UNIT 2: Managing Out: The Public Sector in the Community

Introduction

In the PSM Program so far, we have addressed the context of public sector management, reviewing the main features of public sector reform programs on the domestic and international scenes. We sketched some broad differences: the main emphasis in the United Kingdom was on citizens; in New Zealand, on outsourcing; in the United States, on the trend towards steering a range of external bodies. In Australia meanwhile, as we saw, the shift was towards privatising, outsourcing and the purchaser–provider split. In each context, there have been lively national debates about the role of government and the rights and responsibilities of citizens, about the nature of the public interest and the role of private bodies, associations and interests, and about the liberal and democratic settlements that underlie political life. The emerging focus of the new governance and networked approaches to public management were also elaborated, showing how notions of contracts, information sharing, and policy communities are becoming a regular feature of the daily management dimension you face as a public sector manager.

We also analysed the overarching systems of government and the need for political management or managing up. As Moore (1995) observes, in the past, public sector employees were mainly accountable to their political masters; now, they are required to be responsive to a range of diverse stakeholders. Achieving success in this new accountability regime requires conscious adjustment of the routines, habits and dispositions of public sector personnel at all levels. It also requires the cultivation of a different range of skills and capacities, from consultation to contract management.

In this unit, we turn to the concepts, skills and strategies that are involved in managing out. By this we mean the process of managing those individuals and organisations that are external to your organisation while still being integral to your work. In the new environment, you will have relationships with individuals or organisations outside your own immediate sphere of authority who cannot be managed in the traditional sense in which we talk about managing staff. These relationships could include those with customers, other members of the public, contractors, interest groups or perhaps the media.

Each participant in the PSM Program will have their own professional concerns, interests and responsibilities to external stakeholders. You will need to be able to identify and understand these, treating stakeholders with respect and in terms appropriate to your own professional role and to theirs. At times, though, there may be some confusion, or even conflict. It may be hard to work out how to maintain relationships with outside parties such as contract researchers, service providers or
representatives of interest groups, especially where they are acting as advocates for or critics of programs for which you are responsible. How do you continue to work cooperatively and with respect for all parties when conflicts arise? How can you work effectively within the new environment without being ‘captured’ on the one hand or compromised on the other?

In Managing Out, we will explore various relationships that you will need to build, both within the public sector and outside it – in the private sector, with community and not-for-profit groups, with the public through the media and more generally with citizens and clients of government services. Using a variety of examples of these different types of relationships we will explore ways in which you can prepare yourself and your staff to better deal with them. Specifically, we will explore how you can understand the different roles and capacities in which individuals are acting; be clear about the scope and limits of your own professional role; and develop the skills and capacities needed to negotiate with others and build institutional partnerships within a complex environment.

Using a variety of case studies, we will discuss different partners and stakeholders, their institutional location and strategic significance, and how to go about dealing with individuals and organisations over whom you have no direct authority or control.

The Structure of PSM Program Unit 2

In Topic One of PSM Program Unit 2 we review a range of practical, conceptual and ethical challenges likely to face public sector managers. There are now many occasions on which public servants are required to exercise discretion and to make quick judgments about what is appropriate, and about how to address the expectations of those with whom they are working, including people from different walks of life. Building and sustaining relationships requires pluralism, consideration and occasional compromise, but also a clear understanding of public sector models of accountability and ethical conduct.

In the topics that follow, we review key questions relating to the development and maintenance of new working relationships, both within and beyond the bureaucracy.

Topic Two traces in more detail the nature of networks, contract and policy communities by considering the various roles attributed to government, assessing the significance and consequences of knowledge management and reviewing the ‘contract state’ approach that has come to dominate contemporary public sector management.

Topic Three explores issues about the relationship between citizens and government, with particular attention to the range of interests, statuses and stakeholders involved in contemporary decision-making and consultation.

We build on this analysis in Topic Four, which addresses different understandings of what accountability entails and about the forms of participation and consultation available. These two discussions will equip you with both a critical understanding of the issues and some practical skills, as well as the means to find out more by exploring online resources.
Topic Five addresses important developments in modes of governance in Australia and elsewhere particularly the imperative to make closer connections between agencies, initiatives and plans, so providing citizens with coordinated services and addressing needs and issues that cut across portfolios and departmental divisions. This is commonly referred to as the imperative to develop ‘whole-of-government’ approaches.

In Topic Six we focus on the network environment and turn to three different kinds of relationship now restructuring work in the public sector: with communities; with industry; and with other sectors.

We then move to Topic Seven to explore the aspiration to provide government information and services online to all citizens (electronic or e-government). Each of these developments presents stimulating possibilities as well as challenges. We explore these critically, while locating the resources that can help you navigate your way in new waters.

In Topic Eight we focus on the increasingly important subject of public relations and the media.

Topic Nine concentrates on the idea of the policy entrepreneur and discusses the capacities, knowledge and skills required in the new public sector environment. It encourages you to find ways of independently investigating the wealth of knowledge and strategic resources available.

Having sketched out our coordinates, let us start with Topic One.
TOPIC ONE: The Managing Out Imperative

Overview

In the previous unit of the PSM Program, we reviewed the context in which ‘managing out’ has become increasingly important in the contemporary public sector. In addition, we examined some of the factors shaping the change in attitudes towards the public sector, both in Australia and internationally. Through readings, reflections and activities you have been exposed to new public sector management models and to the key features of the contemporary management environment. Having sketched the broad framework of change, we can turn now to more complex questions about the process of managing out. These are questions about how public sector managers are being equipped to rethink key relationships.

On the one hand, these are concrete relationships: between agencies within both the public and the private sectors; between governments, markets and communities; between service providers and clients; and between states and citizens. On the other hand, managers also have to exercise their discretion about applying a range of what are, at times, conflicting principles. Trade-offs often need to be made. Competition and choice can conflict, as principles, with long-standing conceptions of the entitlements and rights of citizens, or of specific communities. By the same token, the new models of accountability appear, at times, to breach longer-standing conceptions of democratic consultation and accountability to the public interest.

A contemporary view of government service delivery

The final aspect of the Government’s agenda for the public service is that we have a contemporary view of the role of the state in service delivery.

I do not have an ideological preference for the public sector, nor for the private sector. The question of how services are best delivered has not been resolved conclusively in favour of either the market or the state.

In some instances, the public sector may provide services that are of better quality, are more accessible, or that come at a lower cost.

In other instances, private or community sector provision may reflect a better use of limited public resources.

Service delivery should be contestable, and decisions about the mix of the public and private sectors should be based on the available evidence on how to deliver services efficiently and effectively.

This means that we will sometimes support services being delivered by those outside of the public sector, but with the proviso that we examine all of the costs and benefits of service delivery options.

As many private sector businesses have concluded, outsourcing can sometimes be a false economy because it can hollow out an organisation’s important technical skills and know-how, to its long term detriment.

Corporate memory is important, especially in government, and we should ensure that it is not diminished by short-term assessments of the costs and benefits of how we implement decisions and deliver services.

(Excerpt from a speech delivered to APS by Prime Minister Kevin Rudd 30 April 2008 http://www.apsc.gov.au/media/rudd300408.htm)
Learning Objectives

On successful completion of this topic, you will be able to:

1. Identify the variety of relationships demanded by public sector reform.
2. Understand that public sector workers are likely to experience tensions as they open up bureaucratic procedures to greater public participation, consultation and accountability.
3. Discuss some of the problems that may be experienced in the workplace as public sector staff negotiate new roles and relationships.

1.1 Framing the Issues

In this first topic of Managing Out, we offer a general review of the ways in which you in your own workplace may be affected by the reforms that have led to governments becoming more outwardly focused. We review also new skills and capacities that will help you to be effective in this environment.

Let us briefly review the rationale for our focus on managing out. We have noted that traditional bureaucracies were inwardly focused, hierarchical and rule-bound. Modern reforms have been designed to make bureaucracy more responsive to clients and citizens. Considine (2001:10–14) identifies five ‘tools’ of reform, most of them now familiar to us:

1. **Performance management.** Measuring outputs through purpose-built techniques including program budgeting, corporate planning, performance indicators and performance pay.
2. **Entrepreneurial action.** Moving away from the standard product and becoming experimental, innovative and inventive; placing greater emphasis on risk-taking.
3. **Principal/agent separation.** The separation of the responsibilities of policy-makers from service delivery organisations, which may be other government agencies or private sector organisations; purchaser–provider contracts are a feature of this separation.
4. **Quasi market.** Policy owners seek bids or engage multiple program delivery agencies in an effort to reduce costs and improve efficiencies.
5. **Citizen responsibility.** The idea that those receiving services should become more active on their own behalf; consumer sovereignty, personalising service and self-help.

These changes have been driven by factors including:

- public demand for improved quality of service
- new forms of accountability in the public sector, including more direct engagement with the public through aspects of the New Public Management (NPM) agenda
- new imperatives for transparency and accountability, due to the impact of new social uses of media and communication technologies
• the individualisation of service, whether face-to-face, through letters and call centres or online
• a greater emphasis on community and on a participative public culture, combined with a perceived crisis in public confidence in political and governmental processes
• reforms which have sought to make the permanent career bureaucracy more responsive to elected representatives and, in particular, to the government of the day
• emergent problems for public servants in negotiating the risks entailed in offering advice to ministers while orienting themselves to the public interest.

We saw in PSM Program Unit 1 that at least seven factors have driven public sector reform. Some of these have resulted in the need for knowledge and skills in managing new relationships; others have made the management of these new links and partnerships more feasible and effective. For example, globalisation has meant that the way your agency delivers its services, or otherwise executes its operations for and with the public, may be subject to international benchmarking. Changing societal and community expectations of government mean that the public may be demanding more, better and more individualised service from your agency. On the other hand, if you are part of a regulatory or compliance-focused organisation, the public may be demanding more consultation, participation and flexibility. Resource constraints and budget stringency have seen a major shift towards contracting out and privatisation, resulting in many public sector managers now being responsible for managing contracts for the delivery of service, rather than the delivery of service itself. This situation has particularly significant implications for managing out, because managing relationships with contractors is very different from managing a team of employees engaged in the same activity.

One of the main change factors underpinning the need to manage out is information and communication technology (ICT). Like other sectors of life, the Australian public sector has been affected by changes in patterns of communication and information retrieval. Rapid market penetration of personal computers, lower costs, quick transmission and spiralling consumer demand have led to accelerated technology transfer and take-up. New technologies have removed barriers between nations, time zones and regions. At the same time, social adaptations to technology have blurred distinctions between the personal and the public, between public services and commercial services and between domestic and work life (Giddens 2001; Giddens & Hutton 2000). Whether it be the private or the public sector, today, everyone has to act as a knowledge worker and engage in knowledge management by being, amongst other things, open and adaptable to the changing face of technology.

