KPMG

Benchmarking Australian Government Administration Performance

November 2009

Contents

Inherent Limitations

This report has been prepared as outlined in the Approach and Methodology Section. The services provided in connection with this engagement comprise an advisory engagement, which is not subject to assurance or other standards issued by the Australian Auditing and Assurance Standards Board and, consequently no opinions or conclusions intended to convey assurance have been expressed.

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The findings in this report are based on a qualitative study and the reported results reflect a perception of the Australian Public Service but only to the extent of the sample surveyed, being the Department of the Prime Minister and Cabinet's approved representative sample of stakeholders. Any projection to the wider stakeholders is subject to the level of bias in the method of sample selection.

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The findings in this report have been formed on the above basis.

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1 Executive summary

In September 2009, the Prime Minister of Australia announced his ambition to further strengthen the Australian Public Service (APS). As a first step, he has established an Advisory Group on Reform of the Australian Government Administration to develop a blueprint for reform of the public service.[1] Its mission is to advise on how to create "the best public service anywhere in the world unified in pursuing excellence and putting Australia and Australians at the centre of everything [it does]".[2]

To inform the Advisory Group's work, the Department of the Prime Minister and Cabinet (PM&C) commissioned KPMG to compare the performance of the APS against leading public services around the world.

The Advisory Group has drawn up a set of key criteria which reflect the characteristics of a model public service. In the Advisory Group's view, the APS of the future must:

- have a values-driven culture that retains public trust;
- provide high-quality, forward-looking and creative policy advice;
- deliver high-quality programs and services that put the citizen first;
- provide flexible and agile responses to changing realities and government priorities; and
- be effective and efficient in all operations.

Given the importance of a skilled, motivated and effectively led public service, KPMG agreed with PM&C that it would consider an additional area: attracting and retaining people of the highest quality. These six performance areas serve as the framework against which Australia has been compared to eight other high-performing national public services: Canada, Denmark, France, the Netherlands, New Zealand, Singapore, the United Kingdom (UK) and the United States of America (USA).

To develop a framework for assessing the APS' performance, KPMG worked with PM&C to confirm key requirements within each performance area. A number of different indicators, reflecting these requirements, were then agreed in order to interrogate the performance of public services using quantitative and qualitative data.

The purpose of this study meant that the indicators selected under the framework had to enable robust comparability and draw upon existing international data. Ongoing monitoring of the APS' performance may require different indicators and may necessitate the collection of new data.

Due to the limitations of data and contextual differences between countries, comparisons of public sector performance are difficult and the findings must be treated carefully, especially where less tangible qualities such as agility or innovation are evaluated. It is important to note that this review has examined public services from a "whole of government" perspective; examples of excellence (or poor performance) within specific departments or agencies have not been captured. Nonetheless, a review of the key performance areas of the APS against its high performing peers serves as a yardstick for the Advisory Group. This report assists reflection on what the APS currently does that is better practice and on the ideas and approaches which might be usefully explored to improve performance in the future.

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[1] K Rudd, 'John Paterson Oration', Australian and New Zealand School of Government Annual Conference, 3 September, Canberra. 2009
[2] Advisory Group on Reform of Australian Government Administration, *Building the World's Best Public Service*, 2009

The results from our study support the Secretary of PM&C's observation that the "APS is not broken".[3] Indeed, the APS measures up well in the company of some of the world's leading public services. On most comparisons under this framework, the APS performs soundly.

At the same time, our review highlights that the APS has some way to go if it is to realise the ambition to be the best in the world. Like the other comparator public services, the APS is challenged by persistent, complex and inter-related policy problems. It must manage high expectations from the public and Government, facilitate a greater role for citizens and users in the design and delivery of services and adjust its operations to accommodate an ageing workforce and tight fiscal environment. A high performing public service of the future is likely to require a broader range of skills, ideas and tools.

This report is intended to inform the Advisory Group's broader consideration of a blueprint for the reform of the APS. As such, it guides the Advisory Group to areas which may warrant further exploration. We have also highlighted programs and approaches from other countries which, in concept or design, may suggest opportunities for strengthening the APS in the future.

On the basis of comparisons and our analysis, the APS is a high performer (that is, among the top third of the public services compared) in the following areas:

- it is perceived as an independent public service with a robust values-based culture;

- it is rated as responsive to changes in the economy; and

- its workforce appears to have a higher proportion of women than comparator countries, although it is in the mid-range for the number of women in senior executive positions.

The APS' performance can be rated as medium (in the mid-range of the public services compared) in the following areas:

- its approach to developing the skills and leadership capabilities of its workforce;

- its approach to performance-based budgeting of government programmes;

- provision of online access to government information and services; and

- mechanisms for collaborating across government.

Our research indicates that the APS performs comparatively poorly (among the bottom third of public services compared) or has an opportunity to strengthen:

- its capability for coordinated, informed and strategic policy;

- its tools, methods and institutions for integrating external expertise and the views of citizens into the policy development and service design process; and

- its understanding of government priorities through the development of an overarching framework.

The report highlights several examples which may merit further exploration by the Advisory Group in its pursuit of an excellent public service. These include:

- Denmark's online citizen portal for accessing services and information and participating in policy debate;

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[3] T Moran, Speech to the Institute of Public Administration Australia, 15 July 2009, Canberra, 2009

- Singapore's program for encouraging continual improvement and high standards of quality and customer service (PS21 Program);

- Canada's Institute for Citizen-Centred Services to assist its public service to reframe public services around citizens' needs; and

- innovation centres for the public sector in the UK, Denmark and the Netherlands.

2   A vision for the best public service in the world

In October 2009, the Advisory Group on Reform of Australian Government Administration released a discussion paper, *Building the World's Best Public Service*, inviting comment on how it can achieve the following ambitions for the APS:

- having a values-driven culture that retains public trust;

- providing high-quality, forward-looking and creative policy advice;

- delivering high-quality programs and services that put the citizen first;

- providing flexible and agile responses to changing realities and government priorities; and

- being effective and efficient in all operations.

These key performance areas are informed by international research and the Government's stated expectations of the public service. KPMG's study uses these key areas as a framework for comparing the APS against leading public services of other central governments.

The Advisory Group's discussion paper sets out in some detail the rationale for the characteristics chosen; for the purposes of this report it is sufficient to note that these attributes reflect the ambitions not only of Australia but also the comparator countries. The drivers for change highlighted in the Advisory Group's paper are similarly relevant to the countries examined.

Our work on this project has underscored that the expectations of a modern public service are changing. For a range of reasons – some led by theory, others by practice – public servants' role in the development and implementation of policy is also changing. The interconnected nature and complexity of many of the issues confronting government require public servants who are able to communicate effectively across departmental and governmental boundaries and marshal the expertise of public, private and community sectors. Increasingly, central government public servants are required to demonstrate a broad level of skills: networking and collaborative skills, strategy, commissioning and contract design, negotiation and consultation skills, project management and change management.[4]

2.1   Approach and methodology

2.1.1   Determination of the assessment framework and comparator countries

This project was undertaken over nine weeks between mid-September and early November 2009.

The first step in this review was agreement by KPMG and PM&C on the performance areas to be explored and the key indicators for each performance area, as well as the eight countries for comparison (see 2.1.2). Indicators were selected on the basis that data was likely to be available, comparable, robust, and aligned to the requirements of the performance area to be measured (see 2.2). Information on each country was gathered through extensive desktop research. KPMG also drew on its global network to tap the experience, advice and contacts from KPMG offices in each of the comparator countries.

[4] G Lodge and S Kalitowski, *International perspectives on civil service reform*, IPPR, 2007.

Discussion with experts provided additional sources of information and context which could not be captured through desktop research (see Appendix A for the list of those consulted). Seven interviews were held in Australia with current and former senior public service officials, commentators in public administration and those involved in reform initiatives, past and present. A number of international interviews were also undertaken to obtain additional information and clarify publicly available information. These interviews provided insight into the contextual factors affecting the performance of countries in certain areas, and helped identify examples of best practice in the six key performance areas.

2.1.2   Countries selected

In discussion with PM&C, eight countries were selected as comparators (see Table 2-1) on the basis of their high ranking in international surveys of public services and their similarity to Australia's social and economic conditions. All are modern industrialised nations and all, with the exception of Singapore, are members of the OECD. Significantly, all have undergone major public sector reform in the last decade;[5] most are explicitly looking to achieve excellence in public service.[6] The comparator countries have been rated as highly aware of, and most able to achieve, necessary reform to their system of government (see Figure 2-1).

Figure 2-1 OECD comparator countries including Australia, are ranked highly in their ability to identify and respond to the need for reform[7] (2009 data)
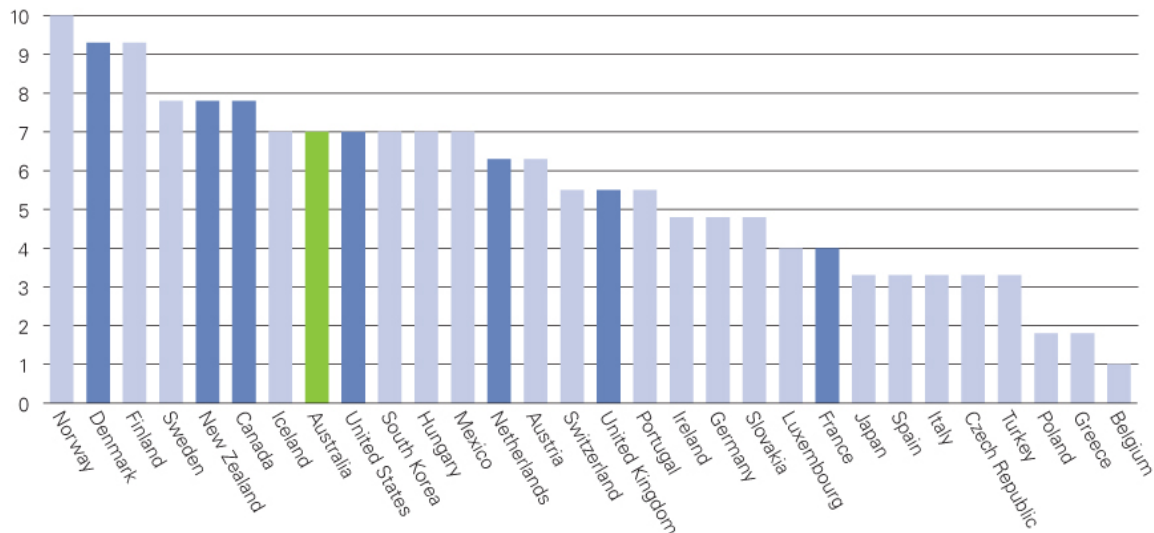

Table 2-1 Comparator countries vary in terms of size and systems of government

Country	Population	System of Government	Westminster system
Australia	21,500,000	Federal	✓
Canada	33,212,000	Federal	✓
Denmark	5,350,000	Unitary	✗
France	61,538,000	Unitary	✗
New Zealand	4,173,000	Unitary	✓

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[5] See N Manning and N Parison, *International Public Administration Reform: Implications for the Russian Federation*, World Bank, 2003 for a summary of the public sector reforms in Australia, Canada, New Zealand, USA and UK.
[6] For example, the UK Cabinet Office has outlined that, for the British Civil Service, 'the yardstick for success should not only be whether services have improved on last year's results but also whether they are among the best in the world' in Cabinet Office, *Excellence and fairness: Achieving world class public services*, 2008.
[7] Bertlesmann-Stiftung,*Sustainable Government Indicators,* Indicator M12 Organisational Reform Capacity, 2009.

Country	Population	System of Government	Westminster system
Singapore	4,608,000	Unitary	✓
The Netherlands	16,645,000	Unitary	✗
UK	60,943,000	Unitary	✓
USA	304,000,000	Federal	✗

In order to provide a more accurate comparison with the APS, the focus was narrowed to the central (or federal) government within each country. Note that, even in countries with unitary government, service delivery is often provided by other levels of government (for example, local or regional government).

2.2 Framework for comparison

The five key performance areas identified by the Advisory Group served as the framework for our review. Given the intrinsic relationship of each area to high quality, motivated and effectively led public servants, a sixth performance area – attracting and retaining people of the highest quality – was included.

An aspirational description of each key area of performance and the desired requirements for each area were provided to KPMG by PM&C. On the basis of these requirements, KPMG drew up a list of possible indicators and then conducted a broad review of literature, websites and government statistics in order to determine the extent to which these indicators could be supported.

This process emphasised the difficulty of creating indicators to capture and evaluate intangible qualities (such as responsiveness, collaboration, leadership, policy "success") within a single jurisdiction, let alone identifying consistent data across eight other comparator countries. Distinguishing the performance of public services from the approach taken by the governments they support added another level of complexity. The most difficult performance areas to capture related to policy delivery and the flexibility and agility of public services.

As a result, there were a number of specific indicators developed by KPMG but not included in this survey, including:

- incentives for involvement in and/or leadership of improvement programs by public servants identified for leadership development;

- comparative expenditure on policy innovation and research;

- comparative perceptions of responsiveness of public services to changing government priorities; and

- relative efficiency of the APS comparative to its size.

The final indicators were selected through reference to academic literature and practice, and the likelihood of identifying reliable data across countries. These indicators were agreed with PM&C on the basis of their ability to measure the desired requirement, or if this was not possible, their ability to measure a "building block" which might assist in measuring the requirement. We emphasise that these indicators were chosen for the purposes of international comparison, taking into account the international data available. Ongoing performance monitoring of the APS may require different indicators and may necessitate the collection of new data.

Our work on this project suggested a number of areas in which collection of data would facilitate comparative exercises of this kind in the future. For example, Australian data is not available for some of the OECD's government expenditure data sets.[8] Consideration could also be given to introducing surveys of citizen satisfaction with government services which can be benchmarked against other countries (such as the Canadian Citizens First survey). A better understanding of facets of the APS workforce – such as mobility within the APS, diversity (particularly APS employees from a minority background) and participation in leadership development programs – would also be beneficial, though international comparisons will always be problematic. Measures of the APS' level of innovation and its specific investment in developing and testing innovative approaches to public service delivery is not currently available. We note that tools to measure innovation within the public sector are currently being developed by the UK National Endowment for Science Technology and the Arts and Nordic countries (led by Denmark's Agency for Science Technology and Innovation).[9]

The agreed assessment framework, including key performance areas, aspirational descriptions, desired requirements and indicators, is set out at Table 2-2.

In the sections that follow we present the available indicators and case studies on leading practice from the comparator countries. To illustrate the APS' relative performance, we provide a rating against each indicator (relative to comparator public services) at the start of each section:

- **High**: APS' performance appears to place it in the top third of the comparator countries.

- **Medium**: APS' performance appears to place it in the mid-range of the comparator countries.

- **Low**: APS' performance appears to place it among the bottom third of the comparator countries.

Where ranking data is not available, we have used the following descriptors:

- **Comparable**: APS' performance, processes or structures are in line with most of the other comparator countries. This rating has usually been applied when assessing the existence of institutions or tools recognised as good practice.

- **Opportunity**: APS' approach does not appear as developed when measured against some of the other comparator countries. This rating has usually been applied where the suitability of institutions or tools for the APS requires further consideration.

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[8] See for example, OECD, *Government at a Glance 2009,* 2009, p.55, 57-58.
[9] See www.innovationindex.org.uk and www.mepin.eu

Table 2-2 Assessment framework

Key Performance Area	Requirements	Indicators
Attracting and retaining people of the highest quality	Recruiting the best	Open competition for employment in the public sector
		Existence of public sector body to ensure consistency
		Central recruitment into public service of public service graduates
	Skills and leadership development	Existence of skills/leadership development courses
		Existence of senior management structure in public service
	Performance Management	Existence of performance management framework and performance-related rewards
	Workforce planning	Existence of public service ageing policies
	Diversity	Degree of diversity within the public service
Provide high quality advice *Capacity to provide robust, independent advice that is relevant, innovative, and evidence-based with a practical means of achieving the government's strategic challenges. Advice should also be developed collaboratively and take account of the external environment.*	Innovative outward looking culture	Capability for coordinated, informed and strategic policy
		Existence of institutions which support outward looking policy advice
	Collaborative mechanisms and culture	Existence of an overarching policy direction and outcomes measures and goals based on cross-government objectives
		Existence of mechanisms that encourage/enable cross-department/agency collaboration, including budget processes
	Quality	Existence of mechanisms to seek feedback on the quality of policy advice
		Quality of policy performance
Provision of high quality, effective programs and services focused on the needs of citizens *High quality services deliver excellent outcomes, offer convenient, personalised approaches, and integrate input from clients into service design. They are fair and delivered efficiently.*	Service design and integration	Existence of systematic user and stakeholder engagement programs
	Service access and availability	Availability of government services online and citizen user portals
	Service quality	Perceptions of public service delivery
		Perceptions of government effectiveness of delivery services
		Rating of customer service and existence of service quality standards
	Service Evaluation	Existence of systematic program and service delivery evaluations to inform policy and program development

Key Performance Area	Requirements	Indicators
A values-driven culture that retains public trust and confidence *A stronger values-based culture consistent with our Westminster traditions that promotes fairness and integrity as well as helps retain public trust and confidence. This will strengthen the APS' distinctive role in serving the public interest as well as effectively supporting and implementing the policy agenda of the government of the day. APS leaders will provide the key link between Ministers and Government and the wider APS.*	Values-based culture	Existence of a statutory prescription of public sector values
	Independence	Perception of public sector independence
		Level of political involvement in public service appointments
		Existence of documentation (for example legislation) clarifying roles of public service compared to Ministers and advisers
	Fairness and integrity	Perceptions of corruption
		Public trust in government systems
		Existence of national survey of public trust
		Existence of means of public recourse such as complaints departments and Ombudsman
Flexibility and agility in responding to changing realities and government priorities *An adaptable and agile APS requires mobility to deploy resources to the highest priority areas across all of the public service as well as to inject new ideas, build diversity, broaden experience and support a more collaborative work culture. Continuous improvement in business systems, management and culture and widespread one-APS culture is required.*	Responsive to the changing needs of Government	Perception of responsiveness in public service to needs of Government
		Responsiveness of government to changes in the economy
		SES performance linked to government objectives
	Flexibility and mobility	Existence of flexible resource allocation mechanisms and processes to encourage mobility of funding and resources
Efficiency in all aspects of government operations *A consideration of output production from the available inputs*	Efficient operations	Existence of cost-savings programs
		Perception of inefficient government bureaucracy/burden of red tape
	Evaluation	Existence of performance-based budgeting

2.3   Limitations and a caution on interpreting the results

International comparisons of public services are challenging.[10] Distinguishing the capabilities of a central public service from those at other levels of government, disentangling the capabilities of a public service from an overall judgement on a country's government and comparing public services with dramatically different levels of responsibility are just some of the difficulties. Where possible, we have sought to enhance the comparability of jurisdictions by focusing on the common roles and responsibilities between all central governments.

The paucity of consistent and comparable international data sets for Australia and all eight countries across the indicators also affects comparison. For example, OECD data does not include Singapore, and Denmark and New Zealand often do not feature in international comparisons. Where possible, we have sought to address these deficits through descriptions of their activities.

A further consequence of comparing nine countries is a necessary focus on activity across the whole of government. That is, this review considers how the public service as a whole provides policy advice, delivers services, adheres to values and implements flexible, collaborative working arrangements. It has not been possible to capture the activity (good and bad) at the departmental or agency level.

This report uses the latest data available but, due to lags in data collection, even publications from this year (2009) may be drawing on data that is two or three years old. Further, it is recognised that the existence of a positive attribute (for example, a public sector code of conduct) suggests an understanding of its importance but little about the actual outcome (for example, a principled public service). While efforts have been made to interrogate the effectiveness of approaches taken by public services through audit reports and evaluations, this report has often had to take governments' statements at face value. As others have found in international comparisons, "it is difficult to get underneath the rhetoric of reform across countries."[11]

None of these caveats negate the value of comparison; they simply highlight that international "benchmarking" of this kind is inexact. The value of comparison lies less in calibrating the APS' attributes within a league table of other high performing public services and more in the broad themes, lessons and opportunities that emerge from the analysis of the qualitative and quantitative data.

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[10] The UK Civil Service Policy Hub provides a good summary of the challenges and benefits of international comparison as part of its International Comparisons in Policy Making Toolkit. www.nationalschool.gov.uk/policyhub/better_policy_making/icpm_toolkit/index.asp
[11] E Lindquist, *A Critical Moment: Capturing and Conveying the Evolution of the Canadian Public Service*, Canada School of Public Service, 2006.

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3   Attracting and retaining people of the highest quality

3-1 Assessment framework

Requirements	Indicators	Data used for assessment	Relative APS performance
3.1 Recruiting the best	3.1.1 Open competition for employment in the public sector	OECD Trends in Human Resource Management 2004	Medium
	3.1.2 Existence of public sector body to ensure consistency	Desktop research	Comparable
	3.1.3 Central recruitment into public service of public service graduates	Desktop research	Comparable
3.2 Skills and leadership development	3.2.1 Existence of skills/leadership development courses	Desktop research	Comparable
	3.2.2 Existence of senior management structure in public service	OECD Trends in Human Resource Management 2004	Comparable
3.3 Performance Management	3.3.1 Existence of performance management framework and performance-related rewards	OECD State of the Public Service Desktop research	Comparable
3.4 Workforce planning	3.4.1 Existence of public service ageing policies	OECD Ageing and the Public Sector 2007	Medium
3.5 Diversity	3.5.1 Degree of diversity within the public service	Desktop research (quantitative)	Medium

3.1   Recruiting the best

The OECD's report on trends in human resource management in the public sector, uses the hypothesis that 'different approaches to recruitment and promotion have different impacts on incentives and culture'.[12] There are generally two types of recruitment systems in a public service: career-based or position-based systems.

Career-based system: Public servants are usually hired at the beginning of their career and are expected to remain in the public service more or less throughout their working life. Initial entry is mostly based on academic credentials and/or a public service entry examination. Promotion is based on a system of grades attached to the individual rather than to a specific position. The system is characterised by limited possibilities for entering the public service at mid-career and a strong emphasis on career development.

Position-based systems: focus on selecting the best-suited candidate for each position, whether by external recruitment or internal promotion or mobility. Position-based systems allow more open access, and lateral entry is relatively common.

Source: OECD Trends in Human Resource Management, 2004, p.5

The APS, and all the comparator public services except the French Civil Service, have a position-based system.[13]

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[12] OECD, *Trends in Human Resource Management*, 2004, p.4.
[13] OECD, *Trends in Human Resource Management*, 2004, p.5 and KPMG analysis.

3.1.1   Open competition for employment in the public sector

Recruiting the best means that public services need to be able to draw upon the broadest possible talent pool – within the public service and outside of it. Opportunities at all levels should be open to competition. Table 3-2 analyses the openness of government posts for the comparator countries. Six are assessed by the OECD and three have been included by KPMG.

Table 3-2 Competition for positions in the APS is less open than in some comparator countries (2004 data)[14]

Recruiting the best	OECD analysis							KPMG analysis	
	Australia	Canada	Denmark	France	New Zealand	UK	USA	The Netherlands	Singapore
Open competition for all positions			X		X			X	X
Open competition for all positions except some SES[15]	X	X					X		
Open competition for all below middle levels, middle and senior levels partially open						X			
No open competition above graduate recruitment level				X					

In Canada, Denmark, New Zealand and the UK all or most posts are open to anybody coming from within the organisation or from outside government.[16] In France, contract posts are usually the only posts open to non-public servants.[17] In the APS, all SES positions are open to competition. From time to time, existing SES at level are transferred directly into vacancies without a competitive process but this can occur at all levels of the APS and the employee must already have been engaged or promoted to that level through an open, merit process on the basis of generic selection criteria. The only positions that are not open to competition are departmental secretary positions; the current government introduced open, merit processes for all other agency head positions.

In the case of the Netherlands, all public service vacancies are open to anyone, inside or outside the system, who meets the required job specifications. This is also the case for SES positions, with no minimal number of years to be served within the public service prior to the appointment.[18] In Singapore, recruitment at all levels is open to anyone from inside and outside of government, with the Public Service Commission recruiting the Departmental CEOs, and the Public Service Division appointing all public servants below this level.[19]

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[14] OECD, *Trends in Human Resource Management*, 2004, p.5 and KPMG analysis
United Nations, *Kingdom of the Netherlands: Public Administration Country Profile*, March 2006, p.11.
http://www.psd.gov.sg/PublicServiceRole/NurtureTalent/ProgressivePolicy/
[15] In this study we have used the OECD definition of Senior Executive Service (SES) generically to describe 'a structured system of staff arrangements for the highest non-political positions in government' OECD, *The State of the Public Service*, 2008, p.70.
[16] OECD, *Trends in Human Resource Management,* 2004, p.5.
[17] OECD, *Trends in Human Resource Management,* 2004, p.5.
[18] United Nations, *Kingdom of the Netherlands: Public Administration Country Profile*, March 2006, p.11.
[19] Information sourced from the Public Service Commission website:
www.psd.gov.sg/PublicServiceRole/NurtureTalent/ProgressivePolicy accessed 9 October 2009

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3.1.2 Existence of a public service body to ensure consistency

Consistency of recruitment practice, especially where that responsibility has been devolved to line departments and agencies, is important for maintaining a high standard in recruitment.

In Australia, the Australian Public Service Commission (APSC) has responsibility for promoting good practice in management, leadership and learning and development in the APS, as well as encouraging an ethical and diverse workforce. The APSC also has a role in evaluating the extent to which APS agencies incorporate and uphold the APS Values. In addition to specific exercises, evaluation of agency performance is undertaken annually for the purposes of the Public Service Commissioner's state of the service report.

