

REASON

GROUP

original thinking | lasting impact

Independent Review of the APS

CONSULTATION SUBMISSION

In this paper, we present our view on where the Australian Public Service should focus to 'serve Australian governments and the Australian people into the future'.

APS REVIEW PANEL

18 JULY 2018

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SEEING BEYOND THE CHALLENGES

Reason Group is pleased to take this opportunity to contribute to the public submissions as part of the Independent Review of the Australian Public Service (APS). This paper captures some of our perspectives based on our experience of the challenges at hand, and the capability, culture and operating model needed for a world class APS in 2030 and beyond.

We want Australia to be a place where coming generations will want to stay, live and work. We believe that having a world-class public service sparking world-class community and private sector innovation is a crucial capability for the future of our country.

Australia has many areas of competitive strength, such as energy resources, medical and mining related technologies. There are also significant opportunities in emerging sectors like FinTech and precision agriculture. However, to remain a lucky-country, we must manage smarter. We must engage more purposefully with the community and business to create more locally grown solutions that drive cross sectoral growth.

Our vision for a **Smarter Australia®** is one where Australia continues to achieve results well beyond our scale, particularly in leading the rest of the world in the digital economy in key areas such as agriculture, education, health care, environment and tourism.

A world class public service is key

A **Smarter Australia®** makes the digital economy relevant to all Australians by growing new kinds of businesses and jobs outside capital cities, and replacing businesses that have traditionally supported regional communities. We will only be able to do this through a world-class public sector enabling and stimulating community and private sector innovation.

Government, at all levels, needs to be integrated and embedded in the digital service infrastructure, achieving most goals through partnerships, smart regulation and practical standards. This will position government strategies, policies and services to leverage evolving business, consumer and technology relationships within the natural systems of the economy and society.

In our 2030 future, a world class public service will be:

- **Recognised as a trusted administrator of regulation, policies and programs that promote Australia globally as a place of stability, growth, and social justice.**
- **A valued partner with the community, academia and business, acting as a catalyst in accelerating local innovation and economic growth.**
- **An effective adopter of public and private capability that delivers services that work for individuals, community and business.**

Citizens are increasingly defining and driving their own solutions and expecting government and business to tailor to individual needs. As such, the public service must reposition at a much faster pace to harness, and value, contributions from the community and business.

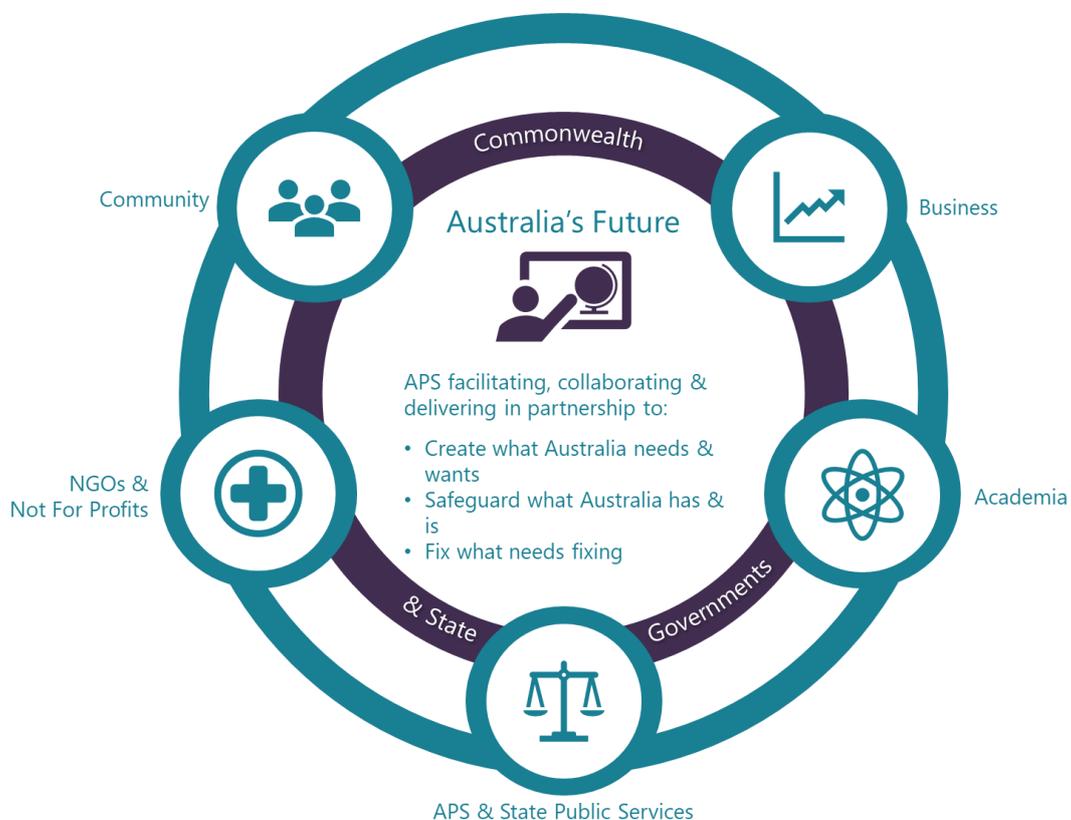
Citizens are creating their own solutions