As well as driving the changes we have seen, these technologies offer new ways to communicate with those external to the public sector, to provide information to them and deliver services to them (Perri 6 & Jupp 2001; Latham 1998; Tanner 1999). At the same time, new social uses of technology are changing expectations of what government should be able to deliver to the client and to the citizen (see Norris 2001; Compaigne 2001; Hague & Loader 1999; Loader 1997). Information is expected to be available immediately, customised to the individual’s needs and accessible twenty-four hours a day. If even small firms are able to offer all their services online, why shouldn’t large government departments be more responsive?
Why should citizens have to queue to obtain information, and why should some citizens have more access than others, just because they can afford computers? Why should citizens have to keep providing agencies with the same information about themselves – and have to keep identifying themselves by birth, qualification, medical history, credit history and so on – when it is so easy these days to consolidate and cross-reference information? (Fountain 2001).

Technologically competent citizens might well wonder why government is so slow to adapt to change, even as it expects citizens to be flexible and adaptive in acquiring new skills. These expectations are complex, however. On the one hand, it has become commonplace to say that citizens have a right to information about decisions that affect them, and indeed about the governmental and political process more broadly. On the other hand, some have begun to express concern about citizens’ rights to freedom from information as well as their rights to freedom of information (Perri 6 & Jupp 2001). Does the citizen have the right to privacy and protection, they ask, from intrusive uses of their personal information? There is a similar ambiguity in the movement to devolve decision-making to communities. Using techniques of place management and community-based consultation, this process is supposed to make people more involved in the decisions which affect them, and to build ‘ownership’ as a way of securing agreements (Davis & Weller 2001; Botsman & Latham 2001).

One area of confusion is about the size and extent of government. The boundary between public institutions and private life is being redrawn. There is no clear distinction, for instance, between government agencies and community agencies: the community and its forms of organisation are now part of government. The family itself is now seen by government as core to the project of governance; increasingly, so too are voluntary organisations, charities and even clubs.

It is arguable that we are seeing a reversal of the great eighteenth- and nineteenth-century process of building the monuments of public administration (sanitation, health, schooling). That historical process pulled together a range of governing activities that took place at the local level: it made state initiatives out of the work of churches and charities, philanthropists and parishes, private hospices, benefactresses, crusading reformers and volunteers. Schooling, health services, childcare, policing and prisons were once managed by a combination of public and private bodies; this is now happening again. Government in the broadest sense is not shrinking; instead, we are seeing a process of ‘government through community’ as individuals, households, districts and regions are encouraged to govern themselves, to rely less on state-based assistance and to become capable of self-management (see Rose 1999; Hunter 1994; Dean 1991).

This broad change – taking place across industrialised nations – involves much discussion of the need to shrink the state and reduce public spending. However, the process of privatisation and the devolution of responsibility to communities should not be confused with the idea of small government. As it turns out, what we are seeing is an adjustment of advanced liberal strategies of government (see, for example, Rose 2001; Considine 2001). Communities are being encouraged and enabled to ‘renew’ themselves, to rescue themselves from economic stagnation and social and political marginalisation, by awakening within themselves an entrepreneurial drive to solve their own problems, through discussion, consultation,
skill-building and cooperative learning (see, for example, Mulgan 1997; Latham 1998; Tanner 1999). Public sector agencies continue to play a major role in this. They are still the main conduit for funding assistance, even though funding is more likely to be forthcoming if community initiatives can show success in attracting private sector investment or generating interventions by social entrepreneurs. Public sector agencies also have an important role in managing accountability processes, as well as tracking the outcomes of public spending, securing civil peace and prosperity, and safeguarding the welfare of each and all.

The government of the day still has responsibility for the outcomes of enterprises such as privatised freeway systems or prisons. The question is – how much responsibility does it have? The same point applies when decision-making and responsibility have been devolved to community bodies, or to identified faiths or cultures. An example of this might be the decision made over the past decade to enable and encourage communities to set up and run their own schools, including schools orientated to a particular faith. How responsible is the government of the day, or the government more broadly, for ensuring that each child within these schools has a chance to become literate and numerate? How responsible is it for ensuring that each child (a citizen in their own right) is able to choose their own religious or cultural beliefs, which may be different from those of their parents (see Hunter & Meredyth 2001)?

This is a difficult and intractable problem. It is an issue that has been debated for at least a century and a half in this country. Different education ministers are likely to have (and have had) their own view on such matters, and sometimes they will have the backing of strong public opinion, fuelled by media attention on the issue. At other times, it will be an uncontentious but persistent difficulty – one that school systems and teachers negotiate routinely as they work with parents and community groups. Much of this work, both at the school and at different departmental levels, is about managing expectations of how much school systems can do, regardless of whether they are government or non-government schools.

Some elements of these changes in education policy are new; many are not (Seddon & Angus 2001). Most of the policy options available have been tried before, over the past hundred years, from devolution to privatisation to community-based decision-making. Currently, we are seeing a re-balancing of the relationship between private and public education. Even though Australia has had a strong tradition of state secular education, its foundation is in the voluntary, private and philanthropic traditions of Christian pastoral care (Hunter 1994). The state school system took these techniques over, made them its own, and then offered them to private schools as a reform agenda; the same pattern has since been repeated from the other direction.

The education bureaucracy has consistently adapted itself to political change; it has also worked to change public aspirations and political views, sometimes through large-scale campaigns such as those sponsored at state level for gender equity or sex education, and those undertaken on large scale for literacy and numeracy. In the process, teachers and reforming education bureaucrats have had to learn to restrain their own enthusiasms and sectional passions. (If you mentally review your own memories of debates about ‘progressivism’ or about topics such as the education of boys, this should serve as a reminder of how sensitive some of these
issues have been.) The difficulty for educators as public officials is to be responsive to public opinion, while being responsible in part for forming that public opinion. Much the same point could be made about the role of governance more generally. On the one hand, governments are expected to represent the will of the political community. On the other hand, they are also responsible for making sure that community exists and is capable of governing itself. Caught between these expectations, government is always on the point of failure, even as it keeps producing new ways of overcoming its own limits (Rose 2001; Considine 2001). (See the short chapter by Weller, 2001, in the further readings for this topic, which illustrates this dilemma for modern governments).

Activity 1.1 – Framing the issues

Consider a family in need – a family that may be relating to the federal government through Centrelink, Immigration, Medicare. The family is also relating to state government through Health, Education, Transport (for bus and train passes), Community Services, Juvenile Justice and potentially a litany of other agencies. The family also has engagement with local government for libraries, access to sporting facilities, youth workers and community support.

If you were to take a clean sheet and design the ideal relationship with government for this family what would it look like? Remember to include all levels and how the family can input to Government.

1.2 Adapting to Change

Certainly, we are seeing some rapid changes in the public sector context – on the one hand, organisational change within the public sector itself; on the other hand, change processes that we have termed managing out and which involve new relationships with other public and private agencies as well as with the citizens who receive services (Considine 2001:10).

The jury is still out on whether these changes have improved governance. Advocates of change argue that reform of this sort has been critical to enhancing Australia’s economic performance and international competitiveness. As a major employer and producer in the economy, with considerable regulatory impact on the private sector, the public sector has a significant effect on the nation’s overall economic performance. Accordingly, it is argued, the public sector should face imperatives to improve performance, similar to those required of private sector enterprises. It would be rash, however, to predict where the process of experimentation and adaptation is likely to lead.

It may be that the emphasis on devolving responsibility and on contracting out government services will come to be recognised as overly ambitious, expensive, and an abrogation of the responsibilities of government by deferral to unreliable market mechanisms (Watts 2000; Botsman & Latham 2001; Clark & Corbett 1999). Such criticisms are now familiar – indeed, they are the staple of discussion even within public sector agencies responsible for administering experiments in contracting
out, devolution or developing public–private partnerships. You may yourself be in an environment where there has been much change, and a good deal of cynicism.

As we noted in PSM Program Unit 1, ‘economic rationalism’ has become a commonplace term that takes in criticisms of microeconomic reform, new public management and restructuring, along with the policies of the government of the day. The term is difficult to define precisely, though it indicates a doctrinally driven conception of how markets function and of the roles and motivations of individuals within them (Pusey 1992; Rees, Rodley & Stilwell 1993). It is now commonly used, in Australia, to criticise policy-makers’ emphasis on efficiency, productivity and the benefits of competition, at the expense of quality of life and social connectedness. However, it also serves as a criticism of new public management, or the faith that efficient management can solve almost any problem, and that practices which are appropriate to the private sector can also be applied to the public sector (Rees 1995: 15). As a doctrine linked to organisational practices and supporting rationales, NPM (it is said) has been the means through which economic rationalism has come to dominate public life, with support from both politicians and senior public servants.

Some now argue that the era of reform characterised as ‘economic rationalism’ has passed. Debate has moved on and there is new interest in social impacts, early intervention and prevention (Davis & Weller 2001; Davis & Keating 2000; Quiggin 1996). As we will find in this unit, there is a great deal of experimentation happening across the Australian public sector at the moment, as policy-makers seek to build on the flexibility offered by new models of governance. A key element underpinning this experimentation is the problem of how to allocate scarce public resources effectively, targeting those populations most in need while providing incentives that change economic and social behaviour, through partnerships, contracts and agreements. Increasingly, there is a strong focus on social outcomes as well as economic ones.

Throughout the Managing Out unit, we will explore instances of this – across portfolios as diverse as public finance, income support, education, industry policy, housing policy, information policy and indigenous policy. We will also investigate the possibilities presented by new opportunities, such as the capacity to share information across agencies and to develop ‘whole-of-government’ approaches to endemic problems, using the new resources provided by information technologies. Such aspirations may be difficult to achieve; they may also be based on half-digested or incoherent rationales. Some of the problems under discussion may remain insoluble. But even though you and your colleagues may experience change fatigue and have to combat cynicism, you still work in an arena of ideas.

To inhabit this environment, you need to be able to understand the arguments being made, to test them against your own criteria and respond to them with respect. The Australian public sector has a strong tradition of providing frank and fearless advice to policy-makers (Shergold 2004). In the spirit of leading from where you are, you should be enterprising about developing new policy or service delivery ideas or improvements and making the case for change, once you have an informed understanding of the issues and the range of available options. You should also be prepared to seek peer review of your ideas and to remember that they
are contestable. Your ideas may also be rejected when an alternative direction is followed.