Each public service in our study has a similar central agency or department which develops policies to ensure consistency in recruitment practice. Table 3-3 identifies the agency or department acting as a 'public service commission' and identifies its key functions.

Table 3-3 All comparator countries have a Public Service Commission (or equivalent)

Country	Public Service Commission (or equivalent)	Description/functions
Australia[20]	Australian Public Service Commission	Supports the Public Service Commissioner to undertake functions including: • endorsing the process relating to the selection for employment of SES staff; • promoting merit in recruitment and selection; and • developing, promoting, reviewing and evaluating people management policies and practices, including recruitment, selection, mobility, conduct, performance, redeployment and retirement Supports the Merit Protection Commissioner to undertake functions including: • conducting independent review of employment actions for non-SES, including some promotion decisions; and • establishing Independent Selection Advisory Committee to undertake agency staff selection exercises on request (for lower level positions).
Canada[21]	Public Service Commission of Canada	Sets policy on recruitment and appointments within the Public Service and conducts investigations and audits regarding appointments. Delegates control to line departments and agencies, whose Deputy Heads are primarily responsible for human resource management overall for each department.
	Privy Council Office	Responsible for the selection, management and development of Deputy Heads, the most senior leaders in the Public Service, and supports the Clerk of the Privy Council as head of the Public Service. Provides advice on the government's structure and organisation, fosters a high-performing and accountable Public Service, and ensures a submission of an annual report on the Public Service to the Prime Minister.
	Public Service Agency	Responsible for leadership and service in human resources planning, accountability, modernisation, employment equity, values and ethics, the official languages policy, classification policy, federal learning policy and management of development programs for the core public administration.
	Treasury Board of Canada Secretariat	Management responsibilities include labour relations, pay administration, and pay equity.

[20] Information sourced from Australian Public Service Commission website, http://www.apsc.gov.au/, accessed 10 October 2009.
[21] Privy Council, *Fifteenth Annual Report to the Prime Minister on the Public Service of Canada*, Clerk of the Privy Council and Secretary to the Cabinet, 31 March 2008.

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Country	Public Service Commission (or equivalent)	Description/functions
Denmark[22]	The State Employer's Authority (part of the Finance Ministry)	Functions include personnel and management policy. The Authority formulates policies, prepares tools and provides advice to state institutions on issues of personnel and management policy, skills enhancement and senior citizen policy.
France[23]	Ministry of the Civil Service	Functions include managing the public service as a whole, including recruitment and remuneration.
The Netherlands[24]	Ministry of the Interior and Kingdom Relations	Functions include: • ensuring an effective and efficient public administration; and • promoting the quality of the public service and coordinating management and personnel policy for all public servants.
New Zealand[25]	State Services Commission	Functions include: • appointing and managing Public Service Chief Executives; • providing leadership across the State Services; • investigating and reporting on matters relating to the performance of the Public Service Departments; • providing guidance on integrity and conduct to State servants; • promoting, developing, and monitoring equal employment opportunities policies; and • developing public service capability and advising the Government on the structure of the State sector, including the allocation of functions between agencies.[26]
Singapore[27]	Public Service Commission	Functions include: • appointing and promoting top-talent (i.e. guidelines for all public service recruitment, and responsibility for recruiting senior public servants); • hearing appeals; • maintaining discipline; • selecting and managing PSC scholars; and • appointing and promoting CEOs.
UK[28]	Cabinet Office	Oversees staff management throughout the public service.

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[22] Information sourced from the Ministry of Finance website, http://uk.fm.dk/ , accessed 10 October 2009.
[23] Information sourced from the Ministry of the Civil Service website, http://www.fonction-publique.gouv.fr/, accessed 10 October 2009.
[24] Information sourced from the Ministry of the Interior and Kingdom Relations website, http://www.ilo.org/pubcgi/links_ext.pl?http://www.minbzk.nl/, accessed 10 October 2009.
[25] Information sourced from State Services Commission website, http://www.ssc.govt.nz/display/home.asp, accessed 10 October 2009.
[26] State Services Commission, *Annual Report for the year ended June 2009*, 2009, p.26.
[27] Information sourced from the Public Service Commission's website, http://www.psc.gov.sg/, accessed 10 October 2009.
[28] Information sourced from the Cabinet Office's website, http://www.cabinetoffice.gov.uk/, accessed 10 October 2009.

Country	Public Service Commission (or equivalent)	Description/functions
USA[29]	Office of Personnel Management	Functions include: • leadership and policy guidance on personnel management issues for the President of the USA and Federal agencies; • direction, policy guidance and technical assistance to agencies regarding the recruitment, selection, development and compensation of Federal executives and other public service employees; • assessment of human capital management, both Government-wide and within agencies, for compliance with current laws, regulations and policies; and • collection and dissemination of Federal workforce information, including administration of human capital survey.

Only the UK and Denmark do not have a separate department or agency responsible for their whole-of-government human resource (HR) management. Denmark houses its HR management in its Ministry of Finance, and the UK HR management is overseen within the Cabinet Office. The OECD has commented that 'where countries see HR management as a wider management context linked to public expenditure, they usually establish a central human-resource management body within its Ministry of Finance. Where a country puts more emphasis on policy coordination or departmental performance, they seem to set up such units under the Prime Minister or Cabinet.[30] In instances where there is a separate ministry/department/agency, the OECD concludes that these countries seem to view human-resource management functions as an important tool for government management and policy coordination.[31]

3.1.3   Central recruitment into public service of public service graduates

The OECD has identified that countries with position-based systems appear to have delegated human resource management practices (which include recruitment) while career-based recruitment systems have more centralised human resource management practices.[32] Figure 3-1 shows the extent of delegation of human resource management practices to line ministries in central government. Singapore is not included in the study. However, given that Singapore has a position-based system of recruitment, we anticipate it would sit somewhere between New Zealand and the Netherlands on the scale below.

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[29] Information sourced from Office of Personnel Management website, http://www.opm.gov/, accessed 10 October 2009.
[30] OECD, *Modernising Government, The Way Forward*, 2005, p.168.
[31] OECD, *Modernising Government, The Way Forward*, 2005, p.168.
[32] OECD, *Government at a Glance 2009*, 2009, p.78.

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Figure 3-1 The APS has a highly decentralised human resource management system (2005 data) [33]
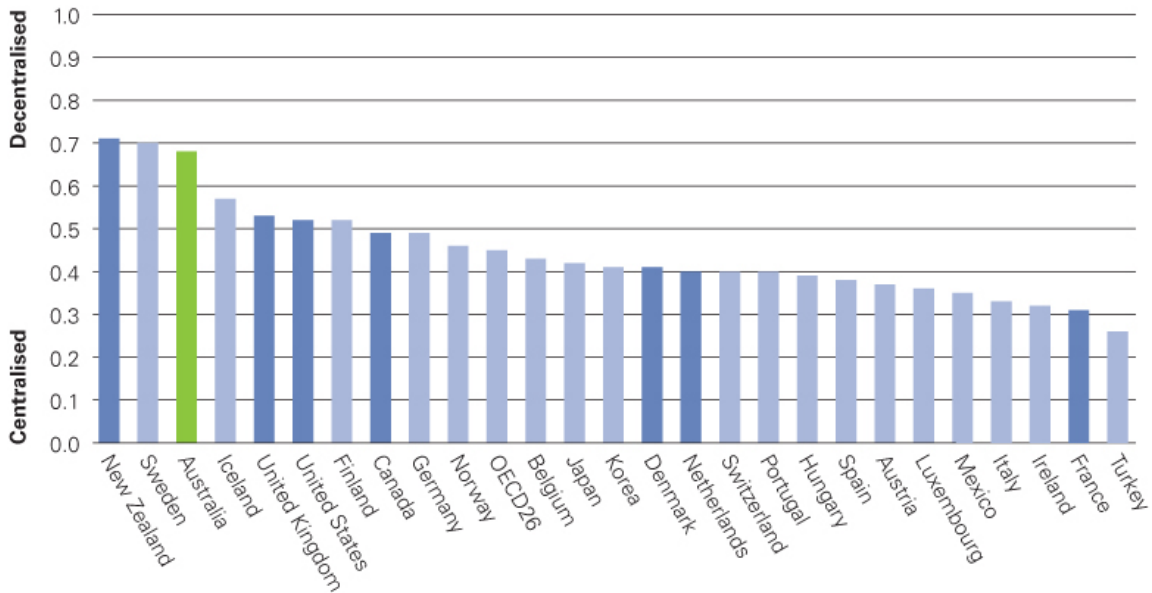
The OECD has observed that public services with decentralised human resource management systems (e.g. Australia, New Zealand and the UK) have greater flexibility to recruit to meet needs and determine pay level. Centralised systems (e.g. France), have less scope for flexibility.[34]

The approach to recuiting graduates provides another perspective on how comparator public services go about 'recruiting the best'.

In Australia, graduate recruitment schemes are run by departments, with the selection criteria varying between agencies.[35] However, the Australian Public Service Commission provides small agencies with a central training/development program for their graduates and runs an Indigenous graduate program for all agencies.[36] KPMG understands that a number of APS departments also have intern programs for university students.

Table 3-4 compares the approach of six of the comparator countries with regard to graduate recruitment. KPMG was unable to source information on graduate recruitment in the Netherlands or Denmark, therefore these countries are not included in this comparison.

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[33] OECD, *Government at a Glance 2009*, 2009, p.78.
[34] OECD, *Government at a Glance 2009*, 2009, p.76.
[35] Information sourced from Australian Public Service Commission website, http://www.apsc.gov.au/, accessed 10 October 2009.
[36] Information provided by the APSC, 11 November 2009.

Table 3-4 Few comparator countries centralise graduate recruitment

Country	Graduate recruitment scheme?	Centralised?	Selection criteria
Australia[37]	Yes	No	Varies – no standard selection criteria
Canada[38]	Yes (Post-Secondary Employment Program)	Mixed	Varies - diplomas to doctorates. Have to complete one or more tests (see below
France[39]	Yes	Yes (Ecole Nationale d'Administration – ENA)	Top 20% of graduates from ENA
New Zealand[40]	Yes	No	University degree
Singapore[41]	Yes	Yes	To be eligible to apply applicants need either a number of attributes including 1st or 2nd Class Upper Honours Degrees from NUS, NTU, SMU or reputable overseas university. They then have to sit an exam.
UK[42]	Yes	No – but advertised centrally on civil service website	Varies for each department/agency, though usually 'second class' degree
USA[43]	Yes	No	Varies for each department/agency

The most selective of all graduate schemes appears to be France's Ecole Nationale d'Administration (ENA). This school has played a significant role in creating the French administrative elite. The top 20% of tertiary graduates, ranked according to academic performance, are automatically guaranteed jobs in the five elite grand corps of the French public service.[44]

Singapore and the UK divide their graduate recruitment courses into streams, with each of them having a 'top' stream for the most talented graduates. In the UK this is known as the 'civil service fast stream', which is an accelerated training and development graduate program for people identified as having the potential to become the future leaders of the public service. Graduates rotate through three streams every 12 to 18 months: a policy stream, an operational delivery stream, and a corporate services stream. The UK believes that exposure to these areas provides graduates with a solid foundation for their careers, and gives them the skills and experience necessary to deliver effective public services at more senior levels.[45]

Both Singapore and the USA provide work-experience for high-achieving university students while they are still studying. In the USA this is offered as an internship program, and in Singapore this is done through bonded Public Service Commission Scholarships, which provide both financial support and work experience to top students while they are studying, with the intention that they join the public service upon graduation.

[37] Information sourced from Australian Public Service Commission website, http://www.apsc.gov.au/, accessed 10 October 2009.
[38] Information sourced from the Public Service Commission of Canada's website, http://www.psc-cfp.gc.ca/index-eng.htm, accessed 10 October 2009.
[39] Information sourced from the Ministry of the Civil Service website, http://www.fonction-publique.gouv.fr/, accessed 10 October 2009.
[40] Information sourced from State Services Commission website, http://www.ssc.govt.nz/display/home.asp, accessed 10 October 2009.
[41] Information sourced from the Public Sector Commission's website, http://www.psc.gov.sg/, accessed 10 October 2009.
[42] Information sourced from the UK Civil Service website, http://www.civilservice.gov.uk/, accessed 10 October 2009.
[43] Information sourced from Office of Personnel Management website, http://www.opm.gov/, accessed 10 October 2009.
[44] OECD, *Public Sector Leadership in the OECD*, 2001, p.19.
[45] Information sourced from http://www.civilservice.gov.uk/jobs/FastStream/index.aspx, accessed 10 October 2009.

Canada has two primary graduate programs, the Post-Secondary Graduate Recruitment program, which targets graduates across a range of disciplines and is generally administered by departments; and the Recruitment of Policy Leaders Program (RPLP).[46] The Post-Secondary Graduate recruitment program uses a central website for applications, however graduate positions are advertised by each Department. The Public Service Commission's website is essentially a repository for job advertisements, including graduate jobs (similar to the APSCjobs website). The RPLP targets 'exceptional' graduates, who are guided through a personally tailored recruitment process. Candidates get to nominate the areas of government they wish to work in if successful through the screening phase. The RPLP matches successful candidates with a previous RPLP recruit, who will help 'market' individuals to hiring managers across government. Ultimately, candidates are brought to Ottawa to meet in-person with potential hiring managers, who are then responsible for making the final offer to candidates.[47]

3.2 Skills and leadership development

The OECD reports that its member countries are spread between two extremes of public sector leadership development strategies. At one end is the ENA in France, where future leaders are identified and nurtured from an early stage. At the other end is the 'market type' approach existing in New Zealand, where there is a very 'light' coordinating role at the centre, and all senior posts are widely advertised and can in theory be awarded to anyone who meets the skill and knowledge requirements.[48]   The other comparator public services sit on a spectrum between these two extremes.

3.2.1 Existence of skills/leadership development courses

Seven of the comparator countries have a key delivery body or agency responsible for providing specific leadership development courses for public servants. We have been unable to identify information on skills and leadership development in Denmark.

Table 3-5 identifies the skills and leadership development courses delivered through these bodies in each of the comparator countries. Where available, it provides an indication of who participates in these courses. In some instances, leadership courses are developed and delivered internally, while in other cases, they are delivered through a third-party provider. For example, in Australia the APSC also delivers, or coordinates the delivery of a number of leadership programs including the Leadership Mastery Course.

The Australian and New Zealand School of Government (ANZSOG) has been identified in the literature and in our discussions with stakeholders as an example of good collaborative practice for developing the leaders of the public service. ANZSOG, established in 2002, is a consortium of Australian and New Zealand Governments and 15 universities and business schools with the vision of 'creating a world-leading educational institution that teaches strategic management and high-level policy to public sector leaders'.[49] The governance structures for ANZSOG are designed in recognition of these partnerships and to maintain a creative tension between governments and universities. ANZSOG's objectives are 'to provide world-class education for public sector leaders, deliver programs that build new policy, research and management

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[46] Information sourced from http://jobs-emplois.gc.ca/rpl-rlp/index-eng.htm, accessed 27 October 2009.
[47] Information sourced from http://jobs-emplois.gc.ca/rpl-rlp/index-eng.htm, accessed 27 October 2009.
[48] OECD, *Public Sector Leadership in the OECD*, 2001, p.20.
[49] Information sourced from ANZSOG website, http://www.anzsog.edu.au/, accessed on 10 October 2009.

capability, conduct research that makes a significant contribution to policy knowledge and encourage public sector innovation'.[50]

Table 3-5 Most comparator countries use specific entities to deliver their skills and leadership development courses (2009 data)

Country	Existence of skills/ leadership development courses?	Key delivery agency	Description
Australia[51]	Yes	Australia and New Zealand School of Government (ANZSOG)	Not-for-profit company, comprising a consortium of governments, universities and business schools from Australia and New Zealand. The APSC also delivers leadership development programs.
Canada[52]	Yes	Canada School of Public Service	Offers leadership and skills development courses from entry-level public servants through to senior leaders.
France[53]	Yes	ENA	Prepare French Civil Servants for the highest levels of the non-technical public service in France and abroad. The school offers diversified educational programs, adapted to each stage of a professional career: an initial 27-month curriculum, continuing education or tailor-made programs.
The Netherlands[54]	Yes	The Netherlands School for Public Administration	Provides Masters in Public Administration for Dutch public servants, as well as training on strategy, governance and policy analysis through an inter-university institute - a collaboration between six Dutch universities.
New Zealand[55]	Yes	ANZSOG Leadership Development Centre	In addition to ANZSOG, the New Zealand Government has established a Leadership Development Centre. The Centre is the principal delivery organisation for senior leadership management and development in the public sector, delivering the Public Sector Advanced Leadership Programme on behalf of the State Services Commissioner.
Singapore[56]	Yes	Civil Service College (part of Prime Minister's Office)	Statutory Board, offering practitioner focused programs and services through a number of centres and institutes including the Centre for Governance Leadership; Institute of Policy Development, Institute of Public Administration and Management, Centre for Organisational Development, Centre for Public Economics; and Centre for Public Communications.
UK[57]	Yes	National School of Government	Includes the 'Centre for Strategic Leadership' and aims to "help the brightest and best decision makers to become dynamic, institutional leaders so they can play a vital role transforming their organisation and sector".[58]
USA[59]	Yes	Office of the Executive and Management Development	Organises assessment programs, training seminars and continuous learning opportunities based on a list of Executive Core Qualifications (ECQs) drawn up by the Office of Personnel Management.

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[50] Information sourced from ANZSOG website, http://www.anzsog.edu.au/, accessed on 10 October 2009
[51] Information sourced from ANZSOG website, http://www.anzsog.edu.au/, accessed on 10 October 2009.
[52] Information sourced from Canada School of the Public Service, http://www.csps-efpc.gc.ca/index-eng.asp, accessed 10 October 2009.
[53] Information sourced from ENA website, http://www.ena.fr/accueil.php, accessed on 10 October 2009.
[54] OECD, *Public Sector Leadership Strategy for the 21st Century*, pp. 24-25.
[55] Information sourced from Leadership Development Centre website: http://www.ldc.govt.nz accessed 10 October 2009.
[56] Information sourced from Civil Service College website, http://www.cscollege.gov.sg/, accessed 10 October 2009.
[57] Information sourced from National School of Government website, http://www.nationalschool.gov.uk/, accessed 10 October 2009.
[58] Information sourced from the National School of Government website, www.nationalschool.gov.uk, accessed 10 October 2009.
[59] Information sourced from Office of Personnel Management Leadership Section of website, http://www.leadership.opm.gov/, accessed on 10 October 2009.

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3.2.2 Existence of senior management structure in public service

In addition to the structured skills/leadership development courses described above, many of the comparator countries have leadership development structures to either identify, or to manage emerging leaders.

Senior public servants play an important role in public administration for a range of reasons, including that they are the interface between politicians and the public administration; they are responsible for the implementation of legal instruments and political strategies; and they are responsible for the coherence, efficiency and appropriateness of government activities.[60] The OECD has identified an increasing tendency amongst member countries to group and manage the SES separately to the remainder of the public service.

Most OECD countries have clear definitions for an SES, and many countries are able to delineate their senior management group in some form.[61] Table 3-6 identifies the existence of an SES structure for comparator countries, their numbers and the management differences from the rest of the public service. Neither Denmark nor New Zealand has a formal SES system. Singapore has a structured SES system but was not part of the OECD survey. It has not been included as the methodology used to assess each country is not clear.

Table 3-6 SES groups in comparator countries (2004 data)[62]

Countries	SES Numbers	Management difference from the rest of public servants							
		Recruitment and Selection	Managerial flexibility or freedom	Performance management	Pay determination	Disciplinary actions and/or dismissal	Job security	Restrictions of employment	Standards of professional ethics required
Australia	1,850[63]	X				X			
Canada	3,600	X							X
Denmark	Not included								
France	2,580	X						X	
The Netherlands	740								
New Zealand	Not included								
Singapore	Not included								
UK	3,550	X		X	X		X	X	
USA	7,509	X		X	X	X	X	X	X

The most senior public servants in Singapore (Secretaries, Deputy Secretaries, Chief Executive Officers of major statutory boards and key Department heads), can either be recruited from the Administrative Service, or as lateral hires. Senior public servants are part of the 'Management Executive Scheme' pay structure, which has the same performance pay system as the broader

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[60] OECD, *Government at a Glance 2009*, 2009, p.82.
[61] OECD, *Trends in Human Resource Management,* 2004, p.10.
[62] OECD, *Trends in Human Resource Management,* 2004, p.10.
[63] KPMG understands that this has risen to 2,700 since the time of the OECD study. Australian Government, *Reform of Australian Government Administration: Building the world's best public service*, September 2009.

public service. The minimum qualification is a university degree, and all senior public servants are appointed by the Public Service Commissioner.

In New Zealand, the Chief Executives are appointed by the State Services Commissioner, while other senior managers are appointed through their Ministry. All public servants come under the Public Sector Code of Conduct. Performance of Chief Executives is overseen by the State Services Commission, and part of their pay is linked to performance, while the performance of senior managers is managed individually by their Ministry, which receives guidance from the State Services Commission. Each Chief Executive is employed under an individual employment agreement, while senior managers within the broader public service come under the union negotiated public sector terms and conditions.

The OECD has observed that 'there is no single best model for developing future leaders, because each country has its unique public sector values to be emphasised and the management systems are different from country to country'.[64] However, the senior leadership pools in Singapore and the Netherlands, which include a 'top pool' for the best and brightest and a second pool used to nurture potential leaders,[65] merit further consideration.

CASE STUDY: SENIOR LEADERSHIP POOLS

Singapore

Singapore's 'Management Associates Program', grooms future public service leaders. This is a 3-4 year program, designed to give the future leader a broad range of experiences working in a number of agencies, as well as the opportunity to undertake a wide range of training and development programs. Participants are recruited either as graduates, from the public service commission scholars program, or lateral-hires, with the prerequisite being either a first or second class upper honours degree. The program begins with a 3-month foundation course, which includes visits to ASEAN countries. At the conclusion of the program, outstanding participants are invited to join the Administrative Service.[66]

Singapore's Administrative Service is the 'top' tier pool for public sector leaders appointed by the Public Service Commission. The Administrative Service is designed to recruit and develop the next generation of Singapore's public service leaders. As part of this Service, members constantly undertake training and development. This includes a four month community attachment program, continual academic and non-academic training and development courses, "milestone programs" as recruits reach different management levels within the public service, postings to private sector companies to better understand business and the markets, and the opportunity to serve as directors on boards of government-linked companies or statutory boards to further develop their leadership skills.[67]

The Netherlands

The Top Management Group (TMG) in the Netherlands comprises 60 government managers, who are employed centrally by the Ministry of the Interior and Kingdom Relations. This Ministry delegates employment responsibility for the TMG to the Algemene Bestuursdienst (ABD),

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[64] OECD, *Public Sector Leadership Strategy for the 21st Century*, p. 21.
[65] OECD, *Performance-based Arrangements for Senior Civil Servants OECD and other Country Experiences*, p.44, and information sourced from the Singaporean Administrative Service website, http://www.adminservice.gov.sg/, accessed on 10 October 2009.
[66] Singapore Administration Service, *A Vision for Clarity: Management Associates Program*, 2006.
[67] Information sourced from the Singaporean Administrative Service website, http://www.adminservice.gov.sg/, accessed on 10 October 2009.

which is coordinated by the Bureau ABD (BABD). The ABD was established to ensure greater mobility of senior public servants.[68]

The BABD is responsible for incentives, remuneration and special development measures for the TMG. The TMG also has different procedures for appointment.[69] Members of the TMG are appointed to a position for five to seven years. During the final years of this 'mandate', the senior executive is required to look for an alterative position with the support of the BABD. If another position is not found, the senior public servant is placed on a waiting list for two years, after which s/he may be released from the public service if a position has not been found.[70]

According to the ABD's annual report, at the inauguration of the new Dutch Cabinet in 2007, the interdepartmental character of the TMG was emphasised. In a short time-frame, experienced managers were deployed to seven strategic positions to support members of Cabinet. Rapid deployment was possible due to the fact that the TMG has one central employer; at the highest level specific management qualities could be allocated quickly and accurately for specific briefs.[71]

Beneath the TMG is the senior public service. Appointment to this group is also competitive, and is open to internal and external candidates. The BABD plays a role in the recruitment/appointment, career development, training, and mobility of senior public servants. However, the individual departments have a great level of autonomy in the implementation of centrally set guidelines and are responsible for recruitment, which is different for the TMG.[72] The BABD develops and runs specific programs around leadership development and other competencies for public servants in grades below the TMG and senior public service, in order to develop a talent pool of future ABD executives.[73]

3.3 Performance management

This section focuses on the performance management of individuals, rather than performance management of departments and agencies. As illustrated at Figure 3-1, each of the position-based systems (i.e. each of our comparator countries with the exception of France), have de-centralised their HR management to varying degrees. Most have introduced performance management aspects into their delegated HR management.[74] This requires new management competencies at the operational level, and adequate supporting arrangements and structures that assist employees to achieve better performance.[75]

3.3.1 Existence of performance management framework and performance related rewards

The APS has had a performance management framework in place for the last decade. According to the APSC, 93% of agencies required all staff to have a formal performance

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[68] OECD, *Performance-based Arrangements for Senior Civil Servants OECD and other Country Experiences*, p.44.
[69] OECD, *The State of the Public Service*, 2008, p.72, and OECD, *Performance-based Arrangements for Senior Civil Servants OECD and other Country Experiences*, p.44.
[70] *Performance-based Arrangements for Senior Civil Servants OECD and other Country Experiences*, p.44.
[71] Algemene Bestuursdienst, *Annual Report*, 2007, p.17.
[72] OECD, *Performance-based Arrangements for Senior Civil Servants OECD and other Country Experiences*, p.44 .
[73] *Performance-based Arrangements for Senior Civil Servants OECD and other Country Experiences*, p.44.
[74] OECD, *The State of the Public Service*, 2008, p.46.
[75] OECD, *The State of the Public Service*, 2008, p.46.

agreement in 2007/08.[76] The APSC estimates that seven out of 10 APS employees had their performance assessed against an agreed plan. Under performance related schemes, most APS employees are eligible, if assessed as performing to required standards, for a one-off bonus and/or salary advancement.

