



# Penny Wong

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“Labor’s Approach to the Australian Public Service”

Speech to the Institute of Public Administration Australia  
Ainslie Football Club, Australian Capital Territory

*Check against delivery*

## **Introduction**

Thankyou very much Geoff for your introduction and for the kind invitation of the Institute to join you here today. Can I also an acknowledge the traditional owners of the land on which we meet and pay my respects to owners past and present.

It is unfortunate that Lisa Paul, who I have met at estimates, is unable to be present. I am pleased Mr Leeper has been able to step into her shoes.

Can I also acknowledge the presence of two department secretaries who have joined us today, Dr Ian Watt, Secretary of the Department of Finance and Administration and Dr Peter Boxall, Secretary of the Department of Employment and Workplace Relations. It is nice to have the opportunity to see you today in this slightly more relaxed context. Most of our dealings to date have been in Senate Estimates, where, of course, we all have a job to do!

With the election not far away, I am grateful for the opportunity to talk with you about Labor’s approach to public administration. In addition to discussing our philosophical approach I will also announce some specific public administration measures that an incoming Rudd Labor Government would introduce if we are elected.

## **Labor's approach to public administration**

First some general comments about our approach to public administration. Since taking on this portfolio in December last year, there has been no shortage of interest in issues of public administration and accountability. It seems to me that after eleven years of this government, Australians are wearying of the duck shoving, the blame shifting and the waste of public money for party political purposes, which have become the hallmarks of the current administration.

Possibly the starkest symbol of how the Prime Minister has abused his office is his spending \$2 billion on advertising since 1996. There will always be a role for genuine public interest information campaigns. But I say to you that many of current government's campaigns have been either excessive or in some cases simply indefensible. Their only purpose of many is to enhance the Howard Government's reputation and promote its agenda.

In our democracy, every one of us should be able to argue our point of view and spend our money to promote the cause in which we believe. But we really must question how our democracy can be undermined by the expenditure of hundreds of millions of dollars of public money on advertising that is purely about promoting the political interest of the day's government. Clearly, in Australia today, taxpayers' money is being used to skew the debate in favour of the incumbent party.

This is not just the objection of an opposition politician. Consider, for example, a report in the Sunday Age in July, which quoted an employee at the Department of Communications, Information Technology and the Arts saying, "We have one brief – shoot down Labor's plan and promote the Government's plan."

Of course advertising is a small but totemic part of the public administration debate. Earlier this year, I spoke to the Australian Association of Professional and Applied Ethics at RMIT University. This speech was entitled *Lifting the Standards of Government Integrity*. In addressing this topic, I made the point that an effective, independent public service is a cornerstone of our democracy and a foundation of our prosperity.

As a citizen and as a member of the Australian parliament, this is a value I hold dear. I would imagine from your attendance here today and your choice of career, that it is a value we share.

After all, to borrow from another legislator:

*The APS is defined by its Values. They are an essential underpinning to high performance in organisations and are central to the public interest aspect of public sector employment. They are a manifestation of the democratic society that we serve and they reflect the expectations of that society.*

These words were spoken by Dr David Kemp, the former Minister Assisting the Prime Minister for the Public Service, upon the introduction of the Public Service Act in 1999.

In general I am not accustomed to invoking the words of my political opponents to support my arguments but what Dr Kemp outlines is one of the great strengths of

the Australian public service. Its values, codified in legislation and developed and interpreted by the Australian Public Service Commission, provide the foundation for service in the public's interests.

The public service's own guidelines clearly articulate the importance of the principles of apoliticism, impartiality, professionalism, responsiveness and accountability, recognising that these lie at the heart of strong, productive relationships between the public service and the elected government.

In order to advise on and give effect to the policies of the elected government, government must also be responsible in the approach it takes to management and staffing in the public sector. By supporting the public service values of independence, the government does itself a favour by ensuring it can test its policies to detailed advice and scrutiny. The government sets the agenda but a strong, honest relationship with the public service is one that enables that agenda to be put into practice.

Labor believes in ministers taking responsibility and public servants being able to do their job. Ministers must take responsibility for their administrations; this is the bedrock of our Westminster system of government. But I would argue there has been a steady erosion of the Westminster system over the past eleven years. For us, in Labor, this is not an abstract philosophical argument. A nation's people need to have confidence in their government – and in their system of government – or divisions begin to open up in our community. Cynicism builds about the government's motivations, doubts grow about whose interests are being served, and we lose trust in each other. So our objective is clear: we want to reverse the trend of buck-passing by the Executive.