Cultivating detachment can help you become resilient in the face of such disappointments. As we will see in the Managing In unit, public sector managers need to build resilience both personally and organisationally. If you are persistent and remember that good ideas are always needed to inform good policy and service delivery, you will be able to find opportunities to see them to fruition. Intellectual independence is compatible with respect for the political process, as long as it is combined with restraint and professionalism (Smith 1999). Smith cites the example of Austen Chamberlain’s praise for the distinguished civil servant who first sought to dissuade him from a political decision and then, once the decision was made, was able to offer the valuable service of advising the minister on how to implement the decision with the ‘least friction and the smallest disadvantage’. Doing this is a matter of finding ways of saying, ‘Well … if you will do a silly thing, of course you must, but is it essential to you to do it in that silly way?’ (Chamberlain 1930, cited in Smith 1999:43). Those who provide effective policy services (this includes all kinds of advice) are politically aware; consult across the entire organisation and whole-of-government; are proactive, creative and innovative; and have vision (Podger 2003; Behm, Bennington & Cummame 2000). However, they are able to draw the line between providing effective advice and acting as a political agent responsible for ‘selling’ the policy of the government of the day.

The point is that these ideas and arguments need to be developed and made within professional relationships that will sometimes put appropriate limits on your own passionate commitments. In the rest of this topic, we will explore the conceptual and practical skills that can equip you to keep your professional balance.

1.3 Networks, Contracts and Policy Communities

In PSM Program Unit 1 we discussed the emerging environment for Australian policy-making that is characterised by networks, contracts, risk management and contestability. The environment is very different from the hierarchical nature of traditional bureaucracies proposed by Max Weber (for a discussion of this model see Hughes 2003). Under the traditional model, knowledge and authority are concentrated at the top of the hierarchy with people ‘at the bottom’ expected to carry out specialised, repetitive tasks. An ‘insider/outsider’ approach to citizen engagement predominated with public sector officials kept at a strict, discrete and anonymous distance from those they served.

The network skills and governance approach to policy-making completely changes this model. It collapses the hierarchical nature of management and expects the establishment of mutual relationships of trust, negotiation and reciprocity across a wide array of actors – those governing as well as those governed – both within and beyond the public sector. The resulting multiplicity of public policy ‘networks’ is buttressed by widespread dissemination of information, encouragement of
participation and innovation, and reliance on self-governance. Inspired by these new arrangements, public sector managers are to be entrepreneurial and to acquire and exploit a wide range of skills including:

- negotiation
- presentation
- participation
- diplomacy
- communication
- management of complex relationships
- conflict resolution
- understanding and appreciating the broader context
- managing risk
- strategic foresight.

The advent of policy networks and policy communities signals an approach to understanding policy-making that recognises the formal and informal contacts and relationships that shape policy agendas and policy formulation. It is based on the idea that policy is framed within a context of relationships and dependencies. The configuration and type of network can differ depending on what policy area you are dealing with, and for these reasons it is important to analyse the network and policy community within which you are working to give you the context for understanding the particular actors and processes that impact on your management task.

In this unit we will explore the skills and ideas associated with network governance, the use of contracting and the setting of policy communities. These concepts dominate the current public sector landscape and your familiarity and expertise in managing within their contexts is likely to determine your success in providing the type of leadership that is requisite for future management demands in the public sector.

1.4 Officials, Advocates and Citizens in the Workplace

We turn now to the issue of how to negotiate the discipline of role (Besch and Minson 2001; Rohr 1994, 1978; Uhr 1994, 1990). We noted above that, in the new environment, public sector managers have relationships with individuals or organisations outside their own immediate sphere of authority that cannot be managed in the traditional sense in which we talk about managing staff. These relationships could include ones with clients, other members of the public, contractors, interest groups or perhaps the media. They also include relationships with advocates (see Yeatman 1998). Public sector staff, especially middle managers, are often in the position of acting as both mediators and community educators.

Many of the people with whom you are dealing will be there because they
have a complaint about the failures of a particular program or service, or about
government in general. Passionate convictions are at stake for these people. For
many advocates, governments can and should be expected to be directed by a
higher principle, such as the freedom of the rational individual or the potential for
equality; they understand these principles as expressions of the will of the political
community. From this point of view, government can only be legitimate if it acts on
such principles; if school systems, criminal justice or immigration systems restrict
freedoms or offer unequal treatment, this is a moral and political compromise.

You may agree. But part of your role is to explain to the citizen who is acting as
an advocate or a critic of the government that they need to understand both the
scope and the limits of the political process. The government of the day is a product
of the way representative democracy is organised: ministers negotiate between
competing electoral pressure, and priorities shift according to political exigency. You
will also have to explain to them the limits and scope of administrative domains.

It can be helpful to make the distinction between different ways of thinking about
these issues. Think about the shifting ways in which you consider issues in your
‘professional’ mode and when you are at home or among friends. In your private
domain, you can be as passionate as you like about political issues, but you may
think about them quite differently when trying to solve problems at work. You may
even use a different vocabulary. There is a difference between morality and the ways
in which public officials make decisions or provide advice on difficult questions
(see Weber 1948). Public officials have to make such decisions in a manner that
is publicly defensible and accountable; they cannot use their office for personal
gain or to pursue private moral, religious or political purposes. In fact, doing so
may make their job impossible. For instance, you may happen to feel, as a private
individual, that human rights are absolute and universal. You may be convinced that
this extends to a fundamental human right to be educated and healthy and to have
somewhere to live. Your job, however, may involve making difficult discretionary
decisions about how far recognised rights and entitlements stretch in particular
cases. You may have to set targets, draw boundaries and margins, include some
people and exclude others. For some public sector workers, this can build a lasting
case of bad conscience, especially where they are unable to make the distinction
between their personal conscience and convictions and the ethical demands of the
job (see Minson 1993; Hunter 1994; du Gay 2000).

In the course of your work as a public sector manager you are likely to meet up
with people who occupy definite roles:

- advocates for particular groups
- business representatives
- union officials
- entrepreneurs
- ministerial advisers
- journalists
- clients with a complaint.

There are, of course, stereotypes about each of these roles. These are about ways
in which someone occupying each of these roles could be expected to behave.
Some of them will be professionally skilled at confrontation, or at making a case. They are unlikely to be concerned with neutrality; an advocate, for instance, has the job of making a case as clearly and assertively as possible. They will speak a different language from yours and will come from a different environment. To negotiate effectively with such a person, you will need to understand the role and office that they occupy. You will also need to be able to communicate what you understand to be appropriate conduct, for yourself and for them.

**Activity 1.2 – Thinking about roles at work**

Think of an example where you participated in a meeting that involved people from outside the bureaucracy, in a process of consultation. Who decided who should have a place at the table? In relation to that meeting, think also about the following questions:

1. What were the different roles that people occupied?
2. Did they come from different environments or ‘styles of ethical life’?
3. What did they want out of the meeting?
4. What were their agendas?
5. How representative were they, and how would you know?
6. How did they behave?
7. How did you behave in relation to them?

Some of the time, meetings with ‘outsiders’ will include people who don’t play by the rules as you understand them in the public sector environment. Some advocates may shout, may be prepared to walk out, and may threaten you personally. In their perception, this is appropriate behaviour since a display of anger can be an effective rhetorical tool. You will need to be able, in turn, to play your own role within the encounter. While it is important to act in good faith and with integrity, this should not be confused with personal sincerity. In formal environments, it is appropriate to play a role. Competence in negotiating these kinds of situations involves emotional intelligence – a concept explored in detail in PSM Program Unit 3 *Managing In*. The following case study may help you to think these issues through in more practical terms.

**Case study – Rights versus equality**

A school principal has taken the casting vote on the school council to exclude two young Muslim girls for flouting school rules by wearing the chador (headscarf) to class. She argues that not only did they disobey school rules, but also they followed a custom that is degrading to women, and further engaged in an inappropriate display of religious affiliation.

The parents of the girls are threatening to take the school to court on the basis of discrimination. However, parents are divided on the issue and there is a strong and articulate Muslim parents’ group; there is also difference of opinion within language groups that are Muslim.

Feminists have taken up the cause (not agreeing with one another). Human rights groups and
ethnic welfare groups are also involved. The press is keen to feature the story, partly because it demonstrates difficulties with the community concerned, but also because of the light it casts on the endeavour of school-based decision-making. The decision has to be made in a context in which the minister has been a strong advocate of the devolution of school decision-making to parents. The Education Department has decided to call a meeting in order to mediate.

You have been asked to organise the discussion, making sure that everyone is heard and forestalling interruptions, fist fights or domineering behaviour.

1. Decide who should be at the table.
2. List the kinds of arguments on which people engaged in the debate are likely to use.
3. Identify potential conflicts that might arise and any alliances that might form.
4. Anticipate the risks and benefits of the meeting.
5. Try a role play in the group seeking to find a pathway to an effective solution.

This is an interesting case, in which one form of rights-based claim (the young women’s right to wear garments required by her family’s religion) encounters another (the principle that all students should receive equality of treatment within the school system). Some people refer to it as a ’wicked problem’. Is this a case about the protection of minority groups and freedom of religion? Is it a case where the rights of the children to a universal common education are superseded by the rights of the parents to raise their children in their family’s religion? What decision should the principal have made, and should the education minister intervene?

Community concern on schooling is a mundane and everyday area, but it is also an area which has high public expectations attached to it. The focus on roles can help us to think about the practical domains in which rights claims are made and adjudicated upon, and entitlements allocated. The push to community participation in schooling highlights the contrast between expectations of community participation, and the practical, technical barriers to the realisation of that principle. Two particular dilemmas to be confronted in the drive for greater parental participation are the professional formation of teachers and the legal definition of rights, responsibilities and liabilities.

Does it help to think about this issue in terms of roles, duties and responsibilities? The principal or school council acts with discretion, sometimes as an agent of the state (in state schools), sometimes as an agent for the school (as a corporation, bound by contract). In either case, the principal or school council is bound by law to the state, with its interest in the child as a future citizen. What are the ethical and political responsibilities of parent participants and parent advocates? Are they subject to the same legal liabilities as teachers and principals? This may depend on the status in which they are acting. As parents? Or only in relation to their own children? As members of the public? What then is their legal responsibility? As delegates of the state (in the case of state schools)? But they are not employees and have none of the safeguards of insurance and professional support. As school councillors? It’s not as if they can escape legal liability for discretionary decisions.
1.5 Who Participates

What does it mean to make government more responsive and accountable to citizens and to communities? What are the benefits and the risks?