Table 3-7 indicates that the majority of comparator countries have performance management arrangements in place.

Table 3-7 OECD comparator countries have performance-related pay systems in place (2008 data) [77]

Country	Maximum proportion of basic salary that PRP represents	Detail	Scope for Performance Related Payment (PRP)
Australia	Not available	One-off bonus and merit increment	For most government employees
Canada	20%	One-off bonuses and merit increment	Executive levels and senior executive levels and senior managers
Denmark	Not available	One-off bonuses and merit increment	Not available
France	20%	One-off bonuses and merit increment	For senior staff only
The Netherlands	10%	Merit increment	Only in a few government organisations
New Zealand	Not included in study		
Singapore	Not included in study		
UK	Not available	One-off bonuses and merit increment	For most government employees
USA	20%	One-off bonuses and merit increments	For most government employees

New Zealand and Singapore were not included as part of this OECD study. We do not have access to the methodology used for this comparison, and have not added them to this analysis. However, our research has indicated that New Zealand has a significant element of performance pay for senior and middle public service managers.[78] In Singapore, significant public sector reforms in the 1990s resulted in performance related pay for all public servants linked to individual performance.[79]

The OECD comments that transparency, clear promotion mechanisms and trust of top and middle management policies are prerequisites for Performance Related Pay to be effective.[80] Further, the extent to which performance related pay has a positive impact on staff is strongly dependent on how well individual and team objectives can be identified, the extent to which

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[76] APSC, 2008, *State of the Service 2007-08*, p.145.
[77] OECD, *The State of the Public Service,* 2008, p.62.
[78] Cardona, Francisco, *Performance Related Pay in the Public Service in OECD and EU Member States: A joint initiative of the OECD and the European Union,* December 2006, p.2.
[79] PwC Consulting, *Consultancy Service for an Analytical Study on the Latest Developments in Civil Service Pay Administration in Other Countries – Interim Report,* 2002, Appendix D, p.iii.
[80] OECD, *The State of the Public Service*, 2008, p.50.

they are based on performance rather than standard job criteria, and on the line of sight between the objective/achievement and the individual/team.[81]

3.4   Workforce planning

KPMG initially examined comparator countries for the existence of a whole-of-government public sector workforce plans for comparator public services but found little information. The most systematic approach appears to be undertaken by the USA Federal Government (now adopted in Canada) which has an over-arching human resource management strategy, the 'Human Capital Assessment and Accountability Framework' (HCAAF).

CASE STUDY: USA FEDERAL HUMAN CAPITAL ASSESSMENT AND ACCOUNTABILITY FRAMEWORK[82]

The USA's Federal Human Capital Assessment and Accountability Framework (HCAAF) outlines an ongoing process of human capital management in each Federal agency. HCAAF is driven from a whole-of-government perspective by the Office of Personnel Management, and led within agencies by senior management (usually the Chief Human Capital Officer). It promotes alignment of human capital management strategies with agency mission, goals, and objectives by means of effective analysis, planning, investment, measurement and management of human capital management programs.

The Framework consists of five sections:

- Standards for Success – the results to be achieved

- Critical Success Factors – actions that mark a path toward a Standard

- More detailed guideposts along a path to a Standard

- "Reality checks" to confirm a positive response to a question

- Suggested Performance Indicators – evidence of progress toward a Standard

Agencies that address each of the critical success factors are most likely to meet the Standards for Success. Agencies can decide which performance indicators provide the best evidence that they have, in fact, achieved their aim. Performance indicators include agency planning and budget documents, agency human resources and payroll data, agency surveys, Office of Personnel Management Central Personnel Data File, and the Office of Personnel Management Government-wide Survey.

The Framework can serve a number of purposes including: as part of an ongoing internal assessment and accountability mechanism that promotes dialogue and action among agency leaders and partners in the transformation process; as a method to identify needed improvements and locate resources to address them; and as a basis for comparisons across agencies and benchmarking.

3.4.1   Existence of public service ageing policies

Several comparator countries are focusing closely on the implications of their ageing workforce. The OECD has found that in many member countries public sector workforces are ageing at a

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[81] OECD, *The State of the Public Service*, 2008, p.50.
[82] Information taken from http://apps.opm.gov/HumanCapital/index.cfm, accessed 26 October 2009.

greater rate than the rest of society, and the wider labour market.[83] Employees tend to leave the workforce at a younger age in the public sector than in the general labour market, due to pension incentives and early retirement arrangements in many public services.[84] A number of public servants retire earlier than their private sector counterparts, for legal reasons or because of tradition (for example in France, where the legal retirement age is 60 but where the actual average retirement age is 57).

Though the ageing of the workforce is a problem. the issue for the APS appears to be less drastic than for several of its peers and the APS demographics more closely reflects the age profile of the labour force generally in Australia.

Figures 3-2 and 3-3 show the proportion of workers above 50 in the APS, and the proportion of workers at national/federal government level in 1995 and 2005 respectively for Australia and four comparator countries for which comparable data was available. Comparable data was not available for Canada, Denmark, New Zealand and Singapore.

Figure 3-2 APS conforms more closely to the age profile of the total Australian labour force relative to comparator countries (2007 data)[85]


Legend:
- Proportion of workers 50 years or older in total labour force
- Proportion of workers 50 years or older in central government
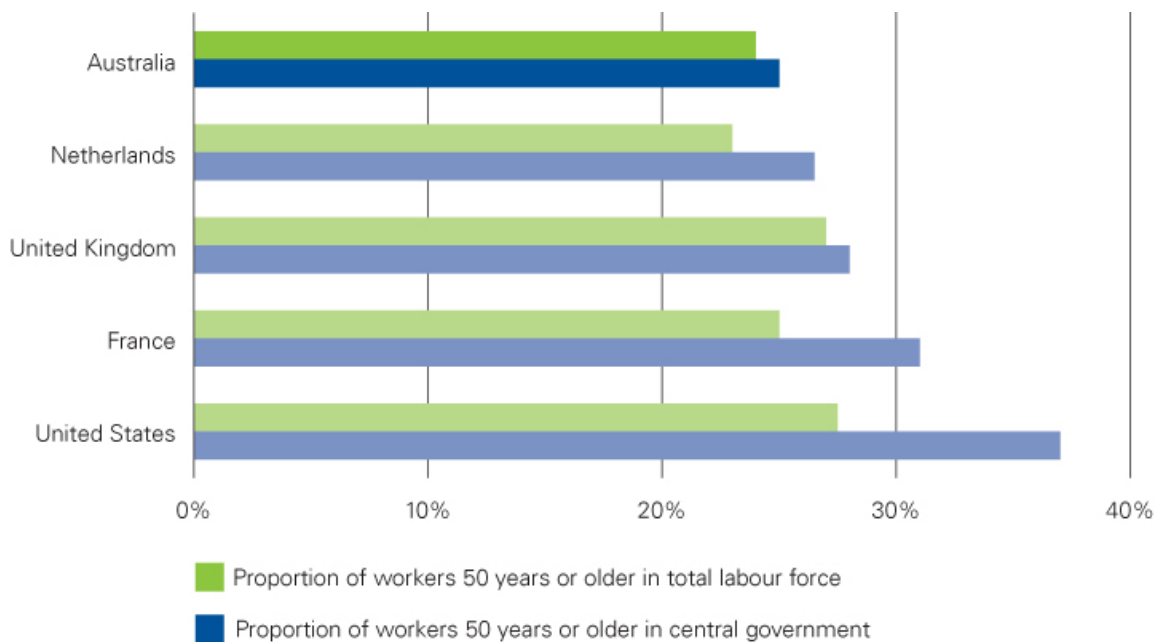
[83] OECD, *Ageing and the Public Service: Human Resource Challenges*, 2007, p.19.
[84] OECD, *Ageing and the Public Service: Human Resource Challenges*, 2007, p.29.
[85] OECD, *Ageing and the Public Service: Human Resource Challenges*, 2007, p.29.

Figure 3-3 APS has a younger workforce (fewer central government employees 50 years or older) than its OECD comparator countries (2007 data) [86]
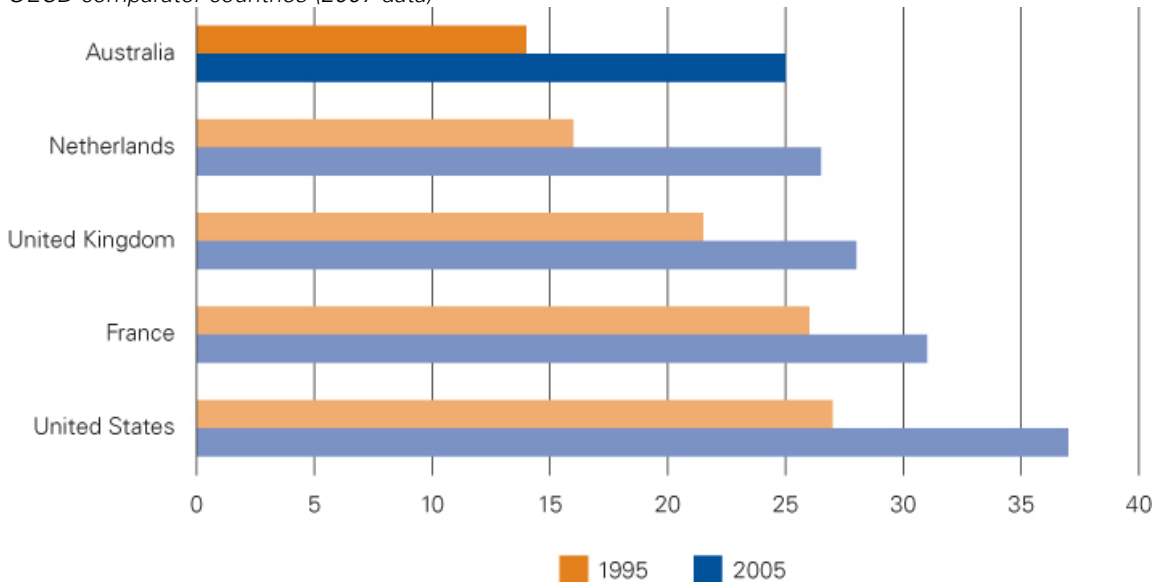
Overall, OECD countries are adopting a range of measures to address the issue including retaining older workers, targeted recruitment, pension reform and functional review (privatisation of major functions/ contracting out).[87] In an attempt to address this issue, the UK has recently announced a lifting of the retirement age for public servants altogether, going 'retirement free'.[88] The APS has been 'retirement free' for some years. Australia has also introduced a number of incentives, including through the taxation system, for those close to retirement to remain in employment.

The OECD has found that reforms are usually introduce[89]d more as a way to maintain or improve capacity than to increase productivity.[90] It found that the opportunities presented by an ageing workforce are rarely taken to improve productivity and modernise public services. The OECD notes that most of its member countries studied are not placing an emphasis on alternative service delivery as a way to respond more effectively to the ageing challenge.[91]

Table 3-8 is an OECD overview between several comparator countries' public service ageing policies. Canada, New Zealand, Singapore, UK and USA were not surveyed and have not been included as we do not have access to the methodology used for this comparison.

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[86] OECD, *Ageing and the Public Service: Human Resource Challenges*, 2007, p.29.
[87] OECD, *Ageing and the Public Service: Human Resource Challenges,* 2007, p.42.
[88] www.civilservant.org.uk, accessed 15 October 2009.
[89] Information provided by the Australian Public Servuce Commission, 11 November 2009.
[90] OECD, *Ageing and the Public Service: Human Resource Challenges*, 2007, p.34.
[91] OECD, *Ageing and the Public Service: Human Resource Challenges*, 2007, p.35.

Table 3-8 Australia proactive in its approach to an ageing public sector workforce (2007 data)[92]

	Ageing challenge and timing	Stated country priorities	Actions/implementation	Areas of concern
Australia (federal government only)	High	Proactive	– Emphasis on enhancing attractiveness and retention of workers through management tools and staff development	– Co-ordination of ageing policies across levels of government – Reallocation across sectors and governments
	Imminent	Limited scope		– Few incentives for older workers to remain in the public service
		Mainly capacity maintenance (costs seem to be under control)	– Cost containment through the move towards fully funded defined contribution superannuation plan	– Focus on increased productivity limited – Labour market-wide considerations limited – Workforce planning limited
Denmark	Moderate	Proactive	– Mix of positive incentives and disincentives that aim at keeping older workers at work	– Financial sustainability of pension system
	Imminent	Encompassing many aspects	– Emphasis on enhancing attractiveness of public employer	– Balance between downsizing and capacity maintenance unclear
		Well balanced	– Mobility, staff development and knowledge management at the core of ageing strategy	– Little focus on increased productivity
			– Cost containment but little linkage with ageing	– Labour market-wide considerations limited
		Capacity maintenance	– Major institutional change and reallocation of resources across levels of government in process	– Workforce planning limited
		Cost containment		
		Institutional changes and reallocation		
France	Major	Reactive	– Strong emphasis on workforce planning	– Cost containment: pension and replacement rate
	Immediate	Limited scope	– Cost containment through pension reform	– Lack of room for manoeuvre in workforce planning due to high replacement rate
			– Capacity: emphasis on ICT, training, mobility	– Retention of older workers
		Cost containment		– Pressure on the wider labour market might be considerable
		Maintaining capacity		– Wider changes to increase productivity
Netherlands	Moderate	Reactive	– In-depth pension reform and downsizing	– Workforce planning
	Imminent	Limited scope		
			– Capacity in health sector	– Sustainability of pension scheme
		Cost containment		– Capacity maintenance and renewal
		Maintain wider labour market flexibility		– Productivity strategy – Coherence of ageing policy with other management changes

[92] OECD, *Ageing and the Public Service: Human Resource Challenges*, 2007, pp.47-48.

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3.5 Diversity

The Australian Public Service Commission has identified a number of benefits of having a diverse APS. Benefits include increased innovation, improved services to clients, competitive management practices, and modelling of APS values.[93]

3.5.1 Degree of diversity within the public service

Australia has a similar proportion of women in the public service compared to New Zealand, Canada and the UK. In all of the countries analysed there is a smaller proportion of women in the senior public service than in the overall public service. Only New Zealand and Canada have a larger proportion of women in the senior public service than Australia. The OECD has identified that the percentage of female public service employees in New Zealand, France, Australia, Canada and the UK central governments is greater than that of the total labour force.[94] The USA and the Netherlands had a smaller percentage of the central government labour force who were female compared to each country's total labour force.[95] Singapore and Denmark were not included in this study. Attempts were made to analyse the proportion of female employees in the middle ranks of public services, however, comparator countries collect this data under different definitions and data was not comparable.

Figure 3-4 APS has the second highest proportion of women and third-highest proportion of female Senior Public Servants among comparator countries (2005-2008 data)[96]
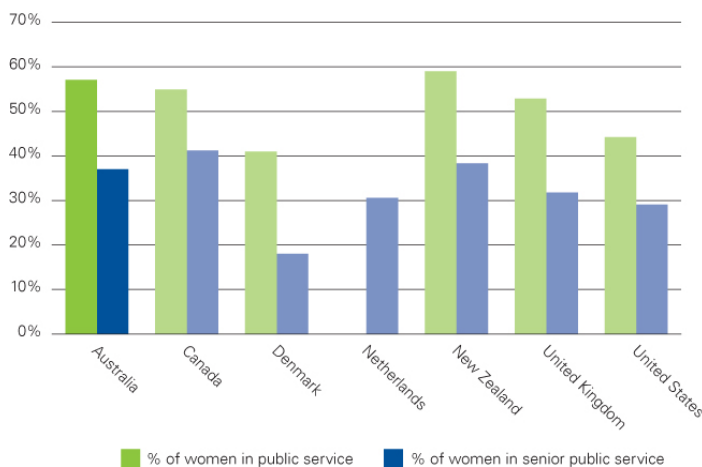
[93] Sourced from the Australian Public Service Commission's website: http://www.apsc.gov.au/publications01/diversityguidelines.htm. 26 October 2009.
[94] OECD, *Government at a Glance*, October 2009, p.71.
[95] OECD, *Government at a Glance*, October 2009, p.71,
[96] The USA's figures are as at 2008, and are sourced from USA Office of Personnel Management, *Federal Workforce (report to Congress) FY 2008*, 2008.
The UK's figures are as at 31 March 2008, and sourced from the Office of National Statistics, *Civil Service Statistics 31 March 2008*, 20 January 2009.
Australia's figures are as at June 2008 and sourced from Australian Public Service Commission, *The State of the Service Report 2007-08*, accessed 6 October 2009.
Canada's figures are for 2008, and sourced from Canadian Privy Council, *Sixteenth Annual Report to the Prime Minister on the Public Service of Canada*, 2009.
New Zealand's figures are as at 30 June 2008, and sourced from State Services Commission, *Human Resource Capability Survey of Public Service Departments As at 30 June 2008*, November 2008.
Netherland's figures are from 2007, and sourced from Algemene Bestursdienst, *Annual Report 2007*, p.19.
Denmark's figures are from 2005, and sourced from Ministry of Finance, *State Sector Personnel in Denmark 2005*, March 2006, p.9.

Figure 3-5 provides a perspective on representation from culturally diverse backgrounds. New Zealand appears to have had the greatest success in encouraging indigenous people into its public service and into its senior ranks. The USA, Canada and Australia all have a smaller proportion of indigenous people in their central government public service than in the population as a whole. The USA and UK appear most successful in encouraging representation within their public services from those from a minority background who are reflected as an equal or greater proportion of the public service. However, the proportion of the SES from a minority background is significantly less in selected comparator countries than either their proportion of the population or of the public service.

Figure 3-5 Employment of indigenous people and people from a minority background within selected public services)[97] [98] (2008 -2009 data)
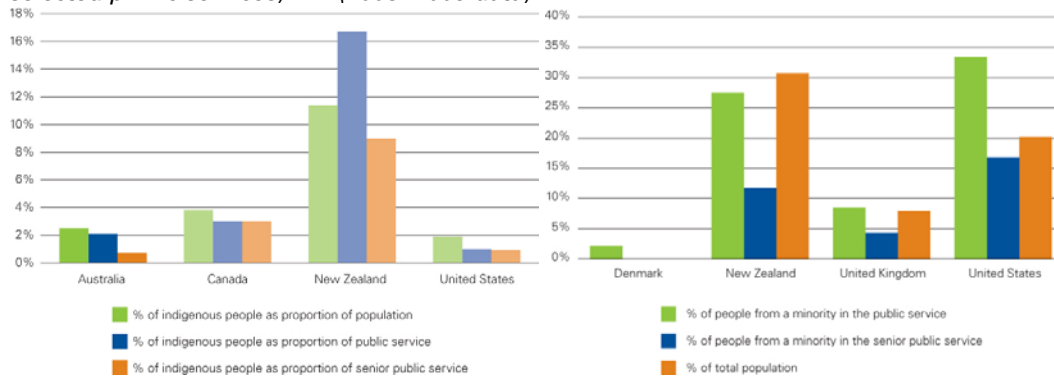
Australia does not collect data on people from a minority background, however, the APS does collect data on people from a non-English speaking background (NESB). In the APS, the term 'NESB' is used to capture information about employment disadvantage experienced by employees on the basis of race or ethnicity. The data on public servants from a NESB concentrates on the category of NESB1, which includes people born overseas whose first language was not English. NESB2 data, which includes children of certain migrants, is not included in reporting by the APS as they report little evidence of employment disadvantage occurring for this group.[99] In 2008, 6% of the APS workforce and 2.5% of the APS SES were from a NESB.[100]

While the Netherlands does not publish data on the cultural diversity within its public service, the Annual Report of the Algamene Bestuursdienst notes that in 2007 people from a cultural minority background were significantly under-represented in the senior public service. The ABD is focusing on including new hiring of young management talent from cultural minority

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[97] USA statistics include American Indian and Alaska Native Persons, as at 2008; USA Census Bureau, State and Country Quick Facts; Accessed 16 October 2009.

Canadian statistics as at 2008; Privy Council, *Sixteenth Annual Report to the Prime Minister on the Public Service of Canada for the year ending 31 March 2009*; 2008, p.20.

New Zealand statistics are as at 30 June 2008; State Services Commission, *Human Resource Capability Survey of Public Service Departments*, 2008, p.14.

[98] UK data sourced from http://www.statistics.gov.uk/CCI/nugget.asp?ID=273, accessed 16 October 2009.

United States data includes Blacks; Hispanics; Asian/Pacific Islanders; and Native Americans, is for FY 2008, and is sourced from USA Office of Personnel Management, *Federal Workforce (report to Congress) FY 2008*, 2008.

New Zealand's figures include Maori, Pacific peoples, and Asian peoples, is as at 30 June 2008; State Services Commission, *Human Resource Capability Survey of Public Service Departments*, June 2008, p.14.

Denmark's figures are as at 2005, includes immigrants and their descendants from non-Western countries; Ministry of Finance, *State Sector Personnel in Denmark 2005*, March 2006, p.36.

[99] Australian Public Service Commission, *The State of the Service Report 2007-08*, accessed 6 October 2009.

[100] Australian Public Service Commission, *The State of the Service Report 2007-08*, accessed 6 October 2009.

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backgrounds, with a goal set for 2011 to have 50 leaders from a cultural minority background in management teams (head of department levels).[101]

Figure 3-6 shows the percentage of people in the public service and senior public service with a disability for the three comparator countries for which comparable data was available.

Figure 3-6 Compared to the UK and Canada public services, the APS has relatively low levels of people with a disability (2008 data)[102]

Legend:
- % of people with a disability in the public service
- % of people with a disability in the senior public service
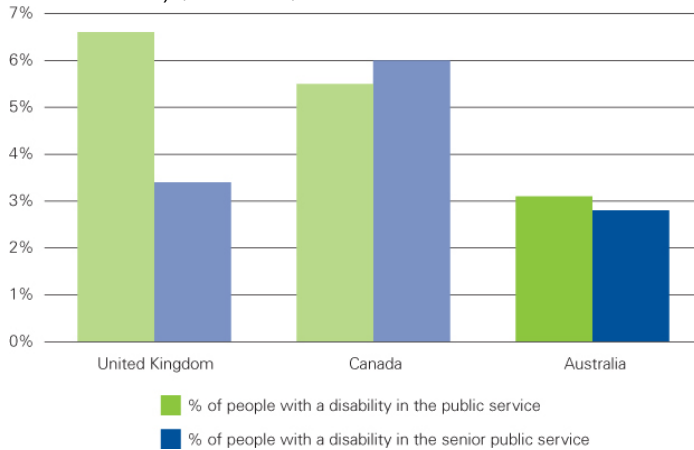
[102] Netherland's figures are as at 2007, and sourced from Algeme Bestuursdienst, *Annual Report 2007*, p.15.
The UK's figures are as at 31 March 2008, and sourced from the Office of National Statistics, *Civil Service Statistics 31 March 2008*, 20 January 2009.
Australia's figures are as at June 2008 and sourced from Australian Public Service Commission, *The State of the Service Report 2007-08*, accessed 6 October 2009.
Canada's figures are for 2008, and sourced from Canadian Privy Council, *Sixteenth Annual Report to the Prime Minister on the Public Service of Canada*, 2009.

4 Delivering high quality policy advice

4-1 Assessment framework

Requirements	Indicators	Data used for assessment	Relative APS performance
4.1 Innovative outward looking culture	4.1.1 Capability for coordinated, informed and strategic policy	Sustainable Governance Indicators 2009	Low
	4.1.2 Existence of institutions which support outward looking policy advice	Desktop research	Opportunity
4.2 Collaborative mechanisms and culture	4.2.1 Existence of an overarching policy direction and outcomes measures and goals based on cross-government objectives	Desktop research	Opportunity
	4.2.2 Existence of mechanisms that encourage/enable cross-department/agency collaboration, including budget processes	Desktop research	Opportunity
4.3 Quality	4.3.1 Existence of mechanisms to seek feedback on the quality of policy advice	Desktop research	Comparable
	4.3.2 Quality of policy performance	Sustainable Governance Indicators 2009	Medium

4.1 Innovative and outward looking culture

In considering the quality of policy advice provided to government, the New Zealand State Services Commissioner identified five main factors which affected the quality of policy advice. Two of them: investment in policy skills and leadership development have been considered in section 3. The Commissioner also identified a lack of clarity within the public service about the government's desired directions, insufficient mechanisms for cross government collaboration and inadequate or ineffective use of information, research, evaluation and consultation to inform policy development.[103]

The OECD has suggested that more open and inclusive policy making "offers a way for governments to improve their policy performance by working with citizens, civil society organisations, business and other stakeholders to deliver concrete improvements in policy outcomes and the quality of public services."[104] That is, broader involvement of parties in the policy process can help to test the assumptions on which the policy is founded and provide new perspectives and ideas. All comparator public services are moving, to varying degrees, towards a marketplace for ideas in policy design.[105] Our research also supported observations

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[103] NZ State Services Commission, *Essential Ingredients: Improving the Quality of Policy Advice*, Occasional Paper 9, June. 1999.
[104] OECD, *Focus on Citizens: Public engagement for better policy and services,* 2009.
[105] G Lodge and S Kalitowski – Institute for Public Policy Research, *Innovations in Government: International perspectives on civil service reform*, 2007.

made elsewhere that public servants "increasingly have to perform the role of policy coordinator rather than the more traditional role of policy adviser." [106]

Current and former senior Australian public servants and academics that we spoke to emphasised examples of innovative, outward focused and collaborative policy development by the APS, both in the creation of new initiatives (for example, the Higher Education Contribution Scheme, National Competition Policy and Centrelink) and in the creative recruitment of broad political support for new initiatives (for example, distribution of the Goods and Services Tax to State and Territory Governments). They acknowledged that improvements to policy advice could be made.

