operating model

### Strategic allocation of funds and resources to outcomes and essential investment

Some aspects of the Budget process can have unintended consequences for APS collaboration, experimentation and long-term thinking. This risks undermining both the quality of advice to government and the implementation of government decisions. A cross-portfolio approach to allocating resources and prioritising investments presents an opportunity to deliver better outcomes for all.

#### What we think is needed

- A budgetary framework that: retains fiscal discipline and aligns spending with government priorities; enables faster resource reallocation and improved collaboration; and ensures the APS is sustainably resourced to serve the government, the Parliament and the Australian public.
- Clear alignment between government priorities and public service resourcing. This could include agreement on a small number of cross-portfolio policy priorities (guided by government and supported by Secretaries Board) and reprioritising existing spending to reflect these.
- Processes to ensure ministers receive the best Budget advice from an investment and policy perspective, taking a whole-of-government approach to funding and incorporating long-term assessments of program and investment outcomes.
- A sustainable approach to departmental capital funding, including greater capacity to invest in long-term projects.

#### What is shaping our thinking

- The important role of government in setting Budget rules that best support its fiscal strategy and policy priorities.
- Governments' expectations that APS systems, and structures and resourcing enable both the development of good policy and budget advice, and the effective implementation of government decisions.
- Feedback that some processes are impeding the APS's ability to reallocate resources to shifting priorities, or to work across agency boundaries to design or implement policies that reflect cross-government priorities and deliver the best results for people.
- Concerns around the approach to investment in APS infrastructure and systems, including: the way offsets work in practice; challenges presenting the benefits of longer-term investment; and the steady decline of departmental capital budgets.
- Recent efforts to address internal APS capital investment priorities, including initiatives such as the Modernisation Fund.
- The experience of other jurisdictions in aligning whole-of-government priorities with civil service resourcing, including through long-term results frameworks and outcomes-based budgeting (e.g. New Zealand, NSW and the UK).

#### What we are still exploring

- The best approach to funding for APS capital investments and sustainable departmental capital allocation models.

## Build a flexible APS operating model

### Networked enabling systems and common processes across the service

Despite some promising new initiatives, the APS's disparate enabling systems and processes are affecting its performance, efficiency and capacity to meet expectations. A move to networked and common arrangements would facilitate greater mobility and collaboration, build digital capability, and make the most of automation and AI in service delivery.

#### What we think is needed

- A stable spine of common digital platforms and policy frameworks that can operate across the APS for core enabling services, including human resources, finance, ICT and data sharing.
- The Secretaries Board to oversee development of this spine, subject to any direction by government. In driving digital transformation across the APS the Board should provide clear guidance on which enabling functions should be common or shared and which should be bespoke.
- A digitally enabled APS, with sophisticated systems and deep capabilities in data analytics, AI and automation.
- Staged implementation of the required changes, commensurate with available resources, and prioritisation of projects that drive a collaborative culture.
- A move towards common pay and conditions across the service.

#### What is shaping our thinking

- Feedback that many APS assets are nearing end of life, concerns over potential business risks, and support for a coordinated service-wide approach to investment in this area.
- Feedback that a lack of standardised processes and systems (such as for HR, security, IT) are barriers to working across internal APS boundaries; and that an inability to move resources quickly to where they are most needed is affecting APS capacity to innovate and deliver outcomes for people and government.
- International experience that consolidating and harmonising mainstream IT platforms and associated processes can deliver significant cost savings and operational improvements (for example, Denmark's Government IT Services Agency).
- The approaches of other jurisdictions experimenting with shared portals for citizen services, and finding that inter-operability between services can be more efficient than moving to single platforms.
- Significant APS work underway to tackle these challenges, including reform initiatives under the Modernisation Fund, such as shared services, and the Data Integration Partnership for Australia.
- The conclusions and recommendations of Ahead of the Game on aligning processes and policies, including pay and conditions, over time.

#### What we are still exploring

- Optimal arrangements to deliver a digitally enabled APS, including the important role of the Digital Transformation Agency.

## Priority: Invest in capability and talent development

### What we have heard

- *"I joined for a job, stayed because of the fulfilment each day – started by chance, stayed by choice."*  
**APS employee workshop - Anonymous**
- *"Government as an employer should be setting a gold standard example – not only meeting minimum standards but going above and beyond to strive for excellence, innovation and best practice as an employer."*  
**Principal submission, Commonwealth Public Sector Union**
- *"We have many ambitious, capable people not reaching their full potential (they are frustrated, bored)."*  
**Submission - Anonymous**
- *"I have observed a gradual erosion of specialist expertise. This affects the ability of the APS to provide quality policy advice, regulatory oversight and services."* **Submission - Anonymous**
- *"We need greater diversity. We have to change the lens on how decisions are made. If we want a fairer Australia, we need a public service that reflects Australia."* **Public workshop - Anonymous**

## An integrated workforce strategy, building and maintaining service-wide skills to deliver and innovate.

### Context

- The APS is a knowledge organisation and its most valuable asset is its people.
- However, this asset can be taken for granted. Workforce planning can be fragmented and ad hoc, current capability and future capability needs are unclear, and learning and development activities are not systematically linked to agency objectives.
- There are concerns that the APS's capability has diminished over time, that there is too much unused potential, that specific skills gaps have emerged, and that the APS's bench strength is not what it once was.
- There are also concerns that successful leadership is more often concerned with responsiveness, and upward management, rather than the management and development of people.
- The APS has long aspired to reflect the diversity of the broader community but there is more to do. The barriers to entry for outsiders can be too high, which limits the range of skills, experience and insights across the service.
- If not addressed, these weaknesses will be exacerbated in the coming years as the APS workforce is reshaped by technological and other trends.