We must be careful not to be too romantic about the concept of the citizen. Citizens are seen as agents who make free choices, including the choice to commit themselves to the political community (local, national or global). But in modern liberal democracies, the citizen is also governed, not least by themselves (see Kymlicka & Norman 1995; Rose 1999).

This is where the conception of role is useful. We learn to behave appropriately in particular environments – in the school, in the family, in the supermarket, in the workplace, at the doctor’s, on the road, on the pavement, in the tax system, in the courts, at the voting booth, watching television, using the internet and email. Each of these environments is a space of ‘regulated freedom’. That is, each places us in a role or status (as student, teacher, child or parent, customer, consumer, taxpayer) and each role requires us to have abilities, including mental and emotional habits that restrain us from behaving in uncivil or irresponsible ways. Each of these roles, in other words, has a civic element. But it is possible to be in these roles – to see a doctor, to drive, to go to school – without being a citizen. In a sense, citizenship is a more limited and formal status – one recognised by a passport or a birth certificate.

It is easy to lose a sense that citizenship, as we know it, is a definite status not shared by all those living in these environments. Modern patterns of immigration and internationalisation mean that populations are made up of residents, tourists, itinerant workers and aliens, both legal and illegal. They may not be citizens of the country in which they are living, but they are still within civic environments, negotiating the terrain of housing, health, banking, work, driving, rights and liabilities. They may have strong associational ties – to local communities, to workplaces, to one or more ethnic, religious or language group, or to an international diaspora of familial, ethnic or religious affiliations. Many have to negotiate the effects of racism, xenophobia and religious intolerance, not only from members of the majority culture of the country in which they are living, but also from within and between immigrant communities.

These patterns of international movement and migration have presented some common dilemmas to the Western liberal democracies – some ‘wicked problems’ (see, for example, Mulgan 2004). In Europe and North America, nations are struggling to manage the effects of immigration (see Kymlicka & Norman 1995). The major cities and industrial centres have formed clusters, over some decades, of comparatively impoverished communities of itinerant workers and their families. Although these are areas split by long-standing economic, ethnic and religious tensions, there is just as much potential for civil violence in the majority cultures. This is especially the case where there are strong political factions that reject the call to respect cultural diversity, urging limits to immigration and cultural assimilation.

On the one hand, it is possible to put the case that, as citizens, each individual has a right to expect equal protection from the state, including guaranteed recognition of cultural rights, as well as civil, political and social rights. On the other hand, because citizenship is a term that distinguishes between those who are members of
the political community and those who are not, the risk is that resident aliens, legal and illegal, will be ignored (Hindess 1992:20–3). The problem, both for national governments and for voters, is that the egalitarian elements of modern conceptions of citizenship only extend so far – to members of the political community and not to those excluded from it.

Some would argue that before becoming enthusiastic advocates of managing out, we should understand what it cannot do. Critics of new techniques of managing out argue that the rhetoric of community consensus and citizenship drastically underestimates such tensions between those included and those excluded. For example, refugees and people seeking to enter Australia generally have no constituency. Opinion polling about whether Australia should accept greater numbers of asylum-seekers is conducted only with the country’s existing residents, not those with a stake in gaining entry. The rhetoric of participation, consultation and shared values ignores the possibility that, in any public meeting, factions may dominate. Those with most influence might be the loudest, the most articulate, or better at the forms of ‘dialogue’ that look participatory and responsible.

Consultation processes, it is argued, should make allowances for conflict and political division, including differences of income, education, location, gender, race and ethnicity (Frazer 1999). We should not forget that the public domain is a place for debate and contestation; the individuals and groups that meet there are far from equal, in terms of status, power and resources (Gilbert 1996). If real participation and debate does not happen, then apathy, cynicism and alienation will be reinforced.

1.6 Trust in Government

It is difficult to know whether or not we are facing a crisis of public distrust in government. There has been a number of studies that demonstrate low levels of political confidence (see, for example, McAllister & Wanna 2001; Mellor 1998). It is not clear how big a problem this is. Some analysts, such as Murray Goot (2002), point out that these perceptions may be cyclical. They may also be due to the greater availability of information. The public may also be more educated and more informed about the imperfections of the political system in which they live.

In a liberal democracy, people are free to be uninterested in politics. They are free to stay home from political meetings, or to express their contempt for politics and government, as long as they remain law abiding. Those who distrust politicians may not be just mindlessly cynical; they may have a good understanding of politics and its limits (Condren 1999). Even though the public expects politicians to be open, honest and driven by personal conscience, they also know that party-political life is imperfect and has its own particular pressures. Professional politics involves opaque decision-making, closed Cabinet discussions, caucusing and number crunching (Minson 2002). It is partisan, factional and full of distrust. Skilful politicians take tactical advantage of their opponents’ lapses; they call on the rhetoric tools of denunciation; they practise the art of evading awkward media questions – all while striving to maintain the electorate’s confidence in their probity.
Part of the problem lies in setting limits to some of the more romantic conceptions of democratic politics and citizenship (see Ferres & Meredyth 2001). Because Australians are inheritors of liberal democratic traditions, we are accustomed to hearing it said that the people rule – government should be of the people, by the people, for the people. PSM Program Unit 1 will have helped you to see that such expectations have a complex history: liberal democratic government is actually a complex process of setting up checks and balances. These checks and balances ensure that government of, by and for the people does not become mob rule. There are a number of mechanisms designed to ensure that popular leaders and demagogues cannot sweep into power and dismantle these safeguards. This is one reason why we have two houses of parliament and why we seek to maintain the separation of powers.

To put it provocatively, liberal democratic political institutions, both in Australia and elsewhere, are based on mechanisms of distrust. Hence the development of legal and constitutional frameworks, of parliamentary procedures and administrative arrangements, which are designed to monitor parliamentary processes and politicians’ conduct and to safeguard against rule by corrupt officials, factions or interest groups. However, these mechanisms are less visible than the antagonisms of parliamentary debate. Ordinary citizens may be unable to make a clear distinction between the workings of party politics and the workings of representative democracy and liberal democratic governance more generally. The problem, apparently, is not just that Australians are cynical about politicians and politics, but also that they are increasingly disengaged from it (Mackay 2005). They know little about political and electoral arrangements, constitutional provisions and law. They are overwhelmed by the complexity and uncertainty of contemporary life and unwilling or unable to deal with complex national issues. They have ‘shut down’ from citizenship and politics and are increasingly inclined to focus on local, immediate and personal issues (Mackay 2005). This can make it difficult for policy-makers and parliamentarians to have sufficient faith in the electorate to sustain sophisticated public arguments about complex matters of public policy, legal judgment and constitutional reform.

Questioning popular understandings of political arguments seems to cast doubt on ordinary citizens’ political capacity. This is hardly a popular position at a time when the idea of the self-governing community has so much currency, and when there is so much suspicion of elite opinion. But ever since the emergence of modern democratic systems, political philosophers have dwelt on the fragility of liberal political systems, based as they are on the population’s ability to bear their rights and exercise their liberties. Since their emergence, liberal democracies have seen themselves as vulnerable to corrupt governments and to dominance by interest groups and factions, whether political, social or economic (Dunn 1996; Hindess 1995, 1997). The fear was that the population was liable to be swayed by mob rule and strong majoritarian forces, threatening the liberty of minority groups and of individuals (Schudson 1998). For liberal political philosophers, the aim was to establish political, legal and constitutional procedures that were based on rules or guiding principles that were free from bias, that protected the liberties of the individual from majoritarian group interests, and that drew on deliberation in various forums – political parties, pressure groups and advocacy groups among them (Levinson 1999). Australian discussions, at the time of Federation, established equivalent limits and safeguards. These provisions were not designed to change lightly with trends in public opinion; the Constitution, in particular, is heavily
protected from amendment. Liberal political thought assumed that these procedures
and principles should be based on reasoning that could appeal to all reasonable
people, but it was not assumed that all citizens would be able to understand them.
This is a more modern expectation and one that is the product of expanded
education.

It is hard to say how much citizens really need to know by way of ‘facts’ about
political arrangements. It is generally assumed that information on government
decision-making needs to be open and transparent, up to a point, since well-
informed citizens are less dangerous and less likely to be swayed by rabblerousers,
political extremists and special interest groups (Hughes 1996). But it is also
often assumed that political, administrative and legal processes are beyond the
understanding of most citizens. This may not matter, political experts speculate,
as long as democratic processes are not impeded by ignorance. But if, as Mackay
(2005) suggests, there is a drift to fundamentalism and disengagement, the future of
our democracy may depend on more active citizenship and strategies to re-engage
citizens in political processes.

The problem is to distinguish between a chapter-and-verse drilling in political
and constitutional documents, and an informed understanding of how Australia’s
bureaucratic, political and legal systems work in practice. There may be little point
in insisting on all citizens knowing the arcane complexities of the Australian
Constitution, for instance, since the document alone is an unreliable source for
information on Australian political arrangements – it makes no mention, for
example, of the office of the prime minister. The Constitution has been modified
by subsequent common law decisions and legislation (Craven 2004; Colebatch
1995). What we need is an informed but practical understanding of political and
legal arrangements in Australia, of the models from which they derive, of the ways
in which these have been adapted, and of the means by which they are being
changed and challenged, not least by international law, treaties and agreements. Do
citizens understand the system of liberal democratic checks and balances designed
to monitor abuses of privilege? Are they familiar with the ideal – if not the practice
– of a politically neutral bureaucracy, composed of unelected officials whose duties
include carrying out the will of elected representatives of the people?

Stuart Macintyre, an eminent Australian historian and one of the architects of
new national models of citizenship education, makes a useful distinction between
‘ethical capacity’ and ‘civic capacity’ (Macintyre 1995). Young people in Australia,
in particular, he argues, tend to have very strong ethical commitments (to human
rights, care for the natural environment and so on) based on values like justice
and fairness. They are comfortable with ethnic and cultural social difference and
sensitive to Australia’s international context and obligations. They are likely to
accept the moral face of the Mabo decision, for example. Yet they may not be able
to identify the tribunal that made the Mabo decision or explain its importance
(Macintyre 1995:3).

