2 March 2010

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

Dear Prime Minister

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

Yours sincerely

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Foreword

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

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

In September last year, the Prime Minister established an Advisory Group to review Australian Government administration and develop a blueprint for reform. The Advisory Group met six times, received more than 200 submissions, received feedback from six forums with Commonwealth public servants and four online forums involving the wider public. Advice was also provided by a senior Australian Public Service reference group.

The intense interest among public servants in the review, and the high quality of their contributions to it, was especially pleasing, and speaks volumes for the state of the Australian Public Service.

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

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

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

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

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

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

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

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

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

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International Benchmarking Report: KPMG
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Executive Summary

Why a strong Australian Public Service is important

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

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

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

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

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

How is the APS performing?

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

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

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

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

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

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

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

Third, a high performing public service is distinguished by a highly capable workforce. Today’s public servants are passionate and committed to improving the lives of others. Consultation with APS employees revealed an overwhelming sense of pride and commitment in the work of the APS and a willingness to seek new and improved ways of delivering services to the Australian public.

However, there is some evidence to suggest that the APS is under-investing in its talent. In the private sector it is increasingly recognised that as much as 80 per cent of a company’s worth is tied to its employees. Yet almost half...
of APS agencies spend less than 1 per cent of their budget on staff development. Only a small proportion spends an amount similar to the best private sector organisations.

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

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

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

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

The Blueprint for Reform

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

The nine proposed reforms seek to:

1: DELIVER BETTER SERVICES FOR CITIZENS

Services for citizens need to be better integrated and more appropriate to citizens’ life experiences and needs. Citizens are increasingly mobile and businesses operate across both domestic and international borders.

There are opportunities to improve services within the APS, across governments and with the community and private sectors.

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

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

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

2: CREATE MORE OPEN GOVERNMENT

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

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

3: ENHANCE POLICY CAPABILITY

The APS needs to strengthen its capacity to undertake rigorous research, gather and analyse data and provide the highest-quality strategic policy advice. Under the proposed reforms, all agencies would strengthen strategic policy capability. This would be supported by a new policy maker’s tool kit to identify strategic policy principles. Partnerships with academic and research institutions would be encouraged.
The reforms also propose a greater focus on policy implementation, through improved guidance, greater networking between service delivery agencies and implementation governance boards to oversee high risk projects.

4: REINVIGORATE STRATEGIC LEADERSHIP

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

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

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

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

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

6: CLARIFY AND ALIGN EMPLOYMENT CONDITIONS

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

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

7: STRENGTHEN WORKFORCE PLANNING AND DEVELOPMENT

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

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

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

8: ENSURE AGENCY AGILITY, CAPABILITY AND EFFECTIVENESS

The Blueprint proposes regularly reviewing agencies to assess institutional effectiveness. Capability reviews would be conducted on a regular basis to assess strategy, leadership, workforce capability, delivery and organisational effectiveness. The reviews would be conducted by small teams led by an eminent external reviewer and comprising senior officials from other agencies. Reviews would result in agency capability plans that Secretaries would be accountable for taking forward.
A new outcomes structure would be introduced that establishes shared responsibility for outcomes across portfolios. Shared outcomes across portfolios would create shared agency accountability in critical interrelated areas, such as Indigenous affairs.

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

9: IMPROVE AGENCY EFFICIENCY

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

Conclusion

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

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

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<th>A high performing public service</th>
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<td><strong>Meets the needs of citizens</strong></td>
<td>Delivering better services for citizens</td>
<td>Creating more open government</td>
<td>Enhancing policy capability</td>
<td>Reinvigorating strategic leadership</td>
<td>Introducing a new APSC to drive change and provide strategic planning</td>
<td>Clarifying and aligning employment conditions</td>
<td>Strengthening the workforce</td>
<td>Ensuring agency agility, capability and effectiveness</td>
<td>Improving agency efficiency</td>
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<td><strong>Provides strong leadership and strategic direction</strong></td>
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<td>Strengthen strategic policy</td>
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<td>Coordinate workforce planning</td>
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<td><strong>Contains a highly capable workforce</strong></td>
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<td>Build partnerships with academia, research institutions and the community and private sectors</td>
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<td>Streamline recruitment and improve induction</td>
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<td><strong>Operates efficiently and at a consistently high standard</strong></td>
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<td>Improve policy implementation</td>
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<td>Expand and strengthen learning and development</td>
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1.1 Simplify Australian Government services for citizens
1.2 Develop better ways to deliver services through the community and private sectors
1.3 Deliver services in closer partnership with State, Territory and local governments
1.4 Reduce unnecessary business regulatory burden

2.1 Enable citizens to collaborate with government in policy and service design
2.2 Conduct a citizen survey

3.1 Strengthen strategic policy
3.2 Build partnerships with academia, research institutions and the community and private sectors
3.3 Improve policy implementation

4.1 Revise and embed the APS Values
4.2 Articulate the roles and responsibilities of Secretaries
4.3 Revise employment arrangements for Secretaries
4.4 Strengthen leadership across the APS
4.5 Improve talent management across the APS

5.1 New APSC with responsibilities to lead the APS

6.1 Ensure employment bargaining arrangements support one APS
6.2 Assess the size and role of the SES

7.1 Coordinate workforce planning
7.2 Streamline recruitment and improve induction
7.3 Expand and strengthen learning and development
7.4 Strengthen the performance framework
7.5 Encourage employees to expand their career experience

8.1 Conduct agency capability reviews
8.2 Introduce shared outcomes across portfolios
8.3 Reduce internal red tape to promote agility

9.1 Review the measures of agency efficiency
9.2 Strengthen the governance framework
9.3 Small agencies to improve the efficiency of their corporate functions
WHAT IS AUSTRALIAN GOVERNMENT ADMINISTRATION?
Key Points:
- The Australian Government touches the lives of all Australians. It sets policy directions for, and provides services to, the nation. It regulates individual citizen and business activity in the interests of all Australians.
- The APS plays a critical role in supporting the government of the day to carry out its roles and responsibilities on behalf of the Australian people.
- A review of the APS is an opportunity to ensure that the public sector is equipped to support the government to respond to Australia’s national and international challenges and to meet its own organisational challenges.

Introduction
Every day Australians interact with various levels of government in a vast number of ways, sometimes without even knowing that they are doing so. Australians drive on roads that are funded by government, receive health care that is subsidised by government and drop children off at schools that are built and operated by government.

Other interactions with government are less obvious. When people check the weather forecasts each morning, it is government through the Bureau of Meteorology that has made that information available. When they go to work each day, basic working conditions and minimum levels of pay are protected by legislation created by government. Government regulation creates the enabling environment for social and business interactions, for example, through consumer laws.

The Australian Government
Australia is a federation, with power shared between three different levels of government. Laws are created and implemented by governments at the Federal, State and Territory and local levels.

The Australian Government sets the direction of the nation. In particular, it influences the lives of all Australians in a number of ways, including:
- Setting policy directions for the nation across a range of issues;
- The provision of services;
- Regulation;
- Revenue collection and spending;
- International engagement; and
- National security.

The Australian Government is a significant contributor to the Australian economy. In 2009–10, the general Australian Government sector comprises around 29 per cent of Australia’s gross domestic product.1

Major areas of spending by the Australian Government include:
- Benefits for citizens such as the aged pension, family payments, and unemployment benefits;
- Funding to the States and Territories for roads, schools and hospitals; and
- Major capital facilities for our defence and national security.

The Australian Government engages with citizens in areas such as health care, social support and regulation, taxation, consumer protection and immigration. In setting policy directions in these areas it focuses on the immediate needs of the community as well as longer-term challenges facing the nation. It also provides services to millions of Australians. The Australian Taxation Office, for example, processes more than 13.9 million tax returns from approximately 11.8 million individuals.3

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2 The term “citizen” is used in this report in its broadest sense to describe all people residing in Australia (and Australians who are overseas), whether the government interacts with them as individuals or organisations.
The Australian Government performs important regulatory functions under various legal frameworks. For instance:

- The Australian Competition and Consumer Commission promotes competition and fair trade, through legislation including the *Trade Practices Act* 1974; and
- The Australian Customs and Border Protection Service ensures the security and integrity of Australian borders under the *Customs Act* 1901 and other legislation.

In the international arena the Australian Government is providing millions of people in developing countries with more than $3.8 billion in aid and development assistance in 2009–10. Similarly, the Department of Foreign Affairs and Trade provides consular services in 163 locations around the world for the more than six million trips by Australians who travel abroad annually. Both at home and abroad the Australian Government provides a range of national security services to protect the community and our critical infrastructure.

The Australian Government is also a substantial employer, having around 300,000 employees as at June 2009.

**The Australian Public Service**

The APS is a professional, non-partisan service dedicated to assisting the government of the day to provide services to citizens and meet forthcoming policy challenges.

Of the approximately 300,000 Australian Government employees, around 160,000 are employed in the APS. Centrelink and the Australian Taxation Office are the largest employers within the APS, with around 26,000 and 22,000 employees respectively.

Remaining Australian Government employees operate under other Commonwealth agency specific legislation (such as *The Australian Federal Police Act* 1979), and those employed under other arrangements (for example Commonwealth companies such as Medibank Private Limited) who work closely with APS employees.

As shown in Figure 1, more than 60 per cent of APS employees work outside the Australian Capital Territory. These employees are distributed throughout the States and Territories, with most providing front-line services to citizens.

![Figure 1: Ongoing APS Employees – Proportion by Location, June 2009](attachment:https://example.com/aps_fig_1.png)
THE EXECUTIVE BRANCH OF GOVERNMENT

As with many Commonwealth countries such as Canada and New Zealand, the Australian Government is established in the Westminster tradition. The Westminster tradition refers to the collection of legal rules, traditions, cultural expectations and administrative practices that shape the way the public service interacts with Ministers and the government of the day.9 Australia has developed its own Westminster model, consistent with local values, ethics, culture, practice and constitutional arrangements.

Within the Westminster tradition, the APS forms part of what is termed the executive arm of government. Put simply, Ministers, agencies and public service officials comprise the executive arm of government. This is different to the Parliament which is the legislative arm of government and the federal court system which is the judicial arm of government.10 Ministers are accountable through the Parliament.

A PARTNERSHIP BETWEEN THE APS AND GOVERNMENT

The APS exercises authority on behalf of government, or more precisely, Ministers. Departments and agencies work to their Minister(s) and on behalf of the Government of the day. The non-partisan nature of the APS requires it to work exclusively to the elected government of the day, except in the caretaker period (see below).

Ministers and the APS work in partnership to develop policy and implement government programs and services. As Ministers differ in the type of interaction and support they require from departments, different kinds of partnerships develop between the APS and Ministers, both within a government and as governments change. The APS must be flexible enough to meet the needs of each Minister, within the framework of enduring working principles (see Figure 2).

FIGURE 2: THE APS AND MINISTERS: PRINCIPLES FOR A STRONG RELATIONSHIP

1. Clear roles and responsibilities in the management of the portfolio, recognising the Secretary’s legislative responsibilities;
2. Assured regular access to Ministers;
3. Support for the Minister in their parliamentary role;
4. Adaptability on the part of senior executives to the style of the Minister, in terms of presentation of advice and assistance in meeting the demands of the Minister’s role;
5. Freedom to give good and bad news;
6. A capacity to plan for and discuss short and long term priorities;
7. Understanding of the budgetary implications of decisions;
8. Whole of government collaboration to support effective implementation of government policy;
9. An ability to support the government to explain policy in a non-partisan way;
10. Clarity of processes and responsibilities in a crisis;
11. A creative and thoughtful approach to developing policy options to meet the government’s objectives;
12. A shared understanding about the working relationship between the APS and Ministerial staff, consistent with the relevant Code of Conduct; and
13. An appreciation that, after due discussion on policy advice, the Minister has the last word and that the decision is accepted and implemented.

Secretaries are the principal official policy advisers to Ministers.11 The APS is bound by law to provide frank and honest advice. It is legitimate to caution Ministers and government where policy directions or implementation may create problems. However, Ministers hold ultimate accountability through Parliament. Accordingly, Ministers make the final decisions except where independence has been enacted through legislation for particular office bearers, such as the Auditor-General.

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10 Department of Finance and Deregulation, List of Australian Government Bodies and Governance Relationships, Appendix A, p.3.
11 With the exception of some specific Secretaries, for example the Secretary of the Department of Defence who shares policy responsibility with the Chief of the Defence Force.
Ministerial staff will legitimately provide policy and political advice to complement that of the Secretary. As a result, Ministerial staff have significant interaction with the APS. This relationship is governed by a code of conduct that protects the apolitical nature of the APS and ensures that the APS provides advice directly to the Minister. The code states that “executive decisions are the preserve of Ministers and public servants and not Ministerial staff acting in their own right”.12

Caretaker Conventions

During election periods, the APS holds special ‘caretaker’ responsibilities – it assists the caretaker government to administer the country in an environment where no new policies are made. Caretaker conventions ensure that no action is taken that could bind an incoming government or limit its freedom of action. Secretaries of the Departments of Finance and Deregulation and the Treasury can be asked by the Prime Minister to prepare costings of both Government and, if requested by the Leader of the Opposition after an election has been called, Opposition policies for public release. Other types of APS reporting obligations are set out in the Charter of Budget Honesty Act 1998.

Stewardship Role of Secretaries

Secretaries hold an important stewardship function to ensure that the APS has the capacity to serve successive governments. A stewardship capability must exist regardless of the style of any one Minister or government. Stewardship relates not only to financial sustainability and the effective and efficient management of resources, but also to less tangible factors such as maintaining the trust placed in the APS13 and building a culture of innovation and integrity in policy advice.

IMPACT OF THE BLUEPRINT

The reforms outlined in this Blueprint seek specifically to improve the APS as the institution with the closest legal, administrative and financial relationship with government. However, the proposed reforms are also expected to produce improvements across non-APS agencies, particularly those prescribed under the Financial Management and Accountability Act 1997 (FMA Act). The Advisory Group hopes that this Blueprint will also improve the broader Australian Public Sector and over time, the operations of other public services in the country.

WHY IS A STRONG APS IMPORTANT?
Part 2 – Why is a strong APS important?

Key Points:
- Australia’s prosperity will be significantly influenced by the ability of the APS to tackle future domestic and global challenges as it moves through the 21st century.
- The APS must be poised to respond to organisational challenges including a tightening labour market and fast-paced technological change.
- A capacity to provide high quality, innovative and forward thinking advice to government will be critical for addressing future challenges.

Throughout the history of the APS, governments have periodically undertaken reviews to evaluate the performance of the APS. In 1976, the Royal Commission on Australian Government Administration found that such reviews are necessary for significant improvement and to keep up to date with changing trends. Reviews also provide an opportunity to look at the forces that affect the performance of the APS.

The APS must understand the broader challenges Australia faces and be able to provide high quality and forward thinking advice to government on these big questions. The APS must also respond to organisational challenges and react to emerging trends to ensure that its workplace practices are as efficient and effective as possible.

The next decade will require the APS to plan for wide-ranging and interrelated issues that require coordinated policy and delivery responses across traditional boundaries. These issues include infrastructure to support a growing population, an expanded role in international markets and Australia’s future workforce skill needs.

The Advisory Group has identified complex challenges that will affect both government and the APS in the future. The review aims to ensure the APS is equipped to handle these as Australia moves through the 21st century.

Challenges to Australia

The way the APS responds and adapts to future domestic and global challenges will be vital to Australia’s prosperity.

DOMESTIC TRENDS

The powerful domestic forces that government and the APS will need to address include:
- Australia’s ageing and growing population;
- Environmental issues such as biodiversity and climate change;
- Tight fiscal pressures;\(^ {\text{14}}\)
- Australia’s education and skill base; and
- National security.

Ageing and growing population

Australia’s population is getting older. Presently, around nine per cent of our population (some 2 million people) is aged 70 years or older.\(^ {\text{15}}\) This figure is expected to rise to 13 per cent by 2021 and to 20 per cent (around 5.7 million people) in 2051.

An ageing population will affect Australia in several ways. It will place greater demand on health, aged care and social services. It will also reduce the proportion of the population participating in the workforce. By 2045 it is projected that population ageing will reduce workforce participation by 15 per cent on 2005 levels.\(^ {\text{16}}\) Through initiatives such as the Intergenerational Reports,\(^ {\text{17}}\) the APS has been at the forefront of responding to the challenges of an ageing population.

Australia’s population will continue to grow over time due to a combination of natural increase and net migration. Such growth will put pressure on infrastructure, services and the environment.\(^ {\text{18}}\) Australia’s population may, over time also become more concentrated in urban centres, particularly in capital cities. A larger Australian population

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\(^{\text{15}}\) Australian Bureau of Statistics, 3201.0 Population by age and sex, Australian states and territories, June 2007, p.16.


will require careful planning to ensure that the infrastructure, education systems and social services are in place to support increased numbers of people, most of them living in urban settings.

**Environmental issues**

In Australia, as well as overseas, environmental issues have risen in importance in recent years. Climate change poses a significant intergenerational challenge for Australia, affecting our society, economy and natural environment. It will affect temperatures, rainfall, use of land and trade with other countries. Given Australia’s long history of water scarcity and drought, it will need effective plans to manage water resources. Australia will also need to protect and maintain its biodiversity.

**Tight fiscal pressures**

Productivity improvements are critical to improving living standards for Australia and will contribute towards offsetting the fiscal pressures of ageing. Greater efficiency or improvements in the skill base of the public sector will be important for raising national productivity.

Steps to grow the economy and ensure spending growth is sustainable, will reduce future adjustment costs and the economic and fiscal consequences of ageing.

Increasing fiscal pressures will also force Government and the APS to shape policy responses within a context of limited resources. Government will need to be more efficient in all its operations. Government has also committed to hold growth in real spending to no more than two per cent until the budget returns to surplus. This policy will require the APS to design innovative policy solutions that do not place undue strain on the budget bottom line.