One view was that policy-making in the APS could be strengthened by encouraging public servants to move between the APS, business, the community sector and Ministers' offices. Measures to encourage this kind of interchange would help to build expertise, networks and provide another perspective on policy issues. [107]

Stakeholders noted that policy ideas hailed as innovative have often been developed by public servants over a long period, sometimes decades. The challenge for the APS is to provide an environment in which a 'stock' of ideas can be generated, tested and refined in consultation with other governments, business and the community sectors and citizens. The realisation of new policy approaches also relies on a confluence of factors: leadership from government and senior public servants (including a preparedness to take calculated risks and contemplate failure), strong relationships of trust across government, between levels of government and with key external stakeholders and shared goals and incentives for collaboration. Consultation with those affected by policy changes and those with expertise in the area is essential. In the past, limitations on external consultation (for example, on taxation issues) hampered the quality of policy advice to government. [108]

4.1.1 Capability for coordinated, informed and strategic policy

A new international index to measure policy outcomes and capability, the Sustainable Governance Indicators (SGI), was released in 2009. The SGI measures 30 OECD countries on their need for political and economic reform (based on an assessment of policy outcomes) and their capability to achieve reform. The SGI is divided into a Status Index (which measures a country's quality of democracy and economic and policy-specific performance) and a Management Index (which assesses executive capacity and executive accountability). It is scheduled to be updated on a biennial basis. [109]

The SGI considers 149 individual quantitative and qualitative aspects to create the Status and Management Indices. For each aspect, countries receive a score from one to ten to enable comparison. Qualitative assessments were made by a panel of three experts in each country [110] and were conducted over a period between January 2005 and March 2007. All findings are audited and approved by the SGI Board.

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[106] Lodge G and Kalitowski S, International perspectives on civil service reform, IPPR, 2007.
[107] Discussion with Ted Evans, former Secretary of the Commonwealth Treasury, 21 October 2009.
[108] Discussion with Ted Evans, former Secretary of the Commonwealth Treasury, 21 October 2009.
[109] Bertelsmann Stiftung, Policy Performance and Executive Capacity in the OECD: Sustainable Governance Indicators, 2009.
[110] The expert panel for Australia comprised Professor. Dr. Ian McAllister (Australian National University), Prof. Dr. Frank Stilwell (University of Sydney) and Dr. Roger Wilkins (University of Melbourne).

The SGI Management Index includes a comparative rating of a country's "Steering Capability" - that is, the structures and processes for delivering high quality policy. KPMG has selected the individual indicators which relate most closely to the policy processes in place for each comparator public service. Singapore was not assessed as part of this survey.

Table 4-2 Australia is rated "low" among comparator countries for policy capability (2005- 2007 assessment)[111]

Selected questions	Rating (out of 10)							
	AUS	CAN	DEN	FR	NL	NZ	UK	USA
How much influence does strategic planning have on government decision-making?	**6**	9	9	5	8	7	8	8
How influential are non-governmental academic experts in decision-making?	**5**	8	6	4	9	7	7	7
How effectively do line ministry civil servants coordinate policy proposals?	**7**	7	9	9	9	9	9	3
How important is regulatory impact assessment in the policy-making process?	**7**	7	8	4	8	9	10	10
Does the government consult with unions, business, religious, social and environmental interest groups?	**6**	7	9	4	9	8	6	9
To what extent does the government implement a coherent communication policy?	**9**	9	8	8	7	8	9	10
Averaged rating (equally weighted)	**7.3**	8.4	8.3	6.8	8.5	8	8.2	8.4

Australia ranks lower than most of its comparators on the SGI with only France having a lower averaged score. Australia's ratings were affected by a judgement at the time of the assessment between 2005 and 2007 that the Government's decision-making was not guided by a strategic plan, it had not consulted meaningfully with a wide range of interest groups and that regulatory impact statements were applied only to new legislation. This assessment implies that the APS is considered comparatively weaker in drawing upon non-governmental expertise (a feature of evidence-based policy), has less systematic arrangements for engaging with interest groups in the formulation of policy (consultation) and is less coordinated in its advice to government on decision-making than most of its comparator countries.

Elements of this assessment and Australia's overall ranking can be contested on the basis of more recent assessments. For example, the OECD has recently noted that, measured against best practice, "Australia rates highly among OECD countries on the design and performance of its Regulation Impact Assessment (RIA) procedures."[112] However, discussions with stakeholders within and outside the APS acknowledged that there was significant opportunity for the APS to improve its processes for policy advice.

4.1.2   Existence of institutions which support outward looking policy advice

The Australian Public Service Commissioner suggested that promoting more open, innovative workplace cultures requires:

> *agencies to foster a 'bottom up' approach to innovation which harnesses the insights from public servants at the frontline of service delivery and the consumers of government services to feed into the policy making process. Ideally, the process of policy development should be continually open to new evidence and insights. Policies should be monitored and evaluated and, over time, corrected —for example, by adjusting*

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[111] *SGI Sustainable Governance Indicators (SGI) 2009 Bertelsman Stiftung, selected questions relevant to policy, 2009.*
[112] OECD, *Government Capacity to Assure High-Quality Regulation in Australia,* GOV/PGC/REG(2009)6, 2009.

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the mix of policy instruments—or even terminated if they turn out not to be working as expected.[113]

A recent report for the UK Cabinet Office similarly observed that effective delivery has usually involved better engagement and connection with front-line workers and service users in policy formulation.[114]

Discussions with stakeholders and our review of the literature highlighted efforts to open the Australian Government's policy development process to a wider range of people. Initiatives such as the 2020 Summit, the introduction of Community Cabinets and the release of white papers on defence and homelessness reflect efforts to engage a broad range of views on some of the long-term policy challenges in Australia. Using advisory taskforces with membership drawn from public, private and community sectors to develop responses to particular policy issues (for example, regulation, indigenous health and wellbeing and emissions trading) reflect another approach to capturing a range of ideas on policy directions.

The Productivity Commission was also held up as an example of an Australian public service institution which supported outward looking policy advice. Particular note was made of its broad remit, its public inquiries process, its focus on evidence in reaching conclusions and its engagement with experts and the public.[115] Reference was also made to the way in which the Commission provides a variety of viewpoints and options representing alternative means of addressing the issues in the report. The OECD has stated that "key factors that have been vital to the success of the Productivity Commission in achieving its goals are a strong analytical tradition, independent commissioners, skilled staff and transparent processes."[116]

Table 4-3 provides some examples of the ways in which comparator countries have sought to inject new ideas into the policy approaches, encourage different perspectives and devise new solutions to problems. France, Canada and New Zealand fund independent bodies (akin to the Productivity Commission) to assist in the development of medium to long-term policy advice. The Netherlands also has a statutory independent body, the Scientific Council for Government Policy (WRR), a multi-disciplinary board which advises government about policy issues using a scientific approach, provides a forum for debate of policy issues and serves as a "bridge between scientific expertise and policy".[117]

Table 4-3 also highlights the emergence of institutions to encourage public sector innovation, facilitate exchanges of ideas and enable policy experimentation. A survey of the APS indicated that only half of all policy officers and less than half of all employees believe that their current agency encourages innovation and the development of ideas.[118] An equivalent survey in Canada revealed a similar response on this issue.[119] Analysis of the UK public service suggests that current innovation in the public service is generated and driven by the "centre" (senior management and policy advisers) rather than frontline staff, users, suppliers and non-government experts (in academia and the third sector).[120]

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[113] APSC, *Smarter Policy: choosing policy instruments and working with others to influence behaviour,* 2009.
[114] Sunningdale Institute Report, *Engagement and Aspiration: Reconnecting Policy Making with Front Line Professionals*, Cabinet Office, 2009.
[115] In its public inquiry activities in 2007-08, the Commission met with more than 120 organisations or groups, held 28 days of public hearings and received more than 700 submissions. Productivity Commission, 2008, *Annual Report 2007/08*, p.33.
[116] OECD, *Government Capacity to Assure High-Quality Regulation in Australia*, GOV/PGC/REG(2009)6, 2009, p.11.
[117] Information sourced from Scientific Council for Government Policy website, http://www.wrr.nl/english/, accessed 14 October 2009.
[118] APSC, *State of the Service 2007-08: Employee Survey, p.190,* 2008.
[119] In response to the statement, "I am encouraged to be innovative or to take initiative for my work", 56% agreed, 26% were neutral and 17% disagreed. Treasury Board Secretariat, *Public Servants on the Public Service of Canada: Summary of the Results of the 2008 Public Service Employee Survey,* 2009.
[120] National Audit Office, *Innovation Across Central Government*, 26 March 2009, p.6.

Governments in the Netherlands, Denmark and the UK have encouraged the establishment of public sector 'innovation intermediaries'. These are institutions which act as brokers (or connectors) to help organisations develop and spread their innovations and consider new ways of financing their ideas. Innovation intermediaries often provide a repository of tools and methodologies for developing and measuring innovation and a network for practitioner innovators.[121] Organisations of this kind are starting to emerge in Australia and the Australian Government has recognised the importance of supporting innovation in policy and service delivery.[122] The South Australian Government recently announced the establishment of an Australian Centre for Social Innovation which aims to develop solutions to enduring public policy problems.[123]

Table 4-3 Examples of mechanisms for promoting outward looking and innovative policy advice

Country	Examples	Purpose	Status and funding
Canada[124]	The Policy Research Initiative	Conducts research in support of the Government of Canada's medium term agenda. Its core mandate is to advance research on emerging horizontal issues, and connect Canada's policy-making community.	Administrative unit of federal government. Government funded.
Denmark[125]	MindLab	Focuses on user-centred innovation, involving citizens and businesses in the development of innovative public solutions.	Co-owned and funded by the Ministries of Taxation, Employment and Economic and Business Affairs.
France[126]	Centre d'analyse stratégique	Provides expertise and research to support decision-making process in the management of public policies. Responsible for strategy and long-term work, including integration with EU strategies.	Independent, created by decree and reporting to the Prime Minister. Government funded.
The Netherlands[127]	The Country House (Het Buitenhuis)	One of four future centres in the Netherlands focusing on supporting innovation by creating a centre in which public servants can meet each other, gain inspiration, play with ideas and experiment with innovative work concepts	Co-owned and funded by four Dutch ministries: Economic Affairs, The Interior, Finances and Housing, Spatial Planning & Environment.

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[121] See for example, M Horne, *Honest Brokers: brokering innovation in the public sector*, Innovation Unit and V Hannon, *Next up: Putting practitioners and users at the centre of innovation in the public services*, ANZSOG Occasional Paper 1, 2008.
[122] Australian Government, *Powering Ideas: An Innovation Policy Agenda to 2020*, 2009.
[123] M Rann, 'Phillip Adams to Chair Australian Centre for Social Innovation', Press Release, 2 February 2009. See also www.tacsi.org.au
[124] Information sourced from www.policyresearch.gc.ca, accessed 15 October 2009.
[125] Information sourced from www.mind-lab.dk/en, accessed 15 October 2009.
[126] Information sourced from www.strategie.gouv.fr/rubrique.php3?id_rubrique=20, accessed 15 October 2009.

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Country	Examples	Purpose	Status and funding
NZ[128]	Emerging Issues Project (EIP) at Institute of Policy Studies	Encourages public policy debate and undertakes research on medium term Whole-of-Government issues.	Based at University of Wellington. EIP jointly funded by Chief Executives of New Zealand departments.
Singapore[129]	The Enterprise Challenge	Provides funding for innovative and risky proposals that have the potential to create new value or significant improvements to the delivery of public service. See case study.	Administered by Prime Minister's Office. Funded by Government.
UK [130]	NHS Institute for Innovation and Improvement	Supports the NHS to transform healthcare for patients and the public by rapidly developing and spreading new ways of working, new technology and world-class leadership.	Special Health Authority funded by Government.
	Innovation Unit	Works in partnership with organisations from the public, private and third sectors to stimulate, incubate and accelerate innovation in public services.	Not for profit company, initially created within Government.
USA[131]	Office of Social Innovation and Civic Participation	Reviews innovations currently taking place and analyses their effectiveness, provide funds to nonprofits that are working with state and local governments (and promotes voluntarism and national service).	Administrative unit within the White House. Government funded and staffed. Established June 2009.

CASE STUDY: THE ENTERPRISE CHALLENGE[132]

The Enterprise Challenge (TEC), an initiative by the Prime Minister's Office in Singapore, was established in 2000. TEC aims to "spark, develop and fund initiatives that can create new value for the Public Service and fundamentally improve the delivery of public service." TEC provides funding and testing for innovations that need to be trial tested so that their feasibility and practicality can be proven.

Anyone – Singapore citizens and businesses, as well as individuals and businesses around the world - can submit an innovative idea. Project proposals do not have to be technology-related. There is no grant limit but if the proposer is from the private sector, there is a minimum co-funding requirement of 10% of the total trial cost in cash upfront and a dividend (8 per cent of net profit capped) to TEC if it is successfully tested and commercialised.

A TEC Unit assesses whether an idea seems promising and identifies an appropriate piloting agency. Piloting agencies which see potential in the idea help to develop a trial implementation plan to test the feasibility of the idea. A refined proposal is then submitted to a TEC Panel, comprising public and private sector professionals with experience in fields related to

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[127] Information sourced from www.het-buitenhuis.nl, accessed 15 October 2009.
[128] Information sourced from http://ips.ac.nz/events/Ongoing_research/, accessed 15 October 2009.
[129] Information sourced from www.tec.gov.sg, accessed 15 October 2009.
[130] Information sourced from www.institute.nhs.uk and www.innovation-unit.co.uk, accessed 15 October 2009.
[131] Information sourced from http://www.whitehouse.gov/the_press_office/President-Obama-to-Request-50-Million-to-Identify-and-Expand-Effective-Innovative-Non-Profits/, accessed 16 October 2009.
[132] Information sourced from www.tec.gov.sg., accessed 15 October 2009.

innovation and enterprise, for evaluation and funding. Proposals are evaluated on the extent to which they are new or untried, the value they could create for the public service, the potential for upscaling or commercialisation and clarity of planning for testing. Proposals deemed beneficial to the delivery of public services are approved for piloting. The TEC Panel monitors and reviews the progress of approved projects on a monthly basis.

As at 2007, TEC had received some 1,400 proposals from the public and private sectors covering a broad range of public service areas, including education, healthcare, environment, community, safety and security. Approximately S$32 million had been invested in 86 innovative projects, of which 57 have completed the trial testing and 38 been implemented in the public service. Savings from projects implemented have been estimated at S$170 million.[133]

4.2 Collaborative mechanisms and culture

The Australian Government's Management Advisory Committee's report on *Connecting Government* notes that:

> *Achieving greater coordination in policy advice and program and service delivery is a high priority of public administration in Australia…The distinguishing characteristic of whole-of-government work is that there is an emphasis on objectives shared across organisational boundaries, as opposed to working solely within an organisation. It encompasses the design and delivery of a wide variety of policies, programs and services that cross organisational boundaries.*[134]

A whole of government approach is particularly necessary for the types of persistent, interconnected ("wicked") problems that governments must tackle.[135]

4.2.1 Existence of an overarching policy direction and outcome measures and goals based on cross-government objectives

Australia, like several other countries, has an economic plan in place (mostly developed in response to the Global Financial Crisis) but a broader and more codified vision (including targets for achievement) does not appear to have been articulated. The USA Government Audit Office recently observed that a longer-term overarching policy for government can foster collaboration by making clear to the public service the Government's long-term priorities and vision.[136]

Table 4-4 reviews the extent to which whole-of-government strategies are used in comparator countries. While all have budget processes (which articulate annual priorities) and governments which have articulated election manifestos, only four out of the eight comparator countries have in place an overarching plan which sets out policy directions and objectives for government over the medium to long term.

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[133] Ministry of Finance, "3 Singapore Initiatives Among the World's Top 20 Innovations", Press Release, 27 August 2007
[134] Management Advisory Committee, *Connecting Government*. 2004, p.3.
[135] APSC, *Tackling Wicked Problems: A Public Policy Perspective,* 2007.
[136] Government Audit Office, Interagency collaboration: Key Issues for Congressional Oversight of National Security Strategies, Organizations, Workforce, and Information Sharing, 2009.

Table 4-4 Several comparator countries use overarching strategies to coordinate policy making

Country	Description	Includes targets?
Denmark[137]	*Society of Opportunities* (incorporating *Towards New Goals –Denmark 2015*) sets out new goals for Denmark for next four years, plus concrete initiatives and benchmarks.	Yes
The Netherlands[138]	*Policy Programme 2007-2011* presented to Parliament, covers broad policy positions on Europe, peace and security, development policy, human rights, climate, and business climate.	No
Singapore[139]	*World.Singapore* is an overarching framework which sets out a vision for Singapore grouped around themes of trust, knowledge, connectedness and life. In May 2006, the public service formed 19 inter-agency Action Teams, each led by a Permanent Secretary, to translate the emerging ideas into concrete action.	No
UK[140]	*Building Britain's Future 2009* sets core principles about how to build a stronger, fairer, more prosperous Britain. Priorities advanced through twelve commitments to the people of Britain: (i) cleaning up politics; (ii) jobs and skills; (iii) a new economy; (iv) more power for patients; (v) more power for parents; (vi) investing in young people; (vii) early years; (viii) affordable housing; (ix) crime and policing; (x) immigration and citizenship; (xi) a low carbon future; (xii) internal leadership	Yes

4.2.2 Existence of mechanisms that encourage/enable cross-department/ agency collaboration, including budget processes

One commentator has observed that "collaboration is likely to be the norm in the 21st Century in terms of how governments work".[141] Despite the rhetoric of joined-up government and whole-of-government working, comparator countries have not found it easy to achieve significant and effective cross-departmental activity.

There are a number of innovative examples of collaborative working across government within the APS, including the establishment of Centrelink, the creation of the Department of Climate Change and the Office for Youth (which seeks to work cooperatively with other government agencies to achieve the Government's objectives for young people).

Table 4-5 outlines examples of cross-government working in comparator countries, usually driven by a financial incentive to co-operate. Of particular relevance are the Dutch Ministry for Youth and Family, and the UK's Public Service Agreements (PSAs). PSAs are an ambitious approach to promoting collaboration amongst agencies using budget mechanisms. However, recent analysis indicates mixed success. For example, the Institute for Government in the UK has noted that the 2008 round of PSAs has created "a complicated new web of linkages between Whitehall departments…while there are signs of [collaboration], this approach to delivery remains counter cultural."[142] It also observes that only seven jointly owned PSA targets (35%) were reported as fully met in the 2005-08 spending review period.[143]

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[137] Information sourced from www.stm.dk/publikationer/UK.../index.htm and http://uk.fm.dk/Publications/2008/1642-Denmarks%20National%20Reform%20Programme/1%20The%20economic%20framework.aspx
[138] Information sourced from www.government.nl/.../Policy_Programme_2007_2011, accessed 15 October 2009.
[139] Information sourced from www.psd.gov.sg/PublicService/WorldSingapore, accessed 15 October 2009.
[140] Information sourced from www.hmg.gov.uk/buildingbritainsfuture.aspx, accessed 15 October 2009.
[141] A Gray, *Collaboration in public services: the challenge for evaluation,* Transaction Publishers, 2003.
[142] Institute for Government, *State of the Service,* 2009.
[143] Institute for Government, *State of the Service,* 2009.

Table 4-5 Examples of structures and incentives in comparator countries used to encourage collaboration

Country	Name	Description
Canada[144]	Horizontal Initiatives Database	Database maintained by Treasury Board of Canada Secretariat to track annual budget and delivery of major cross-government initiatives in which two or more federal agencies co-operate. Lead agencies are required to report on horizontal initiatives which are high government priority or have a budget of CA$100m or more.
Denmark[145]	E-Government Strategy 2007-2010	Outlines intention to create common tools to enhance collaboration amongst Danish Ministries. The body with primary responsibility for the general development of the eGovernment program, the Board of eGovernment, is a multi-jurisdictional committee with representatives from the Danish Government, Danish Regions and local government.
France[146]	Constitutional Bylaw on Budget Acts (LOLF)	Under the new French budget process, general budget appropriations are adopted by mission and no longer by ministry and by class.
The Netherlands[147]	Ministry for Youth and Families	Led by a minister with special responsibility for youth and families to tackle current issues in society. The minister is in charge of areas of policy implemented by several other ministries: the Ministry of Health, Welfare and Sport, the Ministry of Justice, the Ministry of Social Affairs and Employment and the Ministry of Education, Culture and Science. Staff who work for the ministry remain formally employed by other ministries but receive their instructions from the Minister for Youth and Families and the Director-General for Youth and Families.
New Zealand[148]	The Cross Departmental Research Pool	NZ$4m per annum government fund administered by The Royal Society of New Zealand. NZ departments bid for funding to carry out research of critical cross-portfolio interest.
Singapore	The Enterprise Challenge	Collaboration encouraged through a financial incentive for improving public service delivery.
UK[149]	Public Service Agreements (PSAs)	PSAs outline the key priority outcomes for Government in the next spending period (e.g. current PSA for 2008 – 2011). Each PSA is underpinned by a single delivery agreement shared across all contributing departments and developed in consultation with delivery partners and frontline workers. A small basket of national outcome-focussed performance indicators are used to measure progress towards each PSA, including a subset of indicators with specific national targets or minimum standards.
USA[150]	Max Federal Community	Online tool for collaboration operated by the Office of Management and Budget to share information and collaborate with Federal agencies. Initially used to collect and analyse budgetary data across federal agencies but also as a wiki for developing and dtafting a response to President Obama's request for Open and Transparent Government.

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[144] Information sourced from www.tbs-sct.gc.ca/hidb-bdih/home-accueil.aspx, accessed 13 October 2009.
[145] Danish Digital Taskforce, *The Danish E-government strategy, 2007-2010,* 2007.
[146] Information sourced from www.performance-publique.gouv.fr/.../guide_pratique_LOLF_oct2008_anglais.pdf, accessed 14 October 2009.
[147] Information sourced from www.jeugdengezin.nl/english/, accessed 15 October 2009.
[148] Information sourced from www.morst.govt.nz/funding/cdrp/2009-10/, accessed 16 October 2009.
[149] Information sourced from www.hm-treasury.gov.uk/pbr_csr07_psaindex.htm, accessed 14 October 2009.
[150] Information sourced from www.max.omb.gov, accessed 15 October 2009.

4.3 Evaluating the quality of policy advice process and outcomes

4.3.1 Existence of mechanisms to seek feedback on the quality of policy advice

In a 1999 review of the quality of policy analysis in the New Zealand public service, its State Services Commissioner observed that officials concentrated on policy analysis and the design of delivery instruments and very little on the quality of policy advice given and its implications.[151]

A decade later tools and techniques for evaluating policy remain underdeveloped despite the need to capture lessons for effective policy development in an increasingly complex process.[152] As the UK Cabinet Office has observed "less attention is being paid to learning lessons from the past and to being forward and outward looking. Too often policy makers react to major problems, formulate solutions, take decisions, implement them and move on to the next set of problems".[153] The challenges in measuring policy inputs and the outcomes from advice have also been acknowledged.[154]

In Australia, considerable work was undertaken in the 1990s to examine ways of assessing both the process and outcomes from policy advice. Frameworks for evaluating policy advice, which draw on this work, have been created[155] and the Audit Office has released principles for policy development (see Figure 4-1). However, less than half of all APS agencies providing advice to Ministers systematically collect formal feedback and a third or less of all agencies collect oral feedback from Ministers or Ministerial staff.[156]

Figure 4-1 ANAO principles for evaluating policy advice (2001 data)[157]

- Establish a system for obtaining ministerial feedback on performance measures for policy advice that:
    - is designed in consultation with the minister(s);
    - has explicit and defined criteria for the quality of policy advice;
    - captures feedback across the range of policy advice provided; and
    - disseminates feedback to policy staff.
- Conduct a review at the end of (at least) significant policy advising projects, to identify strengths, lessons learned and opportunities for improvement in the policy process. The extent of review should be tailored to the particular circumstances, recognising that there is a range of possible approaches to achieve required effectiveness.
- Document the results of the review, feed them back into the policy advising process, and look for opportunities to share the results more widely.
- Commission periodic external reviews of the policy advising function, which examine the

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[151] NZ State Services Commission, *Essential Ingredients: Improving the Quality of Policy Advice*, Occasional Paper 9, 1999.
[152] B Head and J Stewart, 'Evaluating policy processes: Reconsidering Policy Evaluation and Policy Learning', Workshop on 'Policy Evaluation & Policy Learning: Beyond Program Evaluation and Performance Audit', ANU Conference on Governing by Looking Back: How History Matters in Society, Politics and Government Canberra, 12 - 14 December 2007, 2007.
[153] UK Cabinet Office, *Professional Policy Making for the Twenty-First Century,* 1999
[154] See for example, M Di Franceso, "Measuring performance in policy advice output: Australian developments", *The International Journal of Public Sector Management*, Vol. 12 No. 5, 1999, pp. 420-431.
[155] C Althaus, P Bridgman and G Davis, *The Australian Policy Handbook: 4th Edition,* 2007 and J Uhr and K Mackay. *Evaluating policy advice : learning from the Commonwealth experience*, 1996
[156] APSC, *State of the Service Report 2007-08*, p.190.
[157] ANAO, *Some Better Practice Principles for Developing Policy Advice*, 2001.

quality of the policy advising processes as well as of the policy advice output documents.