The same observation might apply to any citizen, though it is a particular problem
if public sector managers do not possess civic capacity as well as ethical capacity.
It is important to remember, though, that you need to cultivate knowledge, skills
and capacities that are more specialist than those of the citizen. As a public servant,
you need to be able to draw the distinction between party-political concerns,
the concerns of the government of the day and the responsibilities of public administration (Weber 1948; Uhr 1990; Rohr 1978). You need to be able to conduct yourself within a particular office, role or status, making the distinction between your public role and your private convictions, opinions and passions. You also need to be able to understand and respect others’ roles, whether they are acting as a customer, citizen, political representative or adviser, industrial advocate, activist or expert. Part of this involves setting limits to one’s role, understanding the organisational architecture of the public sector, following protocols for record-keeping and accountability, following guidelines for consulting widely and being seen to consult. But it also involves being prepared to set limits to consultation.

Want to know more?

Read the article ‘As good as it gets’ by epidemiologist Richard Eckersley. It describes some of the trends that are leading to citizen disengagement, and reviews the debate over its implications.

Social researcher Hugh Mackay has written extensively on the drivers of political disengagement, the ‘shutdown’ phenomenon and its potential consequences. His Manning Clark lecture offers a useful summary of his research around this topic:


1.7 The Risk Society

Ulrick Beck’s (1992) influential sociological tract on the ‘Risk Society’ taps into the theme of trust and distrust by suggesting that contemporary society is dominated by an overarching culture of fear and uncertainty. Beck stresses that risk is a peculiar feature of modernity – where science and technology are running out of control, with anything and everything potentially threatening alienation, death and destruction.

What characterises the modern world as a risk society is the movement from risks arising from tradition and nature (for example earthquakes and floods) which might be called ‘external risks’ toward those risks which are created by the very impact of our developing knowledge on the world which Giddens terms ‘manufactured risk’ (examples might include environmental disasters spawned by technological ‘advances’). According to the risk society thesis, we have become an ‘uninsured society’, one incapable of providing for the uncertainties we face. This peculiarly modern form of risk has several consequences (see Culpitt 2001; Caplan 2000):

- Certainty has eroded and knowledge is contested.
- The risk society is universal because risk ‘equalises’ people of diverse backgrounds, cultures, classes and genders, and far away happenings have immediate effects.
- The relationship between individuals and society has shifted towards
individuals and away from old sociological categories such as class, which have become less prominent albeit still relevant.

- Risk consciousness links the present with the uncertain future, rather than the past determining the present.

- There is a search for morality which has become relativistically defined and focused on lifestyle choices as expressed in the modern preoccupation with safe sex, personal safety, healthy living, safe parenting, environmentally-friendly products etc.

- Reflexivity is embraced and dominates the discourse and refers to the constant use of information by institutions and individuals to confront themselves as a condition for societal organization and change.

The dominant concern of the risk society thesis is whether humanity has the capacity to determine its future (does it trust itself?) or whether impending technical catastrophes will overrun the human spirit (Furedi 1997).

1.7.1 Managing Risks

In the political sphere, the risk society arguments have several significant implications. The first relates to the political environment. Risk is not an optional extra but an inescapable structural condition. Furedi (1997:42) states:

*Today, ideology, is not decisive in the formation of risk consciousness. The entire political spectrum – left to right, conservative to liberal – shares a common consciousness of risk. Whilst there may be debate about what constitutes the gravest risk, there is an acceptance of the consensus that we live in an increasingly dangerous world.*

This structural condition dictates that politics is not about choosing risks, so much as about managing risks which, while not necessarily originating in the political sphere, have to be politically managed. We can see the structural reality of risk perhaps best, at this point in time, in the public consciousness that exists regarding national security.

The second implication attached to the risk society thesis relates to political tools and legitimacy. What the risk society theorists suggest is that there is an increasing belief in the community that politics cannot solve problems of risk. For Beck (1992), political stability in risk societies is the stability of not thinking about things; a case of ‘organised irresponsibility’. A culture of uncertainty becomes the inevitable fate of such a society. The ‘answer’, according to the texts, is political reflexivity.

In many ways political reflexivity is a fancy term for critical reflection and self-assessment or self-confrontation in order to engage with the world and stimulate a two-way feedback process between the change that is occurring in today’s modern world and one’s own actions that feed into this change phenomenon. According to the logic of reflexivity, knowledge supersedes ignorance as the dominant force at work in society. Knowledge, in effect, becomes a source of danger as well as an opportunity. When we view it solely as a danger we become paralysed. When we exploit it through reflexive practices, we have the potential to forge new opportunities to help us deal with our created risks. Anthony Giddens (2001b) explains it this way:
**Reflexive modernisation implies coming to terms with the limits and contradictions of the modern order.** The existing social order or structure becomes the object of its own forces. The concept of reflexive modernisation does not simply imply reflection, but a self-confrontation created by the dynamics of modernisation. This reflexivity is created by the circumstances of modern society in which the constantly renewing flow of information constituting society simultaneously revises that society's modernity. This transition is the process of reflexive modernisation.

Political reflexivity encourages a shift from traditional hierarchies to a new form of politics characterised by fresh alliances, a global focus, a strategic role for ad hoc activist groups and the emergence of ‘sub-politics’ which refers to political activity that occurs outside traditional public sector institutions and domains (Adams 1995).

The third implication of the risk society argument relates to political ethics. A risk society brings with it its own morality and often it is a world of multiple moralities; politics becomes a struggle to find some form of social cohesion or social ‘glue’ with which to strike a path for community relevance, usefulness and shared meaning (Pahl 1998). This is consistent with Eckersley’s (2004) idea about the importance of narratives and ‘guiding stories’.

Increasingly, governments must confront the intimacy of risk. Because risk cuts across intimate relationships, public sector actors may find themselves drawn into highly-charged human situations. This helps explain why trust is so tied to risk management. Trust helps define whether a potential issue becomes risky or not and whether a risky issue is handled well or not (Sztompka 1999, Coote 1998).

If risk society theorists and social researchers like Hugh Mackay (2005) are to be believed, the current environment within which public sector managers must manage is overwhelmingly dominated by anxiety. Public fears over violence and pedophilia can be seen as examples of the perceived ‘state of emergency’ that threatens to become ‘the normal state’ (Beck 1992:79). This might seem a somewhat paralysing take on the world and you might be tempted to see the analysis as representing the worst of the prophets of doom and gloom. Yet you need not resort to pessimism to deal with the ideas.

Renowned political scientist, Aaron Wildavsky similarly noted the importance of culture and society in moulding perceptions of risk, but he came to much more optimistic conclusion regarding the need to apply a preventative approach to public policy decision-making (in Adams 1995). Wildavsky disagrees with Beck regarding the magnitude and seriousness of the risks faced by the modern world, largely because he has great faith in the resilience, adaptability and robustness of human nature and institutions to grapple with risks as they emerge. Rather than resort to alarmism, we should rest easy in our abilities to cope with and combat the potential dangers that might threaten. What we need is to be watchful, strategic, innovative and creative. While Beck might disagree with Wildavsky about the relative perceptions of costs and benefits attached to the risks of modern society, he agrees with the need for institutional change.

Whether you agree with the whole risk society discourse and the analysis and conclusions it offers is another question. However, you do need to be aware of the currents and trends that help to structure the way you look at the management tasks that lie ahead in the public sector domain. Undoubtedly there is greater awareness
and discussion of issues such as trust, risk and security in the modern parlance of governance. From developing strategies for enhancing community engagement to implementing measures designed to increase national security, the reality of risk discourse, its influence in explaining and assisting contemporary public sector management, and its potential for providing avenues of greater connection and trust going forward, shines through.

1.7.2 The Public Face of Government

In the face of rising levels of distrust in the community, and in the age of a more client-focused approach to governance, public sector managers need to internalise the critical importance of every single person involved in public sector activity being aware that they represent the ‘face of government’. It is a well-known fact that the public often does not discriminate or differentiate between different jurisdictions and levels of government, let alone different public sector agencies within the same government. A range of reasons exist for this phenomenon. Sometimes it is as simple as the fact that the public is distracted and forgets, at other times it is because they have not been exposed to government service delivery, while another obvious reason is because the have not benefited from courses or other educational advantages that you have enjoyed. Yet again, a common reason is that the complexity and multi-layered nature of our government system in Australia can be just plain confusing!

Instead the public tends to conglomerate ‘the government’ into a single accumulated entity. The dealings between a member of the public and a call centre staff member in a regional local government office can reflect on the attitude that person has of the entire public management system. In fact it is often the service delivery arms of the public sector that most influence the attitudes of the public. But increasingly the ‘inner sanctums’ of policy-making are also being opened up and challenged to identify with the public in order to overcome accusations of secrecy and being out of touch.

Be aware that your interactions with the public will dominate their perceptions of the government. Your attitudes, your speech, your respect, your capabilities, your diligence, your approach will all contribute to either a positive or negative image on the part of citizens and clients interacting with the public sector. This fact not only applies to you, but also to your staff and your superiors. Under network arrangements, it is also important to remember that agencies and organisations outside the public sector also play their part in forming and sustaining the image with which government is viewed. Everyone in and increasingly associated with a public sector organisation is responsible for its image and interaction with the public.

What methods can you use to cultivate acknowledgement of this reality within the agencies you manage? A highly effective method for bringing home the core truth of your role as the public face of government is to put yourself in the shoes of the client. Imagine yourself on the other side of the counter, the other side of the policy document, the other side of the paperwork. We need to ensure that we do not presume that the public necessarily understands our specialist knowledge,
yet we cannot fall into the trap of treating clients or stakeholders as ‘dummies’. Often they will know more than we do! The key lies in communication. How we communicate knowledge is often a greater challenge than possessing knowledge (Goldsmith 2004:20). Being aware of this communication dimension is a great start to ensuring the public face of government provides a pleasing result for clients as well as staff.

Want to know more?

Raadschelders JCN (2003, pp.316–326) notes that ‘civil servants are not fortunate in how they are portrayed’. On the contrary they are often the subject of ‘bureaucrat bashing’ where what is held as ‘true’ in a monolithic conception of bureaucracy must therefore be true for the individual officeholders as well. The bureaucratic ‘stereotype’ is often cast as an uncaring, inefficient, time-wasting, outdated and red-taped ‘official’ who is either deceptive or inept. For a fascinating discussion of the images of bureaucracy as well as the emergence of the term, read this section of Raadschelders’ text and consider how it might impact on the public face of government that you portray.