**Australia’s education and skill base**

In Australia, as well as overseas, there is pressure to increase education and skills to produce the products and services needed for a technology driven 21st century and compete in a globalised marketplace. How Australia invests in its early childhood, schools, vocational education and training and higher education sectors will be crucial.

**National security**

The threats posed by terrorism and challenges to our borders require an integrated national security community that operates on a whole-of-government basis.

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GLOBAL TRENDS

In the global sphere, the forces that will shape Australia in the foreseeable future include:

- Continuing globalisation and the growth of China and India as world economic powers;
- The impact of regional, demographic and environmental challenges; and
- The evolving security situation.

Globalisation and the growth of China and India

The global financial crisis demonstrates the extent of globalisation. It touched all nations of the world at incredible speed. More broadly, globalisation is reshaping both Australia and the APS. The State of the Service report notes that during 2008–09 APS growth of employees was “concentrated in agencies whose work was directly linked to addressing global issues”.

The economic landscape in our region is also changing. Australia has strong and deep relationships with Japan, Europe and the United States. However, the dramatic economic growth of China and India will both increase competitive pressures on Australia and open growing markets for business. The proportion of Australian export income attributable to China has risen to almost 15 per cent in 2008, from less than five per cent a decade ago.

As global economic power moves towards Asia, Australia moves from the periphery of world economic power to the midst of the world’s biggest markets. The nation must be ready to take advantage of these opportunities.

Impact of regional, demographic and environmental challenges

Populations around the world depend upon the environment and its resources not only for economic prosperity and material well-being, but for survival. Environmental problems as well as demographic and population changes are already leading some countries, particularly developing nations, to face greater shortages of water, food, clean air and energy resources.

The evolving security situation

In an interconnected world, the fate of other countries is closely intertwined with Australia’s. To ensure its security, Australia will need to partner with neighbouring countries to mutually address the pressures arising from difficult economic times. Unstable environments foster criminal activities such as drug trafficking, people-smuggling and illegal fishing as well as the serious threat of terrorism. Australia needs to work with regional neighbours to tackle these types of security and criminal threats.

APS ORGANISATIONAL CHALLENGES

The APS also faces a range of organisational challenges, including:

- Increasing citizen expectations of government;
- The pace of technological change;
- A tightening labour market and increasing competition for talent;
- A contested market for high quality and innovative policy ideas; and
- Increasing pressure to deliver in emerging areas and in tight timeframes.

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

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Increasing citizen expectations of government

Expectations of government, and therefore of the public service, continue to increase, in part due to “increased access to information through the media and government sources...[and] the rise of organised interest groups and professional lobbyists”.22

Citizens’ relationships with government have also changed. Citizens are beginning to expect and demand increased involvement in government decision making. As customers for government services, they expect government to take their views and preferences into account when designing programs and services. In advising government, the APS must balance a range of citizen views and expectations against the national interest.

Pace of technological change

The pace of technological change is profoundly reshaping the way the APS has to work and the demands placed upon it. This is particularly evident in service delivery. Over the last decade, household access to the internet has soared from 16 to 67 per cent.23 As a result, the internet is now Australians’ preferred method of contacting government.

In 2008, 31 per cent of Australians used the internet for most of their contact with government, more than double the rate reported in 2004–05.24 The Australian Government Information Management Office (AGIMO) has noted that:

‘Adoption of newer technologies means that changes in use and take-up of e-government services are occurring quickly and are likely to continue to expand in the future. These changes, and the increasing blurring of boundaries between technologies, will present challenges for government service delivery.’25

The impact of changes in information management and technology has led to other demands such as the 24/7 response cycle and a requirement for the APS to improve its knowledge and information management.

Tightening labour market and increasing competition for talent

The tightening labour market is placing pressure on the ability of the APS to recruit talented individuals. The APS workforce profile is ageing with 42.6 per cent of employees eligible to retire over the next ten years (see Figure 3).

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23 Australian Bureau of Statistics, cat. no. 8146.0, Household Use of Information Technology, Australia, 2008–09. During 2008–09, 72 per cent of people aged 15 years or over accessed the internet from any location in the previous 12 months.


Part 2 – Why is a strong APS important?

Even during the global financial crisis, unemployment remained at close to historically low levels. The tight labour market has also given rise to skill shortages, from which the APS is not immune. In 2008–09, it reported pressing professional skill shortages in areas such as ICT, high level policy and research, and financial management.27

In addition, the private sector is now much more aggressively competing for top end talent which means that the APS has to work harder to secure the best thinkers, managers, regulators and implementers.

Contested market for policy ideas

Policy issues are increasingly complex and interrelated, which heightens the need to provide forward and outward-looking, objective advice. The APS operates in a contested market for policy ideas where business and community groups advocate their views strongly.28 Governments can and do take ideas from a wide variety of sources. The increasing use of the community and private sector as a partner in service delivery has meant the views of these stakeholders have greater influence on government. In this landscape, public service advice must be of the highest quality to remain influential. There must also be a high level of trust in the public service for its advice to be considered.

However, the APS provides policy and delivery advice from a unique perspective. Its role is to provide advice that considers all evidence and provides impartial considerations free from vested interests. It is this impartial perspective, including a capacity to form a dispassionate view about existing programs that may have been developed based on earlier advice, that distinguishes the APS from other policy providers.

Increased pressure to deliver in emerging areas and in tight timeframes

The APS is facing increasing pressure to design and deliver programs and services in tight timeframes reflecting changing citizens’ expectations of the responsiveness of government. There are also demands on agencies to move into service delivery in ways that are previously unfamiliar or using mechanisms that require particular skills such as complex contract and project management.

Why is a strong APS important?

The central task of government is to ensure and enhance the safety, wellbeing and living standards of its citizens. Former Secretary of the Department of the Prime Minister and Cabinet (PM&C), Peter Shergold, has stated that public servants:

‘... deliver welfare payments and health benefits, identify labour market opportunities, issue passports, scrutinise tax returns and decide on migration visas. They administer grants and award contracts. Every day they make decisions that affect the hopes of citizens.’29

History demonstrates the impact of high quality policy advice and reliable public sector management on national wellbeing. For instance, the public service played an essential role in the microeconomic reforms of the 1980s and 1990s that are widely credited as having improved Australia's national competitiveness and standards of living. The floating of the Australian dollar, the deregulation of financial markets, and social policy reforms such as universal health care through Medicare, native title systems and the creation of Centrelink were also critical reforms developed in collaboration between government and the APS.

In the area of international diplomacy, the APS supported government efforts to establish the Asia-Pacific Economic Cooperation forum (APEC). Today, APEC has become a premier forum for multilateral economic cooperation on issues of trade and investment. Further, one of the most successful international peacekeeping efforts of recent times was Australian military, diplomatic and development involvement, supported by the APS, in securing a peaceful transition to democracy for East Timor in 1999.

Australia’s continued success relies on a high performing APS. This review aims to ensure that the APS is equipped to offer high quality support to government as it tackles Australia’s contemporary challenges.

28 Scott, C and Baehler, K, Adding value to policy analysis and advice, UNSW Press, 2010, p.4.
The review process

This review sought to determine what the APS needs to do to meet emerging challenges. The Advisory Group began by assembling evidence of current APS performance in a number of key areas, to identify where action may be required.

It uncovered a shortage of indicators and comparative measures against which to assess the performance of the APS. KPMG, in their report ‘Benchmarking Australian Government Administration Performance’, similarly found difficulty in identifying good indicators of government performance.30

No direct international comparison exists for Australia given the differences that exist between governments across the world. Considering the available information, no country stands out as being at the forefront of government performance in all areas. As a result, performance assessment relies on identifying exemplary practices from a range of public services in order to arrive at what a high performing public service might look like.

Given the lack of data against which to measure the performance of the APS over time, the Advisory Group turned to other sources of evidence. It drew heavily on an extensive consultation process, in which the Group received detailed advice from:

- More than 200 written submissions in response to the release of a discussion paper, entitled Building the world’s best public service;
- Senior public service officials and public policy practitioners from both Australia and abroad;
- Employee forums with APS employees from across Australia to discuss issues of relevance to their everyday working lives;
- A Recent Entrants Roundtable that questioned new recruits to the APS about their perceptions of the public service and the recruitment process;
- Four online discussion forums, open to members of the public, to discuss key challenges and possible reform directions for the APS; and
- A senior APS reference group (listed at Appendix 1).


Supported by the evidence outlined above, and informed by their judgment based on personal experiences within and outside the APS, the Advisory Group identified a number of areas in which the APS should strive for improvement. These areas are outlined in the following Part 3.

Part 3 – How is the APS performing?

Key Points:
- The Advisory Group identified the following components of a high performing public service. It:
  A. Meets the needs of citizens;
  B. Provides strong leadership and strategic direction;
  C. Contains a highly capable workforce; and
  D. Operates efficiently at a consistently high standard.
- These components provide a framework through which to evaluate APS performance and set a benchmark for future reviews.
- In each of these areas the APS can do better by:
  - Simplifying and integrating government’s interactions with citizens, including decreasing the regulatory burden on business;
  - Introducing greater openness, innovation and opportunities for collaboration in strategic policy development;
  - Driving cultural change to support the uptake of emerging technologies for more effective services and engagement with citizens;
  - Strengthening the support for and accountability of APS leaders;
  - Clarifying the roles of APS employees and addressing current capability gaps across the service;
  - Placing a stronger emphasis on the importance of professional development for all employees; and
  - Improving efficiency and reducing internal red tape.

The Advisory Group has identified a set of components that provide a framework for considering opportunities for reform. A high performing public service:
A. Meets the needs of citizens;
B. Provides strong leadership and strategic direction;
C. Contains a highly capable workforce; and
D. Operates efficiently at a consistently high standard.

Literature on organisational performance shows that these four components are hallmarks of effective organisations. A comprehensive review of 91 studies into high performing organisations produced a set of common characteristics that have been mapped onto the four components. These include strategy, process management, technology, leadership, individuals, culture and external orientation.31

As noted by the Corporate Leadership Council, a mix of organisational, managerial and employee factors are important for producing high performance.32

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A. Meets the needs of citizens

A high performing public service engages with citizens and enables the delivery of services to meet their needs. The term “citizen” is used in this report in its broadest sense to describe all people residing in Australia (and Australians who are overseas), whether the government interacts with them as individuals or organisations. As well as enabling the delivery of services, government creates environments through direct and indirect regulation which provides mechanisms to improve the safety and prosperity of the country, now and into the future.

ENGAGEMENT WITH CITIZENS

Changes in information technology over the past ten years, including an explosion in internet use, have redefined the relationship between government and citizen. As a result, today’s citizens expect to engage differently with government as seen in Figure 4.

At the same time, the emerging concept of ‘co-production’ in service delivery encourages government to share the design and delivery of services in equal partnership with citizens. Citizens are seen as vital in driving change: “they are the basic building blocks of neighbourhood level support systems – families and communities – which underpin economic activity as well as social development”. 34

A contemporary and relevant public sector is required to be part of the community, working in partnership with its members to help solutions emerge from within society, rather than imposing them upon it. 35 (Smith Family)

To encourage citizen feedback, consultation and engagement processes should be adaptable and diverse. Public services in Canada and Denmark, among other countries, are demonstrating the many ways technology can push boundaries and promote citizen communications with government. Engagement with the community through new tools such as blogs and wikis also enables the sharing of ideas and the further development of expertise through networks of knowledge.

Improving the quality and diversity of citizen feedback will help the public service to continually improve. Citizen feedback is particularly important to connect front line service delivery to policy designers. Without information on whether progress has been made, it is difficult to adjust or re-design policies and programs. Over time, citizen feedback also improves the data available for future evaluations of public service performance.

To improve outcomes for citizens, strong partnerships between agencies and across state, territory and local government boundaries are important. Systems should be able to communicate with each other to ensure that all services to the public are connected and citizens only have to tell government once.

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34 Boyle, D. & Harris, M, The challenge of co-production: how equal partnerships between professionals and the public are crucial to improving public services, December 2009, Discussion Paper, NESTA Public Service Innovation Lab, p.11.
35 Smith Family submission, submission 110, p.5.
As much as possible, programs should be designed to allow operational decision-making to be devolved to the frontline, opening up the possibility of adaptation and tailoring to local circumstances. Policy and programs that take a ‘one size fits all’ approach rarely meet citizens’ expectations and can produce unnecessary administrative burdens.  

Government also sets frameworks to ensure a safe and productive environment for citizens, including through regulation and expenditure in areas such as national security, border protection, quarantine control and public infrastructure.

Some government interaction with citizens involves the use of coercive powers through the enforcement of laws. The exercise of coercive powers by the public sector has particular implications for citizen engagement. For example security objectives should be pursued within the bounds of Australia’s international human rights obligations. It is important that further law enforcement policy be developed in consultation with affected communities.

**BUSINESS AND COMMUNITY GROUPS**

It is also timely for government to re-examine the ways it engages with business and community groups.

*The bottom line is that more and better private sector input is needed in the design and implementation of policies and regulations. Collaboration – among governments and with business – to help shape policy is essential.*

_PriceWaterhouseCoopers_

Smarter regulation and policy-making relies on open channels of dialogue between government and those to whom it is applying rules and regulations. Streamlining reporting and other requirements also promotes clarity, transparency and stability in rule making.

**HOW ARE WE GOING?**

**For Individuals**

*There is a genuine sense of excitement among members about finding new ways to engage clients and the community, and about ways to make services more responsive. ... At the heart of service delivery and communication there needs to be flexibility to meet the needs of the individual accessing services, not forcing the individual to fit agency requirements.*

_Community and Public Sector Union_

In late 2009 the Department of Human Services, which covers agencies such as Centrelink and Medicare Australia, introduced reforms that:

- Establish Mobile Offices to bring payments and services directly to remote communities;
- Integrate of phone and online systems; and
- Move towards a single face-to-face point of service delivery.

More than a third of submissions to the Advisory Group, particularly those from APS service delivery agencies, community sector groups and individuals, discussed the need to further improve service delivery and embed a citizen-centred approach to both policy and service delivery. These improvements need to go to integration of delivery which is more than just co-location itself.

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38 Ibid.
39 Community and Public Sector Union submission 177, p. 10.
40 See [www.worksforyou.gov.au](http://www.worksforyou.gov.au) for more details
“Is it about time that all three levels of Government in Australia were able to get together and provide a one-stop shop to provide information and allow residents to update their information?”41 (APS employee submission)

The Government 2.0 Taskforce also found that:

“...the existing public service culture of hierarchical control and direction must change sufficiently to encourage and reward engagement.”42

Service delivery agencies know they need to work better for citizens. More than 70 per cent of agencies have a service charter to improve the quality of services they provide to the public.43 There is no APS-wide charter that unites the various arms of service delivery.

Existing service platforms and systems have evolved over decades and it will take time and resources to align them. The Australian Government is at present without a whole of government strategy for service delivery, and agencies risk developing services in isolation which can affect citizens’ outcomes and government efficiency.

Better integrated service delivery is important for meeting the challenges outlined in Part 2. As the population ages there will be increasing demands for services and infrastructure, which will need to be funded by a proportionately smaller workforce. Better integrated services will help to ensure high service standards and value for money. The APS will need to make the most of technological advances to meet increasing citizen expectations.

For business and community groups

Commonwealth and State regulation in areas such as aviation safety, health, taxation and border security is crucial to the wellbeing of Australians. However, regulation should be simplified and better coordinated across jurisdictions to meet the needs of business and corporate citizens. The Australian Productivity Commission noted in its review of regulatory burden on business that ‘[m]any industries complained of overly burdensome, duplicative and redundant reporting requirements’.44

Jobs Australia has remarked that the new public management approach to relationships between government and the non-profit sector, which seeks to minimise public sector risk and to maximise public sector control, is not conducive to effective “partnership approaches” and is in urgent need of reform.45

The Standard Business Reporting (SBR) Program is developing harmonised reporting mechanisms, such as forms, pre-filled in business accounting software to reduce the regulatory burden for Australian businesses. SBR covers agencies such as the Australian Securities and Investment Commission, the Australian Tax Office and State Revenue Offices and the approach could well be extended to other sectors of reporting.

The Department of Innovation, Industry, Science and Research has identified at least 9,600 on-line forms for business to use in dealing with the three levels of government. The task of reducing the costs to business of poorly designed and unnecessary regulation is therefore significant and will take time to address.

Improving government’s interaction with the private and non-profit sectors will become increasingly important as the population ages. Centrelink is already reporting that an increasing proportion of seniors prefer to interact with Government through trusted intermediaries, such as financial planners or non-government organisations.

At the same time the task of reducing the regulatory burden on business must be balanced against challenges requiring new regulatory approaches, for example in the area of national security and carbon pollution reduction, as highlighted in Part 2.

WHAT DO WE NEED TO DO?

Directions for improving engagement with citizens:

- Streamlining government’s interactions with citizens, including decreasing the costs to business of unnecessary and poorly designed regulation;
- Connecting services across agencies and jurisdictions;
- Engaging with the community sector and citizens in policy development; and
- Making government information more accessible, by using new information communication technologies.

41 APS employee submission (anonymous) 44, p.2.
44 Australian Productivity Commission’s Annual Review of Regulatory Burdens on Business: Social and Economic Infrastructure Services, Sept 2009, p.xix
45 Productivity Commission, Jobs Australia submission to Contribution of the Not-for-Profit Sector, Draft Research Report, May 2009, p.3.
B. Provides strong leadership and strategic direction

The public service seeks to deliver the highest quality outcomes to citizens and advice to government by making the best use of the workforce and resources at its disposal. This core strategic objective comprises two related elements:

1. Strategic policy, which focuses on the broader, long-term challenges facing government; and
2. Organisational strategy, which focuses on the policies, people and procedures needed to deliver outcomes on behalf of government.

Leaders in the APS need to deliver on both elements of strategy. Given the critical role of leaders in embedding the reforms within their organisations, their roles and expectations must be clear and accountable. Strong leaders devise effective strategic directions, enunciate them clearly, then build support for them within their organisations.