Australians should all be proud of the way our government has developed, from the negotiated process of Federation in 1901, through two world wars, depression and recession and the constitutional crisis of 1975. But we cannot take this stability for granted; we cannot rest on our laurels.

The role of a strong public service is crucial. Policy objectives cannot be realised by ministers alone; it requires the commitment of every public servant, which in turn requires that every public servant feels safe, respected and appropriately remunerated in the workplace.

The public service should be a model employer and a place where Australians want to work. It should be strong, unified and apolitical; a repository of knowledge for developing government policy and of expertise in implementing it.

### **Supporting public service ethics and independence**

As the diversity of work in the public service continues to grow, the role of the Public Service Commission in providing guidance and advice across the public sector on its values and code is increasingly important.

As you know there are characteristics in the work of the public sector which are unique, which include a multiplicity of objectives and the higher standards of accountability and the need to respond to the changing requirements of governments. The decisions that many of you are faced with in dealing with those internal and external to the service, can be difficult at times. We believe there is

merit in ensuring a more coherent and formalised system for the provision of guidance to assist public servants in managing these decisions.

Enabling public servants to obtain formal ethics advice is consistent with the policy objectives contained in the Public Service Act, including the requirements to uphold the APS values. Ethics advice would enhance the legal and policy framework which emphasises these values.

I know that some departments are already looking at options for the delivery of ethics training to meet new challenges.

A Labor government would require that the Australian Public Service Commissioner provide public ethics advice, as part of its functions. Advice would be available to all Australian Public Service employees, department and agency heads. Advice would be provided on any issues relating to compliance with the APS code and values. In undertaking this function the APSC should:

- Provide advice on a confidential basis if requested;
- Provide advice in either verbal or written form;
- Maintain a register of categories of issues in relation to which advice is provided; and
- Report to the Parliament on the prevalence of categories of issues raised so that part of the APS code and values which need further clarification can be identified.

Such advice obviously would not constitute legal advice. In addition, it will be necessary to ensure that any such advising function be kept separate from the adjudication function of the Merit Protection Commission.

In relation to government advertising, you will be aware that Labor has previous made announcements in relation to advertising and initiatives to prevent the abuse of taxpayer funds on government advertisements. And so I can make clear to you today that in addition to these initiatives, Labor will also make a commitment not to use public servants in government advertising unless that role is essential in the communication of an important message on an issue such as public health or similar.

We do not believe ministers should demand that public servants appear in highly controversial and overtly political advertising.

These initiatives form part of Labor's long-term plan to restore the confidence of public servants to serve the public and to provide safeguards to the conflicts that may arise from competing objectives including those which are clearly political.

### **Ministerial responsibility**

Under the Westminster system, public service independence goes hand in hand with ministerial responsibility.

The Ministerial Code of Conduct is an important element of Labor's policies to ensure scrutiny is applied at the highest level – in the ministry and the Cabinet. Labor will continue to adopt the *Guide to Key Elements of Ministerial Responsibility*.

However, we recognise that at present, this Guide is not necessarily reflective of all the appropriate standards and we will revise it. In particular we will include:

- Guidelines for the use of official residences such as Kirribilli House and the Lodge, particularly in the wake of revelations earlier this year;
- Guidance on the relationship between ministers and lobbyists.

Although public service responsiveness to the government of the day is important to ensure effective implementation of policy, it is obviously important to balance this with the values of professionalism and impartiality.

Labor believes that ministers have a role in creating a culture of transparency and accountability. In order to do this, ministers must ensure that effective mechanisms are in place for communications with departments.

It is plain to see the independence and diversity of our institutions – the courts, universities, the media and of course the public service – has consistently been weakened since the current government came to power. Over the same period, I would argue that ministerial accountability is now increasingly viewed as an inconvenient relic of a past era. We in Labor beg to differ.

The importance of high standards of ministerial accountability are reflected no more so than in the disgraceful circumstances of the \$300 million wheat for weapons scandal. This scandal, the Royal Commission into which was hamstrung by narrow terms of reference, has demonstrated how this government is prepared to abandon accepted practices of accountability and ministerial responsibility for the sake of its political survival.

Over five years, there were thirty-three warnings about the AWB kickbacks to Saddam Hussein's regime. They were all ignored.

What was seen in the Government's response to the AWB scandal was shameless. It amounted to gross public deception and a cover up of the Executive's inaction and incompetence.

Such was the Howard Government's desire to shield itself from scrutiny that it stopped Australian officials from appearing in the Volker inquiry and even coached AWB staff on how to respond to questioning.

