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## TRANSCRIPT OF PODCAST

Work with Purpose

EPISODE #61

FUTURE OF THE APS

Hosted by David Pembroke, Founder and Chief Executive Officer,  
contentgroup

# TRANSCRIPT

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David Pembroke:

Hello everyone, and welcome once again to Work With Purpose, a podcast about the Australian Public Service. My name's David Pembroke. Thanks for joining me. I begin today's podcast by acknowledging the traditional custodians of the land on which we meet today, the Ngunnawal people, and pay my respects to their elders past, present, and emerging. And acknowledge the ongoing contribution they make to the life of this city and region.

David Pembroke:

Well, Australia, like all countries, has experienced rapid change over the last few years which has altered people's expectations of government and the way they access government services. The APS has come to expect the unexpected, knowing there will be different unanticipated and perhaps even more, and difficult challenges just over the horizon.

David Pembroke:

How does the APS adapt to this evolving context? How does it anticipate what Australians will need and want 10 years from now? How does it produce a future fit workforce ready to deliver in our increasingly complex and interconnected world? And how does it do that under new leadership?

David Pembroke:

Well, to answer those questions, I'm pleased to be joined today by a couple of veterans of the Australian Public Service. Andrew Podger is an honorary professor of public policy at the ANU. He spent 37 years in the Australian Public Service in a range of portfolios, specialising mostly in social policy and public management. He was secretary of the Australian Department of Health and Age Care from 1996 to 2002, and was a Public Service Commissioner from 2002 to 2004. Andrew Podger, welcome to Work With Purpose.

Andrew Podger:

Thank you very much, David.

David Pembroke:

Carmel McGregor PSM is an adjunct professor at the University of Canberra and a private consultant. She is also a non-executive director of the Australian Institute of Human Resources, AHRI, and a former vice president of IPAA ACT. And a former Deputy Public Service Commissioner and Deputy Secretary at Defence and Immigration and Citizenship. Carmel McGregor, welcome to Work With Purpose.

Carmel McGregor:

Thanks, David.

David Pembroke:

A new era, a new time, a new government. Andrew Podger, to you first. What should the Australian Public Service expect now that we have a new government?

Andrew Podger:

Well, there are a couple of things I would start off with. The new government has made a number of statements, very positive about the public service and what it expects of the public service. And it's going to be relying heavily on the public service.

Andrew Podger:

And so, from the public service end, it's got to rise to this occasion. It's got to deliver what the government wants and prove that a positive relationship with government can be made to work and can serve the government well. It's got to do this professionally, but it's also in doing that, realise that it has lost a lot of ground over the last decade or more, and it's going to have to look very carefully at how to retrieve that ground.

Andrew Podger:

I want to talk a little bit more about that later. But in supporting the government of the day, it's got to do so according to its values, including being apolitical. It does it in a way that a future liberal government would be very much supportive of.

David Pembroke:

And Carmel, for you? What's your read on those positive comments that have been made over, well, a number of years now leading into the election and the change of government?

Carmel McGregor:

Yeah, yeah, absolutely. I concur with everything Andrew said. It really is, it's a pretty exciting time. Pretty formidable time though, as the ambitions are high, but I think people would take a lot of heart in the confidence being given to the public service. But also, there's been many internal, external commentators who would say there probably are some capability gaps and that's been noted even as recently in the Thodi review and those sorts of things.

Carmel McGregor:

But I think the challenges are that, what are we, about week three, week four of the new government? There's a transition that occurs that it has always surprised me when governments changed, that irrespective of what political colour they were, there's a wariness. There's a trust that needs to be built. The relationships need to be struck again, that's absolutely vital so that you actually understand the nuance and the priorities that the government has articulated and how to turn them into action.

Carmel McGregor:

That's the skates, beyond that the pressure and that can see how much has been announced in the last couple of weeks and everywhere that the government is looking. They are certainly looking to the public service amongst many, to have ideas, be solution finders, and really assist equip the government's very ambitious agenda.

David Pembroke:

Just about this time, this quite peculiar time, what advice do you have to public servants as they adjust to this new government in this new environment? What advice would you give public servants?