### The transformation opportunity

- Empowered people with the right capabilities will lift overall performance of the APS, enabling the APS to best serve the government and the people of Australia.
- An APS-wide workforce strategy, led by the APSC, presents a good opportunity to drive new approaches to long-term workforce planning and capability development. This will help the APS attract and retain a diverse workforce in an increasingly competitive labour market.
- The approach to capability and talent development should be predicated on a sophisticated understanding of long-term workforce trends, including the opportunities flowing from technological advances. It should reflect a contemporary employee value proposition, centred on meaningful work, inclusive workplaces, and opportunities for development and growth for all employees.
- A transformed workforce will underpin stronger institutional capacity, including to undertake deep research, evaluation and data analytics. It will also be critical to integrated policy approaches that take a strategic view of Australia's interests across economic, social, security and international domains.

## Exhibit 7: A selection of insights informing our thinking on the need to invest in capability and talent development

### The APS does not put enough focus on coaching and development

42%

of those thinking of leaving their agency cite career-development-related reasons as the primary explanation<sup>1</sup>

Over  
40%

of APS employees said they were not coached by their line manager at work<sup>2</sup>

Just over  
25%

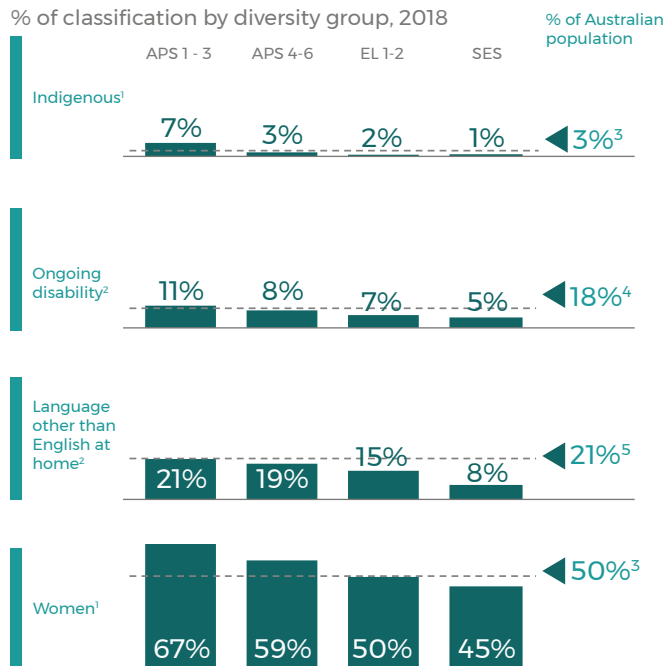
of agencies reported having a formal talent management strategy in place<sup>3</sup>

SOURCE: 1. APS Census, 2018. Note: This is the sum of 5 questions related to career development Q42.1-5; 2. APS Census, 2018; 3. State of the Service 2017-18, ASPC

### The APS struggles to attract and retain diverse employees, particularly at senior levels

#### Diversity by classification

% of classification by diversity group, 2018

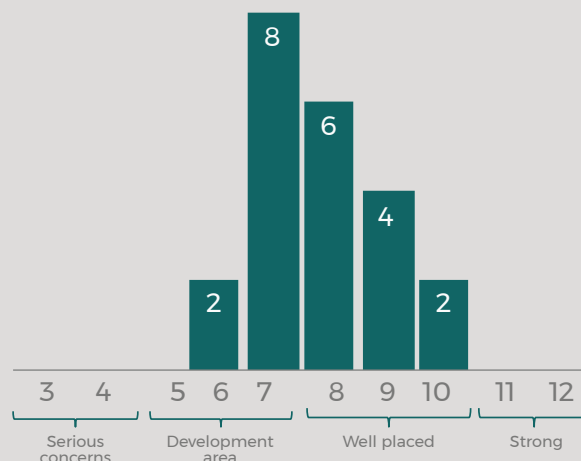


SOURCE: 1. APSED, June 2018 [Indigenous rates exclude missing data]; 2. 2018 APS employee census [Q16, 18a]; 3. ABS population statistics, 2018; 4. ABS Disability, Ageing and Carers, Australia: Summary of Findings, 2015 [Percentage in the labour force]; 5. ABS Census, 2016 [Percentage of those who speak a language other than English at home]

### Capability reviews have highlighted gaps in strategic capability

#### Assessment of strategic capability of agencies

Number of agencies assessed at each capability level, n=22

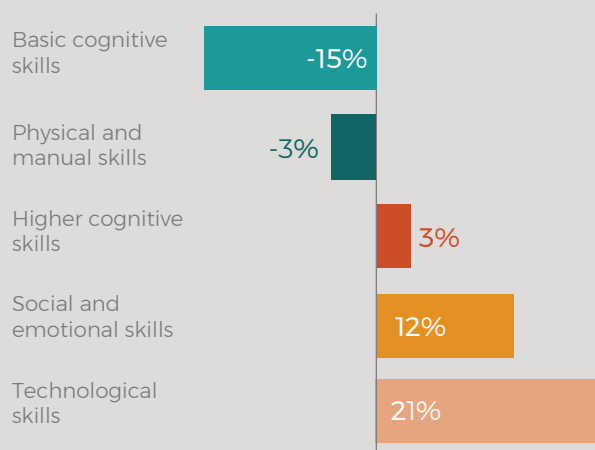


Strategic capability assessment composite score reflecting outcomes-focused, evidence-based, and collaboration

