

Risk of rising populism in the APS

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Terry Moran and Travers McLeod

WAITING for the release of David Thodey's review of the Australian Public Service was a bit like waiting for Godot. No one seemed to know when it would arrive, even though it was commissioned over 18 months ago, submitted in September, and big machinery of government changes were announced ahead of time.

To be sure, this wasn't Thodey's fault. As he says, there have been 18 APS reviews over the past decade, yet little has changed. Like the ghosts in Dickens' *Christmas Carol*, Thodey's review has strong echoes of Reviews Past.

A tendency in government to put off difficult conversations has been obvious the past few months. A Friday the 13th release of the Thodey report just before Christmas, as smoke shrouded much of Australia, reinforces this.

When the federal Parliament returns, the Thodey report should be debated in full. The patient cannot ignore the prognosis. Unless the recommendations are implemented to renovate our public institutions and approach to service delivery, we risk rising populism and the Trumpian nastiness flowing from it. The Thodey report spoke of "long-running underinvestment in the APS's people, capital and digital capability". Successive governments have made the APS impotent in solving big problems in the best interests of Australian communities. That must change.

In August, Prime Minister Scott Morrison asked for a "clear line of sight" for public servants "straight through to the Australian public". In his written response to the Thodey report, the PM called for "a step-change in the quality of services". Three of his six guideposts are "better services", "getting delivery right" and "connecting the APS to all Australians". His consolidation of departments appears an attempt to get a clearer line of sight to services in communities.

Our view is this service delivery theme will only work if three courses of treatment identified in the Thodey report are prioritised.

The first is putting place front and centre to address cycles of disadvantage in Australia, underpinned by investment in public capability at local level to coordinate effective services.

The importance of place was central to Centre for Policy Development research provided to the Thodey review. It was a key verdict of last year's expert panel on employment services, led by Sandra McPhee, and this year's review of settlement outcomes by Peter Shergold.

We have found place-based approaches to delivering critical services achieve better economic and social outcomes. Our Community Deals model being trialled in Melbourne's west allows for coordinated delivery of key services by a local consortium, informed by family-centred case management and strategic engagement.

Community Deals, like City Deals, champion a local approach to boost jobs, business creation and community participation. They are genuine partnerships between government, industry and communities. They draw

a line under the fantasy that outsourcing is a panacea. The aged care royal commission has revealed grave consequences when government cannot be or see beyond the contract gate. Looking after vulnerable Australians should not be seen as an industry or a market. Our democracy suffers when it is.

Our research suggests three-quarters of Australians think it's important for government to maintain capability to deliver social services directly. They rate services delivered by government as more accessible, affordable, accountable and better quality than those delivered by private companies and even by charities.

Restoring public delivery capability or benchmarking is vital to lifting confidence in service delivery. By this we mean insistence on a public delivery option to foster service collaboration and provide a clear marker on quality and efficiency. A future fund for place-based investments would help too. Extending all Jobactive contracts to 2022 is one very expensive example of putting hard reforms in the too hard basket.

The second course of treatment is to embed the new APS professions model and grow long-term capability.

This cannot start unless the PM concedes

the APS staffing caps corrode capability. His department told a recent inquiry staffing caps have meant "agencies have more frequently needed to engage external contractor and consultancy services to fill key roles" and that removing caps offers "greater flexibility to recruit specialist staff at a reduced cost". The Thodey report agreed, saying caps "risk the unintended consequence of reducing capability across the service" and that they "have made it difficult to maintain long-term strategic policy functions, which has led to a divestment in analytical capability".

The Australian Public Service Commission's mandate should be expanded faster. It can grow capability through the 2020s in organisational change, human-centred design, service delivery and the digital economy. It can conduct deep evaluations of the delivery of domestic policy. Commissioner Peter Woolcott will know the loss of capability, presence and integrity hurts Australia at home and abroad. A national integrity commission is an essential part of this endeavour.

The final course of treatment is a bipartisan effort to rebuild APS confidence and instil the "missions" mindset Mariana Mazzucato spoke of last year.

Mazzucato's work on public value and the entrepreneurial state doesn't pit government against business, unions or the community. It provides a framework for us to agree missions we can tackle together, like recycling, employment, or net zero emissions. Indeed, the Thodey report identified climate change as a core challenge requiring integrated long-term policy advice from the APS.

The step-change the PM wants is achievable. But it will only be achieved with a public service funded to think for itself and deliver missions for Australia alongside communities and businesses. Thodey and his panel feared acute risks for policy, regulation and delivery if their recommendations were ignored. They insisted "the impact of strengthening APS capability will be profound" and "the only way to ensure that government expectations are met, priorities are delivered, and results achieved".

We agree. Focussing on missions that matter most to Australians is consistent with the PM's guideposts and the Thodey report. It allows us to solve our biggest problems together and renew trust in democracy at the same time.

■ Terry Moran AC is chairman and Travers McLeod is CEO of the Centre for Policy Development.



David Thodey's report on the public service should be debated in parliament. Picture: Karleen Minney