Much of this Blueprint focuses on organisational strategy, such as workforce capability and agency effectiveness. This section focuses on policy, both strategic policy and the operational design undertaken as part of the organisational strategy.

**Strategic Policy**

In the public sector, strategic policy advice assists to create a broader debate within government about complex problems in the economy, environment, society and international relations, on the back of robust data analysis. It seeks to identify new and creative ways to tackle these problems.

Developing strategic policy and delivery options is difficult. It involves problems that often span jurisdictional boundaries and may be long term in nature. It requires a range of specific skills and methods to generate innovative thinking.

Collaboration is important in this kind of work – combining different perspectives promotes innovation and can lead to new ideas. In the public sector, policy collaboration, both between agencies, and with external groups such as academia, business and the broader community, is essential.

*Governments all over the world have begun experimenting with ‘new democratic processes’ to enable greater citizen involvement in collective decision-making*.

Strategic policy analysis requires specific skills, such as econometric modelling, statistical data analysis and stakeholder engagement to develop joined up solutions. Such skills need to be developed and maintained. Strategic policy also requires clear communication of ideas to government, particularly where policy options involve difficult trade-offs.

**Operational design**

There are a range of activities that support the delivery of policy, for example designing program guidelines, developing regulations and evaluating programs. Such activities focus less on the strategic direction setting and more on the details of program design and implementation. They constitute the core business of many APS Departments and agencies. At all times these activities must be tested against the needs of citizens and how best to meet them.

Specific skills and mechanisms are required to implement programs and regulations in an efficient and effective way. As delivery options and mechanisms span multi-dimensional and interrelated activities, the APS needs to ensure it has the skills, knowledge and capacity to deliver. Best practice in delivery and expertise should be shared across the APS, for example, through testing the useability of proposed approaches with citizens before introduction.

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High performing leaders

Secretaries and senior leaders are responsible for working together to establish a strategic direction and achieve the outcomes sought by government. This includes responsibility for maintaining productive relationships with Ministers and their private offices. Leadership behaviour trickles down to influence an agency’s culture and APS employees rely on their leaders to model by example. Leaders must clearly articulate and demonstrate organisational values to ensure they become part of the culture.

Leaders must support innovation by fostering creativity, and ideas – a culture of risk aversion may prevail if innovation is not rewarded. Leaders must promote APS values, and support a culture of performance, openness and trust. They must also demonstrate their ability to work as a united APS. As the custodians of the public sector, part of the Secretary’s stewardship role is to ensure the APS is always prepared to advise the government on challenging policy problems.

HOW ARE WE GOING?

Strategic policy

Parts of the APS have demonstrated a high capacity to provide strategic policy advice. For example, the APS provided swift and effective advice on the strategy and implementation of measures addressing the 2008–09 financial crisis.

Further, some APS institutions have excellent reputations as leading examples for providing outward looking advice. KPMG noted that the Productivity Commission, with its focus on engaging with experts and the public, provides a variety of viewpoints and options that reflect ‘a strong analytical tradition, independent commissioners, skilled staff and transparent processes’.

The Advisory Group found a lack of comprehensive evidence for benchmarking current APS policy capacity. It is clear however, that APS employees have concerns about the priority given to strategic work. In 2009, when asked what actions would help them improve their efficiency and/or effectiveness, 45 per cent of employees and 73 per cent of SES members, indicated that one of the most important actions would be to spend less time on being reactive and more time on being strategic.

While employees are clear about their day to day tasks and their supervisors’ expectations, they feel no sense that their leaders are providing and making time for strategic direction.

Submissions to the Advisory Group also called for more evidence-based policy, including more rigorous research and data analysis.

Collaboration within the APS, a feature of strategic policy, is also limited. Only 53 per cent of employees believe that other APS agencies are willing to collaborate to achieve whole of government outcomes. Barriers to collaboration mean that there is no consistent approach to strategic policy across departments, with little sharing of lessons learnt or best practice.

The KPMG assessment suggested that the APS could do more to draw upon external policy and program ideas, and engage more systematically with stakeholders in policy formation.

Internationally, public services are experimenting with new mechanisms to promote innovation and collaboration to strengthen strategic policy capability. In Denmark for example, the Mindlab unit links businesses and citizens with public servants to find fresh ideas to tackle policy challenges such as integration of immigrants and climate change.

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48 KPMG, Benchmarking Australian Government Administration Performance, November 2009, p.34.
50 Australian Public Service Commission, State of the Service 2008–09, p.76.
51 KPMG, Benchmarking Australian Government Administration Performance, November 2009, p.33.
Improving collaboration, innovation and strategic policy skills is critical to meeting the challenges outlined in Part 2. For example, globalisation is opening up a range of economic opportunities for Australia, which require a strategic approach. Similarly national security challenges will only be met through a coordinated strategy.

**Operational design**

A number of submissions suggested that there are opportunities to improve the link between policy and implementation through more engagement of frontline staff in policy design. PM&C monitors the implementation of government priorities. It has found that a number of agencies would benefit from better project and program management practices. There are a range of lessons and examples of best practices from across the APS that could be shared to improve the ability of the whole APS to meet demands for more rapid policy implementation.

The role of the Council of Australian Governments Reform Council (COAG Reform Council) will be important for improving the data available on performance of all governments across Australia. The COAG Reform Council aims to strengthen accountability through independent and evidenced-based monitoring, assessment and reporting of performance.52

**Leadership**

Submissions cited the importance of the relationship between the APS and Ministers (and their offices) on the quality of strategic advice provided by the APS. It was argued that APS leaders should do more to embed a culture of open and frank advice within their agencies, as opposed to only providing advice based on what it is assumed (or the agency has been told) the Minister wants. This was seen as an important element in achieving greater creativity and innovation in the APS and enhancing true evidence-based policy.

Consultations also identified a need to improve senior leadership and management more broadly across the APS. In the State of the Service Report, employees identified several gaps in the performance and capability of their senior leaders. People management skills, the capacity to steer and implement change and the capacity to think strategically were the top three capability gaps identified within agencies for the key leadership groups – the SES and SES feeder group.53

In practice, today’s Secretaries hold four competing roles that need to be more clearly articulated:

- As a principal official policy advisor to the Minister;54
- As a manager, ensuring delivery of government programs and collaboration and coordination for whole of government outcomes within their portfolio;
- As a leader with a stewardship role for the Department; and
- Discharging a whole of service stewardship function in partnership with other Secretaries and the Australian Public Service Commissioner.

A unified APS-wide leadership group is required to support Secretaries. At present less than 40 per cent of nearly 3,000 SES members55 ‘definitely see themselves as part of an APS-wide leadership cadre’ rather than as leaders only of their agency (see Figure 6).56

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54 Note that some Secretaries share this role such as the Secretary of the Department of Defence who shares policy responsibility with the Chief of the Defence Force.
The consultation process highlighted the importance of senior leaders, including Secretaries, in driving change across the APS. One online forum participant noted that “it is with the leaders of organisations that the need to be responsive to change first and foremost resides”.

The Australia and New Zealand School of Government Institute for Governance argued that “effective public service reform will require strategic leadership from the centre”, and called for the APSC to play an important role in overseeing the reform directions.

While the Advisory Group believes that reform must start with Secretaries and senior leaders, it is essential that leaders at all levels embrace the spirit of these reforms in order to meet the challenges outlined in Part 2. With a tightening labour market and continuing fiscal pressures, it is crucial that the development of new leaders start now. It is also crucial that the current APS leadership group foster the creative and collaborative culture required to meet emerging domestic and global challenges.

### WHAT DO WE NEED TO DO?

Directions for improving strategy and leadership:

- Increasing the strategic policy capacity across the APS;
- Greater openness, innovation and opportunities for collaboration in strategic policy development;
- Recognising and supporting the central role of leaders in building the APS;
- Strengthening the accountability of APS leaders; and
- Fostering talent in the APS.

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58 Australia and New Zealand School of Government, Institute for Governance, submission 128, p. 31.
C. **Contains a highly capable workforce**

Workforce capability describes the skills, knowledge and abilities that employees of a high performing public service must possess.

In the private sector, it is recognised that “as much as 80 per cent of a company’s worth is now tied to its people.” The private sector increasingly recognises human capital as a primary source of competitive advantage. It also recognises that investing in people provides significant productivity improvements. Most private sector organisations invest between three and six per cent of payroll on employee development, with an average expenditure of around four per cent. This investment is in recruitment, retention, capability development and talent management. Strong organisations nurture their talent and encourage workforce collegiality. In the public sector, collegiality should extend across agency borders to promote a unified APS culture.

To ensure it has the capability to provide high quality support to government, the APS must attract high performing individuals from within and outside the public sector. It must also invest in learning and development and provide pathways for high performing employees to grow and develop, including through secondments to the private and not-for-profit sectors.

Attracting diverse talent will provide the APS with a wider range of experiences and skill sets. Diversity will become increasingly important as the population ages and the labour market tightens.

Mobility also provides for breadth of capability and builds adaptability in staff. Public servants who are mobile gain broader experience. Employees, particularly those who aspire to lead, should be encouraged to obtain a diverse range of work experiences, including exposure to policy development and service delivery roles. A broadened skill base and extensive professional networks enable employees to draw on a wider range of experiences and perspectives when tackling problems.

> Careers are no longer in the form of ‘ladders’ but ‘lattices’ – criss-crossing between industries and organisations to gain experiences that depend on challenge and opportunity. (Deloitte)

**HOW ARE WE GOING?**

At present, human resource management is largely devolved to individual agencies. Agencies have been able to identify skills shortages but they have been unable to address them adequately. In 2008–09, 34 per cent of agencies reported a skills shortage in the area of ICT (see Figure 7). A further 29 per cent of agencies reported a shortage of high level policy and research skills. Skill shortages are also common in other areas such as project management which poses significant risks to policy implementation. These figures have remained relatively constant over the last five years.

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The APS has ongoing skill gaps. Some of this may be explained by pay differentials between the public and the private sector\textsuperscript{64} or it may be a result of other retention and attraction issues.

Consultation and submissions have expressed concern that over time, the APS has moved away from recognising the value of specialist and technical capabilities which has created skill gaps.

The APS should mirror the diversity of the broader population and reflect Australia's diversity of cultural backgrounds, people with disability, women and the Indigenous population. Diversity should be reflected at all levels of the APS and not be confined to more junior positions. The APS has good gender balance at the lower levels for women, but as Figure 8 shows, this has not translated through to the senior executive service.

The APS also needs to improve in other areas of diversity. For example the percentage of Indigenous employees in the APS has declined steadily over time, from 2.6 per cent in 1995 to 2.1 per cent in 2009\textsuperscript{66} and the proportion of APS employees who identified themselves as having a disability is well below the population overall.

\textsuperscript{63} Australian Public Service Commission, State of the Service 2008–09, p.54.
\textsuperscript{64} Australian Public Service Commission, State of the Service 2008–09, p.147.
\textsuperscript{65} Australian Public Service Commission, State of the Service 2008–09, p.8.
\textsuperscript{66} Australian Public Service Commission, State of the Service Statistical Bulletin, 2008–09 Table 47
Part 3 – How is the APS performing?

The APS needs to make its recruitment processes more efficient and transparent. In 2008-09, the average time it took for an agency to finalise an offer of employment ranged from four weeks to over 28 weeks with a median of 12 weeks. Consultations revealed strong support for reforms to current recruitment and selection processes, with 57 submissions calling for recruitment processes to be streamlined, simplified and sped up. The Recent Entrants Roundtable identified slow and complex recruitment processes as a barrier to entry for external applicants.

Critically, there was broad feedback in the consultations that the APS was not sufficiently or effectively investing in learning and development opportunities for all employees. Only seven per cent of agencies spend more than three per cent of their annual budgets on learning and development opportunities for employees. Further, a substantial 48 per cent of agencies report spending less than one per cent of their annual budget on learning and development.

The quality of learning and development is also a problem. Fewer than one in three APS employees rated the effectiveness of their learning and development programs as high or very high in terms of helping them to improve performance. Submissions also highlighted the need for improved professional development.

Strong performance frameworks foster high performance cultures. Talent management and mobility are critical for retaining employees, yet few agencies approach talent management systematically. Only eight per cent of agencies have active talent management strategies in place. A substantial proportion of agencies (41 per cent) report facing some type of barrier or impediment to managing talent. These barriers include an inability to provide career and mobility opportunities.

Consultations also revealed concern about the management of underperformance. State of the Service data found that only a quarter of employees agreed that their agency deals effectively with underperformance.

A number of submissions called for a review of current APS classification frameworks and suggested movement towards greater standardisation across the APS. One submission noted that ‘high quality job design has largely been ignored by public sector agencies and by the APSC in recent years, other than determining classification guidelines’.

The APS classification profile has changed dramatically since 1994, reflecting the changing nature of APS work and labour market pressures. Officers are being promoted quickly to the executive level and once they reach this level, stay there longer. The number of employees at the APS1 level has dropped by 95 per cent since 1994, which could be linked to changes in work requirements and technology. At the same time, the SES group has increased overall by over 50 per cent (see Figure 9).

70 Institute of Public Administration Australian, submission 129, p.19-23; The Australia and New Zealand School of Government, submission 128, p.2; The University of New South Wales, submission 96; Flinders University, submission 137; The Australian Human Resources Institute, submission 117, p.14.
73 The Australian Human Resources Institute, submission 117, p.14.
The dispersion of wages within a given classification level has also dramatically increased over time (see Figure 10). In each classification, the gap between the minimum and maximum of the salary range has increased, for example for:

- APS level three, the salary range has increased from eight per cent to 22 per cent;
- Executive level one, the range has increased from eight per cent in 1996 to 25 per cent in 2007; and
- SES Band 2, the range has increased from 24 to 37 per cent.\(^\text{75}\)

![Figure 10: Gap between minimum and maximum APS salaries at each level, 1996 and 2008](image)

Consultations suggested that the APS is blurring the capabilities and skills development required by employees. The use of position descriptions that are not specific to roles may be masking the true skills required for many jobs. With the move away from separate technical and professional employee classifications in the APS, some have argued that different skill sets are now inappropriately valued.

Data from the State of the Service on how individuals classify their work supports the hypothesis that public sector roles are not clear. For example, similar proportions of APS employees classify their work as ‘policy’ (12 per cent) and ‘program management’ (11 per cent); however, anecdotal evidence from Secretaries and submissions suggests that, in practice, there are far more employees engaged in program and implementation management than policy development.

In their submission, nCompassHR called for a change in ‘the language and culture around performance management activities’ by senior managers:

> **Performance leadership is about [managers] developing the skills and confidence necessary to conduct meaningful conversations in order to build relationships, agree career and personal development plans, do coaching, and work on issues before they become major problems.**\(^\text{77}\)

More than any other factor, the quality of APS staff will determine how well the APS meets the challenges outlined in Part 2. Emerging labour market pressures make recruitment and retention critical. Expertise will be needed across a range of specialist areas. For example skills ranging from economic modelling to international diplomacy will be essential to capitalise on trade opportunities with China and India. The diversity of the workforce will also need to increase if we are to genuinely understand the needs of citizens. Analytical and quantitative skills are required to compare the costs and benefits of regulatory options. The APS has a highly talented and motivated workforce conducting the most interesting and rewarding work in Australia. It must be appropriately supported.

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\(^{77}\) nCompass HR Pty Ltd, submission 156, p.4.
WHAT DO WE NEED TO DO?

Directions for improving workforce capability:

- Clarify the various roles of APS employees and identify current capability;
- Tackle systemic workforce challenges such as skills shortages;
- Improve recruitment and mobility to build capability and adaptability of staff;
- Place a stronger emphasis on professional development for all employees;
- Consider achieving more consistent pay and conditions for APS employees; and
- Place a stronger emphasis on management of performance as a key leadership skill.
D. Operates efficiently and at a consistently high standard

In the private sector, competition for profit drives an emphasis on efficiency and quality. The same driver does not always exist in the public sector but other motivations such as spending public funds wisely, can partially or totally achieve the same objective.

In a high performing public service, agencies should continually seek better ways to do business. Improvements might involve using technology innovatively, adopting creative or new business processes, or cutting red tape to reduce costs.

Incentives for efficiency and quality in the public service come in different forms, including:

- Strong accountability arrangements, for example public disclosure of information about an agency’s operations. Transparency in an agency’s operations will build pressure to improve performance.
- Funding can also drive greater efficiencies. Agencies are subject to an annual efficiency dividend that reduces administrative budgets each year in anticipation of efficiencies being found. This model has been used for over 20 years.
- A third approach is to assess agencies directly through external reviews that focus on quality and efficiency.

Agency efficiency can also depend on governance structures. For example larger agencies can achieve economies of scale that are not available to small agencies. In small agencies, different governance arrangements may have different costs. It is therefore important to consider what governance option will work best, particularly when establishing small agencies.

HOW ARE WE GOING?

There is a lack of reliable data on agency efficiency. The APSC has noted that ‘an ongoing difficulty in assessing productivity and efficiency in the APS is that, unlike the private sector, no agreed methodology for measuring the value of outputs is in place’. It is important to improve data in this area for better accountability, and to improve incentives for efficiency.

The main efficiency mechanism across the APS is the efficiency dividend, which yielded savings of around $662 million in 2008–09. The efficiency dividend is used to recalculate agencies’ base funding each year. Around one in ten submissions questioned the effectiveness of the efficiency dividend, as did employees in the consultations and online forums. It was generally argued that the efficiency dividend is a blunt instrument with which to pursue efficiency gains and has particularly harsh impacts on small agencies.

The Advisory Group also heard that recent additional efficiency measures in areas such as ICT and property have reduced agencies’ capacity to find further efficiencies to meet the dividend.

In the past 16 years, the efficiency dividend has been reviewed twice – a House of Representatives Standing Committee on Banking, Finance and Public Administration report in March 1994 and a Joint Committee of Public Accounts and Audit report in December 2008. Both reviews concluded that the efficiency dividend has succeeded in driving efficiency in agencies, but the 1994 report did recommend that the efficiency dividend be reduced from 1.25 per cent to one per cent and that agencies’ external receipts be exempt. The 2008 report found that the current efficiency dividend is placing significant stresses on agencies, particularly small agencies, and that the current mechanism was more than one per cent higher than the private sector achieves.