SOURCE: APSC Capability Reviews, 2012-2015

### Capturing opportunities for improved services through automation will change the skills needed in the APS

#### Estimated shift in skills in the APS 2017-2030, %



SOURCE: APSC data, 2017; ATO data, 2018, McKinsey Global Institute workforce skills model

## Invest in capability and talent development

### Professionalised functions across the service to deepen expertise

Today's approach to capability development and career planning is not building the workforce the APS increasingly needs or providing employees with opportunities they seek. A systematic, service-wide approach to lifting people capability and making the most use of skills and experience will improve overall performance of the APS for today and the future.

#### What we think is needed

- Formal, focussed professionalisation of all APS roles delivered through a new 'professions model', drawing on international best practice. It should encompass delivery, regulation and policy, as well as key enabling functions including HR, procurement and data analysis.
- Constituent professions should reflect the core, long-term capability needs, and encompass both generalists and specialists. All professions will be of equal status, and people will be encouraged to move between them where it makes sense to do so.
- A Head of Professions – the APS Commissioner – to steward development and implementation; and nurture the next generation of leaders from across the APS.
- Senior officers appointed to head each constituent profession, supported by the APSC, to develop competencies, standards and career pathways, and to guide recruitment priorities and approaches. Their responsibilities and accountabilities will be distinct from those of agency heads.
- A dedicated, sustainably resourced, APS Academy to source, design, deliver and/or leverage relevant capability-building initiatives to support the model. This should draw on best practice in each profession, as well as public, private, domestic and international experience.

#### What is shaping our thinking

- Lack of career development and progression being the primary stated reason people leave the APS.
- The experience of other jurisdictions (for example, the UK and Singapore) and leading private sector organisations in developing specialist professional development tracks.
- Lessons from other jurisdictions that have established dedicated specialist learning academies (for example, Canada's School of Public Service) and portfolio-specific initiatives such as DFAT's Diplomatic Academy.
- Concerns that the APS's capability has diminished over time, that there is too much unused potential, that specific skills gaps have emerged (for example, data capabilities), and that the APS's bench strength is not what it once was.

#### What we are still exploring

- How best to empower heads of each profession with appropriate authority and influence without confusing accountabilities or disrupting agencies' management of their workforce.
- How best to define professions and prioritise skills and roles most in need of capability uplift.
- Opportunities to partner with existing institutions, for example ANZSOG, in developing an APS Academy proposal.

## Invest in capability and talent development

### Empowered managers accountable for developing people and teams

It is important that APS managers are incentivised to deliver outcomes in the long-term interests of Australia, build capability of their staff and agency, and are responsive to immediate priorities. Formal recognition and celebration of great people managers will strengthen APS capability and make it a more rewarding place to work.

#### What we think is needed

- Managers required to devote significant time developing and mentoring staff - and recognised for doing so - supported by effective leadership training, and reinforced through positive role modelling and clear accountabilities.
- Stronger incentives for managers to build and nurture capable and diverse teams and inclusive workplaces.
- Performance management practices and systems that support both managers and staff – including: routine use of 360-degree feedback and views of external stakeholders; and linking appraisal outcomes with career opportunities and learning and development requirements.
- These practices and systems should complement the new professions model by recognising and rewarding a diverse range of skills and career paths.
- Performance management of the Senior Executive Service that better reflects its legislated APS-wide functions and emphasises collaboration and cross-portfolio outcomes. This should be developed by the APS Commissioner and implemented by agency heads.

#### What is shaping our thinking

- International best practice, which highlights the importance of linking individual performance goals to organisational priorities, ensuring that managers provide continuous feedback, reward high performers, develop the broad middle, and move quickly on underperformers.
- Concerns about a lack of focus on coaching and development. Less than half of APS employees consider SES make time to identify and develop talented people and just over a quarter of all agencies report having a formal talent management strategy.
- Feedback that current career development and performance evaluation frameworks are not applied rigorously or consistently. Few APS employees consider their agency deals effectively with underperformance or recognises high performance.

#### What we are still exploring

- Strategies to upskill managers to develop their employees effectively, and to prioritise this responsibility consistently.

## Invest in capability and talent development

### Strategic recruitment, development and mobility to build the workforce of the future

The APS relies on outdated approaches to recruitment, lacks consistency in inducting new entrants, and does not routinely identify and nurture talent and future leaders. This is affecting the composition of its workforce. Recruiting, nurturing, and developing people with a diversity of backgrounds, skills and insights will help build capability and foster greater creativity across the service.

#### What we think is needed

- Strategically-targeted recruitment, based on an APS-wide workforce strategy and informed by the new professions model. The focus should be on building the right capabilities across the service and positioning agencies to make the best decisions about their respective workforces.
- Annual external recruitment at EL and SES levels, modelled on the approach to graduates, to reduce barriers to entry from outside the APS.
- Targeted mobility into, out of, and across the APS, particularly for potential leaders, and more access to career-defining opportunities for all employees (such as overseas postings and exchanges with state and territory public services).
- Whole-of-service induction and ongoing initiatives to build common understanding of the APS's role, purpose and culture. This should be complemented by specific profession- and agency-based initiatives to build competencies and knowledge of key systems.