Carmel McGregor:

Listen, really listen deeply. But also, do your homework on what the opposition brought into government, what was different, what were the perspectives? And that all have been done. They would've responded to the actual topics and policies in their incoming government briefs. But really establishing those relationships and building trust.

Carmel McGregor:

Building on that point I made about the weariness. You've got to overcome that to build a trustful relationship and demonstrate that you can be trusted, that you will have honest, clear positive relationships with ministers and their staffers. And it's really up to the public service to broker that and to push it at all levels.

David Pembroke:

And Andrew, to you. What's your advice?

Andrew Podger:

One of the things that I would be focusing very much on is the next round of corporate plans. There is a requirement under the PGPA act to have corporate plans every year, but sometimes they are extremely important. And in a year where a new government, new ministers, for a lot of people, there'll be new secretaries, a whole gamut of situations changed.

Andrew Podger:

You're going to have to look very carefully at your corporate planning. Engage with ministers, make sure your corporate plan is endorsed by your minister. Talk to them, but also talk to the range of stakeholders outside. Making sure that you are linking with them as well. But it's that process of ensuring that you are aligned with what the government's on about, which is way more than will be in their policy platform.

Andrew Podger:

There'll be a whole lot of nuances, as Carmel was saying, that you need to get on top of. You need to find out who do you ministers talk to? What are their priorities, what's the way in which they think? And how do you best respond to that?

David Pembroke:

Now, you mentioned in your opening remarks about the public service having lost ground. What do you mean by that?

Andrew Podger:

Well, I think there's been a series of reports, which have said that the public service has lost capability. The Thodi report is the most recent, but if you go back to the Moran report of 2010, so it's a decade ago. It was talking about it. And I don't think the ground has been recovered sufficiently yet. Indeed, I think if anything, the service has gone backwards on a number of things.

Andrew Podger:

Now, there are a number of causes for that. I'm not trying to point the finger purely at the public service itself. I think there've been a range of policies approaches under the previous government and governments before

that, which have added to it. You have had too much reliance on consultants and contractors, which has diminished the investment in the public service itself. You have had a pay system which has not been market based to ensure that we are attracting and retaining the skills we need. We've got IT contractors because we don't pay people within the service, who are IT experts enough. We're not going to have them. There's all of that to be done.

Andrew Podger:

We have been applying efficiency dividends for more than 20 years, in ways which are supposedly about improving productivity, but in fact, have been leading to reductions in quality and levels of services. A range of things have been going on, which need to be addressed. But I think above all, there's been an expectation of a transactional, if you like, support of the minister of the day. Trying to help the minister in the immediate concerns they have, rather than thinking long term and looking at strategic policy and things of that sort, investment in that has been diminished.

Andrew Podger:

Departments are not publishing what they used to publish. They're not engaging with academics and outsiders. They're not doing a lot of things which are essential for enhancing their own capability to serve the government in a real public interest way.

David Pembroke:

That's a pretty grim picture, Andrew. And not easily solved, I wouldn't have thought. That each of those challenges may take years to repair.

Andrew Podger:

Well, I think there are some immediate things that can be done which the government has already said that they're interested in. Talking about getting rid of the staffing cap on the public service and switching resources from contractors, labour hire, consultancies into the public service. Though, I have to say with some net savings. There's going to be some pressures out of that.

Andrew Podger:

That will take a little bit of effort to work its way through, but it does open the door, a first door towards establishing capability. But I think the next fourth things on my agenda will require some real work over the next six months or so to help the government build an agenda, a package of issues that they can work on.

Andrew Podger:

So the four in my view are looking again at the Public Service Act. Out of the Thodi report, what is the role of the Public Service Commissioner versus the Department of Prime Minister and Cabinet Secretary? Who is the professional head of the service? And how do we ensure that merit is given precedent in top appointments? We should be within that also looking at the values again, because I think we've undermined the importance of merit in the public service.

Andrew Podger:

The second area I'll be looking at would be pay and conditions. We have got a real mess. Each agency runs their own pay arrangements within strict overall limits, but it doesn't lead to a pay arrangement that is related to the market conditions, the labour market conditions that attracts and keeps the skills we need. And you've got each department paying the same work, different rates of pay or different conditions. The transactional

costs are crazy. Looking at that, doing a market survey. And then saying, "How can we get there from where we are?" That's going to be hard, but a job to be done on that.