Never before have citizens had as much direct potential influence over the behaviour of business and government. The almost 'instant' feedback from social media platforms can tank a share price overnight or cause a CEO to be removed from their position. The daily political media cycle is a potent reality. The public is increasingly becoming an 'activist shareholder' in the business of politics and government.

Every day nearly three billion consumers, businesses, government agencies and institutions of every nature interact using computers, laptops, tablets, smartphones and a growing range of mobile devices. Digital technology has altered the way we use the inputs of production (land, labour, capital) and is transforming the entire economic system. Industry will continue to build, navigate and exploit the digital economy regardless of governments, and the markets will reward or punish them accordingly.

The APS must 'get in the game' or risk being left behind by those who can and will not wait. The APS needs to **reposition as one of several contributors** who collaborate to develop and implement policy and programs, administer regulation, deliver services and formulate solutions to complex challenges.

The National Innovation and Science Agenda sought to increase national economic growth by investing \$1.1 billion in education, science, research, and infrastructure; incentivising business investment; and removing regulatory obstacles. The nature of our federal system of government however makes it very challenging to co-ordinate all the actions and investment required to steer the digital economy. This is where the APS must play a pivotal role.



Significant emphasis is being placed on the APS engaging with innovation, citizen centric approaches and cross sector collaboration. However, effort to date has failed to respond to the expectations of government or meet the needs of the community and business. This is particularly the case when it comes to cross-sector, cross-domain challenges.

The APS continues to see itself at the centre, and at times the arbitrator, of what is formulated for government consideration.

There is no place in our 2030 future for traditional binary or adversarial thinking, approaches or practices.

A NEW WAY OF OPERATING

The APS is integral to the executive branch of government and is accountable to ministers and the parliament in advising and implementing decisions of government. The traditional and well-established role of the APS needs reframing to respond to the higher engagement expectations of a much more connected community.

The APS is a service not simply a workforce. It is essential for the APS to connect with the lives of Australians and be less focused on the 'mechanics of the business of governing' and more focused on the 'outcomes of the business of governing'. The APS must be a leader as well as a manager.

Flexibility, fleetness to change and relevance as the public trustee is needed

This review represents an opportunity to ensure the APS drives innovation in a stable environment and with the confidence of the community in the years and decades ahead. The APS must build flexibility, fleetness to change and relevance as the public trustee.

Inflexibility leads to disruption, disconnection and irrelevance. Flexibility means:

- Embracing new types of thinking, integrating ethics, economics, science and business into the core of decision making thinking and balancing the needs of stakeholders for public good
- Adapting to an increasingly D-VUCAD (disruptive, volatile, uncertain, complex, ambiguous and diverse) environment, by adopting a long-term view, a global perspective and promoting our global interests and place
- Developing different types of relationships, networked governance, redefining what and how services are delivered through a participatory approach across all levels of government, community and business to achieve 'integrated value'
- Permission to choose how to engage with the community, business and academia beyond transactional relationships, deciding when effectiveness is more important than efficiency and vice versa, creating working relationships where functions are performed that is uniquely suited to those parties
- Positioning technology as one enabler of flexibility and thinking about technology differently including how it is consumed and used.

In contributing to Australia's future, the APS needs to facilitate, collaborate and deliver in partnership to:

- **Create what Australia needs and wants**
- **Safeguard what Australia has and is**
- **Fix what needs fixing.**

The required capabilities already exist within some areas of the APS. However, they are not fully realised despite the rhetoric and need to be supplemented from outside the APS. **Building this capability within the existing service has not been effective** – it is taking far too long and is resulting in missed opportunities.