#### What is shaping our thinking

- Evidence that both public- and private-sector organisations deliver better outcomes, with greater customer trust and confidence when they reflect the diversity – in identity and lived experience – of those they serve, and create the environment for those teams to flourish.
- The fact that graduate recruitment is currently the only time the APS systematically looks outside itself for recruitment. Ninety-two per cent of promotions in the APS in 2017 were internal to the agency, and over a quarter of external-hire SES leave within two years.
- Fifty-two per cent of APS employees agree that their agency provides opportunities for mobility within the agency, and just 32 per cent say their agency provides opportunities for mobility outside the agency.
- Evidence that the APS continues to struggle to attract and retain employees with diverse backgrounds, particularly at senior levels, and the sustained effort needed to achieve lasting change.
- Promising Secretaries Board initiatives being implemented by the APSC to nurture leaders.

#### What we are still exploring

- Specific mechanisms to attract, retain and progress a genuinely inclusive and diverse workforce, including targets with hard accountability.
- How to ensure mobility measures are carefully planned, create clear value for agencies and individuals, and do not undermine continuity or expertise within the affected agencies.
- How best to nurture high performers with demonstrated potential to be future leaders in the APS.



## Invest in capability and talent development

### 21st century delivery, regulation and policy capabilities

There is an opportunity to reprioritise time, effort and resources for deep research, analysis and evaluation, and big data and analytics, to underpin APS capacity to provide the highest quality advice to governments.

#### What we think is needed

- Explicit acknowledgement – in agency planning, resourcing and reporting – of the importance of research, evaluation and data analytics in policy development and delivery.
- Additional and ongoing resourcing to: build in-house research capability; sustain existing evidence-gathering tools and agencies; proficiently commission external research; and develop necessary digital talent and skills, particularly in data analytics and emerging technologies.
- Evaluation capability and practices embedded across the APS, supported by central enabling advice and consistent methodologies, with specific requirements to undertake evaluations of major measures.
- Experimentation with new models to challenge and disrupt traditional approaches to developing policy, regulation and services (for example, time-limited special purpose units).

#### What is shaping our thinking

- The analysis and findings of the ANZSOG paper ‘Evaluation and learning from failure and success’ by Rob Bray, Matthew Gray and Paul ‘t Hart.
- Public policy discourse on the role of evaluation in improving policy, and international experience in embedding evaluation. For example, the Government Accountability Office in the United States of America, and the What Works Network in the UK.
- Global experience in the use of data analytics in policy development, including to simulate the impacts of proposed policy changes.
- Feedback that applied research functions across the APS have diminished over time.

#### What we are still exploring

- How best to overcome the understandable reluctance to identify, accept and act upon potential findings flowing from evaluations.
- Options for the design and use of the ‘professions model’ in these areas.

## Invest in capability and talent development

### Policy advice that integrates social, economic, security and international perspectives

The APS has placed longstanding emphasis on the need to take a whole-of-government perspective to its work. This will become even more crucial in the years ahead. The opportunity is for a system geared to consistently provide robust advice to government that integrates and balances the emerging international, social, economic and security pressures facing Australia and Australians.

#### What we think is needed

- Measures to ensure the APS overcomes cultural and structural silos, with people understanding other perspectives and disciplines, and looking to find shared solutions, without eroding healthy contestability. This should be developed through explicit professional and career development and movement between portfolios.
- New frameworks and structures to underpin high quality and whole-of-government advice on cross-cutting social, economic and security issues. This could include a Secretaries Board committee to frame and commission work on such issues, and a cross-disciplinary Integrated Strategy Office in PM&C to coordinate policy advice to the Prime Minister and Cabinet.
- Regular whole-of-government scenario exercises to identify key pressures on international, social, economic and security matters, and possible approaches and actions for government consideration.

#### What is shaping our thinking

- The ongoing challenge for the public sector, domestically and globally, to ensure silos do not undermine the quality of advice to governments. This includes grappling with fragmentation and the cultural and behavioural change required to tackle cross-cutting issues.
- The experiences and lessons of multiple international jurisdictions (including the UK, Singapore and Finland) in establishing inter-disciplinary or future-focused units, with dedicated resources and strong mandates.
- Feedback that these models are more successful when they are empowered to consider a wide range of inter-disciplinary issues, rather than focusing on a specific policy challenge, such as national security.
- The Intergenerational Report, which assesses the long-term sustainability of current government policies with a focus on demographics.
- The legislative requirement for secretaries to ensure their portfolio has a strong strategic policy capability that can consider complex, whole-of-government issues.

#### What we are still exploring

- Options to embed and resource integrated policy development functions, with the necessary capability, across the APS.