- Collect, assess and record the views of a range of stakeholders on the policy advising process and function as a basis for continuous improvement.

The comparator public services which appear to be the most advanced in terms of systematic evaluation are New Zealand and the UK, with commitments to policy quality by New Zealand departments and agencies, and capability reviews undertaken in the UK and New Zealand which consider policy advice capability.

CASE STUDY: NEW ZEALAND POLICY EVALUATION

In New Zealand, several departments include a commitment to high quality policy advice as part of their Statement of Intent, to ensure they are able to promote well-informed high-quality decision-making by Ministers. For example, as part of its *Statement of Intent 2009-2012*, the New Zealand Treasury has developed Quality Standards for Policy Advice, which are used as a way of testing agreed dimensions of the quality of policy advice.

The central tenet of the Treasury framework is that quality policy advice should be 'fit for purpose' – this means that the Treasury applies judgments about the application and balancing of the quality dimensions to ensure advice is fit for purpose in achieving the result sought.

The agreed dimensions for assessing the quality of policy advice include whether:

- **it is analytically rigorous:** appropriate frameworks are used, the reasoning and logic is robust, analysis is supported by relevant evidence, and advice is frank and free;

- **it is set in a wider strategic context:** advice is set in the context of Treasury's results, is practical and informed by a strategic view of what is important, and shows evidence of public sector consultation and an understanding of the views of wider stakeholders; and

- **it is customer focused and persuasive:** advice is compellingly presented, is clear and timely, demonstrates awareness of the wider environment and political situation and is solution-focussed.

The Treasury also commits to ensure the timing of policy advice reflects the necessary imperatives, and that internal control processes for quality have been effective.

We understand that the New Zealand Treasury, as well as some other government departments, make use of an external body (the New Zealand Institute of Economic Research) to assess selected policy briefings and papers. This process provides an external perspective on the extent to which Treasury's work is readable, evidence-based and robust and a means of 'benchmarking' the quality of policy advice provided. In addition, feedback on the quality of policy advice is sought formally from the Minister at least three times a year.

4.3.2   Quality of policy performance

Stakeholders we have consulted have observed that the challenge with assessing policy advice is to look at the outcomes, not just the process.

The Status Index for the Sustainable Governance Indicators 2009 rates countries' policy performance against over 50 objective and subjective indicators. Of interest for this project, the policy areas considered are largely those for which central governments, including the APS, have responsibility.

The measured areas include the government's performance on labour market policy, enterprise policy, tax policy, health policy, social cohesion, family policy, security and integration policy, environmental policy, research and innovation policy and education policy.

For each policy area, a country is ranked against the best performer. An average of the results for policy performance across all areas for the comparator countries is outlined at Table 4-6. As this survey considers OECD countries only, data is not available for Singapore.

Table 4-6 Australia ranks medium compared to comparator countries on policy performance (2005-2007 assessment)[158]

Countries	Average rating for policy performance
New Zealand	7.9
Denmark	7.8
Canada	7.3
The Netherlands	7.2
Australia	**6.8**
UK	6.6
USA	6.2
France	5.5

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[158] SGI Indicators 2009. "Status Index: Economic and Policy Specific Peformance" (Indicators S6 Labor market, S7 Enterprise Policy, S8 Tax Policy, S9 Budgetary Policy, S10 Health Policy, S11 So cial Cohesion, S12 Family Policy, S13 Pension Policy, S14 Security Policy, S15 Integration Policy, S16 Environmental Policy, S17 Research and Innovation Policy, S18 Education Policy. An average was taken of the ratings for each policy area. No weighting has been applied to these scores.

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5 Providing high quality services and programs

5-1 Assessment framework

Requirements	Indicators	Data used for assessment	Relative APS performance
5.1 Service design and integration	5.1.1 Existence of systematic user and stakeholder engagement programs	Desktop research	Opportunity
5.2 Service access and availability	5.2.1 Availability of government services online and citizen user portals	UN e-government survey 2008 Desktop research	Medium
5.3 Service quality	5.3.1 Perceptions of public service delivery	Desktop research	Opportunity
	5.3.2 Perceptions of government effectiveness of delivery services	World Governance Indicators 2008 IMD World Competitiveness Yearbook 2009 Sustainable Governance Indicators 2009	Medium
	5.3.3 Rating of customer service and existence of service quality standards	Accenture Survey 2007 and desktop research	Medium
5.4 Service Evaluation	5.4.1 Existence of a systematic program and service delivery evaluations to inform policy and program development	Sustainable Governance Indicators 2009 and desktop research	Comparable

In summarising the lessons from other countries on improved service delivery, the UK Cabinet Office noted that three objectives stood out:

- strengthening entitlements and promoting equity;
- establishing the common standards required for services to connect up; and
- establishing better incentives for delivering greater innovation, quality and productivity.[159]

5.1 Service design and integration

5.1.1 Existence of systematic user and stakeholder engagement programs

Given the number of countries examined, it has not been possible to look at how individual departments and agencies design, receive user feedback upon and adjust the services that they provide. This report only considers the extent to which each country has a systematic approach across government to involve users and stakeholders in the design of services.

[159] Cabinet Office Strategy Unit, *Power in People's Hands: Learning from the World's Best Public Services,* 2009, p.69.

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Our review at the whole-of-government level highlighted mechanisms and tools for engaging citizens on policy issues and receiving feedback on services. However, at this high level, it has been difficult to distinguish between engaging users in service design as distinct from encouraging citizens' participation in the design and implementation of public services more generally.

The OECD found that approximately 80% of member countries reported having developed standards or guidelines for open and inclusive policymaking, including the development of services.[160] There has been experimentation with the use of semi-permanent citizen panels to consider issues in the UK, Canada and Denmark (with varying success), and a growing interest among all of comparator countries (but particularly the USA, UK and New Zealand) in the use of web tools (wikis, blogs and online forums) to obtain views from citizens. In the APS, mechanisms for engaging with stakeholders in service design and delivery appear to be devolved to the agency level (for example Centrelink and the Australian Taxation Office).[161]

Table 5-2 Examples of systematic user and stakeholder engagement program

Countries	Examples of systematic user and stakeholder engagement program
Canada[162]	Institute for Citizen-Centred Services established by the federal, provincial, and territorial representatives of the Public Sector Service Delivery Council . See case study.
Denmark[163]	Program for User-driven Innovation (Bruegerdreven) provides grants to strengthen innovation in the private and public sectors. Grants are available for development and testing of new methods and tools, building competencies, training, networking, or knowledge dissemination. The program has a yearly budget of DKK 100 million and runs for four years, 2007-2010.
France[164]	Ensemble Simplifions website which enables citizens to suggest ways to simplify government administration, vote for changes to systems and participate in debates.
The Netherlands[165]	Citizenlink (Burgerlink) – an initiative of the Dutch Government to improve the performance of the public sector by involving citizens. Citizenlink promotes quality standards, measures citizen satisfaction and stimulates eParticipation.
NZ[166]	NZ Cabinet agreed in August 2009 to develop Principles for Effective Engagement by NZ Government.
Singapore[167]	Reaching Everyone for Active Citizenry (REACH) - encourages and promotes an active citizenry through citizen participation and involvement. Includes a People's Forum of Singaporeans to gather views on issues and services.
UK[168]	Code of Conduct for Consultation (see Figure 5-1). Establishment of a Director of Digital Engagement.
USA[169]	GSA Office of Citizen Services Communications. Establishment of a Director of Citizen Participation in the White House Office of New Media.

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[160] OECD, Focus on Citizens: Public Engagement for Better Policy and Services, 2009, p.58.
[161] A Sheedy, , *Handbook on Citizen Engagement: Beyond Consultation*, CPRN, 2009.
[162] Information sourced from www.iccs-isac.org, accessed 16 October 2009.
[163] Information sourced from www.ebst.dk/brugerdreveninnovation.dk/about
[164] See www.ensemble-simplifions.fr
[165] See www.burgerlink.nl
[166] Information sourced from www.ocvs.govt.nz/publications/index.html, accessed 16 October 2009.
[167] See www.reach.gov.sg
[168] HM Government, *Code of Practice on Consultation,* 2008.
[169] Information sourced from www.gsa.gov, accessed 20 October 2009.

CASE STUDY: CANADIAN INSTITUTE FOR CITIZEN-CENTRED SERVICES

In 1999, an intergovernmental Citizen-Centred Service Network (CCSN), composed of over 200 senior officials from the three levels of Canadian government as well as leading academics and outside experts in the field of public sector service delivery, released a series of reports, tools and recommendations aimed at improving citizen satisfaction with public-sector service delivery in Canada.[170] These included:

- Citizens First: now a triennial national survey of Canadians' expectations, satisfaction levels and priorities for service improvement across three levels of government in Canada. The survey also measures citizens' satisfaction of public services against private sector services (eg. banks, supermarkets, department stores).[171]

- the Common Measurements Tool (CMT): a survey tool for government departments and agencies to assess client satisfaction and benchmark performance against similar Canadian bodies and across jurisdictions; and

- a database highlighting good practice in service delivery.

To provide a permanent centre for expertise in citizen-centred service, federal, provincial and territorial representatives of the Public Sector Service Delivery Council (PSSDC) established the Institute of Citizen-Centred Services (ICCS) in 2000. Satisfaction with Canadian Government services improved by almost 10 percentage points between1999 – 2003.[172]

Initially incubated by the Institute of Public Administration of Canada, the ICCS is now an incorporated not-for-profit entity with a board comprising service delivery and information technology officials from municipal, provincial and federal public sectors across Canada. The ICCS works with governments across Canada to improve citizen satisfaction with public sector service delivery and as an ongoing centre of expertise in citizen-centred service.

It serves as a repository for good practice, not only on customer service but advice and guidance for the public service on integrated service delivery and 'joined up' government. It also oversees the Citizens First survey and advises on measurement of customer service. [173]

The UK government has a formal consultation process that involves the public as an integral part of the policy making process. The view is that policy making is enhanced and is more effective by listening and taking on board the views of the public and interested groups. It also allows government to tap the widest source of information possible and improve the quality of the decision reached, alerts policy makers to any concerns and issues not picked up through existing evidence or research, and helps to monitor existing policy and determine whether changes are needed. Details of the Code of Conduct are outlined in Figure 5-1.

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[170] ICCS, *Towards Citizen-Serviced Delivery: A How to Guide for Service Improvement Initiatives,* 2007.
[171] M Flumian, A Coe and L Kernaghan, 'Transforming service to Canadians: the Service Canada model' *International Review of Administrative Sciences,* Vol 73, 2007.
[172] Public Management Institute, *From Citizen-Centred Service to the Service Value Chain: Linking people, service and trust,* November 30, 2004 (presentation).
[173] Information sourced from http://iccs-isac.org/eng, accessed 20 October 2009.

Figure 5-1 UK Government Code for Conduct for Consultation (last updated 2009)[174]

When government consults it must:

- build a realistic timeframe for the consultation, allowing plenty of time for each stage of the process;

- be clear as to who is being consulted, about what and for what specific purpose;

- ensure that the document is as simple and concise as possible. It should include a summary and clearly set out the questions it wishes to address;

- always distribute documents as widely as possible, using electronic means (but not at the exclusion of others); and

- make sure all responses are carefully and open-mindedly analysed, and the results made widely available, with an account of the views expressed and the reasons for decisions finally taken.

The Cabinet Office is responsible for the formal code of practice. Current consultations (as at October 2009) include: home schooling, bill of rights and responsibilities, school curriculum and access to communications data. The guidelines ensure that a common standard exists across government for consulting the public.

All comparator countries are increasing citizen involvement in the development of services and provision of feedback on their experiences of services by electronic means. In common with other OECD countries (see Figure 5-2), online portals are primarily used for information, and less for facilitating citizen participation and transactions with government agencies but this is changing.[175]

Figure 5-2 OECD countries primarily using ICT to inform citizens (2009 data)

% respondents ranking the option as important or very important
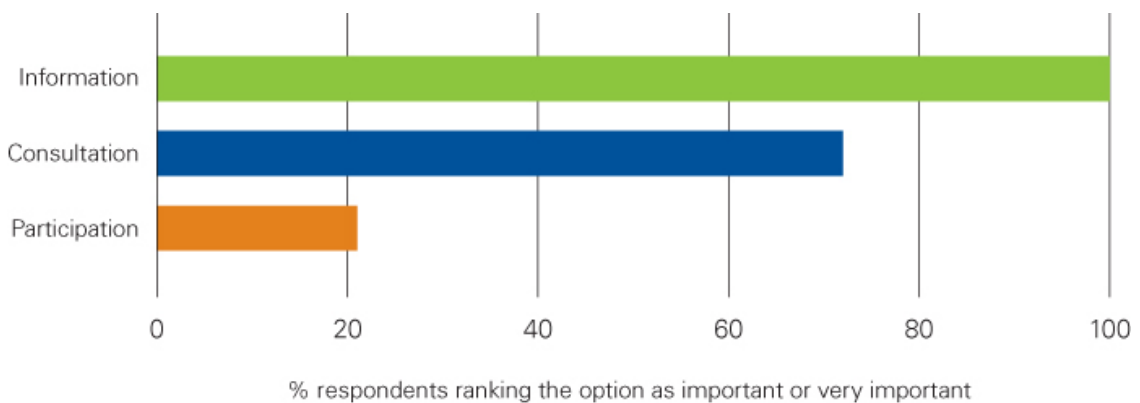
The UN has developed an e-participation survey which aims to capture the dimensions of government to citizen interaction and inclusion, by assessing the extent to which governments proactively engage their citizens in public policy through ICT.

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[174] Information sourced from http://www.direct.gov.uk/en/Governmentcitizensandrights/UKgovernment/PublicConsultations/DG_10035668, accessed 20 October 2009.

[175] OECD, *Focus on Citizens: Public Engagement for Better Policy and Services*, 2009, p.70.

Figure 5-3 Australian Government is assessed as medium in its ability to engage with citizens using ICT (2008 data)[176]
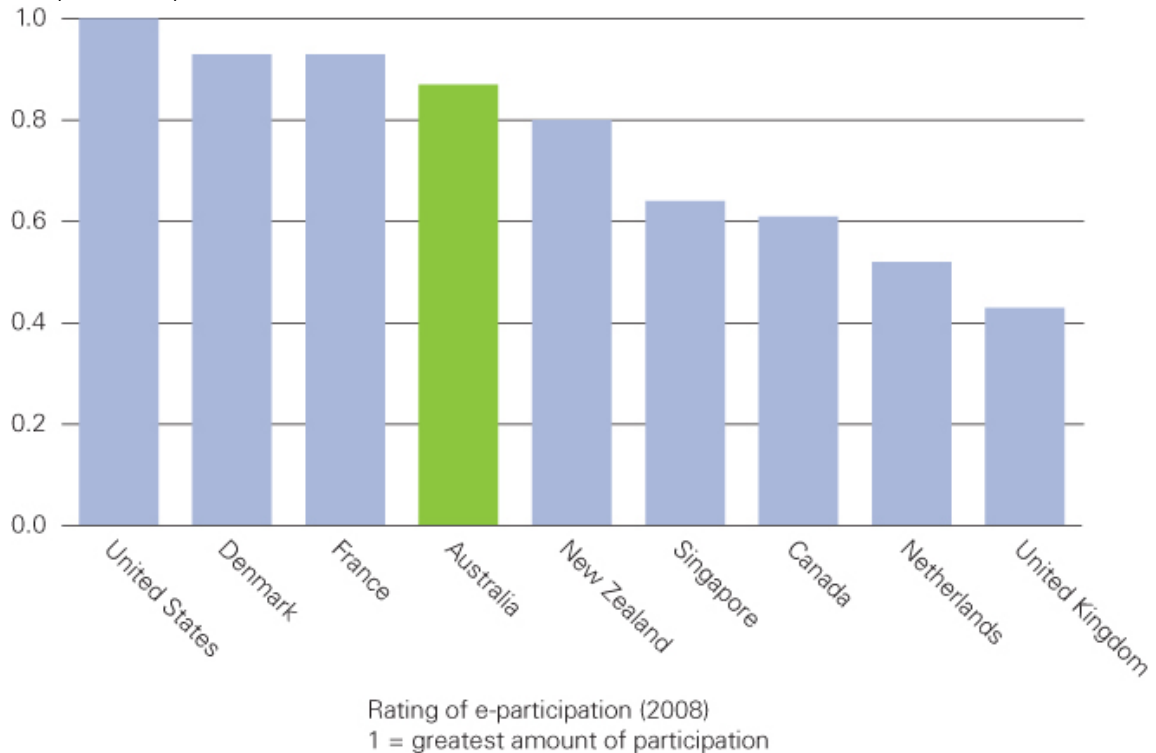
Rating of e-participation (2008)
1 = greatest amount of participation

5.2   Service access and availability

5.2.1   Availability of government services online and citizen user portals

Obtaining an indication of how successful public services are at providing citizens with access to services has proved difficult. No comparable information was available, for example, about access to government services in regional and rural areas versus urban areas across comparison countries. Nor was there consistent information on citizens' preferred channels for access across countries or comparable data for groups who may have problems accessing government services (for example, those with disabilities or those unable to read or speak the country's first language).

Comparable data is available on the quality and availability of government services through comparator countries' websites. A recent survey by the Australian Government Information Management Office found that Australians' preferred means for contacting federal, state and territy governments was by internet and that the internet is now the primary vehicle for interacting with governments in Australia.[177]

Table 5-3 outlines the functionality available through comparator countries' online portals. This is compared to the UN's e-government "web measurement" ranking which assesses the extent to which governments provide e-government policies, applications and tools to meet the

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[176] UNPAN UN e-government Survey, 2008.
[177] AGIMO, *Interacting with Government: Australians' use and satisfaction with e-government services,* 2008. 44% preferred to contact government by internet compared to 34% by phone, 16% in person and 2% by mail.

growing needs of their citizens for more e-information, e-services and e-tools. Countries are assessed on the online presence of national websites and their functionality, along with websites for the ministries of health, education, welfare, labour and finance of each Member State.

The current functionality of the Australian Government's website (www.australia.gov.au) is limited. However, the Australian Government Online Service Point (AGOSP) program is currently working to make this portal the principal entry point to online government services. Planned enhancements to the website will include a single sign-on service, an advanced online forms capability, a multi-agency change of address notification service and a National Government Services Directory.[178]

Table 5-3 Functionality of Australia's online portals is ranked medium amongst comparator countries (2008 data)[179]

Web measurement ranking	Key national online portal		Functionality		
			Inform	Transact	Participate
1	Denmark	borger.dk	✓	✓	✓
3	USA	usa.gov	✓	✓ (limited)	✓
5	France	Service-public.fr	✓	✓	✓
7	The Netherlands	overheid.nl	✓	✓	✓
8	Canada	Service Canada	✓	✓ (limited)	✓
9	**Australia**	**australia.gov.au**	✓		
16	UK	directgov.uk	✓		✓
22	NZ	newzealand.govt.nz	✓		
25	Singapore	Ecitizen.gov.sg	✓	✓	

CASE STUDY: DENMARK'S CITIZEN PORTAL (BORGER.DK)

Borger.dk is a web portal for Danish citizens launched in January 2007 as a core element of the government's objective to improve public online services. The Danish Government aims to digitise all relevant communication between the citizen and the public sector by 2012.

Borger.dk ('borger' means 'citizen' in Danish) provides a gateway to online services, as well as offering services in e-democracy, such as a parallel voting facility and online discussion forums.[180]. The website now includes a 'My Page' functionality which makes it possible for the citizen to find and put all their personal data in relation to the public sector in one personal 'online drawer'. The design of the portal is based on research that seven out of ten Danes wish to use the digital media more in their dialogue with government and that citizens desired one entrance to online services which is easy to use.[181]

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[178] http://www.finance.gov.au/e-government/service-improvement-and-delivery/agosp.html
[179] Web measurement taken from UNPAN UN e-government Survey 2008. Other information sourced by KPMG from national online portals as indicated.
[180] Organisational Change for citizen centric government, *Case Study Interviews: borger.dk,* Sourced from http://www.ccegov.eu/Downloads/Case%20Study%20Denmark%20_borgerdk__final.pdf 2007.
[181] Organisational Change for citizen centric government, *Case Study Interviews: borger.dk,* Sourced from http://www.ccegov.eu/Downloads/Case%20Study%20Denmark%20_borgerdk__final.pdf, 2007.

The portal focuses on the type of service required rather than the provider; it now caters for a total of 12 different 'personas' reflecting different life stages and life situations. The portal does not deliver the services itself, but directs citizens to the relevant service where they can complete the transaction online. In its first year, there were some 80,000 unique users each day.

The borger.dk initiative has been delivered by the country's Digital Taskforce which is made up of 20 people with the task of coordinating cross-government IT policy, and running cross-government projects such as borger.dk. Aligned to this purpose, it is a cross-government agency with staff seconded to it for periods of up to two years. Staff are drawn from the Ministry of Finance, from other central government ministries and agencies, from the regions, and from the municipalities. This structure is intended to allow the Taskforce to operate at cross-government levels.[182]

5.3   Service quality

5.3.1   Perceptions of public service delivery

There are no comparative surveys of the perceived quality of services and programs delivered by comparator governments.

In the absence of comparable public surveys of government services, this report considered the extent to which each country's central government undertakes surveys of the public's satisfaction with its services. This review has only looked at surveys coordinated across government and which seek views on a broad range of services. Surveys undertaken by departments and agencies on specific services are not addressed under this review.

The Australian Government does not conduct any general survey of the Australian public's views on the quality of government services it provides. In 2007, the APSC collated the results of client surveys for 18 Australian Government agencies which indicated high levels of satisfaction (on average above 80% satisfaction) for their services.[183] The kinds of agencies sampled and their number and difficulties in comparing across surveys means that this result should be treated with some caution.

Canada has implemented a comprehensive national survey of its citizens, Citizens First, to assess their satisfaction with government and the services it provides. New Zealand has modified the Canadian survey to introduce its own national survey of public services, Kiwis Count. In Canada, the most recent Citizens First survey revealed that citizens' service quality rating of 26 municipal, provincial/territorial and federal services has risen from 64% in 1998 to 72% in 2008.[184] The Kiwis Count survey, using similar methodology to the Citizens First survey, found that New Zealanders' overall satisfaction with government service quality was 68% in 2007.[185]

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[182] eGovernment Unit DG Information Society and Media European Commission, *Breaking Barriers to e-government: Case Study Report,* Sourced from http://www.egovbarriers.org/downloads/deliverables/casestudy/Case_study_report.pdf, 2007.
[183] APSC, *State of the Service 2006/07,* p.257.
[184] ICCS, "Citizens Say Good Service Matters!", Press Release, 5 September 2008.
[185] Public Satisfaction with Service Quality 2007: The Kiwis Count Survey at
www.ssc.govt.nz/display/document.asp?docid=6554&pageno=4#P70_7927

A recent survey of USA citizens' satisfaction with the federal government indicates that satisfaction varies considerably depending on the area of responsibility. For example, more than half thought the federal government was doing a good or excellent job in providing security, administering the tax system and responding to public health emergencies but less than a quarter thought it was doing a good or excellent job in terms of education, enforcing immigration laws and protecting the nation's financial system.[186]

5.3.2 Perceptions of government effectiveness of delivery of services

A number of global measures consider the effectiveness of governments in implementing their decisions. These measures are calculated using different questions and methodology (some use experts, some online surveys, some aggregate a number of surveys) and do not distinguish between levels of government or between the government and its supporting administration.

The results from three different surveys on perceived government effectiveness are presented at Figure 5-4. Singapore was not considered under the SGI ranking for effective implementation.

Figure 5-4 Consistent view on the effectiveness of the Australian Government across different surveys (2008/09 data)[187]

|	Overall government effectiveness	Government decisions are effectively implemented	Effective implementation
1	Singapore	Singapore	New Zealand
2	Denmark	Denmark	Denmark
3	Canada	New Zealand	United Kingdom
4	Australia	Australia	Australia
5	Netherlands	Netherlands	Canada
6	New Zealand	Canada	Netherlands
7	United Kingdom	France	France
8	United States	United States	United States
9	France	United Kingdom	Singapore (NA)

[186] Partnership for Public Trust, *In the Public We Trust: Renewing the Connection between the Federal Government and the Public*, November 2008, p.2.

[187] '*Overall government effectiveness*' assessed by World Governance Indicators 2008 (predominantly experts) who asked for a view on the quality of public services, the capacity of the public service and its independence from political pressures, and the quality of policy formulation, '*Government decisions are effectively implemented*' taken from IMD World Competitiveness Yearbook, 2009 (mixture of experts and survey data), '*Effective implementation*' taken from Sustainable Governance Indicators, 2009 (experts).

5.3.3   Rating of customer service and existence of service quality standards

The results of one of the few internationally consistent surveys of customer service is set out at Figure 5-5. This survey uses citizens' views and discussions with senior public servants to evaluate how government agencies manage interactions with citizens and businesses and deliver service in an integrated way. Governments are assessed on how well they address the dimensions of leadership in customer service citizen-centered, multi-channel, cross-government service delivery, and proactive communication and education.[188]   New Zealand was not included in this survey.

