

APS REVIEW

Centre for Strategy and Governance Response

The Centre for Strategy and Governance (**CSG**) welcomes the recently released interim report of the APS Review, noting that it has set out four priorities for change and some broad initiatives under each.

The real challenge for the Review Panel in its next phase is to crystallize those broad initiatives into tangible recommendations, and to come forward with practical options for their implementation.

In this first response to the Review Panel's interim report, and in view of the focus on the APS rather than broader Commonwealth employment in the Review's Terms of Reference, the CSG has chosen to focus on two key issues - the role of the APS in the framework of ethical government, and governance arrangements to maintain and reinforce that role.

In preparing this response the CSG has drawn on the CSG Discussion Paper dated July 2018, a copy of which is on the CSG website. We have also had the benefit of stakeholder discussions with members of the Review Panel.

APS - A National Institution

An essential basis for the most efficient and effective operation of government overall is a clear understanding by all parties of the role of the APS in the broad framework of governance alongside the role of Ministers (including, Ministers' Offices) and the Parliament. It would be helpful if the Review Panel clarified this framework, setting out the particular role and responsibilities of each and suggesting ways in which this understanding could be a major part of induction to the Service, and also to Parliamentarians and their offices, reinforced in an ongoing way.

In defining the place and identity of the APS in this broad framework, it would be important to:

- clarify the various responsibilities of the APS, including the fundamental responsibility to build the capacity to provide high level policy advice in line with the principle that good advice is underpinned by good information. Underlying such capacity would include a strong research capability, a deep understanding of public value arising from a comprehensive analysis of the interests of the various stakeholders and Australians more generally. The APS must continue to be a repository of corporate memory so that previous experience can be taken into account, with a supporting background of good quality data;
- reinforce the responsibility of the APS for delivering frank advice without fear or favour; and

- affirm the responsibility of the APS to provide high quality services for Australians in delivering the government's policies and programs. This includes building a deep understanding of how government systems work and an ongoing appreciation of processes, or emerging processes, that would enable the delivery of those programs to be carried out most effectively within the resources provided.

Wide understanding of the role of the APS as the impartial and ethical institution that advises the government-of-the-day on its policies and programs, and implements those programs, is crucial to maintaining the trust of Ministers, Parliament and the Australian people. This goes beyond the quality of policy advice, encompassing the way programs are implemented, and the way individuals are treated by APS staff (and contractors) when receiving services.

In this context, fully appreciating and working in accordance with the APS Values is of central importance. The Review Panel has said that it is still exploring whether the Values should be amended. The commissioned ANZSOG paper *APS Integrity Framework* makes two particular recommendations in this context. It recommends the return of Merit to the Values, which the CSG would strongly support. But it also recommends removing the word 'ethical' from the Values and its suggested redrafting replaces that term with 'trustworthy'. The CSG believes that removal of 'ethical' would be a serious error, delivering a negative message. Ethical conduct is a critically important value and should be retained in the Values of the Service.

APS Governance

CSG members urge the Review Panel to recommend a practical governance framework to reinforce the APS as a significant and valuable national institution. The role of the office of the Public Service Commissioner is of central importance in this context.

Members reiterate the view that the Commissioner's role should be strengthened as the Institutional Head of the APS. The term 'Head of People' would constrain this role and inadequately describe the part it should play in the new paradigm.

The CSG sees the role of the office of the Commissioner as central to improved governance of the APS, especially as the custodian of its Values and ethics including, importantly, merit employment. The overarching role of that Office should be as the guardian of the provision of excellent, frank and fearless advice to the government.

In the context of its strengthened role in merit employment, the Commissioner should:

- Chair the selection panels set up for Secretary positions (of which the PM&C Secretary should be a member);
- have a major role in the movement or removal of Secretaries; and
- return to the practice of signing off all appointments to the SES.

The Public Service Commission should also have a greater role in building and nurturing the capability of the APS, including taking charge of cross-Service succession planning. In this context, the CSG supports the Review Panel's suggested reinstatement of capability reviews.

In recognition of the impartiality of the position of the Public Service Commissioner, the CSG supports an appointment process akin to that currently used for the appointment of the Auditor-General. For the sake of clarity, the CSG does not propose any change to the current process for appointment of the PM&C Secretary by the Prime Minister.

In line with the Commissioner's wider responsibilities, which should include labour relations, the Review Panel says that it is still exploring governance options on an advisory board to advise the Commissioner. The CSG cautions that a formal board structure may work against the independence that the office of the Commissioner must not only have, but be seen to have. We suggest instead that thought be given to making provision for two part time statutory positions that the Commissioner could call on to discuss particular issues where necessary. Those positions would be advisory only, stressing the Commissioner's position as an independent statutory officer, and be chosen by the Commissioner for terms of, say, two years.

In the area of labour relations, the Commissioner's focus should be on the APS rather than on broader Commonwealth public sector employment.

As suggested by the Review Panel, the Commissioner's role should be enshrined in legislation.

The Secretaries Board is prominent in the Review Panel's discussion of governance of the APS. While the Board obviously has a very important role in this context, the size of the Board mitigates against its effectiveness. The CSG suggests that thought be given to a smaller executive group of the PM&C Secretary, the Public Service Commissioner and another two or three Secretaries in rotation. A particular Secretary or a small group of secretaries could be tasked by the executive group to take the lead in a particular area, with a group of deputies seconded to work under their guidance on the details. The completed work could then be put to the full Secretaries Board for its consideration.

Other challenges

Our focus on effective governance of the APS raises two other challenges to which the Review Panel could give more prominent consideration.

First, are the checks and balances currently under discussion sufficient to ensure that Secretaries give frank and fearless advice to Ministers or should present tenure arrangements for Secretaries be addressed?

Secondly, do current differential pay scales militate against a 'whole of APS' ethic and discourage mobility and should firmer action be taken in this area?

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