

## **INDEPENDENT REVIEW OF THE AUSTRALIAN PUBLIC SERVICE ANZ SUBMISSION**

1. ANZ welcomes the opportunity to make a submission to the Independent Review of the Australian Public Service (APS) (**Review**). We support the intent of the Review to ensure that the APS is fit for purpose for the coming decades. We understand that the Review extends to departments and agencies where staff is employed under the *Public Service Act 1999 (Cth)* (**Act**).
2. ANZ benefits from the skills and professionalism of the APS in many ways.<sup>1</sup> APS policy advice is central to a stable, strong and efficient financial system. Regulatory supervision by APS agencies underpins public confidence in outcomes for our consumers and business. We work with and value the diplomatic, security and related functions in Australia and across our regional footprint. We interact with service delivery arms of government and the Australian Tax Office.
3. Under the Act, the APS is required to operate in a way that is open and accountable to the Australian community under the law and within the framework of Ministerial responsibility. It must be impartial, apolitical and provide the Government with advice that is frank, honest, timely and based on the best available evidence. It must demonstrate leadership, be trustworthy and act with integrity, and respect all people. It is required to be professional, objective, innovative and efficient, and work collaboratively to achieve the best results for the Australian community and the government.
4. ANZ understands that the environment in which the APS operates is complex. While the APS provides advice, government determines policy and Parliament legislation. The APS must fulfil its statutory obligations, but government sets priorities, resourcing and activities. Public expectations of the role of government and delivery of APS services are high and potentially involve conflicting aims. Properly, there is a high level of scrutiny of government and APS activities, but this may create incentives to reduce risk rather innovate.

### **Innovation and productivity**

5. The Review is asked to ensure that the APS is ready, over the coming decades, to best serve Australia in driving innovation and productivity in the economy. The private sector and market will of course be the most important driver of innovation and productivity in the economy. The APS is responsible for advising

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<sup>1</sup> Refer <http://shareholder.anz.com/our-company/profile> for general information about ANZ

the government on the policy, legal and regulatory framework in which the private sector operates. Its evidence based approach and continuity of experience is important for stability that supports investment. The APS can also directly drive innovation and productivity where it is accountable for service delivery (or indirectly funding service delivery); for example, in much of the health, education and social security sectors.

6. Australia's economy has grown strongly, particularly with the success of resources, agriculture, education and tourism sectors, and as an attractive destination for investment and skilled migration. The banking sector has played an important role in efficiently intermediating between lenders and borrowers to build homes, invest in business, develop infrastructure and support international trade and investment flows.
7. Governments today pursue a wide range of initiatives to improve productivity and boost innovation. The Australian government is seeking agreement to the National Energy Guarantee in COAG in order to put downward pressure on power bills, while meeting goals for reliability and lower emissions.<sup>2</sup> The Department of Jobs and Small Business manages the government deregulation agenda.<sup>3</sup> The government has placed considerable focus on innovation through the National Innovation and Science Agenda.<sup>4</sup> The Productivity Commission reports annually on national productivity on the equity, effectiveness and efficiency of government services; and has published a five year review of productivity priorities.<sup>5</sup>
8. Nevertheless, there are opportunities to improve outcomes. Like other nations, Australian productivity improvement has reduced in recent years. There are likely to be benefits from diversifying the sources of growth in the Australian economy to take advantage of our skills base and ready access to capital. Australia's offshore investment continues to be focused on traditional markets rather than regional markets.<sup>6</sup> Research and development expenditure is below comparable OECD nations and there is scope for better translation of publicly funded research into commercial outcomes.<sup>7</sup> Although there have been recent improvements in the availability of information, in the past there has been limited focus on the

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<sup>2</sup> <https://www.energy.gov.au/government-priorities/better-energy-future-australia>

<sup>3</sup> <https://www.jobs.gov.au/australias-approach-deregulation>

<sup>4</sup> <https://www.industry.gov.au/strategies-for-the-future/boosting-innovation-and-science>

<sup>5</sup> <https://www.pc.gov.au/inquiries/completed/productivity-review/report>

<sup>6</sup> ABS 5352.0 - International Investment Position, Australia: Supplementary Statistics, 2017

<sup>7</sup> <https://stats.oecd.org>, Main science and technology indicators. *Boosting R&D Outcomes in Australia* at [https://www.oecd-ilibrary.org/economics/boosting-r-d-outcomes-in-australia\\_93d19106-en](https://www.oecd-ilibrary.org/economics/boosting-r-d-outcomes-in-australia_93d19106-en)

important role of globally oriented business and Australia's offshore investment in other markets.<sup>8</sup>

9. We encourage the Review to consider how to further increase the policy advisory capability of the APS to understand innovation and productivity in the private sector, and promote a stable and positive environment for investment. We suggest that there should be a continued focus on APS policy advisors building links with the private sector, increased consideration of policies adopted in comparable jurisdictions, and how to promote the growth of internationally capable and competitive Australian businesses.