Figure 5-5 Australian Government services, as a whole, ranked medium in terms of customer service among comparator countries (2007 data)[189]
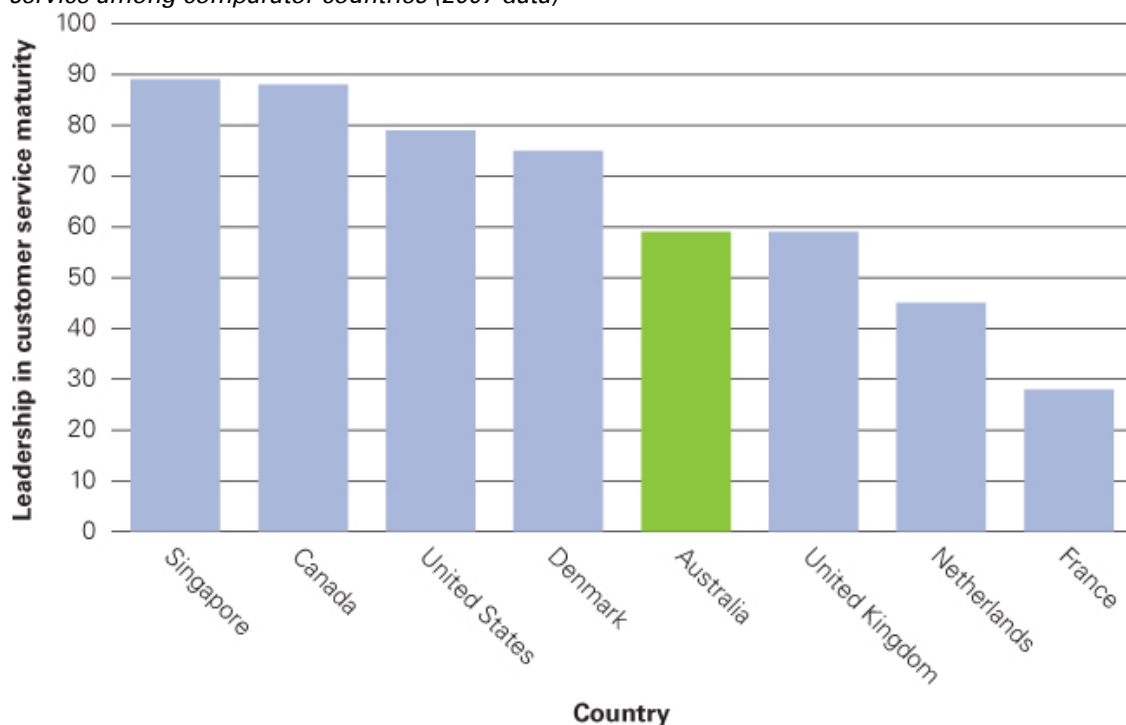
The existence of whole—of-government service quality standards provides an indication as to the importance that government places on customer service in the delivery of government programs and services.

Several European countries have introduced Citizen Charters which set out the government's commitment to involve citizens in deliberations and treat them with respect.[190] The Netherlands is internationally recognised for its e-Citizen Charter which has been adopted as a quality standard at all levels of Dutch government (see Figure 5-6). Singapore has also introduced an extensive regime of quality standards in the delivery of public services.

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[188] Accenture, *Leadership in Customer Service: Delivering on the Promise,* 2007.
[189] Accenture, *Leadership in Customer Service: Delivering on the Promise,* 2007, p.14 .
[190] Citizen Charters in the EU: http://www.eupan.eu/3/92/&for=show&tid=108.

Figure 5-6 Dutch e-Citizen Charter

The Dutch e-Citizen charter is a quality standard for e-government written from the citizen's perspective. It consists of ten quality requirements for digital contacts:[191]

1. Choice of communication channels: counter, letter, phone, e-mail, internet.

2. Transparent Public Sector: citizens know where to apply for official information.

3. Overview of Rights and Duties: the rights and duties of citizens are transparent.

4. Personal information service: tailored information, personal internet site.

5. Convenient Services: citizens only have to provide personal data once to be served in a proactive way.

6. Transparent procedures: openness and transparency of procedures.

7. Digital Reliability: secure identity management and reliable storage of electronic documents.

8. Considerate administration: government compensates and learns from mistakes.

9. Responsible management: citizens are able to compare, check and measure government performance.

10. Involvement and empowerment: the government stimulates participation and involvement of citizens.

The e-Citizen Charter has been awarded the European e-Democracy Award 2007 and been recognised as good practice by the European Union, UN, OECD and Council of Europe.

Service Delivery Charters were introduced into Australian Government departments and agencies in 1997 to improve service delivery to the general public and other stakeholders. The Australian Public Service Commission now oversees Client Service Charters and provides principles on their development. Client service charters which describe the service experience a client can expect from an agency, are required by all Australian Government bodies which provide services directly to the public.[192]

Table 5-4 APS is comparable with comparator countries on the existence of whole of government service quality standards (current for 2009)

Country	Existence of Whole of Government service quality standards
Australia[193]	Commonwealth Government Service Charters
Canada[194]	Service Canada Service Charter
Denmark	No whole of government standards identified
France	No whole of government standards identified
The Netherlands[195]	E-citizen charter

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[191] Information sourced from www.burgerlink.nl/englishsite/e-citizen-charter/e-Citizen-Charter.xml, accessed 16 October 2009.
[192] Information sourced from http://www.apsc.gov.au/charters/, accessed 20 October 2009.
[193] See www.apsc.gov.au/charters/
[194] See www.servicecanada.gc.ca/eng/about/charter/index.shtml
[195] See http://www.burgerlink.nl/englishsite/citizen-charters/citizen-charters.xml

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Country	Existence of Whole of Government service quality standards
New Zealand	No whole of government standards identified
Singapore[196]	CARE framework under PS21
UK[197]	Customer Service Excellence Standards
USA[198]	Executive Order setting out customer service standards for all agencies that provide significant services directly to the public.

5.4 Service evaluation

5.4.1 Existence of systematic program and service delivery evaluations to inform policy and program development

All of the comparator countries have mechanisms for evaluating the delivery of public services. Externally, independent evaluations of government's financial and non-financial performance are generally undertaken by auditors, usually reporting to the legislature; in some cases this is augmented by committees in legislative bodies. Table 5-5 describes the primary audit organisations for each comparator public service.

Table 5-5 All comparator countries have an independent audit body which undertakes financial and performance audits (current for 2009)

Country	Audit organisations	Description	Financial and performance auditing
Australia[199]	Australian National Audit Office	Supports the Auditor-General, who is an independent officer of the Parliament who audits approximately 300 government bodies.	✓
Canada [200]	Office of the Auditor- General of Canada	Supports the Auditor General of Canada who is an Officer of Parliament who audits federal departments and organisations.	✓
Denmark [201]	National Audit Office of Denmark	Supports the Auditor General who is appointed by Parliament and works with the Parliamentary Public Accounts Committee to "supervise the audit control in the government administration".	✓
France [202]	Cour des Comptes	Assists Parliament in monitoring government activity. Monitors all administrations, national public and semi-public entities.	✓

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[196] Information sourced from http://app.ps21.gov.sg, accessed 16 October 2009.
[197] See www.cse.cabinetoffice.gov.uk/homeCSE.do
[198] Information sourced from www.opm.gov/perform/setting.asp, accessed 20 October 2009.
[199] Information sourced from http://www.anao.gov.au/, accessed 20 October 2009.
[200] Information sourced from http://www.oag-bvg.gc.ca/internet/index.htm, accessed 16 October 2009.
[201] Information sourced from http://www.rigsrevisionen.dk/composite-6.htm, accessed 20 October 2009.
[202] Information sourced from http://eca.europa.eu/portal/page/portal/eca_main_pages/splash_page, accessed 16 October 2009.

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Country	Audit organisations	Description	Financial and performance auditing
New Zealand[203]	Audit New Zealand	Supports the Auditor-General, who is an independent officer of the Parliament, to audit financial statements of public entities, as well as handle special assignments in the areas of governance, risk, and contract and project management.	Financial auditing only
	Office of the Auditor-General	Supports the Auditor-General by carrying out performance audits and inquiries of public sector agencies and making sure that public entities are abiding by the rules.	Performance auditing only
The Netherlands[204]	The Court of Audit	Supports an independent High Board of State, the Court of Audit (appointed by royal decree) to audit public sector agencies.	✓
Singapore [205]	Auditor-General's Office	Supports the Auditor-General, whose appointment and tenure is prescribed in the Constitution, to audit public sector agencies and to report to the President on Government transactions.	✓
UK [206]	National Audit Office	Supports the Comptroller and Auditor General, who is an Officer the House of Commons, to audit the accounts of all government departments and agencies and public bodies and report to Parliament on the economy, efficiency and effectiveness of these bodies.	✓
USA[207]	Government Accountability Office	Led by a Comptroller-General appointed for a 15 year term, GAO supports the Congress in meeting its constitutional responsibilities and auditing the performance and accountability of federal government departments and agencies.	✓

A comparative picture of the extent to which these audit bodies undertake performance audits of government expenditure is difficult to obtain. The OECD collects data on the proportionate percentage of central government spending which is annually subject to performance or value-for-money audits by member countries' chief audit body. According to responses to the OECD's survey in 2007, only 0.1% of Australian Government spending is subject to annual audit, compared to 5% in France and the Netherlands and 25% for Denmark.[208] However, the lack of responses from the USA, UK and New Zealand and the high proportion given by Canada (100%) make it difficult to draw meaningful conclusions about evaluations from this data.

Some comparative data is available on the extent to which departments and agencies undertake their own performance auditing. Figure 5-6 provides an assessment of the institutional strength of internal audit processes within the OECD comparator countries. It also provides an assessment of the extent to which ministries are able to monitor the activities of their executive agencies. Singapore is not included.

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[203]Information sourced from http://www.auditnz.govt.nz/, accessed 16 October 2009.

[204] Information sourced from http://www.intosaiitaudit.org/mandates/writeups/netherlands.htm, accessed 17 October 2009.

[205] Information sourced from http://www.ago.gov.sg/, accessed 15 October 2009.

[206] Information sourced from http://www.nao.org.uk/, accessed 15 October 2009.

[207] Information sourced from http://www.gao.gov/, accessed 15 October 2009.

[208] Information sourced from OECD International Budget Practices and Procedures Database, "Question 67: Approximately what percentage of central Government spending is annually subject to performance or value-for-money audits by your Supreme Audit Institution?". http://webnet4.oecd.org/budgeting/Budgeting.aspx

Figure 5-6 Australian Government departments and agencies have good internal auditing processes and monitoring of agency service delivery (2009 data)[209]
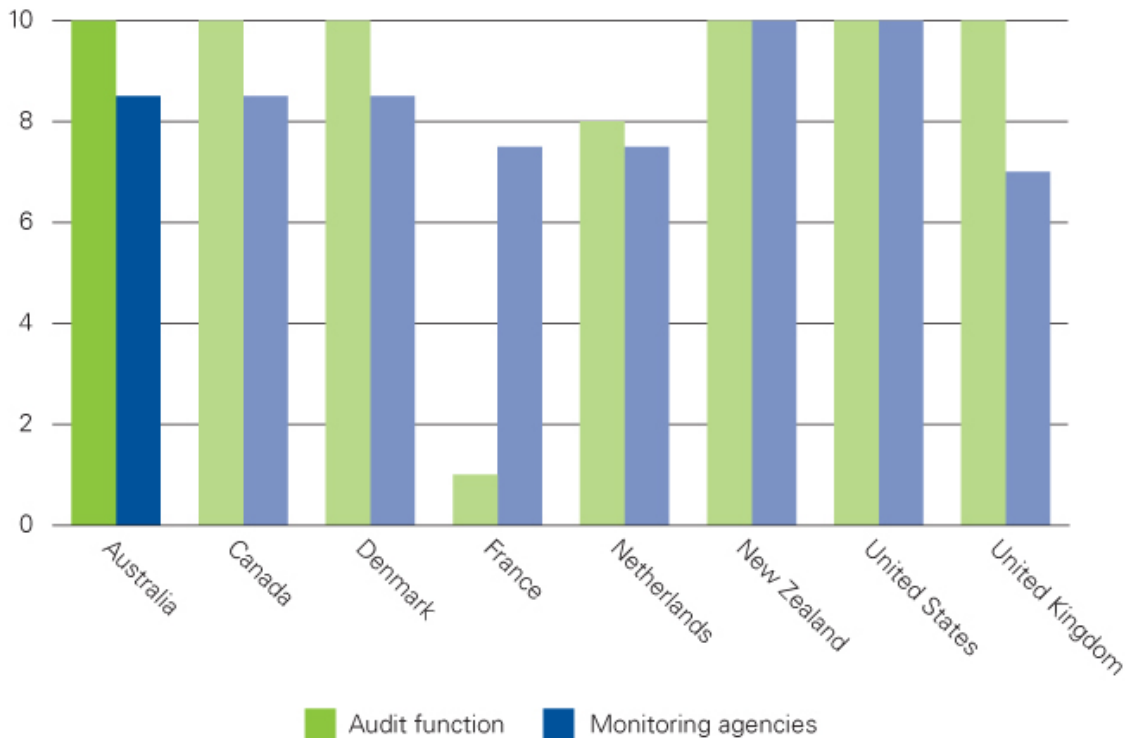
At a whole-of-government level, performance budgeting has been used to assess the effectiveness of government programs and services (see section 8 for detail). Examples of initiatives to strengthen delivery of services and learn from evaluation include the UK Prime Minister's Delivery Unit, now based in the UK Treasury (which has policy ownership of the PSAs)[210] and the USA Office of Management and Budget's current work to strengthen the evaluation of selected USA programs through on-line information about existing evaluations underway, a new inter-agency working group to promote stronger evaluation across government and a contestable funding pool to support agencies' ability to undertake assessment or propose new evaluation approaches.[211]

The practice of evaluation is well-established in Canada, with a combination of Government departments reviewing their processes or engaging others to conduct independent reviews. Each agency writes a business plan which includes the results and service levels expected from and the resources available to the agency. The Canadian Treasury Board Secretariat has recently mandated that each department establish an evaluation unit to undertake an assessment of all programs and grants delivered by that department and its agencies at least every five years.[212]

In New Zealand, all agencies enter into a performance-based contract with their Minister which includes annual performance targets. The Minister accounts to Parliament for the work of the agency. All departments and entities must develop statements of intent (SOI) which translate strategic goals into outputs for which Ministers are held responsible by Parliament. The

[209] "Audit function and monitoring agencies", SGI, 2009.
[210] Information sourced from www.hm-treasury.gov.uk, accessed 20 October 2009.
[211] Information sourced from http://www.whitehouse.gov/omb/assets/memoranda_2010/m10-01.pdf, accessed 19 October 2009.
[212] Information sourced from http://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=15024&section=text#cha1, accessed 20 October 2009.

remuneration of heads of departments is tied to their ability to achieve their goals, therefore Ministers have a significant influence over their ministry's performance.

6 Assessment and comparison of a values driven culture

6-1 Assessment framework

Requirements	Indicators	Data used for assessment	Relative APS performance
6.1 A values-based culture	6.1.1 Existence of a statutory prescription of public sector values	Desktop research	Comparable
6.2 Public sector independence	6.2.1 Perception of public sector independence	IMD World Competitiveness Yearbook 2009	High
	6.2.2 Level of political involvement in public service appointments	OECD Performance-based Arrangements 2007	Medium
	6.2.3 Existence of documentation (for example legislation) clarifying roles of public service compared to Ministers and advisers	Desktop research	Comparable
6.3 Fairness and integrity	6.3.1 Perceptions of corruption	Corruption Perceptions Index 2008	Medium
	6.3.2 Public trust in government systems	World Values Survey 2009	Medium
	6.3.3 Existence of national survey of public trust	Desktop research	Opportunity
	6.3.4 Existence of means of public recourse such as complaints departments and Ombudsman	Desktop research	Medium

6.1 A values-based culture

The OECD stated in its 2000 report *Building Public Trust: Ethics measures in OECD countries* that identifying core values within the public service is the first step to creating a common understanding within a society of the expected behaviour of public service office holders.[213] This common understanding can help to increase the level of public trust that citizens have in their government and the public services available to it.

The OECD report identified the six most frequently stated public sector values within OECD countries and the extent to which they have changed over the last last nine years.

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[213] Information sourced from OECD http://www.oecd.org/dataoecd/60/43/1899427.pdf, accessed 15 October 2009.

Figure 6-1 The six most frequently stated core public service values in OECD member countries (2009 data)[214]

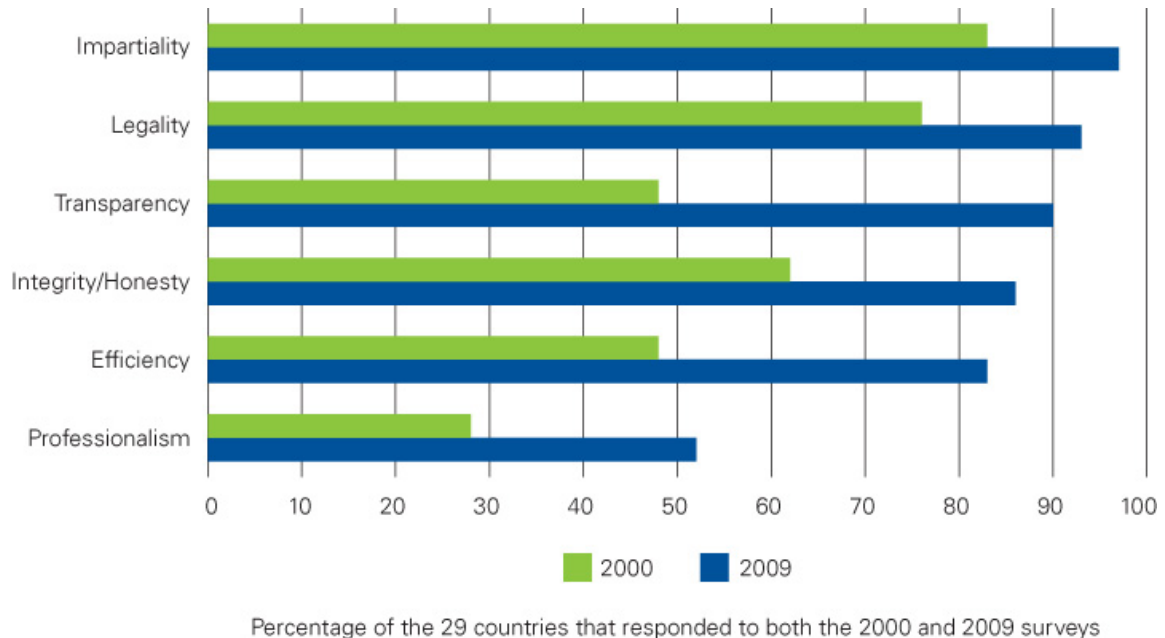Percentage of the 29 countries that responded to both the 2000 and 2009 surveys

Figure 6-1 identifies that impartiality is the public sector value identified as being the most important amongst OECD countries. Impartiality is considered important because it assumes that all citizens will have fair access to public services.[215] The key message from this report is that an increased public trust of citizens in their public service can support and increase the acceptance of the implementation of a policy agenda of the government of the day. The United Nations conference, *Building trust in Government in the 21st century* in 2007 identified that trust in the public sector is usually hindered by the existence or perception of corruption within a public service.

6.1.1   Existence of a statutory prescription of public sector values

All of the comparator countries have developed a code of conduct for its public service and employees. We have also found that there are a number of key values that are consistent across countries. Analysis of each comparator country's code of conduct illustrates that the values common to all countries are: integrity, impartiality, objectivity, honesty, dedication to the public service, and retaining public trust. All of the comparator countries state that public servants must serve the Government without political bias.

The OECD has commented that legislating standards of behaviour for the public service has become a key way to elaborate on the stated core values.[216] Seven of the comparator countries, including Australia, enshrine their public service code of conduct in legislation. The actual code of conduct is usually upheld through a regulatory provision outlined by a relevant minister. We summarise each country's code of conduct in Table 6-2.

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[214] OECD, *Government at a Glance,* 2009, p.40
[215] OECD, *Building Public Trust: Ethics measures in OECD countries*, 2000, page 2 http://www.oecd.org/dataoecd/60/43/1899427.pdf
[216] OECD, *Building Public Trust: Ethics measures in OECD countries*, 2000, page 2 http://www.oecd.org/dataoecd/60/43/1899427.pdf

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Table 6-2 APS comparable to most comparator public services in having a legislated public service values and a code of conduct (current for 2009)

Country	Public service values and/or codes of conduct documents	Code of conduct and/or values in legislation	Name of legislation
Australia[217]	APS Values and Code of Conduct	✓	*Public Service Act 1999*
Canada[218]	Values and ethics code for the Public Service	✓	*Public Service Employment Act 2007*
Denmark[219]	God adfærd i det offentlige (Code of Conduct in the Public Sector)	✓	*Public Administration Act 2007* (Note – the Danish Government has a separate code of conduct for all employees of its Ministry of Foreign Affairs).
France[220]	French code of Government Procurement	✓	*Civil Service General Statute 1946* (amended 2006)
The Netherlands[221]	Dutch Government Model Integrity Code of Conduct 2006	✓	*Dutch Civil Servants Act 1929* (amended 2006)
New Zealand[222]	Code of Conduct	✓	*State Sector Act 1998* and *Public Finance Act, 2003*
Singapore[223]	Public Service Core values	✗	N/A
UK[224]	UK Civil Service Codes of Conduct and Values	✗	N/A
USA[225]	USA Code of Federal Regulation / Standards of ethical Conduct	✓	*Ethics in Government Act 1978*

In the Netherlands, individual government departments are responsible for creating their own code of conduct using a Model Code of Conduct as a reference.[226] Further, the European Union Public Administration report *Comparative Study on the Public-service Ethics of the EU Member States* in 2007 found that the full doctrine of values expected from the French public service were scattered throughout a range of legislation, and were not fully and easily identifiable to

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[217] Information sourced from *Australian Public Service Commission* http://www.apsc.gov.au/merit/mpcommissioner.htm and *Public Service Act 1999 (Commonwealth)*
[218] Canadian *Public Service Employment Act 2003* and The Public Service Commission of Canada http://www.psc-cfp.gc.ca/index-eng.htm
[219] Information obtained from http://perst.dk/Service%20Menu/English.aspx
[220] Information obtained from The World Bank, http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTPUBLICSECTORANDGOVERNANCE/EXTADMI NISTRATIVEANDCIVILSERVICEREFORM/0,,contentMDK:20724246~pagePK:210058~piPK:210062~theSi tePK:286367,00.html
[221] Information sourced from European Union *Europe Connect* http://ec.europa.eu/youreurope/nav/fi/citizens/working/public-employment/nl/index_en.html
[222] New Zealand *State Services Commissioner,* http://www.ssc.govt.nz/display/home.asp
[223] Information obtained from http://www.psd.gov.sg/PublicService/SingaporePublicService/
[224] Information obtained from http://www.civilservicecommissioners.org/
[225] Information obtained from http://www.usoge.gov/federal_employees.aspx
[226] European Union Public Administration Network, *Comparative Study on the Public-service Ethics of the EU Member States, 2006* http://www.vm.fi/vm/en/04_publications_and_documents/01_publications/06_state_employers_office/Comparative_Study_on_the_Public _Service_Ethics_of_the_EU_Member_States.pdf

public servants.[227] We also note that for Table 6-2, where public service values have not been legislated, the core values generally represent a contractual relationship between the public service employee and the public service employer.[228]

Each of these public sector codes provide for post employment restrictions. For the majority of comparator countries, this usually incorporates the ethics of returning public documents and maintaining confidentiality. The USA and France provide for restrictions on post public service employment. For example, a French public servant is restricted from working for a private company that would have been under their jurisdiction whilst in the employment of the French Civil Service. In the USA, the *Office of Federal Procurement Policy Act 1988* regulates post employment of public sector employees.

For all of the comparator countries, there is criminal recourse available for breaches of public sector values and trust. Each of the comparator countries have established independent judiciaries to investigate breaches of public sector independence and values, which are specifically aimed at monitoring corruption within the public service. In Australia, the *Public Service Act 1999* provides Departmental Secretaries and other agency heads with power to apply sanctions to public servants, including dismissal or suspension, if they are found to be in contravention of the public service code of conduct. Additionally, corrupt activities within the APS may be investigated and prosecuted through the independent judicial system.

Another core value common to each of the comparator countries is independence. A paper delivered to the 2005 European Group for Public Administration (EGPA) states that a Public Service code of ethics and conduct plays an important role in motivating and compelling public servants to act in the public interest.[229]

Public service codes of conduct are primarily designed to ensure and promote public sector independence (and the perception of independence) which, in part, includes appointment based on merit and not political affiliations. The degree to which a public servant can be considered to be independent from a politically elected government can differ depending on the system of government that exists within a country, and public perceptions.

6.2   Public Sector Independence

6.2.1   Perception of public sector independence

The Institute for Management Development *World Competitiveness Yearbook 2008* surveys perceptions of public service independence across 55 countries. Rankings for comparator countries are contained in Table 6-3. Note that these rankings do not distinguish between central government public services and the bureaucracies at other levels of government.

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[227] European Union Public Administration Network, *Comparative Study on the Public-service Ethics of the EU Member States, 2006* http://www.vm.fi/vm/en/04_publications_and_documents/01_publications/06_state_employers_office/Comparative_Study_on_the_Public _Service_Ethics_of_the_EU_Member_States.pdf
[228] An example of this includes the UK Civil Service Code of Values – see item 19.
[229] European Group for Public Administration, *Values and motivation in public administration,* 2005, p3.