To be effective in 2030 and beyond, the APS must shift from a delivery mechanism to a 'boundary spanner' or connector and facilitator of partnerships, insights and environments fostering achievement of shared and joint outcomes through mutually beneficial partnering.

A new operating model is needed that better positions the APS to:

- Administer core functions in a transparent and reliable way to create a stable environment that fosters innovation.
- Partner faster on innovative solutions that drive cross sector, cross domain benefits.
- Promote the early adoption and take up of innovation to drive effective and efficient services.

Adoption of this new way of working would:

- Foster better understanding of the levers of influence versus those of interest. It is increasingly difficult to recognise, understand and manage the difference in an environment with abundant platforms to voice views
- Leverage the whole of Australia's expertise. **The APS doesn't have, can't have and shouldn't have all the answers.** Complex problems require the sum of Australia's government, community, academic and business expertise. Also, complexities within departments shouldn't inhibit the community and business to understand, collaborate and partner to achieve and measure outcomes. The positioning of the APS as the definitive shaper and deliverer of legislative, policy and program responses is no longer valid
- Drive different thinking about investing in and measuring success. Efficiency dividends, ASL caps and offset arrangements for new policies stifle innovative solutions and achievement of outcomes
- Improve management of competing outcomes by acknowledging that the APS may need to fill the gap. Examples of competing outcomes include effective management of biosecurity at the lowest headcount, or limits to geographic outreach when the market is unable to deliver etc.
- Foster a culture where accountability and 'seeing it through to the end' has greater value. Continuity is no longer respected. While mobility can enhance breadth of understanding it is sometimes at the expense of depth of understanding and delivering. A longstanding criticism of the APS across all sectors by community groups, business and state officials is that APS officers spend insufficient time in the one role. This contradicts the view of others that there needs to be greater movement across the APS
- Establish a more nuanced view of the specialist versus generalist divide. The APS has a need for both and the mix must be tailored to suit the outcomes of each function.

**The APS may need
to fill the gap**

MOVING FROM THE CURRENT TO THE FUTURE

The challenges facing the APS go beyond what it has become today; these are overshadowed by what it needs to be to effectively meet future needs.

Discussion of the APS tends to focus on problems, what isn't perfect or what went wrong. The current media coverage and commentary surrounding the APS Review reinforces a backward-looking perspective. Calls to raise the leadership capability of the APS, reduce management layers, raise digital literacy, become more agile, better managers/users/facilitators of technology etc. are all valid suggestions many of which are being pursued. The list is extensive and easy to compile. However, pursuing too many initiatives at once achieves little progress.

The more effective approach is to focus on a **smaller number of more targeted opportunities** that will optimise the transition from the current to a 2030 future. In doing so, we must foster enabling frameworks that drive local ownership rather than establish well-intentioned, but restrictive one size fits all, centrally driven approaches.

We consider there are four key areas of focus for the short term that will position the APS for the challenges ahead.

Partner for whole of community outcomes

Shifting from the APS crafting all policies and delivering all services to the APS being the 'facilitator of networks and collaboration' will achieve the best outcome for Australia. It will also establish a more enduring role for the APS beyond 2030. **Australia's social, economic and environmental challenges require a 'whole of nation' effort.** Addressing indigenous disadvantage, falling education outcomes, barriers to industry innovation etc. are not the sole remit of one part of the community.

Outside of defence security, there are a handful of service systems controlled by individual departments that are mission critical to the government delivery compact with the community. The systems that underpin the receipt of taxes and the payment of benefits are huge, complex and ageing, yet these core systems are government hubs for our economy. More effective partnering strategies to de-risk these systems, and provide stable platforms with which industry can integrate, will avoid investing in solutions that are out-of-date as soon as they are deployed.

In addition, many great community, industry and business relationships exist at the state and local government level. State and territory governments are already leading the delivery of many services, unifying online offerings and consolidating their physical presence. Further gains could be made by extending this to the local government level with advantages of streamlining interactions, reducing pressure on existing federal service delivery capability and reinvigorating regional growth.

Harness the wisdom of the crowd

The concept of tapping into the 'wisdom of the crowd' is not a new one. However, in recent years its potential has been harnessed through social media platforms used by individuals, community groups and business. The underlying assumption is that the best possible outcome is achieved by bringing together individuals and groups with diverse backgrounds and interests.