### **Complex, multi-sectoral challenges**

10. The banking sector has wide experience in developing new services or capabilities with government and non-government sectors, particularly in response to a policy driver.<sup>9</sup> Such work requires a high level of cooperation and trust between policy advisers, regulators, private entities and not-for-profits. It requires the ability to undertake trials and pilot projects, many of which may fail. In an environment of high levels of scrutiny, there may be little tolerance for a 'failure' involving a public sector agency. We suggest that providing frameworks for trusted cooperation and allowing testing of new services and processes would increase the capacity to undertake such work.
11. The development of a commercial or economic model is usually important for achieving complex, multi-sector changes. Many parties will support a positive initiative and there will be many options. However, developing a sustainable commercial or economic model is usually the critical step in turning aspiration into action. The Review may wish to consider how the APS could have a greater array of approaches available (for example, models for joint funding) and how it can best engage the private sector to drive change where this is the best solution.
12. Where the industry is required to undertake changes as a result of a regulatory requirement, it is important for the APS to be able to provide advice on the implications of change and implementation time-lines. Dialogue with affected

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<sup>8</sup> DFAT publication International Investment Australia 2016 is a helpful new publication. It shows that the financial and insurance sector accounts for 30.7% of Australian direct investment offshore. The last official statistics on sales generated by financial services offshore was in 2009-10 (ABS 5485.0 Australian outward finance and insurance foreign affiliate trade)

<sup>9</sup> For example, development of the New Payment Platform, external dispute resolution schemes, and electronic conveyancing

businesses and APS capabilities to assess requirements should continue to be encouraged.

### **Foreign, trade and security interests**

13. ANZ values the positive engagement of government agencies in areas such as foreign affairs, security and trade support. We work bilaterally with government in Australia and offshore, and contribute to working groups. We are able to engage at senior levels of the APS. We believe that this engagement has provided considerable benefits for the Australian community, and business, and allowed ANZ to provide secure and trusted services.
14. In our view, it is important to maintain APS openness to engage on foreign affairs, security and trade matters. We have found the most valuable forms of engagement have been at a working level and focused around achieving specific outcomes or work programs. Much of the working group activity to date has focused on security matters. There may be potential for this model based on specific outcomes to apply to issues affecting the growth of internationally oriented Australian businesses and related policy.
15. ANZ has particular interests in promoting trade and investment flows across the region, to benefit Australian businesses and our economy more generally. Regulatory authorities in Hong Kong and Singapore are rapidly advancing in moving trade processes to digital platforms and ANZ is looking to support similar efforts in Australia. The Review may be interested in investigating offshore approaches as a model for how government can work with the private sector.

### **Experience of government services**

16. While there are fundamental differences between the public and private sectors, there are many common challenges for large organisations - focusing on customer outcomes, managing complex changes and responding quickly and flexibly. Large service providers such as ANZ or government agencies particularly benefit from digital technologies that increase the ability to offer new services, understand demand and enhance performance reporting.
17. ANZ is making changes to become more customer focused, flexible and productive. We are seeking to simplify our business and offer convenient and engaging services and products, particularly through digital channels. Our *New Ways of Working* initiative, is a scaled deployment of the Agile methodology and is based around small, autonomous, multi-disciplinary teams. We are also linking

this to deployment of measuring systems of customer satisfaction. ANZ would be happy to provide further information about these changes to the Review.

18. Public sector organisations are seeking greater access to private sector data in order to undertake advanced data processing and inform policy development. There is a leading to a wide range of requests and there has been a marked increase in the resourcing required to respond. It is likely that this trend will continue. The Review may wish to consider what structures and principles might assist to ensure that interactions with the private sector in the future are well coordinated, efficient and take into account the experience of the responding organisations.
19. A feature of government is that portfolio responsibilities and departmental structures change from time to time. These changes can affect policy stability and service delivery. The Review may wish to consider how to strike the balance between the governments' flexibility to make change and stability of policy and service delivery.

### **Skills and expertise**

20. The APS plays an important part in providing information and informing debate that contributes to public confidence and supports business investment. We suggest that the Review might consider how the APS continue to strengthen its capacity to provide experienced and skilled advice, as well as public information to support policy stability and informed debate.
21. There is considerable benchmarking and reporting on government services. It would be valuable to continue to increase access to easy-to-understand information on economic and employment outcomes (as well as government service outcomes) and how these relate to departmental plans and policy accountabilities. There will be particular interest in outcomes for consumers and disaggregating information by regional areas.
22. Exchanging skills between government, business and the not-for-profit sector can benefit all groups, noting the importance of managing conflicts of interest. It is valuable for the APS to have access to skilled and experienced personnel from with a private sector or non-government background. The movement of skilled personnel from the APS to the private sector and non-government organisations can increase those organisations' ability to understand and respond constructive to policy and regulation. We support change that will increase the ability to exchange skills between the government, business and the not-for-profit sectors.

### **Further information**

23. ANZ would be happy to provide further information to assist the Review. The appropriate contact is Rob Lomdahl (rob.lomdahl@anz.com, or 03 8654 3459).