1.8 Skills for Managing Out

We saw in the previous unit that public sector managers need to be responsive to the policy intentions of the government of the day which dictate the work of the public sector. In addition, this work is carried out within a political, legal and accountability system that operates and interacts at all three levels of government. As a consequence of a renewed emphasis on enhanced service to the public and new moves to involve citizens and communities in the workings of government, public sector managers need a greater awareness of the implications of their relationships with external stakeholders including clients, communities, and citizens. Because of the intensity and immediacy of media scrutiny and the increasingly disillusioned attitudes of the public, managers need to be aware of how the media operates and the consequences of mishandling interactions with the media.

In Unit 1 we noted that the development of relationship management skills is of critical importance to public sector managers. The skills framework that underpins the PSM Program gives considerable emphasis to these skills. In Managing Up we introduced a list of leadership skills that Edwards (2002) identified as being key for public sector leaders of the future. Interestingly, a closer reading of Edwards’s article indicates that she was speaking about these skills in the context of being ‘partnership ready’ and, as we shall see in this unit, those partnerships will be with external stakeholders of various types. The skills from Edwards’s list that will form the focus of in this unit include negotiation, participation or consultation, diplomacy, conflict resolution and managing risk. Organisations in the Canadian public sector that are doing innovative work in developing their managers also emphasise similar relationship skills including communication, win–win negotiation and risk-taking (DIAND 2001).
Review

We have covered a good deal of ground in this first topic of *Managing Out*. This unit is designed to introduce you to the themes that will run through this unit. We have reviewed the elements of political, economic and social change that have shaped emerging trends in public sector management, in Australia and internationally. We have also identified some of the reasons why there is now such a strong focus on governing through networked partnerships and relationships, both within public sector agencies and outside them. We have begun to sketch the networks now linking the public sector to private and commercial parties, community bodies, citizens and a variety of service providers in the non-profit sector. This will be extended in the topics that follow. Here, our main focus has been on the equipment that can best help you to adapt to these challenges and to understand your role and responsibilities in this changing environment.

Having completed this topic you should now be able to:

1. Identify the variety of relationships demanded by public sector reform.
2. Understand that public sector workers are likely to experience tensions as they open up bureaucratic procedures to greater public participation, consultation and accountability.
3. Discuss some of the problems that may be experienced in the workplace as public sector staff negotiate new roles and relationships.

Required Reading

**Reading 1.1**  MacDermott K 2008, *Whatever happened to ‘frank and fearless’?* ANZSOG publication, ANU e-press. Ch. 1 ‘A failure of Public Administration’


Further Reading


Chapter 1. A failure of public administration?

Introduction
Debate in the press about the politicisation of the APS has intensified in recent years. Undoubtedly these debates are not new. As will be seen, debate about the ‘proper’ role of the public service has continued virtually unabated since the Whitlam Government introduced ministerial advisers following its election in 1972. Nevertheless, commentators on both sides of politics have reflected on both the number and profile of recent controversies involving perceptions of public service politicisation. These include the ‘Children Overboard’ affair (known to the Senate as ‘A Certain Maritime Incident’) involving the Departments of Defence, Immigration and the Prime Minister and Cabinet; the cases of the detention of Cornelia Rau and the deportation of Vivian Solon, involving the then Department of Immigration and Multicultural and Indigenous Affairs (DIMIA); the payments made by the Australian Wheat Board (AWB) to the regime of Saddam Hussein in order to obtain contracts for the sale of Australian wheat to Iraq, involving the Department of Foreign Affairs and Trade (DFAT); the detention of Dr Mohamed Haneef, involving the Australian Federal Police; and the role of a senior public servant in the Employment and Workplace Relations portfolio as the face of the Howard Government’s WorkChoices media campaign.

Debate around most of these cases has tended, particularly in media analysis, to focus on issues of ‘who knew what and when’. All except the last have resulted in some form of formal inquiry. Each involves allegations or suppositions about the degree of direct or indirect complicity between public servants and politicians concerning the communication or management of politically sensitive information. It is not the intent of this monograph to pursue what is known or can be inferred about the involvement of individual public servants in these cases. Rather, it explores how changes made to the administration of the public service over the past 30 years have had the effect of progressively blurring the differences between what professional public servants do and what politicians might want them to do.

The chapters that follow argue that a number of the core ‘traditional’ principles of public administration that have applied in Australian, as in other Westminster systems of government, have been compromised following New Public Management reforms. Australian NPM, it will be argued, brought about a number of distinct and mutually reinforcing institutional reforms embedded in a number of distinct and mutually reinforcing systems. Like all system changes, they were
introduced gradually, applied unevenly, and have been the work of many hands. The formal intention was to introduce new disciplines to the public service, making it more efficient, effective and responsive to government. Over time, however, some of those disciplines have been ratcheted up to the point where responsiveness tips into complicity.

The following description and analysis of how this happened, and is continuing to happen, is intended to inform broader debates about the role and function of the public service in the early twenty-first century. The examples cited are recent and in the public domain, but it should be understood, as a former Public Service Commissioner has observed, that ‘insiders know better than anyone ... that the concerns have been mounting in the Commonwealth since before 1996, and have been evident equally if not more so at state level under both Labor and conservative governments’. 

The terms of the debate

In 2006 the then Secretary of the Department of the Prime Minister and Cabinet, Dr Peter Shergold, described the ‘Children Overboard’ affair and the mistreatment of Cornelia Rau and Vivian Solon as ‘failures of public administration’, unfortunate ‘mistakes’ that have nothing to tell us about public service culture or the relation between the public service and the Government:

I do not accept that the failures represent the collapse of the Westminster tradition or the diminution of public service values or a sad decline in ethical standards. More profoundly, the mistakes are failures of public administration not instances of government conspiracy. The government did not direct public servants to provide false information or fail to correct the record or act outside the law. Nor did it intimate that such behaviour was acceptable. Nor did Ministers put impenetrable barriers around themselves.

This representation of the present state of the public service is significant for a number of reasons. The language suggests that, so long as the Government did not explicitly direct, or intimate, that public servants should act unethically or unlawfully, then there were no broader institutional issues and the problems were simply local. That is not, however, how the system works or is meant to work. Public servants are meant to serve ministers and act in their name. The Public Service Act calls for responsiveness to ministers (s.10(1)(f)), responsiveness that anticipates as well as implements their requirements. It calls for a performance culture with a focus on ‘achieving results’ sought by government (s. 10(1)(k)). Responsiveness is hardwired into service-wide legislation, service-wide policies, and agency arrangements to support them. Without an understanding of how this overarching framework positions individual public servants who are making (or failing to make) administrative decisions, there is always going to be an increased risk of ‘failures of public administration’.

We look to previous instances, such as the ‘certain maritime incident’ or children overboard affair; the illegal detention of Australian citizens by the Department of Immigration and Indigenous Affairs, the problems revealed by the so-called ‘travel rorts’ affair, and difficulties with trust fund monies in the land transport development fund. Any one of these in isolation would be a problem that could be attributed to one-off failings on the part of individuals. Taken together, they begin to amount to a pattern—a systematic lack of capacity to identify problems, keep accurate records, and draw these uncomfortable problems to the attention of ministers.

The real questions to ask about these failures are:

- can a system that privileges responsiveness be tipped into complicity?
- what are the circumstances that turn individual lapses of judgement into systems failures?
- can the cause of these failings properly be labelled as politicisation?

Critically, these questions are often about the changing meanings of the terms in which the questions themselves are posed. Over time and across contexts the meanings of even key words like ‘politicisation’ and ‘responsiveness’ alter, as do those of more obviously slippery terms like ‘performance culture’, ‘contestability’, ‘managing for results’, ‘organisational alignment’, ‘partnerships’—and even ‘New Public Management’ itself, which is subject to ongoing debate and redefinition. All of these terms are embedded in and changed by the history of their use.

Take ‘responsiveness’, for example. The need for increased responsiveness was identified by the Royal Commission on Australian Government Administration (RCAGA) in 1976. As will be seen later in the chapter, RCAGA used the term to refer to a more adaptive approach to service delivery as well as a sensitivity to government objectives that included a more efficient approach to implementing them. Over time, the latter became the dominant meaning of ‘responsiveness’ for the APS. Looking back in 1993 on the broad pattern of the Dawkins reforms in the 1980s, Prime Minister Paul Keating reflected that:

Central to our reforms of the public service was the desire to ensure that the government of the country belonged to the elected politicians. We stated at the outset that a key objective was to make the Public Service more responsive to the government of the day, more responsive in the sense that it would be better able to recognise and achieve the Government’s overall policy objectives.
In 1999 'responsiveness' acquired a legal definition as one of the APS Values established in the Public Service Act to guide the conduct of public servants. The initial Public Service Bill 1997, presented by Peter Reith, included the bare clause (s.10(1)[f]): 'the APS is responsive to the Government in providing timely advice and implementing the Government’s policies and programs'. This emphasis on both advising and implementation was broadly consistent with the overall thrust of RCAGA, but the definition itself lacked a number of critical qualifiers that had been recommended to the Government. The Bill was referred to the Joint Committee on Public Accounts (JCPA), which urged a strengthening ‘in relation to the provision of frank and honest advice’. Fearlessness, it appears, was not even on the agenda. Senate amendments unacceptable to the Government were made and the Bill was allowed by Minister Reith to lapse. The next Minister Assisting the Prime Minister for the Public Service shepherded an amended version through Parliament which read: ‘the APS is responsive to the Government in providing frank, honest, comprehensive, accurate and timely advice and in implementing the Government’s policies and programs’ (s. 10(1)[f]).

Section 10(1)[f] of the Public Service Act has since been elaborated by the Public Service Commissioner in APS Values and Code of Conduct in Practice: A Guide to Official Conduct for APS Employees and Agency Heads. The guidance still links operational efficiency with strategic attainment of government goals, and emphasises ‘a close and cooperative relationship with Ministers and their employees’:

Responsive advice is frank, honest, comprehensive, accurate and timely (APS Value [f]). The advice should be well argued and creative, anticipate issues and appreciate the underlying intent of government policy.

Responsive advice is also forthright and direct and does not withhold or gloss over important known facts or 'bad news'.

Responsiveness demands a close and cooperative relationship with Ministers and their employees. The policy advisory process is an iterative one, which may involve frequent feedback between the APS and the Minister and his or her office.

Responsive implementation of the Government's policies and programs (APS Value [f]) is achieved through a close and cooperative relationship with Ministers and their employees. Ministers may make decisions, and issue policy guidelines with which decisions made by APS employees must comply. Such Ministerial decisions and policy guidance must, of course, comply with the law and decisions by APS employees must meet their responsibilities for impartiality and efficient, effective and ethical use of resources.