## Priority: Develop stronger internal and external partnerships

### What we have heard

- *“Developing good policy involves negotiations between the public service and stakeholders, and the testing of ideas. Not everyone gets everything they want. In such situations, trust and respect can be the difference between people remaining at the table or walking away.” Prof Ian Anderson*

- *“The independence of the APS has been corroded over time by a blurring of the line between the role of the service and the role of elected politicians and their staff ... creating a culture of defensiveness that impedes frank and fearless evidence-based advice or learning from iterations of policy development and implementation.”*

#### Submission - Anglicare

- *“Progress on society’s most complex problems will not occur without all levels of government and all sectors of society collaborating more effectively... leveraging government’s convening power, and working cross-sectorally.”* **Submission - Save the Children Australia**

- *“Greater collaboration with industry to identify and solve problems (‘codesign’) can identify alternatives to legislation or improve the effectiveness of policies, reduce costs and avoid unintended consequences.”*

#### Submission - Business Council of Australia

## Working openly and with integrity with partners, to support the delivery of outcomes for Australians.

### Context

- Key to the APS’s success in serving the government, the Parliament and the Australian public is the quality and depth of its relationships.
- There are concerns that these relationships can be undermined by the APS’s misplaced sense of primacy: as, for example, the exclusive provider of advice to government, curator of privileged information, keeper of rules, and owner of process.
- At its worst, public engagement by the APS can be seen as a series of cynical, tick-a-box consultation processes with pre-determined outcomes. States and territories also express dissatisfaction with the quality of some engagement.
- One of the APS’s most critical relationships – with ministers and their offices – could be strengthened, reflecting the APS’s important role as a trusted adviser to successive governments.

### The transformation opportunity

- Advances in technology and data analytics mean the APS is better placed than ever to routinely engage with its partners, and to deliver robust and timely advice, and quality services.
- A fundamental rethink of its key relationships will move the APS to solving problems in genuine partnership with ministers and their offices, civil society, business, academia, other jurisdictions, and the Australian public.
- The APS must approach these relationships openly and with humility. Like all effective partnerships, there will at times be robust debate and even disagreement – but the goals will be clear and shared, and the interactions respectful.
- More broadly, there should be an expectation that great agencies and public servants engage meaningfully and regularly outside the service as part of core business. People at all levels must be empowered to live this approach.
- Embracing this approach will boost the APS’s ability to design and deliver innovative, fit-for-purpose solutions, its position as a trusted adviser to successive governments, and its reputation as an organisation with the highest standards of integrity and ethics.

## Exhibit 8: A selection of insights informing our thinking on the need to develop stronger internal and external partnerships

### There are clear opportunities for government agencies to increase coordination and collaboration in delivery of services

People have up to

**30**

different logins for various government services<sup>1</sup>

**35**

Service NSW has been able to get 35 government entities partnering together to provide seamless transactions<sup>2</sup>

SOURCE: 1 Australian Government Digital Transformation Strategy.  
2 Service NSW Annual Report 2018

### There is significant room to improve procurement outcomes across the APS

**\$47.4<sup>Bn</sup>**

of government expenditure on procured goods and services in 2016-17<sup>1</sup>

**0.5%**

of contracts accounted for almost three-quarters of the total value of APS contracts in 2017-2018<sup>2</sup>

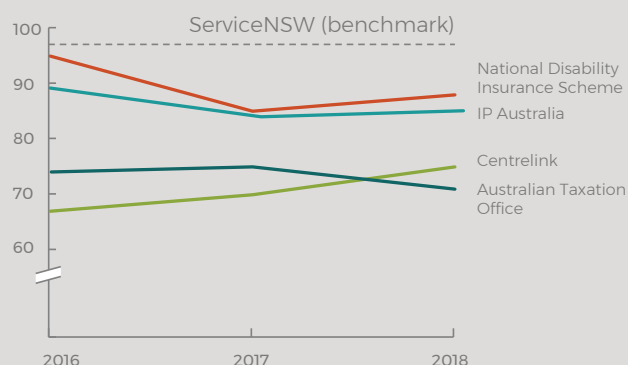
**15%**

Estimated savings from application of best practice procurement disciplines, drawing on experience of governments worldwide<sup>3</sup>

SOURCE: 1. Australian Government Procurement Contract Reporting, ANAO, 2017;  
2 Janine O'Flynn and Gary L. Sturgess (2019) "2030 and Beyond: Getting the work of government done" 3 McKinsey (2017), "Government Productivity: unlocking the \$3.5 trillion opportunity"

### There is significant room for improvement in how the APS delivers services

Citizen satisfaction with APS agencies;  
Overall satisfaction (%)



SOURCE: Agency annual reports. Note: each agency uses a slightly different questions to test satisfaction but these are broadly comparable

### Open data will improve outcomes but the Australian Government is not sufficiently trusted

% of respondents who 'agree' and 'strongly agree'

The Australian government ...

... could respond quickly and effectively to a data breach

33

... has the ability to prevent data being hacked or leaked

29

... can be trusted to use data responsibly

28

... is open and honest about how data is collected, used and shared

26

SOURCE: Public attitudes towards data governance in Australia, ANU, 2018

## Develop stronger internal and external partnerships

## Seamless services and local solutions designed and delivered with states, territories and other partners

The APS is not best-placed to meet growing expectations for government services to be delivered in an integrated and individualised fashion. Technological advances, and a renewed focus on outcomes and impacts rather than inputs and process, present an opportunity to rethink how the APS designs and delivers government services.