A possible alternative to the efficiency dividend is efficiency reviews. The recent Defence Strategic Reform Program is expected to generate savings of $20 billion over ten years from fundamental reform in the management of Defence, making the organisation more efficient and effective.

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In Australia while programs are often evaluated, agency reviews tend to occur on an ad hoc basis. In the UK, Canada and New Zealand by contrast, systematic capability reviews are conducted of agencies to assess their systems, structures, leadership and people management. These reviews provide a mechanism to assess quality and efficiency.

A 2007 report by the Management Advisory Committee entitled ‘Reducing Red Tape in the Australian Public Service’ recommended periodic reviews of regulatory and administrative requirements across the APS. Red tape was also an issue commonly raised in consultations, being mentioned in a quarter of the submissions. Consultations have identified red tape in two key areas, first the volume of regulation and compliance requirements and second, the internal red tape agencies put in place to manage actual and perceived risk.

The Department of Finance and Deregulation has conducted a preliminary mapping exercise into the level of red tape within the APS. It identified over 2,000 legislative and administrative compliance requirements that apply to the FMA Act agencies. While many of these may promote transparency and accountability, there is a question as to whether they are essential. Red tape reduces agencies’ ability to be agile and effectively achieve Government objectives.

In terms of APS governance arrangements, there appears to be scope to rationalise some small agencies. At present, 63 agencies have fewer than 500 employees. New agencies are being created to address short term priorities, but are not being subsequently dismantled as priorities change. There also appears to be significant scope for small agencies to share corporate services to achieve efficiency gains. During the consultation period, the Chief Financial Officer (CFO) of one small agency revealed that corporate costs were approximately $5 million out of an annual appropriation of $15 million, suggesting that significant opportunities exist to improve efficiency in small agencies.

Part 2 highlighted fiscal pressure as a challenge for the APS, with the ageing of the population set to exacerbate this problem over time. Improving efficiency and effectiveness is a basic business discipline that needs particular attention in a tight fiscal climate. Ultimately it is about value for money for tax payers. The incentives need to be right to ensure agencies continually refine their structures, systems and management arrangements to deliver efficient, high quality outcomes for citizens.

WHAT DO WE NEED TO DO?

Directions for improving efficiency and quality:

- Introduction of capability reviews;
- Reduction of internal red tape;
- Review of governance frameworks and sharing of corporate services;
- Review of all efficiency measures; and
- Examine the scope for creating efficiencies in small agencies.

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81 The Management Advisory Committee (MAC) is a forum of Secretaries and Agency Heads established under the Public Service Act 1999 to advise the Australian Government on matters relating to the management of the Australian Public Service (APS). In addressing its broad advisory function the Committee considers a number of management issues where analysis, discussion, and the identification of better practice approaches would inform and promote improvements in public administration: [http://www.apsc.gov.au/mac](http://www.apsc.gov.au/mac)
THE BLUEPRINT FOR REFORM
The Blueprint for Reform

The Advisory Group has developed a set of recommendations that combine to drive sustainable change in the APS. The Blueprint aims to position the APS to overcome impending challenges and deliver better outcomes for the Australian people.

The Blueprint seeks to improve the systems, structures and processes that influence outcomes for citizens. It recognises the importance of building the capability of the APS workforce to achieve this goal, and the significance of cultural norms in making change sustainable. There is an emphasis on leadership to drive change from the top and a focus on accountability to ensure progress is made.

The Blueprint offers a new ethos of putting people first. It encourages greater feedback from the public, better links with stakeholders, and clearer accountability for the outcomes of citizens rather than individual programs. It also places people first within the APS, through strong investment in learning and development, clear employment frameworks, genuine performance management and broad career opportunities.

The Blueprint aims to embed a culture of continuous improvement. By developing better data, more responsive systems and regular reviews, the APS can become a more flexible, innovative organisation that is alert to the needs and preferences of the community. It will also be better placed for future evaluation of performance.

Each of the reforms has been developed through a careful analysis of feedback from consultations, as well as research into leading international and domestic public services and private sector businesses.

Beneath each of the reforms lies a change management task that should not be underestimated. New systems will be needed in areas such as data collection, people management and information technology. New attitudes will be needed in areas like collaborating, performance management, and creativity in strategic policy. In some cases, new resources may also be needed, such as the expansion of the APSC.

These changes will need to be made in partnership with employees and other stakeholders (such as practitioners within the APS, the AGIMO, relevant unions, business groups and academia). The APSC will play a crucial role in driving the reforms from the centre with support from Finance and PM&C. Portfolio Secretaries will have collective responsibility for ensuring the reforms are implemented.

Recommendations

The following reforms are recommended by the Advisory Group and, if accepted, will provide a comprehensive model for enhancing the public service.
Reform 1: Delivering better services for citizens

Citizens often struggle to identify and use the various services offered by the Australian Government and its providers, and businesses have to cope with an ever increasing regulatory and reporting burden. The best public services in the world are integrating and simplifying the delivery of services, streamlining transactional services and making better use of online communication. Submissions agreed that the Australian Government needs to work closely with service providers to develop service networks that focus on communities and people.

VISION FOR THE FUTURE

- Service delivery simplified to make access to government services more convenient through automation, integration and better information sharing. Over time this would lead to:
  - A ‘tell us once’ approach;
  - A service delivery portal that guides citizens through interaction with government; and
  - Physical locations where citizens can access multiple services.
- Greater partnering between government, private and community sectors, including simplified funding arrangements and regulatory requirements.
- Enhanced service delivery coordination between State, Territory and local government that produces more integrated policy outcomes and allows citizens with complex needs to access relevant services from a single access point.
- Service delivery that adjusts to the needs of citizens and encourages collaboration.
- A reduced regulatory and compliance burden for individuals and business.

“It can be a daunting task for the public to deal with public service agencies, knowing where to start, who to telephone or write to. It would make a considerable improvement in efficiency if a standardised approach across the APS was adopted for communicating with the public and between agencies.”

Colin Lyons, individual submission 107, p.6.

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RECOMMENDATION 1.1: SIMPLIFY AUSTRALIAN GOVERNMENT SERVICES FOR CITIZENS

- Streamline and align Australian Government service delivery.
- Implement citizen focused service delivery with automated and simplified business processes.

**Lead Agencies:** Department of Human Services (DHS) and Department of Finance and Deregulation (Finance)

**ACTIONS TO MAKE THIS HAPPEN**

- The Secretaries Board, a unified APS-wide leadership group proposed in Recommendation 4.4, would commission project work for Government consideration that develops a whole of government service delivery strategy, making better use of technology.
- The strategy would be developed through a cross-departmental project team that systematically examines Australian Government service delivery, taking into account existing reviews, reports and research.
  - The approach would focus on the citizens’ circumstances or life events, which would be agreed and used across the APS.
  - The project team would undertake consultation with the public, employees and other relevant stakeholders such as unions.
  - Agencies would align existing service delivery programs and processes with the overarching service delivery strategy.
  - The strategy would be informed by an APS-wide survey of citizens’ views (Recommendation 2.2), which would seek feedback from citizens about satisfaction with government service delivery.
- Reform of service delivery would ensure the removal of legislative and administrative barriers that create inefficiencies. This would be enabled through stronger engagement with service delivery agencies. Automation and simplification of many existing processes (consistent with privacy and secrecy laws) would occur by allowing agencies to:
  - Re-use and share existing data where possible;
  - Provide more forms in an online format that can be automatically pre-filled;
  - Expand and integrate the range of services available to citizens through their preferred approach (e.g. online, mobile, face-to-face);
  - Introduce the option of common registration processes across government so that citizens have the convenience of a single login (potentially via the Australian Government Online Service Point); and
  - Refocus programs and services to be based on the needs of the citizen, rather than the agency providing the service.
- Technology would be a key enabler of this recommendation. Agencies would need to work more collaboratively in the design and implementation of services across government. Realistically it will take many years to achieve seamless service delivery. However, it is important to establish a mechanism to drive this forward.
Recommendation 1.2: Develop Better Ways to Deliver Services Through the Community and Private Sectors

- Provide greater flexibility to respond to local circumstances in service delivery through the community and private sectors.
- Provide simplified funding arrangements.
- Develop integrated case coordination for citizens and their families with complex needs in particular locations.

**Lead Agencies:** Department of Human Services (DHS) and Department of Finance and Deregulation (Finance)

**Actions to Make This Happen**

- The Secretaries Board would commission project work to develop for Government consideration:
  - New models for community and private sector delivery and accountability that would be developed in close consultation with social policy agencies and provide for:
    - More flexibility and responsiveness to local circumstances; and
    - Communities to build service capacity;
  - Options for integrated case coordination for citizens, particularly those experiencing entrenched social disadvantage;
  - Integrated and flexible place-based service delivery in areas of concentrated disadvantage (building on lessons from existing place-based trials, and starting in areas of greatest disadvantage, based on advice from the Social Inclusion Board);
  - Options that recognise that citizens are increasingly seeking to deal with government through third parties such as community sector organisations;
  - Methods for measuring service delivery success that take account of community involvement in planning, coordinating and delivering services,
  - Models for funding arrangements with the community sector that are more outcomes-focused and seek the most efficient and effective use of resources;
  - Models for common contracts across government and consolidated reporting; and
  - Options that respond to the Productivity Commission’s report – *Contribution of the Not-for-Profit Sector* (when released), dealing with promoting productivity and social innovation, direct government funding and the delivery of government funded services.
- Options for staff exchanges and greater mobility between the government and the community and private sectors are proposed in Recommendation 7.5.

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RECOMMENDATION 1.3: DELIVER SERVICES IN CLOSER PARTNERSHIP WITH STATE, TERRITORY AND LOCAL GOVERNMENTS

- Partner with State, Territory and local governments to achieve better outcomes for citizens.
- Integrate delivery teams using employees from multiple Australian Government agencies in particular locations to enable more joined up delivery.
- Share more information between all levels of government.
- Make information accessible to citizens on services provided by all levels of government.

**Lead Agencies:** Department of Education, Employment and Workplace Relations (DEEWR) and Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA)

**ACTIONS TO MAKE THIS HAPPEN**

- The Secretaries Board would commission project work to develop options for Government consideration on:
  - Cross-portfolio service delivery teams that have the delegated authority to act as an integrated team on behalf of all partner agencies;
  - Mechanisms for incorporating joint Commonwealth State service delivery reform and innovation into major Commonwealth State funding agreements;
  - Co-location of existing Australian Government state offices in regional areas;
  - Opportunities for efficiencies and joined-up services, including with State and Territory agencies in particular locations to focus on improved case coordination, particularly for those experiencing entrenched social disadvantage. Locations would be chosen using work underway by the Social Inclusion Board; and
  - Information sharing protocols between governments including internationally with treaty partners. These protocols would ensure that all information essential to the effective and efficient administration of governments is shared, consistent with privacy and secrecy laws and include a mechanism for agreeing these protocols with relevant governments. The protocols could be advanced in areas such as child protection and identity security.

- The Secretaries Board would commission work to develop information products based on the agreed life events approach recommended in Recommendation 1.1 to ensure citizens can access information about services available from all levels of government.
RECOMMENDATION 1.4: REDUCE UNNECESSARY BUSINESS REGULATORY BURDEN

- Extend the Standard Business Reporting (SBR) functionality (due for release in July 2010), to ease the regulatory burden imposed by government on business.
- Minimise reporting and compliance requirements for business and remove unnecessary or poorly designed regulation.

Lead Agencies: Department of the Treasury (Treasury) and Department of Finance and Deregulation (Finance)

ACTIONS TO MAKE THIS HAPPEN

- The SBR Program Board, in consultation with agencies and appropriate business representatives would identify for Government consideration other sectors that would benefit from reducing regulatory burden. The advice would include the relative priorities and the likely costs as well as benefits to the community.
- When Government considers changing regulation, such as the Review of Australia’s Future Tax System, care needs to be taken to avoid additional regulatory burden. Regulations should take into account the different capacities of business from the very smallest to large multinationals.
- To assist the SBR Program Board in determining priority areas Finance, in consultation with agencies, would continue to progress the current mapping of legislative and administrative compliance requirements that impose unnecessary external regulatory cost and reporting burden.
- The SBR Program Board would develop for Government consideration, proposals that broaden the functionality to other sectors to simplify business-to-government reporting by:
  - Removing unnecessary or duplicated information from government forms;
  - Using business software to automatically pre-fill forms;
  - Adopting a common reporting language, based on international standards and best practice;
  - Making reporting a by-product of natural business processes;
  - Providing an electronic interface to agencies directly from business software, which will also provide validation and confirm receipt of reports; and
  - Providing a single secure online sign-on for business and reporting professionals to report electronically to government agencies involved.
- Where it is identified that there are more relevant opportunities outside of SBR to rationalise the reporting and compliance requirements for business, agencies should develop alternative mechanisms (for example, changes to regulation or wholesale removal of reporting requirements) for streamlining administrative compliance.
- These mechanisms should consider the applicability of the Department of Innovation, Industry, Science and Research (DIISR) GovForms and SmartForms functionality that allows forms to be quickly and conveniently found and completed online, and also consider moving all agencies forms to a common platform, such as the Australian Government Online Service Point developed by DIISR and Finance.
Reform 2: Creating more open government

The APS lags behind international peers in the provision of online access to government information and services and in incorporating external advice into the policy development and service design process. Unlike a number of its international peers (e.g. Canada and New Zealand) the Australian Government does not survey the Australian public’s views on government service delivery. Submissions sought stronger government engagement with citizens, including through the increased use of technology.

As in many other countries, Australia faces unprecedented challenges to address citizens’ increasing demands, rising expectations and seemingly intractable social problems in a tight fiscal environment. New ways of thinking about engagement with citizens are required to develop improved solutions.

VISION FOR THE FUTURE

An APS that captures ideas and expertise through the transformative effect of technology by:

- Citizens directly communicating their views and expertise to government through multiple channels, including Web 2.0 approaches (for example, online policy forums and blogs);
- Greater disclosure of public sector data and mechanisms to access the data so that citizens can use the data to create helpful information for all, in line with privacy and secrecy principles; and
- Citizens become active participants involved in government, rather than being passive recipients of services and policies.

“Ultimately the public will be best served when government engages comprehensively with a range of interests”

Australian Council of Social Services, submission 162, p.6.

### RECOMMENDATION 2.1: ENABLE CITIZENS TO COLLABORATE WITH GOVERNMENT IN POLICY AND SERVICE DESIGN

- Develop and implement new approaches to collaboration and consultation with citizens on policy and service delivery issues.
- Make public sector data available to the wider public in a manner consistent with privacy and secrecy laws.

**Lead Agencies:** Department of the Prime Minister and Cabinet (PM&C) and Department of Finance and Deregulation (Finance)

### ACTIONS TO MAKE THIS HAPPEN

- PM&C and Finance, in collaboration with agencies, would develop advice through the Secretaries Board for Government consideration on:
  - New approaches to consultation and collaboration that allow citizens, community groups and business to engage more effectively in how government services could be delivered – including establishing clear expectations around what government is seeking to consult or collaborate on;
  - Models for developing a partnership between citizens and government that include consultation, co-design and co-production, for example the *Social Incubator* model outlined in the Smith Family submission;
  - Appropriate feedback mechanisms that outline government decisions;
  - Mechanisms for consultation and collaboration using recent advances in technology, most notably Web 2.0; and
  - Models and guidelines for APS employees to engage professionally in policy and service delivery discussions, drawing on APS Commission protocols.\(^85\) This would promote a diversity of ideas, enabling employees to tap into policy and service delivery expertise and also allowing employees with specialist knowledge to collaborate with a wider audience.

- Finance, in collaboration with agencies, would develop advice for Government consideration on:
  - Making public sector data open, accessible and reusable;
  - Identifying what public service data could be made publicly available and by when, taking into account national security, copyright and privacy laws;
  - Mechanisms that would enable citizens to use public sector data in new and innovative ways to benefit all, as occurred in the recent Government 2.0 mash-up\(^86\) competition, in line with privacy, secrecy and national security laws; and
  - Options to develop further the data.australia.gov.au website.

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\(^86\) A web-based application that takes one or more datasets and combines them either with each other or with any number of publicly accessible web services and open datasets to create something new.
RECOMMENDATION 2.2: CONDUCT A CITIZEN SURVEY

- Conduct a survey of citizens’ views on their satisfaction with government programs, services and regulation to inform government business.
- These surveys desirably would be expanded to include all levels of government.

Lead Agency: Australian Public Service Commission (APSC)

ACTIONS TO MAKE THIS HAPPEN

- The APSC would develop a survey of citizens’ views that utilises a common assessment tool and, if appropriate, the “Citizens First Survey” instrument developed in Canada to survey across three levels of government.77
- The APSC in consultation with agencies, would analyse existing agency surveys to:
  - Understand current views of citizens in regard to individual agencies;
  - Identify possible areas and themes to incorporate into the whole of government survey;
  - Develop a survey methodology that builds on existing surveys and tools, wherever practical, noting that changes may occur over time based on the outcomes of citizen surveys; and
  - Ensure respondent burden and duplication is minimised.
- The APSC in collaboration with agencies would develop advice for Government consideration on developing, coordinating and conducting the survey. Survey results would be reported in individual Departmental Annual Reports together with measures taken to improve citizen satisfaction with government services.
- The APSC would ensure that the survey:
  - Identifies drivers of citizen satisfaction with government services (including regulation) and opportunities for agencies to develop whole of government approaches for dealing with citizens where appropriate;
  - Seeks feedback on citizens’ direct experience with services;
  - Covers the range of programs and services delivered by Australian Government agencies, or their contracted providers;
  - Builds a better data set for benchmarking the Australian Government against other jurisdictions, including internationally, and tracking progress over time;
  - Reflects best practice approaches from the public and private sectors, for example by ensuring business goals are clearly linked to customer satisfaction; and
  - Is designed to allow expansion to other levels of government over time.