Table 6-3 APS ranked highly in terms of independence of public service (2008 data)[230]

IMD Rank	Country
1	Denmark
2	The Netherlands
3	**Australia**
4	Canada
6	New Zealand
16	Singapore
19	USA
32	France
36	UK

For all of the comparator countries, we have found that the public service values require that recruitment and appointment to positions are to be based on the principle of selection by merit and not political affiliations. However, most of the comparator countries have some form of political involvement in the appointment of some or all of the SES (see 6.2.2). In the USA, political appointments to senior positions within the Federal public service are capped at 10%.[231] The UK's ranking is unusual given the traditional independence of the British Civil Service but may be due to perceptions of ministerial interventions, despite the strong systems in place to ensure the independence of its public service.[232]

6.2.2   Level of political involvement in public service appointments

The OECD has found that political involvement in appointments is a strong predictor of political involvement in other areas of human resource management.[233]

A 2007 OECD study found that there are two principal ways that senior public servants are appointed. The first is where a clear line is drawn between senior staff appointed politically and others appointed using administrative procedures.[234] The second is where staff are appointed by a hybrid procedure in which administrative selection criteria like merit and experience are combined with political considerations.[235] Table 6-4 summarises appointment processes for senior public servants in selected OECD countries.

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[230] IMD, *IMD World Competitiveness Yearbook 2008*, 2008, p.356
[231] Information sourced from the World Bank,
http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTPUBLICSECTORANDGOVERNANCE/EXTADMINISTRATIVEANDCIVILSERVIC
EREFORM/0,,contentMDK:20134011~menuPK:1919807~pagePK:210058~piPK:210062~theSitePK:286367,00.html
[232] For example, OECD Working Paper, 2007, *Study on the Political Involvement of Senior Staffing and on the Delineation of Responsibilities between Ministers and Senior Civil Servants,* p.11
[233] OECD, *Performance-based Arrangements for Senior Civil Servants OECD and other Country Experiences*, 2007, p.15
[234] OECD, *Performance-based Arrangements for Senior Civil Servants OECD and other Country Experiences*, 2007, p.14
[235] OECD, *Performance-based Arrangements for Senior Civil Servants OECD and other Country Experiences*, 2007, p.14

Table 6-4 Greater political involvement in APS appointments than some comparators (2007 data)[236]

	Country	Five most senior levels directly below the politically appointed Minister				
		Level 1	Level 2	Level 3	Level 4	Level 5
More political ⬆⬇ More administrative	USA	Political	Political	Political	Political - hybrid	Political - hybrid
	France	Political	Hybrid	Hybrid	Hybrid	Adm
	Australia*	Hybrid	Admin	Admin	Admin	Admin
	New Zealand	Hybrid	Adm	Adm	Adm	Adm
	Denmark	Hybrid	Adm	Adm	Adm	Adm
	UK	Adm	Adm	Adm	Adm	Adm

* Australia included by KPMG

Table 6-4 identifies that the USA's senior public servant appointments are relatively more political than the UK and Denmark. New Zealand and France appear to have a combination of political and administrative appointments.

KPMG has added Australia to the table above based on the following assessment: that with the exception of Secretaries, all APS senior level appointments could be classified as 'administrative', given they are appointed without any political involvement. The appointment of APS Secretaries has been classified as 'hybrid', due to the fact that the Secretary of PM&C recommends their appointment to the Prime Minister. On this basis, Australia would be assessed medium amongst comparator countries in relation to political involvement in senior public service appointments.

6.2.3 Existence of documentation clarifying roles of public service

Many countries seek to take measures to ensure that appointments are independent of ministerial decision. Some examples of these within the comparator countries are summarised in Table 6-5. Information for Denmark was not available.

[236] OECD, *Performance-based Arrangements for Senior Civil Servants OECD and other Country Experiences*, 2007, p.14

Table 6-5 Australian Government is comparable to comparator governments in having legislation separating responsibilities of ministers and public servants (current for 2009)

Country	Legislation clarifying separation of roles	Regulatory body
Australia[237]	*Public Service Act 1999*	Australian Public Service Commissioner'
Canada[238]	*Public Service Employment Act 2003*	Public Service Integrity Officer / The Public Service Commission of Canada
Denmark[239]	*Civil Service Act 2009*	State Employer's Authority
France[240]	*Civil Service General Statute 1946* (amended 2006)	High Civil Service Council
The Netherlands[241]	*The Public Procurement Act 2009*	Dutch Bureau of Ethics and Integrity Stimulation in the Public Service
New Zealand[242]	*The State Sector Act, 1988*	NZ State Services Commissioner
Singapore[243]	N/A – contained within Public Service Instruction manual	Corrupt Practices Investigation Bureau / Singapore Public Service Commission
UK[244]	*Civil Service Management Code*	Her Majesty's Civil Service Commissioners
USA[245]	*Hatch Act Reform Amendments 1993, Ethics Reform Act 1989*	United States Office of Government Ethics

Table 6-5 does not distinguish between constitutional law or regulations, or administrative law. For countries that contain multiple pieces of legislation that separate the responsibilities of ministers and the public service we have provided the most comprehensive or relevant.

In the UK, the Civil Service Commissioners contribute to the development of an effective and impartial public service. They support public service core values by giving an assurance that appointments are made on merit on the basis of fair and open competition and by promoting the Civil Service Code. Commissioners are not public servants, and are appointed by the Queen. Similarly, within Australia, the Australian Public Service Commissioner and the Merit Protection Commissioner are statutory officers appointed by the Governor-General.

Our research has found that some of the comparator countries have sought to reduce perceptions of non-independence amongst senior public servants by prescribing fixed term appointments. The Netherlands, France, the UK, and New Zealand also include fixed term contracts for their senior management staff in some instances.[246]

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[237] Information sourced from *Australian Public Service Commission* http://www.apsc.gov.au/merit/mpcommissioner.htm and *Public Service Act 1999 (Commonwealth)*

[238] Canadian *Public Service Employment Act 2003* and The Public Service Commission of Canada http://www.psc-cfp.gc.ca/index-eng.htm

[239] Information obtained from http://perst.dk/Service%20Menu/English.aspx, accessed 19 October 2009.

[240] Information obtained from The World Bank, http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTPUBLICSECTORANDGOVERNANCE/EXTADMINISTRATIVEANDCIVILSERVIC EREFORM/0,,contentMDK:20724246~pagePK:210058~piPK:210062~theSitePK:286367,00.html

[241] Information sourced from European Union *Europe Connect* http://ec.europa.eu/youreurope/nav/fi/citizens/working/public-employment/nl/index_en.html

[242] New Zealand *State Services Commissioner,* http://www.ssc.govt.nz/display/home.asp

[243] Information obtained from http://www.psd.gov.sg/PublicService/SingaporePublicService/, accessed 15 October 2009.

[244] Information obtained from http://www.civilservicecommissioners.org/, accessed 16 October 2009.

[245] Information obtained from http://www.usoge.gov/federal_employees.aspx, accessed 16 October 2009.

[246] OECD, *State of the Public Service*, 2008, p76

> **CASE STUDY: INDEPENDENCE WITHIN NEW ZEALAND PUBLIC SERVICE**
>
> Public and civil service reform in New Zealand during the 1980s was based around increasing the accountability of the public service, and mandating the lines of division between ministers and civil servants. The reforms also looked to install new accountability into the public service. The reformed management system separated the service delivery between Ministers and departmental Chief Executives into a contractual relationship, whereby a Minister would purchase outputs from Ministers. This method proved problematic due to the increased administrative burden that it placed on Ministers, and was subsequently replaced by 'Statement of Intent and Output Plans', which were outcome focussed documents that set out ministerial objectives, and public service delivery plans.[247]
>
> Further, the reforms also clarified the roles of the Ministers and Chief Executives and these have been clearly defined in the Cabinet Manual, which prescribes that:
>
> - Ministers are politically accountable to Parliament (and the public) for the conduct of their agencies – they are responsible for strategic direction, policy decisions, the public advocacy of the decisions made, and 'outcomes', and
>
> - Chief Executives are responsible to their Ministers and to Parliament for the conduct of their agencies – they are responsible for policy advice and implementation, service delivery, the management of their agencies, 'outputs' and 'managing for outcomes'.[248]
>
> The Chief Executives are required to submit "Statement of Intent and Output Plans" to the Minister, to be reviewed by a parliamentary select committee. If a Chief Executive is identified as underperforming, the State Services Commissioner is empowered to take action. In contrast, where a Minister is considered to be interfering in areas of Chief Executive responsibility, they can be referred to the State Services Commissioner, who can hold clarification meetings or request that the Minister submit in writing an explanation of intent.[249]

6.3   Fairness and integrity

The United Nations report *Building Public Trust in Government in the 21st Century* looked to compare the levels of trust that citizens from a range of countries had in their government systems. The UN found that citizens' attitudes towards the public service may be affected by political persuasions, and the policy agendas that are initiated by a current government. It also found that there was a relationship between the countries that contain a larger public service, and higher levels of public trust in the government. Further, the report found that the positive impact of good governance can easily be destroyed by the variable of corruption. Higher levels of public trust in Government are likely to be found in countries that provide the public with the ability to participate in good governance systems, and some voice of participation in government.[250]

6.3.1   Perceptions of corruption

The *Corruption Perceptions Index (CPI)* published by Transparency International measures the extent to which corruption, defined as "the abuse of entrusted public power for private

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[247] Lodge G, Kalitowski S, *Innovations in Government: International Perspectives on Civil Service Reform*, 2007, page 9
[248] Cabinet Manual of New Zealand Government, 2008, http://cabinetmanual.cabinetoffice.govt.nz/3.5
[249] Lodge G, Kalitowski S, *Innovations in Government: International Perspectives on Civil Service Reform*, 2007, page 9
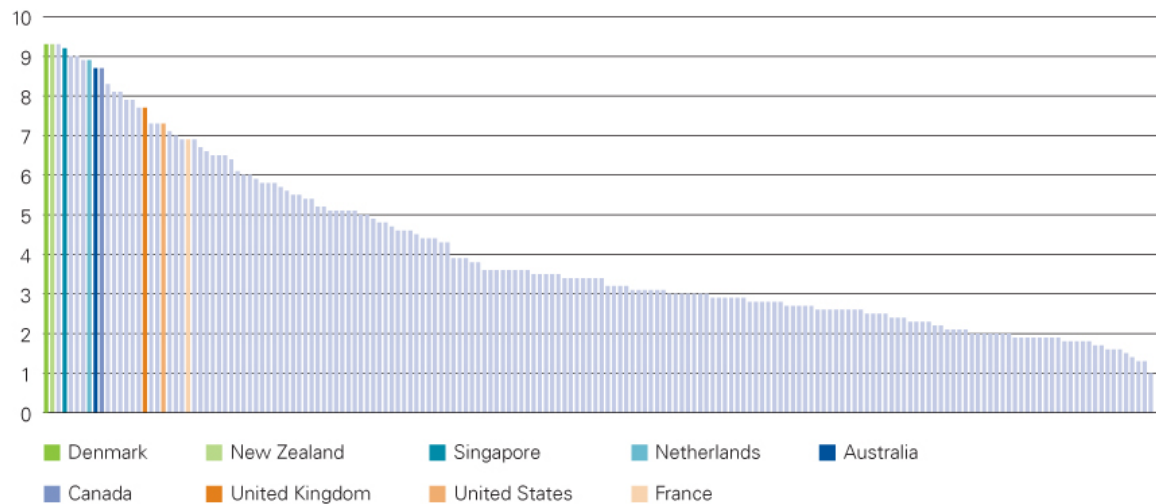[250] United Nations *Building trust in Government in the twenty first century*, 2006, page 15.

gain",[251] is perceived to exist within the public service or government.[252] The index is based on surveys carried out among business people and country analysts, including resident citizens, and assesses 180 countries. The most recent CPI was undertaken in 2008, and the results for the comparator countries are contained at figure 6-2. Note that these rankings do not distinguish between central government public services and the bureaucracies at other levels of government or between the public service and politicians.

Figure 6-2 Australia perceived to have low levels of corruption but ranked medium amongst comparator countries (2008 data) [253]

■ Denmark ■ New Zealand ■ Singapore ■ Netherlands ■ Australia	
■ Canada ■ United Kingdom ■ United States ■ France	

The results in Figure 6-2 indicate that six of the comparator countries are located within the top 10 countries with the lowest perceived amounts of corruption within its public service and Government. All comparator countries are in the top 25 of 180 countries surveyed. These results are broadly consistent with the 2009 IMD measure of bribery and corruption within the public sector (see Table 6-6).

Table 6-6 Australia consistently ranked medium among comparator countries in terms of perceived levels of bribery and corruption (2009 data)[254]

IMD Rank	Country
1	Denmark
3	New Zealand
4	Singapore
5	**Australia**
8	The Netherlands
9	Canada
16	UK
19	France
23	USA

[251] Internet centre for corruption research *Frequently Asked Questions* http://www.icgg.org/corruption.cpi_2005_faq.html
[252] Internet centre for corruption research *Frequently Asked Questions* http://www.icgg.org/corruption.cpi_2005_faq.html
[253] Internet centre for corruption research *Frequently Asked Questions* http://www.icgg.org/corruption.cpi_2005_faq.html
[254] IMD, *IMD World Competitiveness Yearbook 2009*, 2009, p.355

Table 6-6 and Figure 6-2 indicate consistency in the same countries occupying the lowest rankings. Neither the IMD nor the CPI provide an indication of the factors which affect the assessment of a country's government and public service.

6.3.2   Public trust in government systems

Public trust in government is related both to trust in politicians, the public service, the structure of the political system and its governance, accountability and transparency, as well as social factors and the influence of the media.[255] It is widely agreed that there has been a decline in public trust in government throughout the world and that this trend has continued despite improvements in the quality of government services, increased efficiency and economic prosperity.[256]

The World Values Survey (WVS) is an independent social study that seeks to measure societies' views and values across a broad range of social indicators, one of which is public trust in government and government systems.[257] Figure 6-3 presents the results from the 2006 WVS which asked respondents to rate their level of confidence in their public service to deliver good outcomes.[258] Denmark and Singapore were not included in the survey.

[255] State Services Authority, *A Matter of Trust: Trust in government, working paper no. 2*, 2007.
[256] J Bourgon, "Why Should Governments Engage Citizens in Service Delivery and Policy Making" in OECD, *Focus on Citizens: Public Engagement for Better Policy and Services*, 2009, pp. 199-206
[257] World Values Survey 2008, "Confidence in Civil Service" available at http://www.worldvaluessurvey.org/
[258] Please note, data for Australia is from 2005.

Figure 6-3 Low levels of confidence in the APS relative to comparator public services (2006 data) [259]

Legend: ■ A great deal ■ Quite a lot ■ Not very much ■ None at all
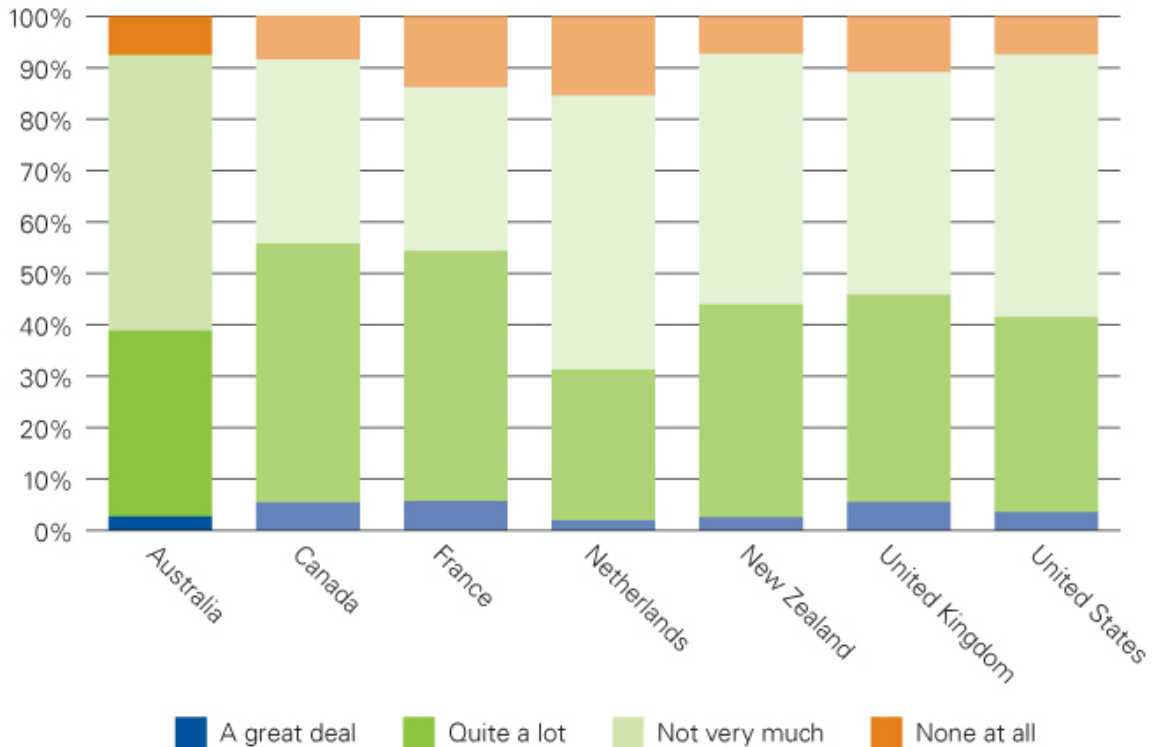
The results from the WVS do not appear to be consistent with the results from the IMD or Transparency International surveys on corruption and independence in the public service. For example, the graph above indicates that respondents from Canada and France exhibit a higher level of confidence in the public service than the other comparator countries. The dominant reaction from Australia, the USA, the Netherlands, and New Zealand was that respondents have "not very much" confidence in their public service's ability to deliver good outcomes.

6.3.3   Existence of national surveys of public trust

This report has found that seven of the comparator countries undertake regular (or more than once-off) surveys of their citizens to assess the level of public trust in the Government and their satisfaction with public services. These are outlined in Table 6-7.

Table 6-7 Examples of regular surveys of trust in the public sector within comparator countries (current for 2009)

Country	Surveys conducted	Conducted by
Australia	**Not available**	**N/A**
Canada [260]	Citizens First study series	Treasury Board Secretariat
Denmark [261]	Citizens and the public sector series	Danish Ministry of Finance

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[259] World Values Survey 2008, "Confidence in Civil Service" available at http://www.worldvaluessurvey.org/
[260] Institute for Citizens Centred Service *Citizens First Survey*, http://www.iccs-isac.org/en/cf/cf4.htm
[261] OECD *Strengthening Trust in Government* on behalf of Danish Ministry of Interior and Kingdom Relations, 2005, p14.

Country	Surveys conducted	Conducted by
France [262]	La Societe de l'information (Public perception survey) conducted under auspice of *La Charte Marianne*	Conseil d'analyse économique
The Netherlands[263]	"Belevingsmonitor" (Experience Monitor)	Netherlands Ministry of the Interior and Kingdom Relations
New Zealand[264]	The Kiwi's Count survey - Public Satisfaction with Service Quality	State Services Commission New Zealand
Singapore[265]	Public Perceptions Survey series	Corruption Practices Investigation Bureau
UK	Not available	N/A
USA [266]	American National election Studies Survey of Public Perception of Government / American Customer Satisfaction Index	National Election Studies Board / Panel on Civic Trust and Citizen Responsibility

6.3.4 Existence of a means of public recourse

This analysis has found that the public's ability to participate in decision making processes is in part measured by providing citizens with a means of public recourse or complaint.[267] An Ombudsman provides a public service by undertaking independent investigations into complaints that government departments, statutory boards and other government-related institutions have not acted properly or fairly.[268] All of the comparator countries except Singapore have a position of Public Service Ombudsman. Singapore has an online feedback process that allows citizens to lodge reports about the public service. A summary of mechanisms for public recourse are outlined at Table 6-8.

Table 6-8 Australian Government is comparable with comparator countries in having public recourse and complaints mechanism about public services (current for 2009)

Country	Ombudsman or public complaint department	Legislative powers given
Australia[269]	Office of the Commonwealth Ombudsman	✓
Canada[270]	Public Service Commission Ombudsman	✓
Denmark [271]	Danish Civil Service Ombudsman	✓

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[262] Conseil d'analyse économique,
http://www.cae.gouv.fr/spip.php?article71&var_recherche=La%20Societe%20de%20l%E2%80%99information%20
[263] OECD *Strengthening Trust in Government* on behalf of Danish Ministry of Interior and Kingdom Relations, 2005, p14.
[264] Information obtained from http://www.statisphere.govt.nz/statistics-by-agency.aspx?mode=ba&aid=31&mid=621
[265] Singapore Corrupt Practices and Investigation Bureau, *Public Perceptions Surveys*
http://app.cpib.gov.sg/cpib_new/user/default.aspx?pgID=160
[266] American National Election Studies Board, http://www.electionstudies.org/nesguide/toptable/tab5a_1.htm
[267] United Nations *Building trust in Government in the twenty first century*, 2006, p. 12.
[268] An Ombudsman does not provide a check on the Government. In the Westminster system of Government, this duty is performed by the political parties in opposition.
[269] Information sourced from http://ombudsman.gov.au/, accessed 20 October 2009.
[270] Information sourced from Canadian Treasury Board Secretariat http://www.tbs-sct.gc.ca/tbs-sct/abu-ans/tb-ct/abu-ans-eng.asp, accessed 20 October 2009.
[271] Information sourced at http://www.ombudsmanden.dk/, accessed 20 October 2009.

Country	Ombudsman or public complaint department	Legislative powers given
France[272]	Médiateur de la République (The Republic's Ombudsman)	✓
The Netherlands[273]	National Ombudsman of the Kingdom of the Netherlands	✓
New Zealand[274]	Office of the Ombudsman	✓
Singapore[275]	Singapore Government online – lodge a report online	✗
UK[276]	Office of Her Majesty's Parliamentary Ombudsman	✓
USA[277]	United States Ombudsman's Association Board	✓

[272] Information sourced at http://www.mediateur-republique.fr/, accessed 21 October 2009.
[273] Information sourced at http://www.europarl.europa.eu/comparl/libe/elsj/charter/art43/default_en.htm, accessed 20 October 2009.
[274] Information sourced at http://www.ombudsmen.parliament.nz/, accessed 20 October 2009.
[275] Information sourced at http://www.gov.sg/feedback.htm, accessed 21 October 2009.
[276] Information sourced at http://www.ombudsman.org.uk/can_the_ombudsman_help_you/pathway/who_can_we_look_at.html , accessed 20 October 2009.
[277] Information sourced at http://www.usombudsman.org/documents/PDF/References/USOA_STANDARDS.pdf, accessed 21 October 2009.

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7 Flexibility and agility

7-1 Assessment framework

Requirements	Indicators	Data used for assessment	Relative APS performance
7.1 Responsive to the changing needs of Government	7.1.1 Perception of responsiveness of the public service to the needs of Government	Data on this indicator not available. AT Kearney *Improving Performance of Public Sector* 2003 rates Australia as high on agility	-
	7.1.2 Responsiveness of government to changes in the economy	IMD World Competitiveness Yearbook 2009	High
	7.1.3 SES performance linked to government objectives	OECD Performance-based Arrangements (2007)	Medium
7.2 Flexibility and mobility	7.2.1 Existence of flexible resource allocation mechanisms and processes to encourage mobility of funding and resources	OECD budget practices survey	Medium
		Case study of inter-public service mobility by Canadian and Australian SES	Opportunity

7.1 Responsive to the changing needs of Government

7.1.1 Perceptions of responsiveness of the public service to the needs of Government

An agile public sector has been described as one with capacity in the following areas:

- short term responsiveness – responding to the public's day-to-day needs through choice, voice and personalisation;

- strategic adaptation – learning from and scaling up innovation to improve public service systems over the long run;

- outcomes focus – focussing on end results to address cross-cutting issues; and

- long term shaping – positively intervening in society to affect long term trends, creating new opportunities and preventing or reducing problems before they arise.[278]

Many of these attributes are captured under other key performance areas in this report relating to leadership and human resource flexibility within the public service (under section 3), innovative and outward focused policy and collaborative mechanisms for working across government (under section 4) and a focus on the needs of citizens and users of services (under section 5).

Differing definitions of agility and flexibility, and the paucity of data on responsiveness has meant that it is not possible to assess perceived responsiveness to government. The closest

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[278] Victorian State Services Authority and DEMOS, *Towards Agile Government,* 2008.

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equivalent international data available is a "perception of governments' responsiveness to changes in the economy" (see 7.1.2). One element not captured elsewhere is the ability of public services to adjust resourcing as new priorities arise. That is, the extent to which the APS and the public services in comparator countries can anticipate changing demands from the Australian Government, react quickly to new policy challenges and adjust service delivery arrangements.

In one of the few studies to undertake a comparative survey of agility of government agencies in eight OECD countries (including Australia, Canada, New Zealand, France, the UK and the USA), Australia was found to be marginally behind Canada and New Zealand in having the most responsive and flexible agencies and well ahead of the USA, UK and France.[279] The survey reported that those agencies which were the most flexible and responsive were more productive and experienced greater increases in employee satisfaction and customer satisfaction but tended to be less cost-efficient than their less agile counterparts.

7.1.2   Responsiveness of government to changes in the economy

In rating adaptability to changes in the economy, the IMD World Competitiveness Survey of businesses found that Singapore and Denmark were most adaptable, followed (in order) by Australia, New Zealand, Canada and the Netherlands (see Figure 7-1). The relative size of a public service likely plays a role in how quickly it can absorb and react to changes (these countries have the five smallest central public services in our sample); even so, flexibility is likely to be more than simply being smaller and more about the processes, culture and mechanisms within each public service.