Andrew Podger:

The third one is about the administrative expenses budgets. Now, the government has retained a low level efficiency dividend, but I suspect it knows that that isn't the long term answer. It's going to have to think more carefully about the way it funds administrative expenses. And when it wants to have productivity gains, it's going to have to think about investing in IT in particular to get the productivity gains. That issue of how are the resourcing decisions made?

Andrew Podger:

And the final one is one, which is already underway. The Prime Minister's department was asked on the previous government to review the Members of Parliament (Staff) Act. And I think that review is an important review because it may help to clarify the respective roles of ministerial advisors and the public service. And get a better understanding of codes of conduct, what sort of value supply, and what sort of people should be the professional people working as advisors to ministers.

David Pembroke:

Carmel, your views on what needs to be made up in terms of ground as the public service moves into this new era?

Carmel McGregor:

Yeah, well, again, agree with Andrew's observations. I think though, even whilst some opportunities were lost in light of the findings of the Thodi review and some things didn't happen, other things have occurred. And I think the public service is to be credited with undertaking some of those internal reforms, which are bearing fruit.

Carmel McGregor:

And just by way of example, the head of professions model that we've talked about, and I know Jacqui Curtis would've spoken on this podcast, having sitting on the RE board, I can see an absolute lift in capability and professionalism in that org as well, that really positions the public service to operate in a more professional...

David Pembroke:

What change have you seen? As you say, sitting on the RE board with the head of profession around the HR, what are you seeing that is encouraging you?

Carmel McGregor:

People who actually understand HR and culture and organisations and how to manage a workforce actually in the roles. It still occurs in various places, but if you walk past the door on the wrong day, you might end up in the head of the people team. And now, there's a real requirement that people have professional skills or have working towards them. And I know that's being rolled out in other professions. I think that sort of thing, plus the APS Academy, all of that recognition, that there is a capability issue that needs to be remediated. That's a step in the right direction. There are some things.

Carmel McGregor:



The other thing that I do think, and look, I was at the Prime Minister's speech and it was an IPAA function when the former Prime Minister said, well, this isn't verbatim, "Your job is to do what you're told. We'll do all the thinking." COVID, and many have commented, did actually bring back to the fore the experts. The sort of recognition that there is something to be valued in professional expertise. And I think there's more to be built on that.

Carmel McGregor:

But there's also, when you have that as a dynamic, people do say that there are public servants, obedient people. I say, "Righto, we'll do what we're told." But really, what the messages of the new government have been is that we want ideas. And there's a lot of unleashing of discretionary effort that can be undertaken.

Carmel McGregor:

60% of the public services outside Canberra, they are in communities they know. And particularly in service delivery, they are in touch with the very people that the government once are our primary or our major clients, who are of the Australian public. And again, just heard the Prime Minister out in Gladstone, took the whole cabinet out there. There's going to be more of that.

Carmel McGregor:

And that's a very invigorating environment to work in. I think that's where ideas flourish. And it's really to the leaders of the public service to inculcate that as a philosophy and an operating environment. And lots can come of that.

David Pembroke:

Now you mentioned leadership. There's been the appointment of the new head of Prime Minister and Cabinet, Professor Glyn Davis. What should be read into that? What's important about that appointment?

Carmel McGregor:

Well, many things are important about that, but what's very heartening is that Glyn really understands the public service. He has been a former director general in Queensland, but is also a very prestigious academic who's made a life study of public administration and governors and those sorts of things. But equally, he was on both ahead of the game that Terry Moore and Kevin Rudd review. And he was also on the Thodi review. He actually knows and would probably feel quite strongly about some of the things that were recommended and would be alert to what progress and what success looks like.

Carmel McGregor:

But also, and Andrew touched on this, I think we haven't really in recent years partnered as actively with academia as we could around the broad issues of public administration. I know there's those deep areas of expertise in policy areas. And so, I think bringing that to the fore as well. I mean, he was quite instrumental in ANZSOG. I think that Glyn's appointment is a really good one for this quite pressured environment of reform, change and really building a close relationship with the ministry.

David Pembroke:

Andrew, your views?