77 The Institute for Citizen-Centred Service in Canada conducts Citizens First surveys across all levels of government aimed at improving citizen satisfaction with public-sector service delivery in Canada.
Reform 3: Enhancing policy capability

Strategic direction must balance both a long-term and short-term perspective. A strategic vision should be set ‘over a horizon of a decade or more, not...a single planning cycle.’ Strategy should also take account of the short-term results the public service is required to deliver in terms of policies and program delivery.

Strategy and strategic policy capability is essential to assisting government to consider future challenges. Innovation and outward looking advice is essential for good policy.

There is a perceived lack of strategy and innovation across the APS. Employees do not feel equipped to develop strategic policy and delivery advice, collaboration is not a routine way of working, and the immediacy of day-to-day activities prevents employees from focusing on emerging issues and producing forward looking policy analysis.

At the same time, the link between policy and implementation needs to improve. Those who work in service delivery should have more input into policy design. The capacity of the APS to implement policy through program delivery and regulation also needs to be strengthened.

As the APS builds its capabilities by recognising and investing in core areas such as policy, service delivery, regulation and implementation, it is expected the APS will be able to reduce spending on consultants to do business as usual tasks.

VISION FOR THE FUTURE

Enhanced strategic policy and delivery capability that provides policy and delivery responses that deal with complex and interrelated problems through:

- Employees engaging in collaborative practices and promoting greater innovation, informed by a common understanding of what constitutes strategic policy;
- Development of short, medium and long term strategic policy based on strong data and effective analysis;
- Strong partnerships forged with external organisations resulting in the development of high quality, forward looking and creative policy advice; and
- Policy designed with implementation in mind and implemented professionally and confidently, using best practice regulation and program and project management techniques.

“The future is always uncertain. It is an important task of policy advice and formulation, supported by quality research, investigation and data analysis, to appreciate the variety of possibilities and to place government in situations where they can be handled advantageously.”

Institute of Public Administration Australia, submission 129, p.iv.

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RECOMMENDATION 3.1: STRENGTHEN STRATEGIC POLICY

- Every Department to strengthen strategic policy and delivery capability.
- Establish a Strategic Policy Network and create a policy tool kit to assist the development of strategic policy capability across the APS.
- Establish cross-agency strategic policy project teams.

**Lead Agency:** Department of the Prime Minister and Cabinet (PM&C)

**ACTIONS TO MAKE THIS HAPPEN**

- Secretaries, individually and collectively would be responsible for ensuring that portfolios have a strong strategic policy capability that can consider complex whole of government issues. Support would be provided through:
  - A formal APS Strategic Policy Network to share best practices and foster collaboration and innovation on strategic policy issues; and
  - A policy tool kit, developed by PM&C in consultation with agencies, that provides guidance on strategic thinking, problem definition, stakeholder engagement, data analysis, project management, implementation, regulation, design and evaluation.
- Cross-agency policy design would be built into the normal work of the APS.
- The Secretaries Board would establish cross-agency strategic policy project teams for specified projects that would be:
  - Evidence-based and practical and would deliver creative responses to complex policy problems;
  - Taken forward by taskforces staffed by APS employees including policy departments, service delivery and regulatory agencies, and other key stakeholders such as academia, and the private and community sectors; and
  - Overseen by sub-groups of the APS 200, a new leadership body created to support the Secretaries Board.
- Capability reviews of agencies (Recommendation 8.1) would be used to determine the level and effectiveness of the strategic policy capability of each Department and identify any gaps, including data sets required to measure and evaluate performance.
RECOMMENDATION 3.2: BUILD PARTNERSHIPS WITH ACADEMIA, RESEARCH INSTITUTIONS AND THE COMMUNITY AND PRIVATE SECTORS

- Reinvigorate and establish new relationships with academia and research institutions.
- Strengthen links with private sector experts.

**Lead Agencies:** Department of the Prime Minister and Cabinet (PM&C) and Department of Innovation, Industry, Science and Research (DIISR)

**ACTIONS TO MAKE THIS HAPPEN**

- The Secretaries Board would commission a project team from the APS 200 (a senior leadership forum proposed in Recommendation 4.4) to develop whole of government principles on agency engagement with academia, research institutions and the community and private sectors.
- Agencies would establish more formal policy networks with academic institutions, think tanks and the community and private sectors. These networks would assist APS employees to develop stronger links with academics and other researchers for developing initial policy ideas and conducting research (strengthened through enhanced access to government data, as proposed in Recommendation 2.1).
- DIISR would develop models for strengthened collaboration with the Australian National University through the suggested China Centre and additional public policy engagement.
- Agencies would develop models for long term research and enhanced evaluation of policy and programs.
- PM&C would work with agencies to develop stronger links with the Australia and New Zealand School of Government, National Security College and think tanks such as the Lowy and Grattan Institutes.
RECOMMENDATION 3.3: IMPROVE POLICY IMPLEMENTATION

- Provide clear guidance and standards to agencies on policy implementation, particularly in the areas of regulation, program and project management.
- Increase every Department’s capacity to oversee implementation activities.
- Establish an APS-wide forum to share best practice in regulation.

**Lead Agencies:** Department of the Prime Minister and Cabinet (PM&C) and Department of Finance and Deregulation (Finance)

**ACTIONS TO MAKE THIS HAPPEN**

- The Secretaries Board would commission work, through the PM&C Cabinet Implementation Unit (CIU), for options to improve implementation of policy. Options would include a revised policy implementation tool kit, prepared in consultation with agencies, that provides agencies with guidance on best practice implementation, particularly around program and project management.
- Agencies would be required to consult relevant service delivery agencies when drafting policy options for government with a major service delivery component.
- As a component of workforce planning, each agency would be required to address the skill mix and capabilities needed to undertake complex or high risk implementation tasks:
  - Actual capability would be assessed through agency capability reviews (Recommendation 8.1); and
  - Performance on implementation would be assessed in the annual performance appraisals for Secretaries and Agency Heads.
- Where appropriate, agencies should establish an expert Implementation Board (with one or more external representatives) to oversee high risk implementation tasks within their portfolio (for example, discretionary grant programs with very short timeframes, or significant funding).
- The CIU would also convene a cross-portfolio Policy Implementation Network to meet periodically to share tools, experience and pitfalls in policy implementation:
  - The Network would consider the merit of setting a program and project management standard for the APS.
- Finance would convene a cross-portfolio Regulation Network to meet periodically to share tools and experiences in regulation.
Reform 4: Reinvigorating strategic leadership

APS leaders play a dominant role in shaping the culture and behaviour of their organisations. Change in the APS, therefore, requires a change to the way the APS is led.

A culture of innovation and collaboration will only flourish across the APS if it is supported and demonstrated by leaders at all levels. Investment in people through learning and development will only be a priority if leaders see fit to make it a priority. Forthright advice will only be provided if leaders are prepared to deliver it. According to employee consultations, the APS is often too risk averse to be innovative and truly frank and fearless.

Senior leadership is particularly critical to driving change. It is necessary to clarify the roles and responsibilities of Secretaries, support Secretaries in these roles and hold them to greater account against their responsibilities. It is incumbent upon Secretaries and the SES to champion the APS values to all employees. For example, this should involve affirming the practice whereby the best evidence-based policy and delivery options are put forward to Ministers.

VISION FOR THE FUTURE

- Reformulated APS values that drive performance and are embedded service-wide.
- The roles and responsibilities of Secretaries clearly outlined in legislation.
- A Secretaries Board accountable for achieving excellence across the APS.
- A high performance culture fostered by leaders at all levels and led by the Secretaries Board and the APS 200.
- Strengthened appointment and termination processes for Secretaries.
- Proactive talent management for top performers.

“...the world’s best public service will require...acceptance of the world’s best leadership development philosophies supported by a senior executive group with a readiness to drive innovation, take decisive action and initiate cultural change.”

*Australian Human Resources Institute, submission 117, p. 2.*

Photographer CPL Hamish Paterson.
RECOMMENDATION 4.1: REVISE AND EMBED THE APS VALUES

- Revise the APS Values to a smaller set of core values that are meaningful, memorable and effective in driving change.
- Embed the revised values into the work of the APS through senior leadership and learning and development and performance management frameworks.

Lead Agency: Australian Public Service Commission (APSC)

ACTIONS TO MAKE THIS HAPPEN

- Government to consider revising the APS values and, as necessary, the Code of Conduct in order to:
  - Promote APS collegiality and unity;
  - Encourage excellence in public service;
  - Clarify expectations of public service behaviour to foster public trust; and
  - Affirm the importance of including consideration of human rights issues in policy making.
- The APSC would:
  - Consult broadly, including with employees and stakeholders from the government, community, private sectors and relevant unions, on revised APS values; and
  - Provide advice on necessary legislative changes to the Public Service Act 1999 through the Department of the Prime Minister & Cabinet.
- The following qualities could be used as a starting point:
  - Accountable;
  - Frank, impartial and non-partisan;
  - Results oriented;
  - Ethical; and
  - Merit based employment
- Once agreed the APSC would develop strategies to promote, model and embed the new values into the work of the APS including through:
  - A compulsory SES induction program to develop APS-wide values leadership;
  - Other core learning and development programs (Recommendation 7.3); and
  - A new performance framework (Recommendation 7.4).
- The APSC would also affirm principles for a strong relationship between Ministers and the APS (listed in Figure 2).
- Agency capability reviews could assess whether the APS values have been integrated into agencies’ culture and management practices (Recommendation 8.1).
RECOMMENDATION 4.2: ARTICULATE THE ROLES AND RESPONSIBILITIES OF SECRETARIES

- Amend the Public Service Act 1999 to recognise the roles and responsibilities of Secretaries and the Public Service Commissioner.
- Strengthen the performance framework to assess individual and collective performance against the above roles and responsibilities.

**Lead Agencies:** Department of the Prime Minister and Cabinet (PM&C) and Australian Public Service Commission (APSC)

**ACTIONS TO MAKE THIS HAPPEN**

- The APSC in consultation with Secretaries and Ministers, would prepare guidelines on the roles and responsibilities of Secretaries, for consideration by Government.
- Roles of Departmental Secretaries would include:
  - Principal official policy advisor to the Minister;\(^89\)
  - Manager, ensuring delivery of government programs and collaboration to achieve whole of government outcomes within their portfolio;
  - Leader with a stewardship role within their Department; and
  - APS-wide stewardship, discharged in partnership with other Secretaries and the APS Commissioner.
- Responsibilities of Departmental Secretaries would include:
  - Compliance with the FMA Act, the Public Service Act and relevant directions and legislation specific to their portfolios;
  - Maintenance of clear lines of communication within a portfolio, as negotiated between the Secretary and the relevant Agency Head. These arrangements should not abrogate Agency Heads’ statutory accountabilities;
  - Stakeholder engagement, particularly on the core activities of the Department; and
  - Familiarity with key project management, human capital and ICT systems and a commitment to ensuring systems are appropriately implemented and maintained.
- Drawing on previous models, the Secretary of PM&C and the APS Commissioner would develop a strengthened performance framework for Secretaries that:
  - Is a vehicle for peer-oriented, cohort-wide reflection on individual and collective performance, with 360 degree feedback that includes Ministerial feedback;
  - Facilitates the identification of personal development and growth opportunities for Secretaries;
  - Serves as a driver of APS reform from the “top down”, with a focus that includes APS-wide stewardship responsibilities;
  - Aligns with, and emphasises the importance of, performance management for APS employees at all levels; and
  - Leads to a report to the Cabinet Secretary and the Prime Minister.

\(^89\) Note that some Secretaries share this role such as the Secretary of the Department of Defence who shares policy responsibility with the Chief of the Defence Force.
RECOMMENDATION 4.3: REVISE EMPLOYMENT ARRANGEMENTS FOR SECRETARIES

- Revise the processes for appointing and terminating Secretaries.
- Reinforce the terms of appointment for Secretaries to provide for a five year term.

**Lead Agency:** The Department of the Prime Minister and Cabinet (PM&C)

**ACTIONS TO MAKE THIS HAPPEN**

Government would consider new appointment and termination processes.

- The proposed appointment process would include:
  - The Secretary of PM&C would consult with the Australian Public Service Commissioner before proposing Secretary appointees to the Prime Minister;
  - Any disagreement between the Secretary of PM&C and the Public Service Commissioner would be reflected in the advice to the Prime Minister;
  - The Prime Minister would retain final decision making power;
  - Secretaries would have five year terms and would be eligible to serve more than one term;
  - Rotation of Secretaries after five or seven years would be the norm in order to refresh Departments and stimulate new ideas, with the possible exception of specialised agencies; and
  - Although a five year term would be the presumption, the Secretary and the Prime Minister may agree on a shorter term in particular circumstances (for example, the intended retirement of the Secretary).

- The proposed termination process:
  - The Secretary of PM&C and the Australian Public Service Commissioner would be consulted prior to any termination decision;
  - If a Secretary is performing at an appropriate level of effectiveness and the Prime Minister wishes to move the Secretary because the relationship with the Minister has become unworkable, the Secretary of PM&C would be obliged to find the Secretary a post of equivalent standing for the remainder of their contract. This process would occur within a reasonable time, if the Prime Minister does not otherwise offer the Secretary an equivalent placement. The Secretary of PM&C would offer the post (even if not a Secretary post) after consultation with the Australian Public Service Commissioner; and
  - Affected Secretaries may opt to accept a termination payment and leave the APS.

- If agreed by Government, PM&C would develop amendments to the *Public Service Act 1999* to reflect these changes and also to articulate the roles and responsibilities of Secretaries (Recommendation 4.2).
RECOMMENDATION 4.4: STRENGTHEN LEADERSHIP ACROSS THE APS

- Establish a new APS leadership group, the Secretaries Board.
- Create a senior leadership forum, the APS 200.
- Require leaders at all levels to act as role models and drive reforms in their agencies.

**Lead Agencies:** Department of the Prime Minister and Cabinet (PM&C) and Australian Public Service Commission (APSC)

**ACTIONS TO MAKE THIS HAPPEN**

- **PM&C** would develop for Government consideration amendments to the *Public Service Act 1999* to remove references to the Management Advisory Committee and introduce the Secretaries Board and the APS 200.\(^90\) The APSC would provide secretariat support to both forums.

- The Secretaries Board would comprise Secretaries and the Australian Public Service Commissioner and be chaired by the Secretary of PM&C. The Board would:
  - Take responsibility for the stewardship of the APS and for developing and implementing strategies to improve the APS;
  - Identify strategic priorities and be the preeminent forum for debate and discussion of issues impacting the APS;
  - Set an annual work program and charge subcommittees to develop strategies to address system wide issues and make recommendations to the Board;
  - Model leadership behaviours for the SES such as collaboration, networking, innovation and the delivery of frank and honest policy advice; and
  - Draw together advice from chairs of government bodies, senior community and business sector leaders.

- The APS 200 would comprise selected agency heads (Band Three and above) and Band Three SES and the Secretaries Board. The APS 200 would be tasked with assisting the Secretaries Board to discharge their responsibilities and would:
  - Undertake strategic projects and initiatives as set by the Secretaries Board; and
  - Champion issues such as APS diversity, Indigenous employment, service responsiveness and access to government information.

- All SES and other APS leaders would be expected to:
  - Model leadership behaviours including promoting innovation and challenging unnecessary risk aversion and mentoring employees; and
  - Drive APS-wide reforms in areas including: strategic policy and citizen-centred service delivery, recruitment, performance management, learning and development, workforce planning and agency efficiency.

- Communication tools, for example leadership circulars, would be used to ensure that all APS leaders develop a common understanding of strategic directions and work program priorities.

- Leadership expectations (including effective communication and promoting innovation) would be outlined in the new performance management framework (Recommendation 7.4).

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\(^{90}\) The APS 200 will include some non-APS employees such as those from the national security community.
Part 4 - The Blueprint for Reform

### The APS 200

- **Secretaries Board**
  - Comprising subcommittees on topics such as:
    - Social Policy
    - Innovation
    - ICT Governance

- **Agency Heads & SES Band 3**
  - Providing APS-wide leadership & direction on topics such as:
    - APS Diversity
    - Risk Aversion
    - Red Tape
    - Regulation

- **Senior Executive Service (SES) & APS Leaders at all Levels**
  - Modelling leadership behaviours and driving APS-wide reforms in areas such as:
    - Strategic policy
    - Citizen-centred service delivery
    - Workforce planning/human capital
    - Agency efficiency
RECOMMENDATION 4.5: IMPROVE TALENT MANAGEMENT ACROSS THE APS

- Introduce APS-wide talent management programs.
- Establish a Leadership Development Centre.

**Lead Agency:** Australian Public Service Commission (APSC)

**ACTIONS TO MAKE THIS HAPPEN**

- All leaders would be required to identify and nurture top talent across the APS. The Secretaries Board, utilising the APS 200, would identify and provide opportunities to develop high performing individuals.
- The APSC would develop a model for agency talent management programs. The guidelines would also specify the relationship between these programs and APS-wide approaches to talent management.
- All agencies would introduce talent management programs that support the identification and development of talented employees from diverse backgrounds and across all levels of the organisation.
- Agencies could also develop a risk profile for critical roles in order to strengthen succession planning and develop their talent pool.
- The APSC would establish and operate a Leadership Development Centre that adopts best practice approaches from the public and private sector and is funded under an agreement between the APSC and Secretaries.
- The Centre would be overseen by a committee comprising up to four members of the Secretaries Board, the APSC Commissioner (Chair) and members of academia or the private sector (up to two). Secretaries would identify and nominate talented employees from diverse backgrounds to participate in the Centre.
- The Centre would:
  - Create tailored development plans for participants (to be reviewed annually) as they are selected and move through the Centre;
  - Provide interventions targeted towards individual needs;
  - Initially focus on SES officers, with the intent to expand to include high potential executive and APS level employees; and
  - Provide a high performance program for senior SES to develop a diverse pool of talent to assist appointments at the Secretary and Associate Secretary levels.
- The APSC in consultation with agencies would also develop a high performance program for top graduates to enter after completion of their graduate program.
Reform 5: Introducing a new APSC to drive change and provide strategic planning

The ability of the APS to tackle emerging policy problems and deliver innovative services rests with the quality and commitment of its people. Yet, there are signs that insufficient attention is being paid to people development across the public sector.