However, the biggest attempt to avoid ministerial responsibility was the government deliberately confining the terms of the Cole inquiry into AWB. There was no power for the commissioner to find guilt or negligence by ministers who had failed to respond to repeated warnings.

The behaviour of the government and the continued lack of ministerial responsibility being taken has inevitably lead to a distinct change in the relationship between the government and the public service.

The ability and expectation the public servants give frank and fearless advice has been threatened by the implicit understanding that government only wants to receive advice they want to hear.

It is not fair that public servants doing their jobs are undermined by a government that does not support them. Labor would not expect the public service to be the fall guy for its own failings if we were in government.

There are some institutions and offices that will be critical to Labor's approach to lifting the standards of government integrity. One of these is the Auditor-General, who as you know is appointed following consultation with the bipartisan Joint Standing Committee on Public Accounts and Audit and who reports to parliament as a whole rather than simply to the government of the day. This office has an integral role in ministerial accountability and good public sector governance.

### **Directions for the Australian Public Service**

Labor supports:

- A merit-based, apolitical and non-discriminatory career public service;
- Family friendly working conditions; and
- Training and development opportunities.

Given the demographic of the APS workforce, and the shrinking number of young people joining the service, Labor will place particular emphasis on the recruitment of young people to the APS workforce, and ensure that older Australians who wish to remain in the APS are able to do so.

We do believe that there are characteristics, which are unique to the public sector, that need to be nurtured and valued. These include the multiplicity of objectives, the need for higher standards of accountability, and the need to respond to the changing requirements of governments. As such, there are limits to the extent to which private sector practices can or should apply to the public service.

### **Managing appointments, managing change**

It really goes without saying that the organisation of the public service would reflect a Labor government's priorities and policies if we were elected.

We recognise that our institutions and systems of government need further improvement to manage issues such as climate change, which do not neatly fall within a single portfolio area. We would not going to be bound by an institutional framework reflecting the Howard Government's tired agenda, and I'm sorry that Senator Minchin seems to take this personally. We recognise the need for institutional reform in order to responsibly manage long-term issues facing Australia, the likes of which were unimaginable to our nation's founders.

Any reorganisations would occur in a planned way with proper consultation. As you will know, we have already made some announcements such as the announcements in relation to Fair Work Australia and Workplace Authority.

But consistent with Labor's belief in an independent public service, there will no targeting of individuals as there was in 1996. On taking office, Mr Howard sacked six departmental Secretaries. We believe that such purges are unwarranted and disruptive and not conducive to a good working relationship between the public sector and an incoming Government.

We believe appointments should be made on merit, and made transparently.

If elected, we will institute a more rigorous appointments process. Vacancies will be advertised and this will be done well in advance of vacancies falling due.

While we can't guarantee, were we elected, that everyone will stay exactly where they are, there will be an expectation that Ministers allow time for the development of a good working relationship with their department or agency heads.

Not only must the public service uphold the highest standards, but it must be seen to be upholding these standards, additionally however, Government must do its part to maintain these standards too. One such way it can do this is by ensuring appointments are made on merit and transparently.

Of particular concern to Labor is Howard Government's move away from 5 year contracts to shorter three year terms and what we consider to be an undue focus on performance pay. As has been the subject of a debate in your journal, and as Mr. Podger has recently pointed out it is often not easy to balance the values of responsiveness and apolitical professionalism in the public service. We are determined, if elected, to create an environment which fosters a better balance between those two objectives. We recognise that the legal and practical framework within which public servants operate must reflect this balance. Whilst integrity is primarily a matter of capability, competence and character, the incentives explicitly or implicitly privileged within the legal framework cannot be denied. Hence the emphasis on values in the Public Service Act.

Labor's approach will be to appoint agency heads and department secretaries for fixed five year periods unless the appointee has a preference for a shorter period. In addition, Labor will move away from a performance pay arrangement for agency heads and departmental secretaries, and restore the jurisdiction of the Remuneration Tribunal to fix pay and conditions of agency heads and secretaries.

### **Meeting the challenges of the future**

Labor recognises that, in the drive to make Australia more competitive, there is a need for continuous improvement in the efficiency and effectiveness of government service delivery. Labor is committed to achieving best practice in provision of government services if elected and we know that this can only be achieved through a cooperative, collaborative approach.

It is fair to say that, despite the potential for increased efficiencies offered by new technologies, access to personal services and expert advice locally will still be of great value in many circumstances, particularly in the delivery of services to regional areas.

The economic benefits of keeping the core business of government in-house is also clear, with the cost of consultancies having continued to grow under the Howard Government from \$150 million in 1994-95, the last full financial year in which Labor was in office, to \$361 million in 2005-06.