### What we think is needed

- A service-wide ambition to ensure people can access seamless and personalised services and support irrespective of which agency, portfolio and ultimately government is responsible for its provision.
- Close links between Commonwealth service providers (for example, social, health, employment, immigration and education) and greater collaboration with states and territories on joined up service delivery.
- New ways of working with families, communities, non-government providers and other partners to enable better social outcomes – including through wrap-around case management and place-based approaches.
- Connected digital platforms, with the requisite privacy protections, to streamline services and focus them where they are most needed.
- Agencies empowered and accountable for continuous improvement of customer satisfaction with key government services and support.

### What is shaping our thinking

- The analysis and findings of ANZSOG papers ‘Delivering local solutions’ by Catherine Althaus and Carmel McGregor and ‘Working with other jurisdictions’ by Ben Rimmer, Cheryl Saunders and Michael Crommelin.
- The Government’s Digital Transformation Strategy, especially the priority that “government is easy to deal with by 2025”.
- Evidence from other jurisdictions that streamlining the user’s end-to-end journey, through human-centred design and digitisation, significantly improves experience while reducing costs.
- The fact that Australia’s most pressing public policy challenges increasingly manifest at the boundaries of Commonwealth and state responsibilities, in areas such as health, education, environment and energy.
- Reflections on how public servants from all levels of government work together in emergencies or crises, placing local communities at the centre, with those responsible liberated to challenge traditional processes, frame problems and identify solutions cooperatively, and take calculated risks.

### What we are still exploring

- Options for structural change to drive coordination and alignment of service delivery.
- Potential to pilot joint Commonwealth and state delivery arrangements for particular services and/or regions.

## Develop stronger internal and external partnerships

### An open APS, accountable for sharing information and engaging widely

The APS is too often perceived by stakeholders to be a closed book, reflecting a risk averse culture, reluctance to provide information and sometimes tokenistic approaches to consultation. Sharing more of its work with partners, and genuinely listening to and acting on their insights, will help deliver better outcomes and earn public trust.

#### What we think is needed

- Regular release of, and transparency around, data, analysis, research and evaluations, driven by an ongoing commitment to create greater public value.
- Formal commitments to work in partnership with others (for example, civil society and business) on core policy, delivery and regulatory work – with all parties publicly accountable for adhering to those commitments.
- Proactive approaches to engaging with Australians on their views and expectations of the APS, including through regular citizen surveys.

#### What is shaping our thinking

- Initiatives underway as part of Australia's 'Open Government National Action Plan'.
- Steps in Australia and elsewhere to increase openness and engagement. For example, the Victorian framework for planning and implementing effective public participation exercises, and New Zealand's decision to proactively release some traditionally confidential material.
- Evidence that technology has lowered barriers to understanding what people want and expect from government and their satisfaction with public services. For example, Indonesia allows citizens to report on services in real-time by SMS, while other countries use citizen surveys to understand what drives public trust and satisfaction over time.
- The regular national survey of citizen experiences and satisfaction with the APS and the services it delivers, being undertaken by PM&C.

#### What we are still exploring

- The extent to which the Freedom of Information regime is helping the APS balance openness with the importance of providing frank and fearless advice to government.
- Suitable mechanisms to authorise and empower senior APS officers to lead by example in setting an 'openness by default' culture.

## Develop stronger internal and external partnerships

### Strategic, service-wide approaches to procurement to deliver better value and outcomes for Australians

The APS invests significantly in goods and services from private and not-for-profit providers and this is unlikely to change in the future. It is therefore critical the APS has the knowledge and skills to expertly design, oversee and manage its contractual arrangements with integrity.

#### What we think is needed

- Policies that, when taken together, empower agencies to achieve long-term positive outcomes and value for money through procurement activities, and holds them accountable for this, as well as maintaining fiscal discipline and strong compliance mechanisms.
- Centres of excellence to: aggregate and provide transparency on the costs and benefits of procurement activities; apply data analytics to this information and identify potential whole-of-service efficiencies; and develop and drive new approaches to procurement.
- Specialist capability to: project demand for procured goods and services; make strategic decisions about when to procure goods and services externally and when to develop them in-house; shape supplier markets to drive innovation; and evaluate procurement activities against intended outcomes.
- Use of the 'professions model' to develop this capability.

#### What is shaping our thinking

- The analysis and findings of the ANZSOG papers '2030 and Beyond: Getting the Business of Government Done' by Janine O'Flynn and Gary L. Sturges and 'The APS Integrity Framework' by Nikolas Kirby and Simone Webbe.
- The Commonwealth Procurement Rules and the new Centre of Procurement Excellence.
- Key characteristics of success in use of third parties to efficiently and effectively deliver goods and services on behalf of the APS. For example, knowledge transfer requirements and implications for long-term in-house capability.
- Feedback on implications from the use of consultants, contract labour, and outsourcing arrangements for the APS's long-term capability.
- The experience of other jurisdictions, such as the UK, Canada, New Zealand and NSW, in developing 'strategic commissioning' frameworks.
- Experience to date with commissioning approaches in parts of the APS, including the Department of Defence's 'independent contestability' function, and the Digital Transformation Agency's 'ask the marketplace' initiative.

#### What we are still exploring

- How best to ensure the APS's high standards of ethics and integrity are reflected in arrangements with external providers; including protocols for former public servants.
- How best to integrate current thinking around the application and benefits of a strategic commissioning framework.