Consultations revealed common concerns among employees, including under-investment in learning and development and poor performance management. The State of the Service Report 2008–09 confirms that workforce planning is patchy and that skills shortages persist in some areas. Urgent action should be taken to elevate people development as a priority. This recommendation reflects the centrality of people to achieving high performance and impending demographic changes to the workforce.

Effective change will require a shift in the attitudes and behaviour of managers within agencies. The Advisory Group has concluded that the best way to achieve this shift is to strengthen the role of APSC as a central agency to provide expertise, guidance, performance monitoring and some centralised services to all agencies.

VISION FOR THE FUTURE

A strong, efficient and forward looking APSC that:

- Unites and leads the APS;
- Provides effective support to agencies seeking to improve people performance;
- Actively fosters talent and leadership;
- Is cognisant of, and equipped to face, future challenges;
- Drives APS-wide change;
- Values and invests in the APS workforce; and
- Responds to APS wide issues: including diversity, service responsiveness and access to government information

‘Effective public service reform will require strategic leadership from the centre. This is where the APSC could play an important new role. It would however, require an upgrading of its existing powers and responsibilities.’

The Australia and New Zealand School of Government submission 128, p.31.
RECOMMENDATION 5.1: NEW APSC WITH RESPONSIBILITIES TO LEAD THE APS

- Reposition the APSC to deliver on broad reform goals and charge it with responsibility for leading and implementing proposed recommendations agreed by Government.
- Transfer responsibility for Australian Government policies for agreement-making, classification structures, APS pay and employment conditions, work level standards and workplace relations advice from the Department of Education, Employment and Workplace Relations (DEEWR) to the APSC.
- Revise the *Public Service Act 1999* to reflect reforms to the APSC.

**Lead Agency:** Australian Public Service Commission (APSC)

**ACTIONS TO MAKE THIS HAPPEN**

- The APSC would develop a funding proposal for Government consideration for a new APSC that draws upon committed budget or centrally mandated funding sources.
- If agreed by Government, the responsibility for Australian Government policies for agreement making, classification structures, APS pay and employment conditions, work level standards and workplace relations advice would transfer from DEEWR to the APSC.
- The APSC would need to be repositioned in order to deliver on broad reform goals. In particular, it would need to develop greater expertise in:
  - Workforce planning (Recommendation 7.1) and people management, including performance management (Recommendation 7.4) drawing from best practice in the public and private sectors;
  - Human capital benchmarking (Recommendation 7.1) with associated survey methodologies, qualitative and quantitative analysis skills, for example using citizen survey data (Recommendation 2.2);
  - Labour market analysis in relation to APS employment (Recommendation 7.1), including through developing strategic partnerships with academia and the private sector (Recommendation 3.2);
  - Agency capability reviews (Recommendation 8.1);
  - Centralised assessment and procurement of learning and development (Recommendation 7.3); and
  - Classification structures, pay, employment conditions and work level standards and public sector enterprise bargaining and workplace relations advice (Recommendation 6.1).
- The APSC would provide advice to Government on updating the *Public Service Act 1999* to ensure it reflects the changing needs of the public service, including proposing revised and streamlined values (Recommendation 4.1).
Reform 6: Clarifying and aligning employment conditions

Since bargaining of APS wages and conditions was devolved in 1997, wage dispersion has increased significantly both within and between Departments and Agencies, and the APS classification profile has changed dramatically, reflecting the changing nature of work and the changing labour market. Anecdotal evidence suggests that growing disparity in wages and conditions across agencies has discouraged mobility and reduced the sense of a unified APS with a strong career structure.

The APS needs to identify the capabilities that employees require to be effective in their roles. By clearly articulating career pathways, employees and managers can jointly identify learning opportunities that will assist employees to progress their APS career.

**VISION FOR THE FUTURE**

- An APS unified by an enterprise agreement bargaining arrangement that embeds greater consistency in wages, terms and conditions.
- New work level standards linked to classification structures that ensure fairness through similar remuneration for similar work.
- Frameworks that establish APS-wide work level standards and articulate the core skills and competencies required for APS roles.

*Remuneration disparity disadvantages smaller agencies and places an additional negotiation burden on applicants.*

*Dr Ann Villiers, submission 77, p.2.*
RECOMMENDATION 6.1: ENSURE EMPLOYMENT BARGAINING ARRANGEMENTS SUPPORT ONE APS

- Strengthen the Australian Government Employment Bargaining Framework to ensure that it supports one APS.
- Identify areas where a further streamlining of existing APS bargaining arrangements would better support one APS.
- Examine the extent to which existing APS classification arrangements and work level standards continue to meet the needs of APS agencies and employees.
- Provide APS employees with appropriate career paths.

Lead Agency: Australian Public Service Commission (APSC)

AC TIONS TO MAKE THIS HAPPEN

- Government would ask the APSC to recommend changes to the Australian Government Employment Bargaining Framework to ensure it supports a united APS and does not operate as an impediment to mobility.
- In doing so, the APSC would also identify areas where further streamlining of the bargaining framework would better support a united APS. For instance, whether greater commonality of terms and conditions might be appropriate and how this would interact with agency level agreements.
- Similarly, the APSC would also be asked to examine existing APS classification arrangements with a view to ensuring they continue to meet the needs of APS agencies and employees. Any such examination should pay particular attention to the extent to which current classification arrangements:
  - Support a united APS;
  - Facilitate mobility across the APS;
  - Enable the attraction and retention of high performing employees; and
  - Provide APS employees with appropriate career paths and opportunities.
- In examining existing APS classification arrangements, the APSC would also review work level standards and develop a contemporary APS capability framework that is consistent with the model used by the APSC and Department of Finance and Deregulation in developing a whole of government ICT career pathway and capability framework.
- The new framework would allow APS employees to:
  - Identify knowledge and skill requirements;
  - Identify appropriate learning and development opportunities;
  - Plan their APS careers;
  - Identify the qualities and skills they can expect from the leaders, peers and subordinates; and
  - Build a greater understanding of performance expectations and standards.
- The APSC would be responsible for the ongoing monitoring and maintenance of the work level standards, classification structure and the capability framework. Agency performance could be benchmarked and captured annually in the State of the Service Report.
- In undertaking this work the APSC would consult with APS agencies, employees and unions with processes established to give genuine consideration to proposals. Enterprise agreement making would be conducted in accordance with good faith bargaining requirements.
- The APSC would provide progress updates to the Secretaries Board and Agency Heads.
RECOMMENDATION 6.2: ASSESS THE SIZE AND ROLE OF THE SES

- Complete a review of the size, capability and work level standards for each level of the Senior Executive Service (SES), before any new net growth in the SES occurs.

**Lead Agency:** Australian Public Service Commission (APSC)

**ACTIONS TO MAKE THIS HAPPEN**

- The APSC would review the size and growth in the SES. The process would be completed by late 2010. There would be no new net growth in the SES until the review was complete and provided to Government for consideration, unless exceptional circumstances were agreed with Government.

- The review would examine:
  - The rate, geographic location and causes of workforce growth;
  - The likelihood of classification creep;
  - Causes and consequences of pay dispersion among SES; and
  - The role of the SES in current classification structures.

- As part of the review of APS roles and work level standards (Recommendation 6.1), the APSC would consult with Secretaries and relevant stakeholders to develop and articulate clear capability requirements and work level standards for each level of the SES.
Reform 7: Strengthening the workforce

The State of the Service Report 2008–09 indicates that skills shortages continue to significantly impact on agency capability. Capability gaps across the APS have been exacerbated by sporadic workforce planning and a lack of clarity about capability requirements.

The ageing and demographics of the Australian population is likely to drive intense competition for the best and brightest people. The APS will need talented people to meet the growing needs of citizens and to solve complex policy problems. Consultations suggested that recruitment needs to be streamlined to attract the best talent, encourage diversity and improve mobility.

More attention is required on recruitment, learning, development and knowledge management. Performance management processes need to build a high performance culture.

VISION FOR THE FUTURE

An agile, capable and diverse APS workforce equipped to meet future challenges through:

- A consistent approach to workforce planning that identifies systemic workforce challenges;
- Efficient, transparent and applicant-friendly recruitment processes that address agency skills gaps and issues of diversity, and distinguish candidates on the basis of merit;
- A coordinated approach to learning and development to identify and respond to skill and capability gaps;
- An effective and consistent performance framework; and
- A mobility strategy that encourages and assists employees to pursue diverse work opportunities to develop their capability.

“We need an integrated strategy and an integrated system of training coordinated by a central agency (eg the APSC), which is responsible for planning curricula and advising on the training needs of the service as a whole. Such training should be leading the field, cutting edge, innovative, coordinated and quality assured.”

RECOMMENDATION 7.1: COORDINATE WORKFORCE PLANNING

- Establish an APS-wide workforce planning framework.
- Develop a Human Capital Priority Plan that initially prioritises the reforms proposed in this Blueprint and over time will identify emerging systemic workforce issues.

Lead Agency: Australian Public Service Commission (APSC)

ACTIONS TO MAKE THIS HAPPEN

- The APSC would develop a Human Capital Framework that draws on labour market analysis to outline standards, strategies, systems and data management requirements across:
  - Workforce planning;
  - Leadership;
  - Attraction, recruitment and retention;
  - Talent, succession and performance management; and
  - Learning and development.
- The framework would be used by agencies to develop fit-for-purpose workforce plans. Agency performance would be benchmarked as part of broader APS human capital benchmarking conducted by the APSC and reported in the State of the Service Report.
- The APSC would develop a Human Capital Priority Plan that identifies systemic workforce issues (for example, skill and capability gaps, diversity and workforce ageing). The plan would draw upon:
  - The workforce plans developed by agencies;
  - The results of APS human capital benchmarking;
  - Agency capability reviews (Recommendation 8.1);
  - The citizen survey (Recommendation 2.2) and the State of the Service Report surveys; and
  - Analysis of internal and external labour market information.
- The Human Capital Priority Plan would initially be based on the recommendations set out in this Blueprint. Over time it will comprise APS-wide and agency specific strategies that proactively respond to identified workforce needs and systemic challenges in a cooperative and cohesive way (for example, the development of targeted recruitment and retention programs).
RECOMMENDATION 7.2: STREAMLINE RECRUITMENT AND IMPROVE INDUCTION

- Develop best practice standards for recruitment that uphold the merit principle.
- Establish regular labour and demographic analyses in relation to APS employment.
- Coordinate initial graduate and trainee recruitment application processes.
- Utilise new recruitment processes, where appropriate, for SES Band 3 officers.
- Implement specific mechanisms to increase APS diversity.

Lead Agency: Australian Public Service Commission (APSC)

ACtions to mAke this Happen

- The APSC in consultation with agencies would:
  - Develop best practice standards that promote greater efficiency while preserving transparency and open competition and upholding the merit principle;
  - Establish mechanisms to challenge prevailing recruitment myths (example myths are set out at Appendix 2); and
  - Provide a model for induction and transition programs to ensure employees are supported on entering the APS or the SES.
- The APSC would undertake regular analysis of labour market and demographic changes, in relation to APS employment, with a view to creating more flexible/mobile work arrangements so that more APS roles, particularly senior roles, can be moved outside of Canberra. The APSC would also consider ways to promote APS careers.
- The APSC would establish a single point of contact for graduate applicants, removing the need to complete multiple applications. If agencies with specialised needs undertake separately branded recruitment exercises, the timing will be harmonised and applicants would lodge their application through the central portal. Once established, the APSC would explore opportunities to apply this model to other workforce segments.
- The APSC would develop strategies to support and retain external recruits (e.g. private and community sector), particularly those in senior roles, to enhance their awareness and understanding of APS culture, values, processes and accountabilities.
- The APSC would be asked to support the Secretaries Board in identifying new and additional processes to attract a diversity of talent to SES Band 3 recruitment. These processes may extend to other levels if appropriate.
- The APSC would also develop and implement mechanisms to promote an APS career to individuals from under-represented backgrounds (for example, people with disability, Indigenous Australians, people from culturally and linguistically diverse backgrounds (CALD)). Mechanisms for increasing diversity could include:
  - Relocating APS positions from Canberra to regional centres to allow Indigenous and CALD individuals to remain within their communities and people with disability to retain access to support networks; and
  - Improving access to part time work arrangements to accommodate differing lifestyle needs.
RECOMMENDATION 7.3: EXPAND AND STRENGTHEN LEARNING AND DEVELOPMENT

- Identify core service-wide development needs.
- Endorse a principle of annual professional development for all APS employees.
- Deliver core learning and development programs that are centrally procured.
- Evaluate a range of courses and negotiate the best rates for the APS.

**Lead Agency:** Australian Public Service Commission (APSC)

**ACTIONS TO MAKE THIS HAPPEN**

- The Secretaries Board would affirm that every APS employee should undertake learning and development every year aligned with their career goals and capability gaps identified in performance agreements (Recommendation 7.4). Recognising that employees share a responsibility for personal development with their employer, professional development would be broadly defined to include:
  - Training and education;
  - On-the-job development (e.g. secondments, projects); and
  - Coaching and mentoring.
- The APSC would develop an annual learning and development strategy, in consultation with an advisory board comprising Agency Heads and Secretaries, based on the Human Capital Priority Plan (Recommendation 7.1) across four broad elements of learning and development:
  - Core activities that shape the APS (for example, APS culture/values, SES induction and, performance management);
  - Leadership/Management Training;
  - Skills training (for example, policy, program implementation, delivery and technical knowledge); and
  - Education (for example, PhD and Masters scholarships).
- The strategy would be delivered by both the APSC and individual agencies.
- The APSC would:
  - Centrally procure programs relating to core activities that shape the APS with multiyear funding commitments by all agencies for this purpose. These core programs would also include the areas of strategic policy, implementation and regulation. Programs would cover topics such as writing skills, project design and management, development of business cases, data collection, quantitative analysis, regulatory design and contract management;
  - Conduct quality assessments of all available professional development programs and courses (in particular leadership/management programs) centrally negotiate prices with providers and disseminate this information to agencies; and
  - Develop a stronger relationship with the Australia and New Zealand School of Government (ANZSOG), the National Security College and other providers to support the competitive delivery of public service executive training training and to ensure the capacity exists to meet increased demand for high quality professional development.
- A sub-committee of the Secretaries Board would oversee APSC delivery.
- Individual agencies would:
  - Draw upon APSC endorsed programs and courses where available; and
  - Retain responsibility for procuring professional development programs and training responsive to their agency’s needs, particularly in relation to skills training and education (e.g PhD scholarships).
RECOMMENDATION 7.4: STRENGTHEN THE PERFORMANCE FRAMEWORK

- Introduce a performance framework that fosters a high performance culture.
- Provide performance management training for all SES employees and managers.
- Develop common APS-wide guidelines for dealing with underperformance.

Lead Agency: Australian Public Service Commission (APSC)

 ACTIONS TO MAKE THIS HAPPEN

- The APSC would design and embed an APS-wide performance framework that recognises the value of APS employees and encourages them to develop their knowledge and skills.
- The model would also:
  - Value and acknowledge employee aspirations;
  - Promote constructive feedback from relevant sources, for example, from supervisors, peers, subordinates and stakeholders as appropriate to the nature of the role;
  - Identify relevant learning and development opportunities having regard to the skill levels and performance standards expected of an employee in their role;
  - Encourage high performance; and
  - Identify and deal with underperformance.
- The model would also include an assessment mechanism that ensures:
  - High performing employees can be identified and provided with new challenges;
  - All employees are assisted to understand their own strengths and areas for improvement and are provided with the support they need to improve; and
  - Underperformance is identified and managed.
- The APSC would:
  - Provide performance management training to all SES and managers and conduct an APS-wide education program to highlight the value of effective performance management for both employees and agencies;
  - Develop a guide outlining the procedures for dealing with underperformance. Agencies would be required to use this guide and also maintain the capability to support managers dealing with underperformance; and
  - Develop guidelines for effective use of the probation period including articulating employer and employee expectations.
RECOMMENDATION 7.5: ENCOURAGING EMPLOYEES TO EXPAND THEIR CAREER EXPERIENCE

- Develop mobility mechanisms that encourage more APS employees to obtain diverse career experiences.
- Reinvigorate the mechanism for advertising of temporary non ongoing positions (for example, expressions of interest).
- Work with State, Territory and local governments to identify and address the barriers to jurisdictional mobility, including the recognition of State, Territory and local government public service entitlements and vice versa.

Lead Agency: Australian Public Service Commission (APSC)

ACTIONS TO MAKE THIS HAPPEN

- The APSC, working closely with agencies, would develop specific mobility mechanisms that prompt more APS employees to obtain diverse career experiences by encouraging:
  - Changes in work location (for example, interdepartmental moves, international placements and private and community sector internships); and
  - Changes in work type (for example, from policy to service delivery or regulation).
- Particular focus would be given to the role played by leaders in promoting and facilitating mobility. Secondments of senior executives to State, Territory or local governments would also be considered for particular projects.
- The performance of the SES in assisting employees mobility to gain a breadth of career experience would be monitored through their performance agreements (Recommendation 7.4).
- The APSC would investigate ways to reinvigorate ‘APS Jobs’ and similar websites to support temporary placements and increased mobility.
- Agencies would be encouraged to advertise all expression of interest positions of six months or longer (or extensions beyond six months) APS-wide.
- The APSC and Finance in consultation with other jurisdictions as appropriate would develop a proposal for consideration by government regarding recognition of State and Territory public service entitlements with a view to possible consideration by the Council of Australian Governments (COAG).
- The APSC, Finance, and the Department of Infrastructure, Transport, Regional Development and Local Government would develop a proposal for consideration by Government regarding portability of entitlements with local governments.
Reform 8: Ensuring agency agility, capability and effectiveness

Departments and agencies determine many of their own systems, structures and approaches to deliver agency outcomes. Opportunities to share best practice in areas such as leadership, strategic policy and workforce planning are generally ad hoc. There is also limited assistance or guidance for Secretaries on building the capacity of their organisations. Ultimately, there is limited accountability for how well agencies perform internally and cooperate with others.