Andrew Podger:

I couldn't agree more. I think he will help the government to focus on these issues around the role and capability of the public service. But he's also a very broad-minded person. His background is vice chancellor of two of our top universities. He's got an international reputation. He understands the policy issues and challenges that the government's going to be addressing as well.

Andrew Podger:

I think we shouldn't expect him to devote all his time on the public service because, in a sense, the head of Prime Minister's Department is what I always think about the operational head of the service. Marshalling the resources of the public service to meet the policy agenda of the government of the day, of the Prime Minister and of Cabinet.

Andrew Podger:

And he's going to have to do that job. That's going to be his main job. But because he understands the public service, I think he'll be very keen to see a big agenda of helping the public service to reform and build his capability. He will be looking, I should think, to the Public Service Commission to play a big role in that, to help him with that.

David Pembroke:

Do you think, it seems to be suggested, certainly the incoming minister has suggested this much larger role for the Public Service Commission. What changes do you think that you'll see in terms of that Public Service Commission? Because I think she quite critical of the previous government and the way that they treated the Public Service Commission.

Andrew Podger:

Well, it's gone back a long way. I mean, you may recall after the Moran report ahead of the game, that there was a change to the Public Service Act, which did strengthen the commission, but then the government withdrew the extra resources that they had promised to give to it. It wasn't actually able to build it up the way it had intended.

Andrew Podger:

But the Thodi report goes a lot further than ahead of the game on this. And it talks about the Public Service Commissioner being the head of people, I think is the term. My own preference is to call it the professional head of the service, thinking more about the stewardship of the service. Not only to be able to work for the current government, but have the capability to work for future governments down the line. And that's that role that I believe the Commissioner should have. Clarifying the respective role of the Commissioner and the head of PM&C, I think is a really important one.

Andrew Podger:

But the commission needs to have the capability to do these other agenda items I've talked about. For example, they're going to have to take the lead on what should the pay and conditions arrangement be for the public service into the future? I'm not too sure that they've got the expertise at the moment to do that. It's going to have to build that up to do that.

Andrew Podger:

Even thinking about where public service employees fit in, vis-à-vis contractors and consultants. Patty Guola has written a lot about this saying there's this public service workforce, which is not into the public service.



And we ought to be identifying it, measuring it and talking about what it does and not pretending that it's something totally separate.

Andrew Podger:

The Public Service Commission has got to play a wider role in those. I think it's leadership of the professions. Now, I think as Carmel said, there's seen some good developments on that and particularly on the HR side. But I remain surprised that the HR profession is being led out of the tax office rather than the commission, which is its core business. I think there are things that can be done to enhance the role of the commission.

David Pembroke:

And Carmel, do you have a view around the commission?

Carmel McGregor:

Yeah, it's a small entity. It's always been quite starved of resources. And I remember I was in the commission at the time when they were given funding. And well, I said at the time, we were momentarily rich until they took the funding away. I think they have actually worked... They can't do everything themselves. And the main role is actually facilitation and influence, working with the big agencies. But yeah, that pay and conditions does sit with the commission and it's a pretty big task.

Carmel McGregor:

And even back in the head of the game, when that was a recommendation out of there to try and harmonise all of that. And even the modelling we did at the time would show there was going to be several bargaining rounds before you'd ever get any complete sanity into the system. That's a large piece of work. But the commission itself, I think just needs to work actively with the areas that have in greater capability and really play that catalyst role.

Carmel McGregor:

But it is interesting, Andrew and I were talking about this a couple of days ago. In New Zealand, the head of the service is the Public Service Commissioner quite deliberately. And the head of Prime Minister and Cabinet does, as Andrew said, runs the policy and worked for the government. At the time, I did a review of a Public Service Commission in one of the states and that was became aware of this model.

Carmel McGregor:

And I didn't really agree with it, but the more time has gone on and you can see where there's not a complete focus on these issues and clout around appointments and those sorts of things. I think we are not as successful say as New Zealand around those sorts of things. I think that's a big call for me to be sitting here saying that's what should happen. But I think there are models where you can look to and see that the role of the commission can be perhaps stronger than it probably is in reality.