Adjusted or alternative definitions of what ‘responsiveness’ should mean have been posed by academics, media commentators, and members of the Opposition. What it means in practice to working public servants, when disciplined by the contestability of policy advice (see Chapter 2), inserted in a performance management system (see Chapter 3), experienced through devolved relations with specific ministers’ offices (see Chapter 4), aligned with ministerial priorities through individual contracts (see Chapter 5) and re-expressed through a cooperative partnership (see Chapter 6), can shrink to ‘what have you done for the minister that’s special’? This is not the normative meaning of ‘responsiveness’, but it can be the operational one.

Or take ‘ politicisation’. A recent article by Richard Mulgan offers a useful and much-needed account of the concept as ‘understood within the context of the APS Values associated with a professional public service’.

In order to be able to offer the same degree of loyal service to governments of differing political persuasions, professional public servants are expected to maintain a certain distance from concerns of their political masters. ‘Politicisation’ is the term used to describe the erosion of such distance. It marks the crossing of a line between proper responsiveness to the elected government and undue involvement in the government’s electoral fortunes.

For the public service, the legislated equivalent of this is the requirement under section 10 of the Public Service Act to be ‘apolitical, performing its functions in an impartial and professional manner’. As in the case of ‘responsiveness’, this definition has been elaborated by the Public Service Commissioner.
The role of the APS is to serve the Government of the day: to provide the same high standard of policy advice, implementation and professional support, irrespective of which political party is in power. This is at the core of the professionalism of the APS.

The APS works within, and to implement, the elected government’s policies and outcomes. While it is not independent, it is well placed to draw on a depth of knowledge and experience including longer-term perspectives.

Good advice from the APS is unbiased and objective. It is politically neutral but not naive, and is developed and offered with an understanding of its implications and of the broader policy directions set by government.

APS employees have a role to assist Ministers with their parliamentary and public roles, such as drafting speeches.

In the course of their employment, however, APS employees should not engage in party political activities such as distributing political material, nor should they use office facilities or resources to provide support of a party political nature such as producing political publications or conducting market research unrelated to programme responsibilities.¹⁵

These definitions are altogether consistent with that proposed by Mulgan. Like his, however, they remain ‘slippery in meaning because the line [between proper responsiveness to the elected government and undue involvement] itself is often blurred and hard to draw and because charges of politicisation are often part of adversarial political rhetoric’.¹⁶ One of the most common defences against a charge of politicisation, for example, is to treat the word as an indicator of the personal or party agenda of whoever used it.¹⁷ Another means of neutering the concept—described by Mulgan as ‘sing[ing] out the more overt form of direct instruction’—is to reduce it to whether or not a government ‘issued ... direct instructions to falsify the record’.¹⁸ Consistent with this strategy, analysts who hypothesise the existence of less overt forms of politicisation lay themselves open to being criticised as conspiracy theorists. In any event, to confine an analysis of politicisation to ‘who said what to whom’ simply shifts attention away from institutions to individuals. While there is much to be said at this level, it is often associated with histories of specific events or interactions, generally between individual public servants and their ministers and ministerial adviser. These histories assume that, whether or not specific interactions were proper, there is a normative version of such relationships, one in which the proper line between responsiveness to the elected government and undue involvement is respected. Such an assumption incorporates a further assumption that both public servants and ministers and their advisers clearly understand their different roles. This has not always been the case.

Ministerial advisers were added to the machinery of government by Labor following the 1972 election. RCAGA itself ‘did not generally favour policy advisers in ministers offices’.¹⁹ It recommended instead that where a minister felt the need for additional policy advice, ‘it will frequently be more helpful to him if the resources of the department are more effectively mobilised or stimulated to be responsive to his needs’.²⁰ Nevertheless, the Fraser Government did not abolish the institution, although it did cut back on its numbers. The Hawke Government in its turn decided to greatly increase the number of ministerial advisers, which it presented as a trade-off for not proceeding with an election commitment to politicise 10 per cent of the senior executive service.²¹ This trade-off effectively clarified a difference in role between public servants and ministerial advisers. Ministerial advisers would protect public servants from pressure to become politicised by providing those services themselves, from within the minister’s own private office. Thus, the partisan policy role that had been so controversial and fiercely resisted in the Whitlam period was asserted and legitimised from the outset of the Hawke Labor period.²² Over time, the policy capacity of the ministerial office was strengthened²³ and the work of the senior public servant became more managerial.²⁴ These changes have continued to test the roles proper to public servants and ministerial advisers, secretaries and ministers, and with them the definitions proper to ‘responsiveness’ and ‘politicisation’.

State of the Service and other data

When asked about their own understanding of their roles, departmental secretaries reported themselves to be mainly ‘relaxed and comfortable’ about their relations with ministers:

The confidential surveys of Secretaries conducted in recent years by Professor Patrick Weller provide little evidence that ‘Australia’s mandarins’ are intimidated. Every departmental secretary ‘declared that the new contract conditions made no difference to the fearlessness of their policy advice’ [although, a footnote advises, ‘several noted that some of their colleagues were more cowed’]. Similarly a confidential questionnaire undertaken by Professor Bob Gregory of 22 Secretaries and Commonwealth government CEOs in late 2003 found that just three agreed with the statement that politicians were improperly involving themselves in the business of public servants. Gregory concluded that ‘in the minds of current APS departmental heads the conventions of “traditional ministerial responsibility” are very much alive and well ...’²⁵
Just how much reliance can be placed on this kind of confidential research is open to question. As far as those further down the line are concerned, a survey conducted in the same year found that, of those public servants who had had contact with ministers and their advisers over the previous two years, 35 per cent had encountered a 'challenge in balancing the need to be apolitical, impartial and professional, responsive to the Government and openly accountable (as per the APS Values) in dealing with ministers and/or ministers' offices', and a further five per cent were unsure. The findings of subsequent surveys have remained remarkably consistent with these perceptions. The questions put to secretaries and to public servants were differently worded: those put to secretaries concerned the behaviour of politicians generally, and those put to public servants were confined to their own ministers and their advisers. More importantly, the question of possible impropriety is differently put in each survey. The point is, however, that if you are interested in whether systems unduly restrain the provision of frank and fearless advice, you do not look only at those who are at the top of the system. Bureaucratic decision making occurs all the way up (and down) the line.

There are factors other than management systems that constrain decision making, and some of these have a disproportionate impact on lower-level staff. With respect to the challenges to public servants posed by ministers and their advisers, it is undoubtedly the case that the considerable growth in the number of ministerial advisers has increased the penetration of contact between ministers' offices and agencies. According to the 2003-04 State of the Service Report, at 1 May 2004 the total number of ministerial personal staff was 392, an increase of 89 per cent from the 207 at April 1983, following the Hawke Government's decision to appoint political advisers to ministers' offices. There are some simple logistical reasons for this increase, including ministers' needs for additional support following changes in information and communications technology used by media commentators, and the sheer physical size of the office space available following the move to the new Parliament House. The simple fact that numbers of ministerial staff have increased means, however, that there is more scope for interaction between this group and public servants. Technological change—email, mobile phones, SMS, etc.—means that there is increased scope for this contact to be direct, but not necessarily through official channels or those at the hierarchy, and that the expectation is for short-turn-around times.

While the increase in the numbers of ministerial advisers is known, there are no pre-2003 data available on the corresponding increase in the numbers of public servants who are responding to their requests. However, there are relevant data on the classification levels of those public servants being contacted by ministers and their advisers, and the extent to which public servants at different levels have 'experienced[d] a challenge' during one or more of those interactions. In 2004-05, 73 per cent of Senior Executive Service employees surveyed reported having had direct contact with ministers and/or their advisers in the preceding year, 35 per cent of their immediate subordinates (executive level employees) and 15 per cent of the lower grades (APS 1-6) also reported having had direct contact with the minister's office. Given the actual numbers of employees in each of these groups (the APS generally exhibits a pyramidal structure), it appears that individuals in the lower grades who experienced this direct contact outweighed those in the higher grades. In each of these groups (the APS generally exhibits a pyramidal structure), it appears that individuals in the lower grades who experienced this direct contact outnumbered senior executive staff by a ratio of about 10:1. This is contrary to the conventional view of how the system works.

Not surprisingly, executive-level public servants were less likely than departmental secretaries to report being comfortable and confident during such interactions. In 2004-05, one-third of public servants who had been in direct contact with ministers or their advisers in the last 12 months reported that they had only moderate (22 per cent) or very low (10 per cent) levels of confidence that they could appropriately balance the legislated public service values of being apolitical, impartial and professional, responsive to government and openly accountable. This group is more likely to be on the receiving end of difficult questions than APS-level staff, and less likely to be familiar with the conventions for managing them than the senior executive staff. While confidence in balancing the APS Values was found not to be correlated with age, sex or size of agency, it was correlated with awareness of agreed written and unwritten processes in place in an agency for resolving staff concerns about the nature of requests from ministerial offices. This may go some way to further explaining why public servants as a group are less confident than their departmental secretaries in their interactions with ministers and their advisers: they are less likely to be familiar with any conventions or protocols that apply to such interactions—and have less power to assert any such knowledge.

There are some data on the availability of such protocols. For example, many agencies require the purport of oral briefings to ministers or ministerial staff on key issues to be confirmed in writing (including emails or follow-up minutes). Nine large agencies reported in the 2004-05 State of the Service agency survey that they had this protocol in place—a fact unlikely to have escaped their agency heads—and yet between 37 and 66 per cent of their relevant employees were not sure whether their agency had such a protocol in place. These people may not have known whether they should be keeping records of their oral advice any more than new or untrained ministerial advisers may have known whether they could ask that records not be kept. It is in situations like this that decisions can 'make themselves', and that the default response may become responsiveness, where responsiveness has lost touch with any counterbalancing requirement for apolitical professionalism. Advisers may ask that records not be kept and public servants may see it as their duty to acquiesce. Or, even if public servants are aware that they may be being asked to do something outside usual practice, they
may find it more difficult to decline on the ground of a generalised public service ‘professionalism’ than on the ground of a formal protocol. In the absence of explicit guidance and responsible leadership, administrative failures may more readily occur, even when no direct pressure is being personally exerted on any individual public servant. However, there are indications that pressure has been exerted by some ministerial offices. Indeed, the 2004-05 State of the Service Report found that between 12 and 52 per cent of employees in large agencies reported having faced a challenge during interactions with their political masters.34

Claims of ‘politicisation’ do not take us far into the nature of these interactions, and are counterproductive to the extent that they may be used to deflect or avoid analysis. Most public servants are ‘political’ to the extent that they understand and have conscious views on the political factors influencing government policies and their application. That may be why they joined the public service or it may be an effect of having joined it. Nearly all public servants are aware that they are bound by law to behave apolitically and accountable.35

Public servants at DIMIA appear to have been particularly well informed in this area. In 2002-03 staff at DIMIA reported the highest levels of participation in training that included an emphasis on the APS Values.36 Nevertheless, at DIMIA, as Palmer (2006) found, ‘a strong government policy’ flowed through ‘rigid attitudes and processes’ into poor individual decision making with the consequence that numbers of individuals suffered who should not have suffered.37 To understand failures of due process—in relation to information flow, record-keeping, regulatory decision making or disbursing grants—particularly when such failures occur in politically sensitive environments, it is important to understand the intersection, over time, of the legislated public service values and the actual management systems in which they are applied. The fact that such failures are still largely the exception suggests that individual public servants understand what can happen to principles when they get caught up in administrative machinery, and are prepared to act to sustain what is principled. How long that can continue is unclear.