Agency efficiency is closely linked to an agency’s organisational strategy and delivery ability. Delivery and implementation of government programs and policies require specific skills and capabilities. Australia is behind other public services in this regard. The UK, New Zealand and Canada all have mechanisms to systematically measure agency capability and effectiveness in the areas of strategy, delivery and organisational operations to help Chief Executive Officers to improve their organisations.

VISION FOR THE FUTURE

- Agencies have strong strategy, delivery, efficiency and organisational effectiveness and these qualities are reviewed regularly.
- An APS-wide focus on capability.
- Streamlined legislative and administrative requirements that promote accountability while allowing agencies to maximise their effectiveness.
- The outcomes of whole of government objectives that cut across portfolios are effectively measured.
- Consistent quality in delivery and effectiveness of programs.

“Put simply, the policy and delivery challenges in the future are likely to be far greater than experienced in the past and a range of new capabilities are required to respond to this environment.”

*The Institute of Internal Auditors – Australia, submission 168, p.4*
RECOMMENDATION 8.1: CONDUCT AGENCY CAPABILITY REVIEWS

- Conduct periodic external reviews of agencies’ institutional capabilities, covering strategy, leadership, workforce capability, delivery and organisational effectiveness.

Lead Agency: Australian Public Service Commission (APSC)

ACTIONS TO MAKE THIS HAPPEN

- Options would be developed by the APSC for Government consideration on agency capability reviews.
- Agency capability reviews would act as accountability mechanisms for other recommendations, including:
  - Recommendation 3.1 – Strengthen strategic policy;
  - Recommendation 4.1 – Revise and embed the APS values; and
  - Recommendation 8.3 – Reduce internal red tape to promote agility.
- Agency capability reviews would be conducted at least every five years. The selection of agencies for review and the specific approach taken in each case would have regard to risk management principles. The process, to be managed by the APSC, would entail:
  - Small review teams led by an eminent external reviewer, and comprising senior officials from the Department of the Prime Minister and Cabinet, the Department of Finance and Deregulation, the APSC and other agencies as appropriate;
  - A consistent review methodology developed by the APSC, drawing on experience from the UK, Canada, New Zealand and the P3M3 methodology (program, portfolio and project management maturity model),\(^9\) including a consideration of the value of relationship audits, to assess how effectively agencies manage internal and external relationships to drive better organisational performance; and
  - Review reports would be provided to the Portfolio Secretary concerned, the Agency Head where applicable, the APS Commissioner, the Secretaries of central agencies and the relevant Minister/s.
- The reports would build a robust evidence base for future performance evaluation. Initially, reports would not be published to encourage open disclosure of information to the review team.
- Reviews could be commissioned outside the review cycle by the APS Commissioner or the Secretaries Board, for example where concerns about an agency have arisen.
- Following a review, the APSC would work with the relevant Secretary or Agency Head to develop a capability improvement plan. The first draft plan would be developed by the agency.
- The Secretary or Agency Head would be accountable for progressing the plan with progress factored into their performance agreement.
- The reviews would recommend options to improve data on agency performance, enabling APS performance benchmarks to be established over time.

\(^9\) P3M3 has been recently endorsed for Commonwealth ICT projects see [http://www.p3m3-officialsite.com/home/home.asp](http://www.p3m3-officialsite.com/home/home.asp)
RECOMMENDATION 8.2: INTRODUCE SHARED OUTCOMES ACROSS PORTFOLIOS

- Introduce shared cross portfolio outcomes in priority areas where more than one portfolio is responsible for achieving government outcomes.

Lead Agencies: Department of Finance and Deregulation (Finance)

ACTIONS TO MAKE THIS HAPPEN

- The Secretaries Board would work with Finance to propose a set of shared outcomes across portfolios, for Government consideration, such as outcomes for Indigenous Australians, homelessness and national security.
- A working group from the APS 200 would be commissioned by the Secretaries Board to develop the outcomes.
- Establishing shared outcomes would require the allocation of roles and responsibilities across portfolios, consideration would be given to:
  - High level agreements between agencies to clarify responsibilities;
  - Existing agency output structures retained initially and mapped to the new shared outcomes; and
  - Changes to the outcome structures over time.
- Accountability for achieving shared outcomes would be through:
  - Budget reporting against the outcomes; and
  - Monitoring by the Cabinet Implementation Unit within the Department of the Prime Minister and Cabinet.
- Achievement against the outcomes could be included in Secretaries performance agreements.
RECOMMENDATION 8.3: REDUCE INTERNAL RED TAPE TO PROMOTE AGILITY

- Streamline administrative and legislative compliance in areas such as Financial Management and Corporate/Human Resources.
- Develop mechanisms that ensure red tape is minimised.

**Lead Agency:** Department of Finance and Deregulation (Finance)

**ACTIONS TO MAKE THIS HAPPEN**

- Building on preliminary analysis already undertaken by Finance and the Workplace Authority, it is proposed that Finance consult broadly, in particular with the APSC, the Department of the Prime Minister and Cabinet and the Attorney-General’s Department to continue to assess the scope to simplify universally imposed legislative and administrative requirements.
- Finance would develop mechanisms such as model Chief Executive Instructions, with respect to areas of its responsibility, to minimise the burden of administrative compliance.
- Finance would then be responsible for developing mechanisms for Government consideration to streamline legislative and administrative compliance requirements including drawing on the red tape issues identified in the State of the Service report.
- The Secretaries Board would commission a group drawn from the APS 200 (supported by technical experts) to investigate ways to reduce red tape within their organisations, particularly red tape created by excessive risk aversion. The group would assess less well known inter-agency requirements.
- A group drawn from the APS 200 would then develop a best practice guide on administrative processes that minimises red tape in agency processes.
- Agencies should develop arrangements to identify red tape, including feedback mechanisms that allow staff to recommend ways to reduce internal red tape.
  - The State of the Service report identified numerous ways to reduce red tape including workplace autonomy, improved ICT, and devolved decision-making.92
- Solutions identified by agencies to reduce their internal red tape should be shared with other agencies through the APS 200 and other whole of government forums.

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92 Australian Public Service Commission, State of the Service 2008–09, p.144, Figure 7.3.
Reform 9: Improving agency efficiency

Efficiency in the public sector is critical to ensure the best possible outcomes are achieved for the level of input. In a tight fiscal environment it is particularly important to drive efficiencies to increase productivity and to minimise the impost on taxpayers.

Consultations and submissions expressed concerns about the tools used to create efficiency, such as the efficiency dividend, and the general level of efficiency across the APS and within agencies.

**VISION FOR THE FUTURE**

An efficient and productive APS through:

- Improved transparency of agency efficiency;
- More streamlined administrative processes;
- Efficiency in the creation of inter-jurisdictional entities;
- A governance framework that is efficient and promotes fit-for-purpose organisations;
- Streamlined legislative and administrative requirements that will improve agency efficiency; and
- More efficient small agencies.

“For an agency to be truly effective over a period of time...requires ongoing attention to its operational efficiency...”

*Australian National Audit Office, submission 131, p.14.*
RECOMMENDATION 9.1: REVIEW THE MEASURES OF AGENCY EFFICIENCY

- Review the current mechanisms used to drive agency efficiency.

**Lead Agencies**: Department of Finance and Deregulation (Finance); Department of the Prime Minister and Cabinet (PM&C) and the Department of the Treasury (Treasury)

**Actions to Make This Happen**

- Finance with Treasury and PM&C would review for Government consideration, the effectiveness of existing mechanisms, such as the efficiency dividend, and consider alternative mechanisms to encourage agencies to be efficient.
- The review would address concerns expressed about the unintended impacts of the efficiency dividend and its interaction with additional efficiency requirements in areas such as IT, central purchasing and property.
- Rolling budget audits (based on approach taken in the Defence Budget Audit Report) should be an option considered in the review.
- As part of the review Finance, PM&C and Treasury would consider options, including:
  - Retaining an efficiency dividend in a form similar to the current model, that is, one that does not discriminate between agencies;
  - Removing the efficiency dividend entirely and relying on discretionary savings processes, driven by the Government’s budget priorities and offsets, to meet the Government’s fiscal objectives; and
  - Introducing a mechanism that makes a qualitative and/or quantitative assessment of the level of efficiency between agencies and arrives at an aggregate savings target across the APS in accordance with these assessments.
- The review would consider whether alternative mechanisms to replace the efficiency dividend would generate at least an equivalent level of savings to the Government budget.
- Efficiencies are also going to be achieved from the following recommendations:
  - Recommendation 1.3 – Deliver services in closer partnership with State and Territory and local governments;
  - Recommendation 1.4 – Reduce unnecessary business regulatory burden;
  - Recommendation 6.2 – Review the size and role of the SES;
  - Recommendation 7.3 – Expand and strengthen learning and development;
  - Recommendation 7.4 – Strengthen the performance framework;
  - Recommendation 8.1 – Conduct agency capability reviews;
  - Recommendation 9.2 – Strengthen the governance framework; and
  - Recommendation 9.3 – Small agencies to improve the efficiency of their corporate functions.
RECOMMENDATION 9.2: STRENGTHEN THE GOVERNANCE FRAMEWORK

- Simplify governance structures for new and existing entities by consolidating the categories of entities that can be created.
- Amend the Governance Arrangements for Australian Government Bodies (Governance Guide) to ensure:
  - Clear governance arrangements for inter-jurisdictional entities;
  - APS employees are clear about their responsibilities when appointed to company boards;\(^{93}\)
  - All new and existing agencies are fit-for-purpose.

**Lead Agency:** Department of Finance and Deregulation (Finance)

**ACTIONS TO MAKE THIS HAPPEN**

- Finance would review the different categories of entities currently created, with a view to simplifying and rationalising them.
  - The simplification of categories will need to ensure fit-for-purpose entities.
- Finance would develop standard governance arrangements for inter-jurisdictional bodies under the *Financial Management and Accountability Act 1997* (FMA Act) and *Commonwealth Authorities and Companies Act 1997* (CAC Act) to ensure fit-for-purpose governance structures and clear lines of accountability.
- Additional guidance would be developed on the legal obligations of government employees appointed to company boards, particularly on conflicts between public servants’ duties under the *Public Service Act 1999*, and directors’ duties under the *Corporations Act 2001*. Standard guidance on board responsibilities would also be developed for all other Directors (non-APS employees) of Commonwealth companies.
- Finance would amend the current governance policy framework and seek the Minister for Finance’s approval to reissue the Governance Guide as government policy.
- Finance would scope relevant entities (including companies in which the Australian Government has an interest) with a more targeted review involving detailed work and consultation with agencies to identify:
  - Entities in portfolios that could be amalgamated either due to efficiency and/or synergies in structures and tasks; and
  - Opportunities for small agencies to be incorporated into departments or other agencies.
- The outcome of the review would be taken forward to Government.

\(^{93}\) The CAC Act provides protections for APS employees appointed to governing boards of Commonwealth authorities.
RECOMMENDATION 9.3: SMALL AGENCIES TO IMPROVE THE EFFICIENCY OF THEIR CORPORATE FUNCTIONS

- All portfolio agencies should review the most efficient way to conduct their corporate functions.
- New small agencies should obtain their corporate services from a parent agency or shared service provider.

**Lead Agency:** Department of Finance and Deregulation (Finance)

**ACTIONS TO MAKE THIS HAPPEN**

- Finance would assist agencies in considering whether their corporate functions might be managed better, and preparing advice for Government consideration.
- If agreed, the recommendation would be endorsed by Government as a policy requiring portfolio agencies to report back following examination of the effectiveness of their current practices.
- This recommendation would apply to the delivery of corporate function transactions (for example, payroll). Agencies would need to retain capability for their strategic function.
- The Chief Executive Officer of each agency would still retain accountability for the agency, including all compliance requirements, and strategic functions. Agency Heads would need to delegate relevant financial management powers to the Portfolio Secretary or the relevant agency to perform the necessary duties.
Implementation

Should the Australian Government accept the Advisory Group’s recommendations, a number of short, medium and long-term implementation activities would be required, including extensive consultation.

The first priority for implementation would be the development of a detailed implementation plan based on appropriate consultation and a thorough assessment of the steps required for each recommendation.

Full implementation of the reform agenda would take a number of years to roll out and embed. Lead agencies have been identified for each reform and would be responsible for developing more detailed implementation plans in consultation with other agencies and in some cases external organisations.

Priorities will depend on the impact on outcomes for citizens, significance as reform building blocks, and scope to implement quickly. An indicative timeline is set out at Appendix 3.

A panel, comprising a mix of high calibre public, private and community sector leaders, would meet to receive reports on progress of the Blueprint reform agenda from the APSC through the Secretaries Board and report on these to the Prime Minister.

The APSC has responsibility for monitoring and reporting progress across all reforms, including the provision of regular progress reports to the Secretaries Board. While such an approach involves self-reporting by the APSC against many of the reforms, all Secretaries would have an opportunity to voice their views. Reporting would be based on a model similar to that used by the CIU in PM&C, which operates with a degree of independence.

Financial implications

In a number of areas, reform would require an up-front investment. For example, a new funding model would be required to support the APSC’s additional responsibilities, including the coordination of workforce planning and agency capability reviews. Similarly the citizen-centred reforms, such as developing and establishing an APS-wide citizen survey, would require some resourcing early on.

Over the long term, however, it is anticipated that the reforms (when implemented as a package), would deliver efficiencies and a return on investment. By building capacity and improving effectiveness, several reforms will drive effectiveness and efficiency gains across the APS such as reducing the burden of internal red tape.
CONCLUSION

Photographer Josh Estey.
‘The creation of a more cohesive and collaborative APS will require cultural change. Practical measures to foster a single APS are of course important, but underlying these measures must be a genuine commitment by government and employees of all levels in the APS to the change process.’

Community and Public Sector Union, submission 177, p.4.

This Blueprint outlines an ambitious reform agenda for placing the APS ahead of the game. It provides a useful guide to future challenges on the basis of the current state of the APS. Collectively the nine reforms and associated recommendations, set out in Appendix 4, provide a comprehensive strategy for sustainable change.

First and foremost the Blueprint aims to improve outcomes for citizens, through more integrated services, better policy advice, maximising value for taxpayer’s money and a closer alignment of government activity to the community’s preferences. A package of measures is recommended to achieve these goals, through changes to systems, structures and practices.

The Blueprint also recognises that, at its core, the APS is a network of people. The reforms seek to boost and support the APS workforce and to embed new forms of behaviour into the APS culture. Workforce capability is addressed through reforms directed at areas of longstanding concern, such as performance management and workforce planning, as well as areas that must evolve to meet new challenges, such as learning and development and recruitment.

Changing the culture of the APS is a more complex proposition. The Blueprint identifies APS leadership practices as a necessary catalyst for change. For employees to embrace the reforms, leaders must demonstrate new behaviours. The proposed establishment of a Secretaries Board and APS 200 leadership group will encourage senior leaders to own and carry forward the reforms.

The Blueprint also proposes a number of accountability measures, including the introduction of cross-portfolio outcomes, new performance assessment for Secretaries, regular agency capability reviews, human capital benchmarking and a focus on data collection. Such measures are necessary for the reform agenda to succeed.

There are elements of central planning in the reforms, but this should not be read as a centralist agenda. The intention is to improve central frameworks, particularly around people management, in order to improve decision-making in agencies. Collective responsibility is also encouraged, both for policy outcomes and the management of the APS, through the strengthened accountability of Secretaries.

Given the lack of evidence on the performance of the APS and public services worldwide, a number of recommendations identify improved data collection to help build an evidence base. The proposed reforms seek to transform the APS into a self-improving organisation – an organisation that is strategic and forward looking with an intrinsic culture of evaluation and innovation.