At a recent speech to the Australia and New Zealand School of Government, the Australian Public Service Commissioner, expressed some concern that it has been increasingly difficult for public service employees to build their capacity for research, analysis and evaluation. Ms Briggs identified the increase in the contracting out of research as well as other factors as challenges to building and retaining essential skills in the public service.

The skills shortage is also becoming an increasing issue for the public service while reports from two years ago show sixty-two per cent of agencies said it was difficult to recruit those with relevant skills, the figure in last year's State of the Service Report jumped to eighty-eight per cent. Confronting these issues, would be a challenge faced in the first term of a Rudd Labor Government and beyond, but I suggest to you that these issues have not been adequately confronted by the current government.

An element of addressing the skills shortage within the public service is exposure to other areas. Although clearly we believe that APS employees and agencies need to develop skills specific to their agency or department, there is also immense value in increasing inter-agency mobility so these skills can be shared and enhanced.

The experience that APS employees gain by working in different areas will improve quality of decision-making and accountability. This will impact employee participation in whole of government initiatives and also inter-agency purchasing and other arrangements.

### **Whole of Government initiatives**

A key part of Labor's platform is to engage in whole-government projects in a way which ensures accountability for decision-making and that responsibility for reporting is clear.

The benefits of more coordinated activity between federal agencies and between federal, state and local levels of government has been recognised in Australia for a number of decades. As early as 1975, the Labor Whitlam administration called a Royal Commission into Australian Government Administration, known as the Coombs Report. That reported on better ways, as you would probably all know, to approach whole of government issues. Subsequent federal government administrations have implemented various recommendations of the Coombs report.

After the last election, the Management Advisory Committee, produced the report *Connecting Government: Whole of Government Responses to Australia's Priority Challenges*. In the preface to the report, Dr Shergold said that a whole of government approach is needed to respond to "every major challenge of public administration – ensuring security, building a strong economy, coping with demographic change and crafting social policy."

However, despite some examples of whole of government approaches, a challenge still exists for government to review structural and cultural obstacles to facilitate sustainable whole of government approaches for national priorities.

Earlier this year, the scale and critical urgency of this challenge was exposed.

As you know, over the last eleven years of a Howard government, the issue of water has been ever present. Farmers, irrigators and state governments have been calling for action on water and leadership from the federal government well before the issue became a "water crisis".

It is clear that Australia's water crisis didn't happen overnight and it ought not have taken an election year to get a response from the Howard Government but this is exactly what happened.

And you would be aware, in January this year when Prime Minister finally released his \$10 billion plan. But it was done without crucial details over funding water programs, timelines for action and governance arrangements.

The lack of planning and preparation in the Prime Minister's Plan was revealed through admissions that prior to the announcement there were no substantial inputs or analysis from the Commonwealth Departments of Treasury or Finance particularly in relation to the costings for the announcement.

People would be aware that the plan went to Department of Finance a couple of days before the announcement and that the Department was told to "run an eye lightly over the costings".

On an issue that should require genuine consultation and close consideration, the Murray Darling Basin Commission, the National Water Commission and the Federal Cabinet were also excluded from the planning process. The National Water Commissioners were not even briefed until the morning of the announcement.

Water is one of Australia's key challenges, along with climate change due to impact on our economy, jobs and living standards. Any plan to tackle such challenges must involve not only key stakeholders but needs to draw on public sector expertise.

Although it is the role of Ministers and governments in power to develop a vision for the nation and policies to affect change, Labor believes that this should be done with the support and input of the public service. Policy which has not been through Cabinet, or been properly costed is definitely not the best way to ensure the best delivery of outcomes for Australians.

Labor recognises that there are a great many areas would benefit from a whole of government approach. Some of these would include issues such as:

- Health issues including tackling obesity;
- Reducing business regulation and increasing uniformity on information required by departments and agencies;
- Climate change;
- Water which I have discussed;
- Child care - where government funding of places needs to be complemented workforce measures;
- Government procurement

And these are obviously only some of the matters which require a whole of government approach.

## **Conclusion**

In conclusion, can I say this to you. Labor's commitment to the public service is clear. We value the role public servants would play in implementing the agenda of any future Labor government. We realise that without a strong and vibrant public sector that returns to the strengths laid out in its core values, many of our aspirations for Australia and its people may never be realised.

If Labor is successful in the coming election, in addition to charting and implementing our vision for the nation, we recognise that we would also need to work with you to tackle the challenges facing the public service.

So if elected I hope we can ensure that all Australians realise the value and importance of the work done by others in their name.