## Develop stronger internal and external partnerships

### Ministers supported through easier access to APS expertise and insights and formal recognition of distinct role of ministerial advisors

The APS's critical relationship with the executive and the Parliament has evolved, but without a corresponding evolution in some of the conventions and practices surrounding this relationship. There is untapped opportunity to strengthen the relationship, including through a commonly agreed understanding of respective roles, clarifying the important role of ministerial advisors, and making it easier for ministers to access APS expertise and insights.

#### What we think is needed

- Measures to provide greater access for ministers to subject matter and public administration expertise, and to deepen APS understanding of ministers' needs and expectations. This could include new positions for senior public servants in ministerial offices and a higher proportion of ministerial policy staff with public sector experience.
- Deployment of technological platforms to enable ministers to access up-to-date advice from the APS at any time and from anywhere in the world.
- Practical induction, ongoing guidance and training in public administration and how to get the best out of the APS for ministers and other parliamentarians, and their staff.
- Formal recognition of the distinct and important role of ministerial advisors, including clarity of role (both in relation to ministers and public servants) and accountability.

#### What is shaping our thinking

- The analysis and findings of the ANZSOG paper 'The APS' relationship with Ministers and their offices' by Anne Tiernan and Ian Holland.
- Consistent feedback both from ministers and APS leaders that the nature and quality of relationships between the government and the APS affects the quality of public administration and long-term public policy outcomes.
- The findings of reports (for example, 'Learning from Failure') highlighting the impact of APS-executive relationships on effective program delivery, risk identification and management.
- The current 'Statement of Standards for Ministerial Staff', which sets out performance expectations.

#### What we are still exploring

- Administrative options to support senior APS officers in serving meaningfully and apolitically in ministerial offices.
- Mechanisms to ensure accountability of ministerial staff, similar to that applied to public servants, and international approaches (for example, Canada and New Zealand).



#### **BOX 4: THE RELATIONSHIP BETWEEN ABORIGINAL AND TORRES STRAIT ISLANDER PEOPLES AND THE APS**

The panel's emphasis on the importance of relationships recognises that the APS cannot meet its purpose of serving all Australians unless it works openly and with integrity with partners across the community.

Nowhere is this truer than in supporting the outcomes and aspirations of Aboriginal and Torres Strait Islander peoples.

Aboriginal and Torres Strait Islander peoples have been calling for decades for the APS to genuinely partner with them to improve outcomes. The Coombs review proposed that Aboriginal communities be assisted to develop institutions, giving them real power for the “substantially independent conduct of chosen aspects of their own affairs”.

But, despite the efforts of those involved, this has not delivered substantively better outcomes across the board, nor genuine empowerment for Aboriginal and Torres Strait Islander peoples. In the first 50 years of Commonwealth administration (1967 to 2017) there were at least 11 different public administration structures (with ten of these in the past 30 years).

If pursued, the priorities for change outlined in this report provide an opportunity for the APS to work profoundly differently with Aboriginal and Torres Strait Islander peoples. Creating a genuine partnership would be fundamentally transformative.

Such a partnership needs to operate at different levels. Locally, it will often mean working collectively on community-led or place-based initiatives. This will require the APS to work with much greater humility and to focus on building the strength and impact of Aboriginal and Torres Strait Islander organisations.

Nationally, Aboriginal and Torres Strait Islander peoples must be able to participate meaningfully in matters affecting them. The panel believes this simple proposition should be a guiding principle for the APS. Achieving it will require supporting mechanisms and institutions that provide for national participation and representation. The panel notes the 2018 Special Gathering on Closing the Gap – which brought together Aboriginal and Torres Strait Islander leaders and the first ministers from states, territories and the Commonwealth – reflects the spirit of this principle in action.

It is also critical that the APS supports and develops its Aboriginal and Torres Strait Islander employees, including fostering the development of senior leaders across the service.

The panel will be seeking to hear more voices from Aboriginal and Torres Strait Islander people, including from within the service, over the coming months.

**Next steps**

## How to get involved

We know that testing ideas makes them better. So, please go to our website and provide your feedback on our proposed initiatives and have your say by 2 May 2019. In particular, we want to know:

- How can we strengthen each proposal?
- What are we missing?
- How do we ensure lasting change?

We will be developing these proposals in coming months, taking into account your feedback to ensure that we arrive at the best answers – robust, implementable recommendations that achieve the desired outcomes for the APS.

As noted above, we have taken many lessons from previous reviews into the APS and know that implementation is critical. We are committed to ensuring we are just as clear on what needs to happen as we are on *making* it happen and will spend the coming months refining our thinking on what is required to actually deliver lasting change.

We will report to the Prime Minister mid-year. We want to hear your input and insights. So, please, visit our [website](#), challenge our assumptions, test our thinking, and have your say.

# Appendices

## Appendices

### Appendix 1: Research papers prepared by ANZSOG

To help inform the review, we commissioned research papers from leading academics and practitioners through the Australia and New Zealand School of Government (ANZSOG). These provide an additional independent perspective on various aspects of public sector reform. They are intended to support and enrich public discussion and debate.

The major topics reflect areas with a rich academic foundation, where we felt it was particularly important to hear different external perspectives.

- Three papers focus on APS relationships with key partners: ministers and their offices, other jurisdictions, and communities (through delivering local solutions).
- A further paper considers another aspect of relationships – namely, integrity.
- The final two papers explore core aspects of APS work: commissioning and contracting, and evaluations of performance.

The papers do not reflect our views or foreshadow the review's recommendations. But they are being considered carefully alongside a wealth of other material, new and existing, on key aspects of public sector reform, as well as the outcomes and insights of our engagement across the APS and beyond.