A well-established example of the 'crowd' includes Jury Duty within criminal justice processes operating across state and federal jurisdictions in Australia. More recent examples include co-design approaches adopted within

government to define and deliver user centred services to citizens. However, we need to move beyond the co-design workshop and operationalise citizen-centric practice.

There are opportunities for the APS to adopt deliberative democracy approaches including the **use of citizen juries to develop policy, explore and resolve complex issues**. Deliberative democracy is being increasingly and successfully leveraged overseas (including in the UK and New Zealand) and in other Australian jurisdictions (such as South Australia, Victoria and the ACT).

There is also significant potential for the APS to leverage the 'wisdom of the crowd' through more active and purposeful engagement. However, it needs to encompass face to face engagement by the APS with community and business in their environment and not rely solely on one-way, passive or impersonal electronic engagement.

Visible, active and genuine engagement with the 'crowd' will start to challenge the perception that the APS has become elitist and out of touch. Those members of the APS already engaging actively with citizens in the design and implementation of policy, programs and services will confirm the value and attest to the impact it has on improving the understanding of the problem, user needs and defining the best solution.

Foster decision-making at the coalface

A common concern of APS staff delivering services to the community is that they are unable to tailor responses to the needs of individuals. This perception features in employee census results across a range of government departments and agencies.

While several departments delivering services to the community are embracing or reinforcing the concepts of 'being responsive' and 'tailoring local delivery', the governance and management arrangements in place continue to inhibit local decision making.

The success of the innovation agenda is dependent upon senior and centrally located APS staff **placing greater emphasis on the outcome to be delivered and less on following rigid process**. Devolved decision-making empowers staff and fosters innovation. For devolved decision-making to be successful, the perceived, and often real, conflict between 'being innovative' and 'managing risk' needs to be addressed. Innovation pursued within a clear, fit for purpose governance framework (i.e. concept, develop, prototype, pilot, scale up and evaluate) is rarely 'risky'. The opportunity to continue or not, reframe etc. is embedded.

In contrast, empowered decision-making within the bounds of a business as usual framing, should never be 'risky'. And if it is, the business processes and practices are not fit for purpose.

Engage with citizens as an opportunity

Often the interaction of the APS with the community is in the context of a stakeholder engagement strategy or framework. Whether formal or informal, regulatory, policy or process focused, the framing is influenced by fulfilling a requirement rather than adopting an effective way to achieve the outcome. This perhaps is not the intent however, in the shaping of the stakeholder approach, it too often becomes the reality.

Departments occasionally cite the lack of funding (for travel etc.) as a reason for the APS not being visible among its respective community and business stakeholders. In addition, the peak stakeholder groups are often assumed to represent the views of the breadth of individual and business interests which is not always the case.

Reinjecting a requirement for the APS (at all levels) to **see, hear and experience first-hand** is essential to fostering value-driven and meaningful community engagement.

ORIGINAL THINKING | LASTING IMPACT

Making the next leap forward requires more than following a process. It demands original thinking.

Reason is known for discovering what others don't. We unearth insights and clear a space for action. To see what you do in new ways that lead to new results. Working with us rebuilds confidence, restores trust and creates momentum for a bigger agenda.

We want Australia to remain a 'lucky country'. A place where coming generations will want to stay, live and work. That's why we are working to build a **Smarter Australia**[®]. A country with a world-class public service sparking world-class private sector innovation.

We solve insurmountable problems. When conventional wisdom has failed to break through, our empathy and incisive thinking reaches the solution more swiftly than you thought possible.

From safeguarding Australian agriculture to bringing an innovative product to market, we work across many sectors. What ties our work together is impact. We leave every domain better than we found it. That means untangling existing thinking. It means clearing a line of sight to the essential nature of the work at hand. We restore confidence and trust, so you gain room to realise an ambitious agenda.

When you work with us, you can expect direct communication. Our advice inspires and guides action. It aligns to your strategy and captures the reality of work on the ground. And our processes are never set in stone; we bend and move in step with your needs.

Our expertise is in:

- Working with Government – shaping effective delivery of the government agenda
- Business transformation – collaborating with you to re-create the way you work and reconnect with your purpose
- Digital transformation – looking beyond the next technology platform
- Innovation and commercialisation – developing opportunities and partnerships by bringing the brightest government and private-sector partnership ideas to market to foster a **Smarter Australia**[®].

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