Andrew Podger:

One of the interesting developments under the new government has been the appointment of Katy Gallagher as both minister for finance and minister for the public service. I think the last time that happened was in 1983, when Joe Dawkins was made minister for finance and minister responsible for public service.

Andrew Podger:

And that was the beginning of a major era of public service and sector financial management, a whole range of reforms by bringing those things together. I don't think those things need to be together for always, but I think bringing them together for a while is an opportunity to look very carefully at reform of the public service and the public sector more generally.

David Pembroke:

It's no accident that this is-

Andrew Podger:

I don't think it's an accident. I think that Prime Minister Albanese, I think has thought this through and has spoken to a number of the colleagues. And one hopes that there will be quite a lot come out of that.

David Pembroke:

Now, listen, I just do want to come back before we finish. This link between the public service and academia, because both of you work in academia. How can that be made to be a more effective relationship, such that public service organisations are more able to draw on the expertise and experience and knowledge of academics across Australia and indeed, around the world? Andrew, to you.

Andrew Podger:

Well, let me give an example of where I've noted it work and not work even more recently. A couple of years ago, I went to the annual conference at the University of New South Wales, their centre of excellence on population ageing. They have an annual conference on that.

Andrew Podger:

And at that conference, treasury came in significant numbers. And they presented to the conference, their retirement income modelling, the new modelling they're doing, what assumptions they made. They exposed it all and opened up to academics to comment and contribute to. It was a great show, was run extremely well. Unfortunately, there was nobody from the social services department there at all. And that to me was very surprising and disappointing.

Andrew Podger:

If you want to have engagement, you've got to be open. You've got to publish material. You've got to have your own research capacity, your own statistics. And then you throw it open to academics to engage. And it's not a matter of ringing up the academic and asking what they think about something. You've got to expose and engage in detail.

Andrew Podger:

And I think some agencies are still doing that, but it's become rarer because ministers have been scared of things being published that might cause them trouble. We've got to get past that and get a genuine engagement going on.

David Pembroke:

Carmel, your...

Carmel McGregor:

No, I don't really have anything more to add. I mean, I think that a good example is the policy research units that every department used to have, or did have. And that just was a natural tendency to academics wanted to be in the tent monitor to actually help assist on issues and be a voice or a source. I think that going back to the reliance on consultants, that they've probably been the default speed dial, as opposed to the natural tendency of bringing the academics into the tent.

David Pembroke:

Just in summary then, exciting times, busy times, but optimistic times.

Carmel McGregor:

I think it's very exciting. I think when you hear ministers speak and to the public service and say they want their ideas actively going and sitting in departments and listening to them. And as Andrew said, there's a statement that the public service is what they want it to be performing optimally and delivering for Australians and clients more generally. But I think it's very exciting.

David Pembroke:

Andrew?

Andrew Podger:

I agree. And it's also an opportunity for the public service all the way through to rise to the occasion. To prove that what's being said about them at the moment is right. That they can do things, they can offer good ideas, expertise, research, corporate knowledge, all those things. That they have that offering to ministers to help them do their job.

David Pembroke:

Well, there we have it people. Two wise owls sitting and giving you the view from the top of indeed this changing time, but optimistic time. And certainly, the call there really is to rise to the opportunity and to the challenge. Andrew Podger and Carmel McGregor, thank you so much for joining us on Work with Purpose.

Andrew Podger:

Thank you, David.

David Pembroke:

Ladies and gentlemen, Work with Purpose is a part of the GovComms podcast network, which I'm sure you'll be thrilled to know that has recently added a new program to the roster called the Gradcast. Which to no one's surprise is a podcast by APS grads, for APS grads. If you are interested in the world of an APS grad, make sure you download the program. Thanks also to you, the audience, for giving us some of your most valuable asset, your time and your attention. And once again, if you can share, rate or review the program that helps it to be found.

David Pembroke:

A big thanks to Caroline Walsh and the fantastic team here at IPAA for their ongoing support and also the Australian Public Service Commission, which is another great partner of Work with Purpose. And as always a big thanks to the team at contentgroup for getting the show to air each week.

David Pembroke:

Thanks once again, to Andrew Podger and Carmel McGregor. My name is David Pembroke. I'll be back at the same time in two weeks. But for the moment, it's bye for now.

Voiceover:

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