Ultimately the success of the reforms rests with APS employees. This Blueprint seeks to ensure the excellence of their work, for the lasting benefit of Australian Government administration and the Australian people.
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGIMO</td>
<td>Australian Government Information Management Office</td>
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<tr>
<td>ANU</td>
<td>Australian National University</td>
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<tr>
<td>ANZSOG</td>
<td>Australia and New Zealand School of Government</td>
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<tr>
<td>APEC</td>
<td>Asia-Pacific Economic Cooperation</td>
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<tr>
<td>APSC</td>
<td>Australian Public Service Commission</td>
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<td>APS</td>
<td>Australian Public Service</td>
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<tr>
<td>CAC Act</td>
<td>Commonwealth Authorities and Companies Act 1997</td>
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<tr>
<td>CALD</td>
<td>Culturally and Linguistically Diverse Backgrounds</td>
</tr>
<tr>
<td>CFO</td>
<td>Chief Financial Officer</td>
</tr>
<tr>
<td>CIU</td>
<td>Cabinet Implementation Unit</td>
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<tr>
<td>COAG</td>
<td>Council of Australian Governments</td>
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<tr>
<td>CPSU</td>
<td>Community and Public Sector Union</td>
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<tr>
<td>DHS</td>
<td>Department of Human Services</td>
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<tr>
<td>DIISR</td>
<td>Department of Innovation, Industry, Science and Research</td>
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<td>EL</td>
<td>Executive Level</td>
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<tr>
<td>Finance</td>
<td>Department of Finance and Deregulation</td>
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<tr>
<td>FMA Act</td>
<td>Financial Management and Accountability Act 1997</td>
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<tr>
<td>Governance Guide</td>
<td>Governance Arrangements for Australian Government Bodies</td>
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<tr>
<td>ICT</td>
<td>Information and Communications Technology</td>
</tr>
<tr>
<td>PM&amp;C</td>
<td>Department of the Prime Minister and Cabinet</td>
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<tr>
<td>Portfolio</td>
<td>A Department and its agencies for which the Portfolio Secretary has overarching responsibility</td>
</tr>
<tr>
<td>PS Act</td>
<td>Public Service Act 1999</td>
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<tr>
<td>SBR</td>
<td>Standard Business Reporting</td>
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<tr>
<td>SES</td>
<td>Senior Executive Service</td>
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</tbody>
</table>
## Appendix 1 – Internal Reference Group Members

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Department/Division</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ms Carmel McGregor</td>
<td>Deputy Commissioner</td>
<td>Australian Public Service Commission</td>
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<tr>
<td>(from December 2009)</td>
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<tr>
<td>Mr John Cairns</td>
<td>Acting Deputy Public Service Commissioner</td>
<td>Australian Public Service Commission</td>
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<tr>
<td>(until December 2009)</td>
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<tr>
<td>Ms Jan Mason</td>
<td>Deputy Secretary</td>
<td>Corporate and Parliamentary Services, Department of Finance and Deregulation</td>
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<tr>
<td>Ms Glenys Beauchamp</td>
<td>Deputy Secretary</td>
<td>Governance Group, Department of the Prime Minister and Cabinet</td>
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<tr>
<td>Ms Sue Chapman</td>
<td>Acting Deputy Secretary</td>
<td>Technology and Corporate, Department of Human Services</td>
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<tr>
<td>Dr Subho Banerjee</td>
<td>Executive Director</td>
<td>Strategy and Delivery Division, Department of the Prime Minister and Cabinet</td>
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<tr>
<td>Mr Dominic English</td>
<td>First Assistant Secretary</td>
<td>Economic Division, Department of the Prime Minister and Cabinet</td>
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<tr>
<td>Ms Philippa Lynch</td>
<td>First Assistant Secretary</td>
<td>Government Division, Department of the Prime Minister and Cabinet</td>
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</table>
## Appendix 2 – Recruitment Myths

<table>
<thead>
<tr>
<th>MYTH</th>
<th>FACT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Defining the recruitment need</strong></td>
<td>Agencies can recruit to a specific role or more generally to a level.</td>
</tr>
<tr>
<td><strong>Attracting applicants</strong></td>
<td>Agencies must advertise on the ‘APS Jobs’ website. Agencies have the flexibility to determine other effective and appropriate forms of advertising (keeping in mind the principle of a ‘reasonable opportunity to apply’), including the web.</td>
</tr>
<tr>
<td>Advertising options are limited to the Gazette and mainstream press.</td>
<td>Individuals can be targeted and encouraged to apply for a role, but they still need to compete in a merit-based selection exercise. Suitable people can also be contacted and encouraged to transfer to jobs at the same classification level, without a need for a competitive process.</td>
</tr>
<tr>
<td>Agencies cannot personally contact people and invite them to apply.</td>
<td>Anyone can apply, but they have to be able to meet the ‘identified criteria’. The criteria include knowledge of Aboriginal and Torres Strait Islander peoples and cultures, as well as the ability to communicate effectively with Indigenous Australians. Only Aboriginals and Torres Strait Islander people can apply for positions designated as ‘special measures provisions’ under the Racial Discrimination Act 1975.</td>
</tr>
<tr>
<td><strong>Selecting a non-SES candidate</strong></td>
<td><strong>Selection team</strong></td>
</tr>
<tr>
<td>A selection panel must have three members.</td>
<td>There is no rule governing the size of selection committees although ideally selection panels consist of two or three people.</td>
</tr>
<tr>
<td>The delegate cannot be on the selection team.</td>
<td>The delegate can be on the selection team and this can facilitate quicker selection decisions.</td>
</tr>
<tr>
<td><strong>Selection methods</strong></td>
<td>Additional information can be sought to help the selection team make a decision, such as whether to proceed to an interview.</td>
</tr>
<tr>
<td>Applicant/s cannot be asked to provide additional information.</td>
<td>There is no legislation requiring agencies to use a particular assessment method. There is no requirement to hold an interview, it is simply one of a wide range of selection methods available.</td>
</tr>
<tr>
<td>Interviews are mandatory.</td>
<td>All applicants need to be assessed fairly, but there is no requirement to interview all candidates.</td>
</tr>
<tr>
<td>All internal applicants must be interviewed.</td>
<td>All interviewees need to be asked the same questions. It is good practice to ask the same questions but it is not a requirement. Additional questions might help gain further information or clarify an applicant's response (e.g. their role in a particular situation).</td>
</tr>
<tr>
<td><strong>Referee checking</strong></td>
<td>A referee report is required for every applicant. There is no requirement to obtain referee reports. However obtaining references for candidates in strong contention for a role is highly recommended.</td>
</tr>
<tr>
<td>A referee report is required for every applicant.</td>
<td>Only nominated referees can be contacted. The panel is not obliged to speak to all referees nominated by the applicant. People other than nominated referees (such as previous managers) may be used with the consent of the applicant.</td>
</tr>
</tbody>
</table>
Appendix 3 – Implementation

Reform of Australian Government Administration Implementation Timeline

<table>
<thead>
<tr>
<th>Reform</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>Lead Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1 Simplify Australian Government Services for citizens</td>
<td></td>
<td></td>
<td></td>
<td>DHS/Finance</td>
</tr>
<tr>
<td>1.2 Develop better ways to deliver services through the community and private sectors</td>
<td></td>
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<td></td>
<td>DHS/Finance</td>
</tr>
<tr>
<td>1.3 Deliver services in closer partnership with capital State and Territory and local governments</td>
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<td></td>
<td>DE EWR/FAHCSIA</td>
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<tr>
<td>1.4 Reduce unnecessary business regulatory burden</td>
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<td></td>
<td>Treasury/Finance</td>
</tr>
<tr>
<td>2.1 Enable citizens to collaborate with government in policy and service design</td>
<td></td>
<td>Mechanism for citizen collaboration in place</td>
<td></td>
<td>PM&amp;C/Finance</td>
</tr>
<tr>
<td>2.2 Conduct a citizen survey</td>
<td></td>
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<td>APSC</td>
</tr>
<tr>
<td>3.1 Strengthen strategic policy</td>
<td></td>
<td>Strategic policy capability est.</td>
<td></td>
<td>PM&amp;C</td>
</tr>
<tr>
<td>3.2 Build partnerships with academia, research institutions and the community and private sectors</td>
<td></td>
<td>Networks with relevant orgs in place</td>
<td></td>
<td>PM&amp;C/IIISR</td>
</tr>
<tr>
<td>3.3 Improve policy implementation</td>
<td></td>
<td></td>
<td></td>
<td>PM&amp;C/Finance</td>
</tr>
<tr>
<td>4.1 Revise and embed the APS Values</td>
<td></td>
<td>New values</td>
<td></td>
<td>APSC</td>
</tr>
<tr>
<td>4.2 Articulate the roles and responsibilities of Secretaries</td>
<td></td>
<td></td>
<td></td>
<td>APSC/PM&amp;C</td>
</tr>
<tr>
<td>4.3 Revise employment arrangements for Secretaries</td>
<td></td>
<td></td>
<td></td>
<td>PM&amp;C</td>
</tr>
<tr>
<td>4.4 Strengthen leadership across the APS</td>
<td></td>
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<td></td>
<td>APSC/PM&amp;C</td>
</tr>
<tr>
<td>4.5 Improve talent management across the APS</td>
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<td>APSC</td>
</tr>
<tr>
<td>5.1 New APSC with responsibilities to lead the APS</td>
<td></td>
<td>APSC restructure complete</td>
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<td>APSC</td>
</tr>
<tr>
<td>6.1 Ensure employment bargaining arrangements support one APS</td>
<td></td>
<td>Framework est</td>
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<td>APSC</td>
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<tr>
<td>6.2 Assess the size and role of the SES</td>
<td></td>
<td>Review complete</td>
<td></td>
<td>APSC</td>
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<tr>
<td>7.1 Coordinate workforce planning</td>
<td></td>
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<td>APSC</td>
</tr>
<tr>
<td>7.2 Streamline recruitment and improve induction</td>
<td></td>
<td></td>
<td></td>
<td>APSC performing leadership role</td>
</tr>
<tr>
<td>7.3 Expand and strengthen learning and development</td>
<td></td>
<td></td>
<td></td>
<td>APSC L&amp;D program implemented</td>
</tr>
<tr>
<td>7.4 Strengthen the performance framework</td>
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<td>APSC</td>
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<tr>
<td>7.5 Encourage employees to expand their career experience</td>
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<td></td>
<td>Benchmarking mobility</td>
</tr>
<tr>
<td>8.1 Conduct agency capability reviews</td>
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<td>APSC</td>
</tr>
<tr>
<td>8.2 Introduce shared outcomes across portfolios</td>
<td></td>
<td>First capability reviews completed</td>
<td></td>
<td>APSC</td>
</tr>
<tr>
<td>8.3 Reduce internal red tape to promote agility</td>
<td></td>
<td>First shared portfolio outcomes established</td>
<td></td>
<td>Finance</td>
</tr>
<tr>
<td>9.1 Review the measures of agency efficiency</td>
<td></td>
<td>Mechanism to measure efficiency implemented</td>
<td></td>
<td>Finance/PM&amp;C/Treasury</td>
</tr>
<tr>
<td>9.2 Strengthen the governance framework</td>
<td></td>
<td>New governance framework established and agencies reviewed</td>
<td></td>
<td>Finance</td>
</tr>
<tr>
<td>9.3 Small agencies to improve the efficiency of their corporate functions</td>
<td></td>
<td>Relevant agencies corporate functions consolidated</td>
<td></td>
<td>Finance</td>
</tr>
</tbody>
</table>

Key: Government Decision Required | Policy design | Implementation | Government Decision – Requires Legislation | Policy design | Implementation | Secretaries Board to Implement | Policy design | Implementation
Appendix 4 – Overview of reforms

<table>
<thead>
<tr>
<th>Met the needs of citizens</th>
<th>Provides strong leadership and strategic direction</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1</strong> Delivering better services for citizens</td>
<td><strong>3</strong> Enhancing policy capability</td>
</tr>
<tr>
<td>1.1 Simplify Australian Government services for citizens</td>
<td>3.1 Strengthen strategic policy</td>
</tr>
<tr>
<td>• Simplify and align Australian Government service delivery.</td>
<td>• Every Department to strengthen strategic policy and delivery capability.</td>
</tr>
<tr>
<td>• Implement simplified citizen focused service delivery with automated and simplified business processes.</td>
<td>• Establish a Strategic Policy Network and create a policy tool kit to assist the development of strategic policy capability across the APS.</td>
</tr>
<tr>
<td>1.2 Develop better ways to deliver services through the community and private sectors</td>
<td>• Establish cross-agency strategic policy project teams.</td>
</tr>
<tr>
<td>• Provide greater flexibility to respond to local circumstances in service delivery through the community and private sectors.</td>
<td>3.2 Build partnerships with academia, research institutions and the community and private sectors</td>
</tr>
<tr>
<td>• Provide simplified funding arrangements.</td>
<td>• Reinvigorate and establish new relationships with academia and research institutions.</td>
</tr>
<tr>
<td>• Develop integrated case coordination for citizens and their families with complex needs in particular locations.</td>
<td>• Strengthen links with private sector experts.</td>
</tr>
<tr>
<td><strong>2</strong> Creating more open government</td>
<td><strong>3.3 Improve policy implementation</strong></td>
</tr>
<tr>
<td>2.1 Enable citizens to collaborate with government in policy and service design</td>
<td><strong>4</strong> Reinvigorating strategic leadership</td>
</tr>
<tr>
<td>• Develop and implement new approaches to collaboration and consultation with citizens on policy and service delivery issues.</td>
<td><strong>4.1 Revise and embed the APS Values</strong></td>
</tr>
<tr>
<td>• Make public sector data available to the wider public in a manner consistent with privacy principles.</td>
<td>• Revise the APS Values to a smaller set of core values that are meaningful, memorable and effective in driving change.</td>
</tr>
<tr>
<td>2.2 Conduct a citizen survey</td>
<td>• Embed the revised values into the work of the APS through senior leadership and learning and development and performance management frameworks.</td>
</tr>
<tr>
<td>• Conduct a survey of citizens’ views on their satisfaction with government programs, services and regulation to inform government business.</td>
<td><strong>4.2 Articulate the roles and responsibilities of Secretaries</strong></td>
</tr>
<tr>
<td>• These surveys desirably would be expanded to include all levels of government.</td>
<td>• Amend the Public Service Act 1999 to recognise the roles and responsibilities of Secretaries and the Public Service Commissioner.</td>
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<td><strong>1.4 Reduce unnecessary business regulatory burden</strong></td>
<td>• Strengthen the performance framework to assess individual and collective performance against the above roles and responsibilities.</td>
</tr>
<tr>
<td>• Extend the Standard Business Reporting (SBR) functionality, (due for release in July 2010), to ease the regulatory burden imposed by government on business.</td>
<td><strong>4.3 Revise employment arrangements for Secretaries</strong></td>
</tr>
<tr>
<td>• Minimise reporting and compliance requirements for business and remove unnecessary or poorly designed regulation.</td>
<td>• Revise the processes for appointing and terminating Secretaries.</td>
</tr>
<tr>
<td><strong>2.3 Creating more open government</strong></td>
<td>• Reinforce the terms of appointment for Secretaries to provide for a five year term.</td>
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<td><strong>3</strong> Enhancing policy capability</td>
<td><strong>4.4 Strengthen leadership across the APS</strong></td>
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<tr>
<td><strong>3.1 Strengthen strategic policy</strong></td>
<td>• Establish a new APS leadership group, the Secretaries Board.</td>
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<td>• Every Department to strengthen strategic policy and delivery capability.</td>
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<td>• Require leaders at all levels to act as role models and drive reforms in their agencies.</td>
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<td><strong>3.2 Build partnerships with academia, research institutions and the community and private sectors</strong></td>
<td>• Introduce APS-wide talent management programs.</td>
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<td>• Reinvigorate and establish new relationships with academia and research institutions.</td>
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<td>• Strengthen links with private sector experts.</td>
<td><strong>5</strong> Introducing a new APSC to drive change and provide strategic planning</td>
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<tr>
<td><strong>4</strong> Reinvigorating strategic leadership</td>
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</tr>
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<td>• Reposition the APSC to deliver on broad reform goals and charge it with responsibility for leading and implementing proposed recommendations agreed by Government.</td>
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<td>• Revise the APS Values to a smaller set of core values that are meaningful, memorable and effective in driving change.</td>
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Appendix 4 – Overview of reforms

6 Clarifying and aligning employment conditions

6.1 Ensure employment bargaining arrangements support one APS
• Strengthen the Australian Government Employment Bargaining Framework to ensure that it supports one APS.
• Identify areas where a further streamlining of existing APS bargaining arrangements would better support one APS.
• Examine the extent to which existing APS classification arrangements and work level standards continue to meet the needs of APS agencies and employees.
• Provide APS employees with appropriate career paths.

6.2 Assess the size and role of the SES
• Complete a review of the size, capability and work level standards for each level of the Senior Executive Service (SES), before any new net growth in the SES occurs.

7 Strengthening the workforce

7.1 Coordinate workforce planning
• Establish an APS-wide workforce planning framework.
• Develop a Human Capital Priority Plan that initially prioritises the reforms proposed in this Blueprint and over time will identify emerging systemic workforce issues.

7.2 Streamline recruitment and improve induction
• Develop best practice standards for recruitment that uphold the merit principle.
• Establish regular labour and demographic analyses in relation to APS employment.
• Coordinate initial graduate and trainee recruitment application processes.
• Utilise new recruitment processes, where appropriate, for SES Band 3 officers.
• Implement specific mechanisms to increase APS diversity.

7.3 Expand and strengthen learning and development
• Identify core service-wide development needs.
• Endorse a principle of annual professional development for all APS employees.
• Deliver core learning and development programs that are centrally procured.
• Evaluate a range of courses and negotiate the best rates for the APS.

7.4 Strengthen the performance framework
• Introduce a performance framework that fosters a high performance culture.
• Provide performance management training for all SES employees and managers.
• Develop common APS-wide guidelines for dealing with underperformance.

7.5 Encourage employees to expand their career experience
• Develop mobility mechanisms that encourage more APS employees to obtain diverse career experiences.
• Reinvigorate the mechanism for advertising of temporary non ongoing positions (for example, expressions of interest).
• Work with State, Territory and local governments to identify and address the barriers to jurisdictional mobility, including the recognition of State, Territory and local government public service entitlements and vice versa.

8 Ensuring agency agility, capability and effectiveness

8.1 Conduct agency capability reviews
• Conduct periodic external reviews of agencies’ institutional capabilities, covering strategy, leadership, workforce capability, delivery and organisational effectiveness.

8.2 Introduce shared outcomes across portfolios
• Introduce shared cross portfolio outcomes in priority areas where more than one portfolio is responsible for achieving government outcomes.

8.3 Reduce internal red tape to promote agility
• Streamline administrative and legislative compliance in areas such as Financial Management and Corporate / Human Resources.
• Develop mechanisms that ensure red tape is minimised.

9 Improving agency efficiency

9.1 Review the measures of agency efficiency
• Review the current mechanisms used to drive agency efficiency.

9.2 Strengthen the governance framework
• Simplify governance structures for new and existing entities by consolidating the categories of entities that can be created.
• Amend the Governance Arrangements for Australian Government Bodies (Governance Guide) to ensure:
  – Clear governance arrangements for inter-jurisdictional entities;
  – APS employees are clear about their responsibilities when appointed to company boards; and
  – All new and existing agencies are fit-for-purpose.

9.3 Small agencies to improve the efficiency of their corporate functions
• All portfolio agencies should review the most efficient way to conduct their corporate functions.
• New small agencies should obtain their corporate services from a parent agency or shared service provider.

Requires Government decision

Secretaries Board to implement