Figure 7-1 Government in Australia perceived to be highly adaptable to changes in the economy relative to comparator countries (2008 data)[280]

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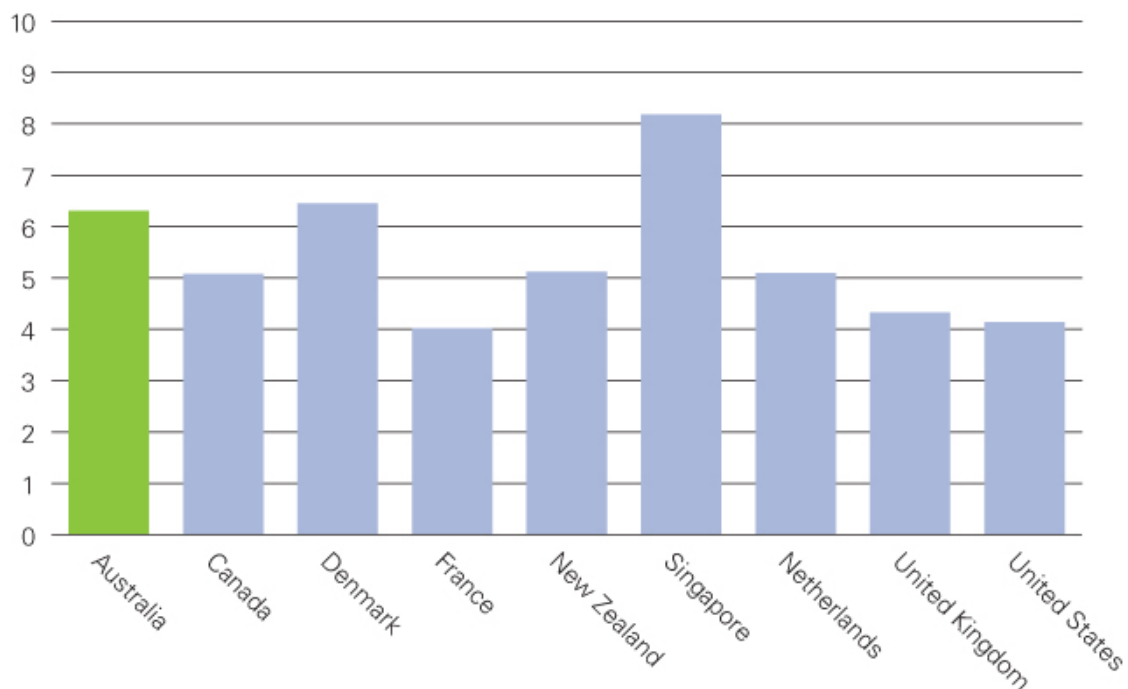
[279] A T Kearney and London School of Economics, *Improving Performance in the Public Sector,* 2003. , p.1.
[280] Institute for Management Development (IMD), *IMD World Competitiveness Yearbook 2008*, 2008.

Denmark's high ranking may be due to its ability to take effective action in controversial areas such as the labour market and pension policies. This appears to be due to a common understanding of the need for a small and open economy to make the necessary reforms and to the strong role of the the Danish Ministry of Finance which leads, oversees and uses budgetary measures to control reform.[281]

Singapore's PS21 program has been highlighted a number of times as an example of leading practice (see case study below). Its emphasis on encouraging change and high levels of service to citizens and business[282] are likely to contribute to the perception of an agile and highly responsive public service. PS21 also reinforces the notion of a unified Singaporean public service.

CASE STUDY – PS21

Singapore's Public Service for the 21st Century (PS21) initiative is essentially a continuous improvement program which is focused on fostering and embedding a culture of change, improvement and innovation in the Singapore Public Service.[283] It has two objectives:

- to foster an environment which embraces and activates perpetual change to remain effective and relevant, whilst paying attention to employee engagement and recognition; and

- to nurture an attitude of service excellence.[284]

The program was initially established in 1995 to promote productivity and reduce the cost of government. PS21 is built around three pillars: Anticipating Change, Welcoming Change and Executing Change.[285]

PS21 is as much a public service reform movement as it is a program. It encompasses a number of key elements: mandatory 100 hours a year of training for each public servant, work improvement teams to encourage innovation and continuous improvement in service and a staff suggestion scheme to enable front-line staff to feed in their views and ideas for how government could save money and capitalise on their insights. These programs are supported by training, improved processes and technology.

PS21 hasn't been without its problems. Retaining a focus on the purpose of PS21 while encompassing a number of different initiatives has been challenging;[286] the practice of using the number of suggestions put forward by each public servant as a key performance indicator has also been problematic.[287] Further, a recent survey indicated that PS21's efforts to engage Singaporeans in political discussion have have had limited success.[288] Nonetheless, PS21 is credited as enabling the Singapore Public Service to respond quickly to changing circumstances, and build support for change across the organisation.[289]

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[281] Bertelsman Stiffung, SGI Sustainable Governance Indicators (SGI) 2009, 2009.
[282] Information sourced from http://app.ps21.gov.sg/newps21, accessed 15 October 2009.
[283] The Singapore Public Service, *National Goals: Global Perspectives,* 2008.
[284] Information sourced from www.ps21.gov.sg) accessed 21 October 2009.
[285] Information sourced from http://app.ps21.gov.sg/newps21, accessed 21 October 2009.
[286] Information sourced from http://www.ps21.gov.sg/challenge/2006_08/personalities/personalities.html, accessed 21 October 2009.
[287] Information sourced from http://www.ps21.gov.sg/challenge/2007_09/coverstory1.html, accessed 21 October 2009.
[288] Accenture, Leadership in Customer Service: *Creating Shared Responsibility for Better Outcomes*, 2009, p.119.
[289] Information sourced from www.ps21.gov.sg) accessed 21 October 2009

7.1.3 SES performance linked to government objectives

Another perspective on the extent to which the public service is responsive to the needs of government is the extent to which senior public servants are aligned to government objectives. All OECD countries have processes to link the performance of their most senior public servants with either an overarching strategy (be that at a whole-of-government level or a department/agency level), or to the government or department's objectives.

Table 7-2 summarises links between individual senior public servants' performance agreements and overarching strategic directions/policies and or objectives for selected comparator countries. Details on arrangements for Singapore and Denmark senior public servants could not be identified.

Table 7-2 Most comparator public services link performance of senior public servants with government objectives (2007 data)[290]

Country	Performance link with broader government arrangements
Australia	Linked to departmental business plan, and corporate goals.
Canada	Linked to government plans and priorities, departmental mandates, and priorities of the Clerk of the Privy Council.
Denmark	No data available
France	Linked to the agency's operational objectives, which are linked to the parliament and government's strategic objectives.
The Netherlands	Linked to department/agency business plan, which is linked to Ministerial objectives, priorities and targets, and to government plans and priorities.
New Zealand	Linked to three year Statement of Intent which set out departmental strategic performance priorities, objectives, and capability.
Singapore	No data available
UK	Linked to directorate or business group plans, departmental business plans, service delivery agreements, and public sector agency strategies.
USA	Linked to strategic and operational agency objectives (strategic plans); government objectives, and the federal budget.

7.2 Flexibility and mobility

7.2.1 Existence of flexible resource allocation mechanisms and processes to encourage mobility of funding and resources

Comparative analysis to assess the ability to move financial and human resources within the public services of comparator countries is not available.

OECD assessment of the level of budgetary flexibility available within member countries indicates that France and the UK enjoy relatively high levels of budget autonomy (see Table 7-3). While this may enable public service managers to better reallocate or re-prioritise their own department or agency's expenditure, it may actually represent a constraint on the government's ability to move resources where they are needed most. Tighter budget control

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[290] OECD, *Performance-based arrangements for senior civil servants, OECD and other country experiences*, 2007, pp.34-58.

from the centre may enable strategic re-prioritisation of resourcing which takes into account underspending and efficiency dividends.

Table 7-3 Australian Government has less budget flexibility than some OECD comparator countries (2007 data – not available for Singapore))[291]

	Australia	Canada	Denmark	France	Singapore (N/A)	The Netherlands	New Zealand	USA	UK
Managers are able to keep efficiency savings without restriction				✓					✓
Ministers can carry over unused investment funds without restrictions				✓		✓			✓
Ministers can carry over unused operating expenditures without restrictions									✓
Ministers allowed to transfer funds	✓	✓	✓	✓		✓	✓	✓	✓
System exists for departments to charge each other for services and is used to a great extent		✓						✓	✓
No central ceiling for each ministry's initial spending request	✓	✓		✓			✓		
Use of multi-year targets/ceilings at ministry level									✓
Use of multi-year estimates at ministry level								✓	✓

KPMG sought data on mobility within each of the comparator public services, however, this data does not appear to be available.

It has been possible to compare mobility in the public services in Australia and Canada. The federal public services in Canada and Australia are similarly structured, with an identifiable senior executive group below the level of a head of a department. Further, the ratio of senior executives to public service employees is broadly equivalent. Figure 7-2 shows the inter-organisational movement between the senior executive groups in both the Australian and Canadian public services.

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[291] OECD, *Budget practices survey*, 2007.

Figure 7-2 Annual inter-organisational movement by senior executives within the APS between 1997-2009 appears to be significantly less than in the Canadian Public Service[292]
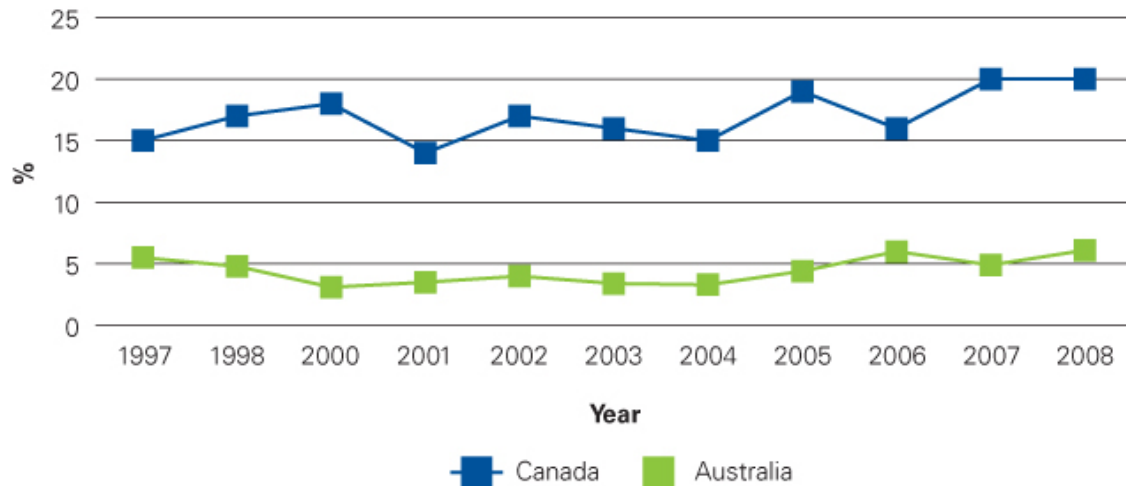
This figure shows that the Canadian senior executive group appears to exhibit a consistently higher level of inter-organisational mobility than in Australia.[293]

A recent report on the USA's Federal Government Senior Executive Service (SES) reported that few SES managers have ever worked or even sought to work outside their own agency. During the 2004 to 2008 timeframe, the annual number of SES members who left their jobs for another SES position in a different agency ranged between only 1.8 percent and 2.3 percent. This is less than the percentage of SES members who voluntarily quit each year, and demonstrates a culture that does not encourage, promote or reward mobility.[294]

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[292] Public Service Commission of Canada, *Study of mobility of public servants*, October 2008; and Australian Public Service Employment Database, 2009.
[293] As the APSC has noted, however, that only 32 per cent of public servants employed in the APS in 2008 were also employed at the change of government in 1996. APSC, 2008, *State of the Service 2007/08*
[294] Partnership for Public Service and Booz Allen Hamilton, 2009, *Unrealised vision: Reimagining the Senior Executive Service*.

8 Efficiency of government operations

8-1 Assessment framework

Requirements	Indicators	Data used for assessment	Relative APS performance
8.1 Efficient operations	8.1.1 Existence of cost reduction programs	Desktop research	Comparable
	8.1.2 Perception of inefficient government bureaucracy and burden of red tape	Global Competitiveness Report 2009-10	Medium
8.2 Evaluation	8.2.1 Existence of performance based budgeting	Desktop research	Comparable

Improving efficiency within the public service has been one of the key drivers of public sector reform. Efficiency, as defined by the OECD, is the relationship between outputs (the goods and services produced by government activity) and inputs (the resources used to produce them).

Efficiency can be measured by how much it costs a government to deliver a program compared to its peers, or the relative outcomes that governments obtain from a certain level of expenditure. Qualitative assessments can include policy reviews and evaluations of the extent to which a Government achieved its objectives given a certain cost.

8.1 Efficient operations

8.1.1 Existence of cost reduction programs

According to the OECD report *Reallocation: The Role of Budget Institutions*, reasons for cost saving measures or a rationalisation of expenditure across certain areas of service delivery can include fiscal stress that results in revenue shortfalls, fiscal abundance, new government priorities, and market substitutions for services.[295]

Cost savings initiatives are separate to performance based budgeting, in that they generally take a 'top down' approach to cost reduction, as opposed to performance based budgeting measures, which usually involve measuring expenditure against various outputs. Performance based budgets are discussed at section 8.2.1.

Cost reduction programs can either be legislated or policy driven. The key difference is that the policy driven programs do not legally require prudent service delivery expenditure, but may provide a government with increased flexibility in achieving expenditure reduction. Table 8-3 presents a summary of cost reduction measures, and implementation strategies that exist within each of the comparator countries.

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[295] OECD *Reallocation: The Role of Budget Institutions*, 2005, p.11.

Table 8-2 All comparator public services have cost reduction or reallocation methods in place (current for 2009)[296]

Country	Existence of Cost reduction measures available to Government	Implementation strategy	Budget reduction or reallocation methods
Australia	✓	Policy guidelines	Increasing of budget limits through Cabinet committee
Canada	✓	Legislation / policy guidelines	Increasing of budget limits through Cabinet committee
Denmark	✓	Policy guidelines	Baseline spending reviews
France	✓	Legislation	Baseline spending reviews
The Netherlands	✓	Policy guidelines	Baseline spending reviews
New Zealand	✓	Legislation / policy guidelines	Baseline spending reviews
Singapore	✓	Legislation	Reallocation from current budget ceiling or borrowing from future budgets
UK	✓	Policy guidelines	Baseline spending reviews
USA	✓	Legislation	Baseline spending reviews

The table above shows that:

- each of the comparator countries have established some methods of cost reduction or reallocation; and

- the majority of comparator countries utilise baseline spending reviews to reduce or reallocate expenditure, in order to accommodate unexpected budgetary requirements.

Singapore is notable as its budgetary ceilings (or budget limits) are not decided year on year, but on a rolling five year basis. In the past. the Singapore Government withdrew "productivity dividends" from departmental budgets allocated when applicable (this was last implemented in 2005).[297] This was historically implemented when government productivity fell below the national average productivity levels, but since 2006 this has been changed to allow Government to reallocate funds to respond to changing demands. The Singapore constitution does not allow for previous surpluses to be used to respond to policy initiatives.[298] Rather, funds are able to be "borrowed" from future budgets up to five years in advance, in exceptional circumstances (such as responding to SARS).

This is in contrast to most of the comparator countries, such as the UK, the Netherlands, and Denmark, that adjust budget ceilings or utilise budget surpluses to respond to changing demands.[299] To do this, their respective Governments apply a certain margin in addition to the expenditure ceiling during the budgeting process, which is to be used for contingency measures.

A slightly different approach is taken in the USA, where discretionary spending resources are allocated at the start of each budget process, to be used at the discretion of the President and

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[296] OECD, *Performance Budgeting in OECD countries* 2007. Singapore information provided by Blondal, John *Budgeting in Singapore*, contained in OECD, *Journal on Budgeting*, volume 6, number 1, pp46 - 84 2006
[297] OECD *Budgeting in Singapore*, 2008, p54.
[298] OECD *Performance Budgeting in OECD Countries,* 2007.
[299] OECD *Performance Budgeting in OECD Countries,* 2007.

Congress (for things such as foreign aid, defence, etc).[300] Further, the USA allows exception to the budget "caps" allowing emergency expenditure in times of changing demand.[301] These are separate to the normal budgeting process, and are added to the current budget amounts.

8.1.2 Perception of inefficient government bureaucracy and burden of red tape

Some comparative data is available on the perceived bureaucracy of each public service and the perceived level of red tape. Table 8-3 summarises the findings from a World Economic Forum Global Competitiveness Report 2009 on the extent to which "inefficient government bureaucracy" is an impediment to doing business in a country.

Table 8-3 Government bureaucracy in Australia perceived to be a moderate impediment to business (2009 data)[302]

How much of an impediment is inefficient government bureaucracy to doing business in the country?	Countries
Significant (nominated as one of the top 3 impediments to doing business)	UK, The Netherlands, New Zealand
Moderate (nominated as the 4th-6th most significant impediment to doing business)	Australia, Canada, Denmark, France, USA
Low (nominated as below 7th most significant impediment to doing business)	Singapore

The survey also considered the perceived level of regulatory process ("the burden of regulation") within countries. Figure 8-1 compares the findings from the Global Competitiveness survey in relation to perceptions of bureaucracy and level of regulatory burden for all of the comparator countries.

From the perspective of the business community, Singapore and Denmark are considered to be both bureaucratically efficient and relatively light in terms of regulatory requirements. Overall, perceptions of the efficiency of Australia's bureaucracy and level of business regulation are perceived to be more favourable than the majority of the other comparator countries.

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[300] OMB Watch *United States Budgetary Process* http://www.ombwatch.org/node/1729
[301] OMB Watch *United States Budgetary Process* http://www.ombwatch.org/node/1729
[302] Derived from World Economic Forum, 2009, *The Global Competitiveness Report 2009-2010*. Bureaucratic inefficiency is rated according to the country ranking out of 125 countries; The extent to which burden of regulation is perceived to be an impediment to business is based on the relative ranking that surveyed businesses gave to the burden of regulation (out of 15 factors) as an impediment to doing business in that country.

Figure 8-1 Bureaucratic inefficiency is not considered a significant problem in Australia but the regulatory burden is considered to be high compared to Singapore and Denmark (2009 data)[303]
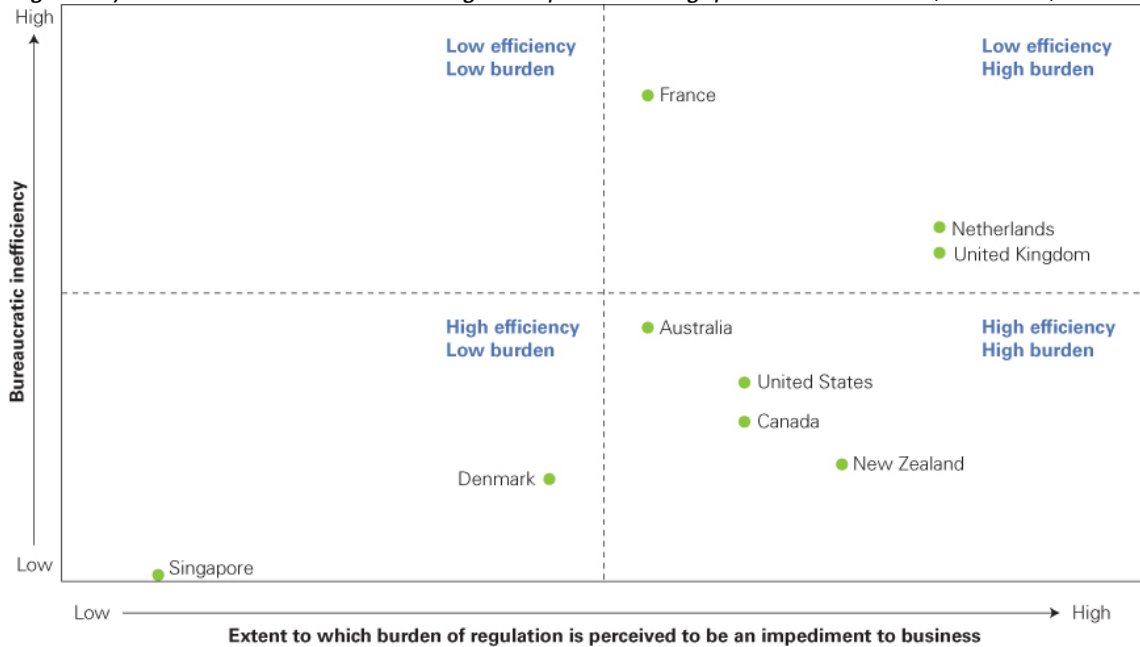
8.2   Evaluation

8.2.1   Existence of performance based budgeting

This report has found that all of the comparator countries use performance measures when allocating budget expenditure. Implementation and measurement methods differ considerably however, as do the processes for budget reallocation to undertake new policy measures and respond to changing demands on Government.

The OECD has reported that many governments have implemented performance based information into budgeting processes as part of their efforts to improve decision making. This is usually done by moving the focus away from inputs-based budgeting measures, towards measuring results based on outcomes. Table 8-5 contains a summary of the performance based budgeting measures within the comparator countries.

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[303] Derived from World Economic Forum, *The Global Competitiveness Report 2009-2010*.

Table 8-5 All comparator governments use performance measures when allocating budget expenditure (current for 2006-2007)[304]

Country	Existence of performance based budgeting system	Key performance reviews	Performance measurement authority
Australia	✓	Strategic reviews	SPBC / Expenditure Review Committee / Senate
Canada	✓	Performance reviews; Management and Accountability Frameworks	Treasury Board / Auditor General
Denmark	✓	Departments publish own guidelines; undertake voluntary evaluations	Ministry of Finance
France	✓	Legislative budget performance reporting processes	Inter-ministerial Programmes Audit Committee (CIAP)
The Netherlands	✓	Interdepartmental policy reviews	Cross Department Review Panel coordinated by Ministry of Finance[305]
New Zealand	✓	Individual departments review own performance, and report to Treasury	Treasury / Auditor General
Singapore	✓	Ministry report cards / self evaluation	Ministry of Finance
UK	✓	Capability reviews	Cabinet Office / Ministry of Finance
USA	✓	President's Management Agenda; Performance Improvement Initiative	Office of Management and Budget

Table 8-5 shows that France and the USA have legislative requirements to undertake performance based appraisals of budgetary expenditure. Conversely, Denmark, Singapore, and New Zealand prescribe varying degrees of departmental self measurement and review of performance against targeted outcomes. Australia, the UK, and the Netherlands utilise Cabinet oversight on all budgeting decisions relating to policy outcomes.

OECD data indicates that Australia is broadly comparable to the other countries considered in terms of the processes in place to gather performance information (see Table 8-6). Singapore was not included in this survey.

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[304] [304] OECD, *Performance Budgeting in OECD countries* 2007. Singapore information provided by Blondal, John 'Budgeting in Singapore', contained in OECD, *Journal on Budgeting*, volume 6, number 1, 2006, p 46 – 84.
[305] The OECD considers that there is "still a lack of clarity about the contribution of government programs to policy objectives" and evaluation of policy within The Netherlands may fail to consider the effects of policy; R Debets, 2007, Performance Budgeting in the Netherlands, *OECD Journal on Budgeting,* vol.7, no.4, OECD, p.9. Available at: www.oecd.org/dataoecd/42/34/43411548.pdf

Table 8-6 Australia is comparable in its collection of performance information to assess non-financial performance (2007 data)[306]

Types of performance information used to assess non-financial performance	Australia	Canada	Denmark	France	The Netherlands	New Zealand	Singapore (N/A)	UK	USA
Performance targets	X	X	X	X		X		X	X
Performance measures	X	X	X	X		X		X	X
Evaluation reports (e.g. programme, sectoral, efficiency, or cost effectiveness reviews)	X	X	X	X		X		X	X
Benchmarking	X	X	X		X				
Expert Panel assessments									X

[306] Information sourced from OECD International Budget Practices and Procedures Database, "Question 71: What types of performance information are produced to assess the Government's non-financial performance?". http://webnet4.oecd.org/budgeting/Budgeting.aspx, 2007

A   Consultations

Name	
Australian consultations	
Gary Banks	Chair, Productivity Commission
John Cairns	Deputy Australian Public Service Commissioner
Ted Evans	Chair, Westpac (former Secretary of Commonwealth Treasury)
Michael Keating	Former Secretary of the Department of the Prime Minister and Cabinet
Carmel McGregor	Acting Australian Public Service Commissioner
Gary Sturgess	Executive Director, The Serco Institute
Prof. Patrick Weller	Director, Centre for Governance and Public Policy, Griffith University
International consultations	
Dr Mark Britnell (UK)	KPMG Partner (former Director-General of National Health Service)
Gareth Davies (UK)	Director, Strategic Unit, UK Cabinet Office
Paul Kirby (UK)	KPMG Partner (Former head of Gershon Review)
Charles Leadbeater (UK)	Innovation adviser and author, former Number 10 policy unit senior adviser
Mark Warner (New Zealand)	Deputy Chief Executive, Ministry of Social Development
Fergus Welsh (New Zealand)	Group Manager Performance Governance and Assurance, at the Ministry of Economic Development

B   Key references

Information and data is footnoted throughout the report. This Appendix highlights key documents used. Website links have not been included in this Appendix.

B.1   Key data sources

Accenture, *Leadership in Customer Service: Delivering on the Promise,* 2007.

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