## Appendix 2: Key reports on the APS 2003-2018

Title	Year	Focus of Review	Reviewers
<a href="#"><u>Australia 2030: Prosperity through innovation</u></a>	2018	Whole-of-economy strategy to generate and capture more benefits from innovation for all Australians	Bill Ferris AC (Chair), Dr Alan Finkel AO (Deputy Chair), Dr Bronte Adams AM, Dr Michele Allan, Paul Bassat, Dr Rufus Black, Maile Carnegie, Beth Comstock, Scott Farquhar, Prof Bronwyn Harch, Dr Marlene Kanga AM, Daniel Petre AO, Dr Christopher Roberts AO, Saul Singer, Dr Heather Smith PSM (Ex Officio)
<a href="#"><u>Contestability Review into the Provision of Policy Advice to Government (not yet publicly released)</u></a>	2018	An assessment of which components of the policy process could be made more contestable or efficient	Phase One: Department of Health and Department of Industry and Science  Phase two: Department of Finance
<a href="#"><u>Final report of the ICT Procurement Taskforce</u></a>	2017	Making it easier and cheaper for ICT businesses to contract with government and deliver better government services at a lower cost	ICT Procurement Task-force
<a href="#"><u>Shifting the Dial: 5 Year Productivity Review</u></a>	2017	Whole-of-economy advice on where our priorities should lie if we are to enhance national welfare over the medium term	Productivity Commission
<a href="#"><u>Data Availability and Use, Inquiry Report</u></a>	2017	Guidance on the benefits of greater data use, and ways that governments might engage with the community to better understand the costs, risks, and benefits associated with data sharing and use	Productivity Commission
<a href="#"><u>Digital disruption: what do governments need to do?</u></a>	2016	The role of government in the face of potentially disruptive technological change.	Productivity Commission
<a href="#"><u>Independent Review of Whole-of-Government Internal Regulation ('Belcher Red Tape Review')</u></a>	2015	Assess the utility and impact of government regulations	Barbara Belcher
<a href="#"><u>Learning from Failure: why large government policy initiatives have gone so badly wrong in the past and how the chances of success in the future can be improved ('the Shergold Report')</u></a>	2015	Government processes for large public programs and projects, following the Royal Commission into the Home Insulation Program	Prof Peter Shergold AC
<a href="#"><u>Unlocking potential. Australian Public Service Workforce Management Contestability Review</u></a>	2015	Current practices around recruitment, employee mobility and separations, specifically in the context of contestability	Sandra McPhee AM

Title	Year	Focus of Review	Reviewers
<a href="#"><u>Towards Responsible Government: The Report of the National Commission of Audit</u></a>	2014	Review and report on the performance, functions and roles of the Commonwealth government	Tony Shepherd AO (Chair), Dr Peter Boxall AO, Tony Cole AO, Robert Fisher AM, the Hon Amanda Vanstone
<a href="#"><u>Is Less More? Towards Better Commonwealth Performance (CFAR discussion paper)</u></a>	2012	Review the Commonwealth's financial framework and its contribution to efficient and effective use of public resources.	Department of Finance
<a href="#"><u>Sharpening the Focus: A Framework for Improving Commonwealth Performance (CFAR position paper)</u></a>	2012	Review the Commonwealth's financial framework and its contribution to efficient and effective use of public resources	Department of Finance
<a href="#"><u>Review of the Measures of Agency Efficiency</u></a>	2011	Promoting efficiency in government and assessing suitable alternatives to the Efficiency Dividend	Department of Finance
<a href="#"><u>Review of the Senior Executive Service: Report to the Special Minister of State for the Public Service and Integrity ('Beale Review')</u></a>	2011	Review the size and growth of the Senior Executive Service	Roger Beale AO
<a href="#"><u>Ahead of the Game: Blueprint for the Reform of Australian Government Administration</u></a>	2010	Review the Commonwealth's administration and develop a blueprint for reform	Terry Moran AO (Chair), Chris Blake, Prof Glyn Davis AC, Jo Evans, Dr Ken Henry AC, Robyn Kruk AM, Steve Sedgwick, Ann Sherry AO, Nick Warner PSM, Professor Patrick Weller AO
<a href="#"><u>Engage: Getting on with Government 2.0 (Government 2.0 Taskforce)</u></a>	2009	How the internet and tools of 'Web 2.0' can improve collaboration and innovation both within government, and between government and the general community	Nicholas Gruen (Chair), Ann Steward (Deputy Chair), Glenn Archer, Sebastian Chan, Adrian Cunningham, Prof Brian Fitzgerald, Mia Garlick, Peter Harper, Lisa Harvey, Martin Hoffman, Pip Marlow, Alan Noble, Ian Reinecke, David Solomon, Martin Stewart-Weeks
<a href="#"><u>Review of the Australian Government's Use of Information and Communication Technology ('Gershon Review')</u></a>	2008	Efficiency and effectiveness of the government's use of ICT and the institutional arrangements to maximize returns to ICT investments	Sir Peter Gershon CBE FREng
<a href="#"><u>Review of the Corporate Governance of Statutory Authorities and Office Holders ('Uhrig Review')</u></a>	2003	The corporate governance of statutory authorities and their relationships with the relevant Minister, the Parliament, the public and business.	John Uhrig