The purpose of this study, then, is not to probe for conspiracies but to study the present system of public administration: how it positions public servants in relation to the governments they serve, and how ‘failures of public administration’ can be the outcome. The system itself is presented in the context of the changes that have been made since the introduction of ministerial advisers by the Whitlam Government in 1972 and the tabling of the RCAGA report in 1976. RCAGA is the point that has been identified by previous and current Public Service Commissioners, the former Auditor-General and the former head of the Department of the Prime Minister and Cabinet as a ‘watershed in administrative thinking and reforms’ whose ‘enduring themes have proved to influence greatly the reforms of the past 25 years.38 In retrospect, at least, there is agreement on the powerful and lasting influence of the report’s three key themes:

- increased responsiveness to the elected government;
- improved efficiency and effectiveness, with devolution and stronger emphasis on results; and
- greater community participation in government.39

Without assuming the existence of a previous golden age,40 the discussion is confined to those changes undertaken following RCAGA and consistent with NPM that were intended to enhance the efficiency and effectiveness of public servants and their responsiveness to government. A chronology of reforms between 1975 and 2003 prepared by the Parliamentary Library and included at the end of this volume as an appendix shows that both of the major parties have had a hand in driving these reforms, and that ‘successive governments have generally consolidated, or at least tolerated, the changes of previous governments.41

The reforms in theory

The Public Service Act provides Australian public servants with a set of principles and a code of conduct to guide their behaviour.42 Because the APS Values are principles-based, their application in particular circumstances is broadly up to the public servant applying them; but there are sanctions for failing to conform to them. The APS Code of Conduct, at section 13 of the Act, includes a general provision that employees must ‘at all times behave in a way that upholds the APS Values and the integrity and good reputation of the APS’. Agency heads and the senior executive service are required under the Act to promote as well as uphold both the APS Values and the Code.

The APS Values, in effect, constitute a professional code of ethics for public servants. Nevertheless, the APS Values are the artefact of legislation, and reflect the views of the executive and the Parliament at a particular point in time about the conduct of public administration. Their presence in the Act is indicative of a conviction, common when the legislation was being drafted and still widely held, that the processes and procedures of public administration could be made more efficient and effective if detailed rules were replaced by broad principles coupled with an emphasis on getting results. It was argued that principles-based decision making would enable public servants to remain focused on what is important—what the APS Value at s.10(f)(k) of the Public Service Act calls, comprehensively, ‘achieving results and managing performance’—while providing procedural flexibility around how to go about doing it.
The financial management changes were complemented by similar changes in the budgetary system. The overall trend was to treat agencies as separate businesses, with increased emphasis on financial management. This was in line with the changed role of the Auditor-General and the introduction of financial management systems, such as the Department of Audit and Comptroller General. These changes were aimed at improving the financial management of government agencies and the transparency of their financial affairs. The Auditor-General was given increased powers to audit financial statements and to report on the financial management of government agencies. This was intended to improve the accountability of government agencies and to ensure that they were managed efficiently and effectively.
the Labor Party in the past. In 1994, the Keating Government introduced contracts for secretaries, and encouraged consideration of contracts for the senior executive service. In 1996, six secretaries lost their jobs directly after the election of the Howard Government. In 1999, Paul Barrett was dismissed as Secretary of the Department of Defence. The reason given was that he had lost the confidence of the Minister, John Moore. Performance pay for secretaries was introduced in 1999.

Australia was not alone in legislating for a responsive and results-oriented management in its public service. Similar packages of financial and human-resource changes were also being embraced to varying degrees across a number of public sectors, particularly those in English-speaking countries. While many elements of NPM were the conventional wisdom of the World Bank and the OECD, its implementation was not at all a single comprehensive program: it evolved incrementally and exhibited different emphases in different cultural and administrative frameworks. The OECD broadly characterised these changes as implementing a transition from a bureaucratic to a market model:

The market model is based on market-type mechanisms, as opposed to the bureaucratic model, which operates the public service on a monopoly-provider basis. The aim is to let managers manage on terms similar to their private sector counterparts. To promote a performance orientation, the system is subject to market disciplines such as competitive tendering and contracting out, cost recovery, and accrual accounting (including capital costs). It may even go so far as to result in total privatisation of the activity. In some cases performance standards are enforced through individual or institutional performance contracts which exchange operational and/or resource flexibility for accountability for pre-set results targets.

In 1997 the OECD undertook 10 country case studies of public sector reform based on the presence of market and market-type mechanisms. On the basis of these studies, it prepared a map matrix positioning the countries along two continuums—a 'bureaucracy versus market orientation' and 'administrator versus manager orientation'—in order to reach a measure of relative degree of performance-oriented priorities (see Figure 1). The map located Australia's position at the end of the Hawke/Keating period as only somewhat less performance-oriented than most other English-speaking countries studied.

As these paradigm shifts were taking place, there was increasing interest in articulating the APS Values and providing a legislative codification of standards of official conduct within the more devolved and flexible system. The Public Service Board had already published Guidelines on Official Conduct of Commonwealth Public Servants in 1979; but that was a consolidated reference document containing the rules and conventions governing ethical conduct. It did not seek to go behind those rules and conventions to articulate values, although of course it did exhibit their application. Some initial work on public service values had been pursued through RCAG and the Institute of Public Administration Australia (IPAA), with more detailed work undertaken by the then Management Advisory Board and its Management Improvement Advisory Committee (MAB/MIAC). The first official articulation of what was likely to emerge from this process was provided in the 1993 Management Advisory Board (MAB) publication, Building a Better Public Service, which summed it all up as follows:

These [public service] values or principles have traditionally stressed the centrality of merit-based staffing, probity and integrity, efficiency, and loyalty to government while providing frank and fearless advice. More recently, additional emphasis has been placed on the need for responsiveness to governments, managing for results and improving accountability.
In 1994 the 'Public Service Act Review Group' expressed similar views, believing that a new public service act should be built around a mix of ethical and efficiency-oriented principles and values.

The work of the MAB and of the Review Group heavily influenced the APS Values articulated in the Public Service Act five years later. A number of the core 'traditional' principles of public administration that had applied in Westminster systems of government for over 100 years were included in the specific APS Values legislated by the Parliament in 1999 for Australian public servants:

- the apolitical nature of the APS (s. 10(1)(a));
- accountability within the framework of ministerial responsibility to the government, the parliament and the Australian public (s. 10(1)(c));
- impartial, as well as fair, effective and courteous service (s. 10(1)(g));
- the merit principle governing employment decisions (s. 10(1)(b)); and
- the highest ethical standards (s. 10(1)(d)).

The influence of NPM can be found, in particular, in sections 10(1)(f) mandating responsiveness to government—although an attentiveness to government objectives has always been expected of public servants—and 10(1)(k), which reinforces responsiveness by calling for a focus on achieving results and managing performance. MAB was adamant that 'these changes do not imply any retreat from traditional values. Rather, the new and the old should reinforce each other'.

**The system in practice**

Notwithstanding MAB’s expectations, experience has shown that the system is not seamless and its elements are not all internally consistent. In fact, while the traditional Westminster values do tend to reinforce each other, subsequent studies suggest that their intersection with NPM values is less than mutually reinforcing. According to The APS Values and Code of Conduct in Practice, public servants are likely to encounter, in addition to any complementarity between different values, a need to balance the distinct pulls of the old and the new. Under the heading ‘Balancing the APS Values’ it advises that:

While the APS Values complement each other, there may be tensions between them. No Value should be pursued to the point of direct conflict with another. For example, being apolitical does not remove an employee’s obligation to be responsive to the Government and to implement its policies and programs, nor does responsiveness permit partisan decisions or decisions that are not impartial. Compliance with the law always takes precedence over a public servant’s obligations to achieve results and be responsive.

In Australia as elsewhere, conflicts between market-oriented and more traditional public values appear at all operational levels. At a system-wide level, treating agencies as distinct businesses has the potential to constrain effective whole-of-government management. Agency-specific operating procedures and systems can undermine collaborative practices, just as agency-specific values can undermine the concept of a broader public service. At an agency level, the market model can increase exposure of public servants to values conflicts in areas such as recordkeeping, fraud prevention and outsourcing, as reported in the 2001–02 State of the Service Report. For example, efficiency agendas encouraging agencies to cut red tape or streamline processes may increase the scope for fraud or compromise probity checks. A focus on benchmarking and performance indicators may encourage practices that actually compromise aspects of service delivery. For individual public servants, common tensions that have been identified include:

- divided loyalties between ministers, public service managers and the public;
- incompatibility between private ethics and impartial exercise of duties;
- private benefits derived from public decisions;
- observance of instructions or actions which might compromise due process; and
- administration of actions which are outside statutory responsibility, or compromise good financial management of a public sector agency.

While these kinds of conflicts are certainly not new, many of the old rule-bound procedures for managing them in practice are gone, leaving the new system dependent on a set of APS Values whose application is often subjective and can drive behaviour in conflicting directions—a good example of what Stewart calls hybridisation:

... the APS Values-mixture that constitutes new public management, as a result of which public servants are meant simultaneously to be professional, efficient, neutral, responsive. The market-oriented values have been overlaid on top of the more traditional public service ethos, to form a hybridized result. Hybrids such as this satisfy the need for an all-embracing rhetoric, although at the practical level, they give little real guidance for dealing with conflict.

In a hybridised decision-making framework not all values are equal. Take the case of the APS Values. The Public Service Act was not designed to embed traditional Westminster values in public service behaviour; the old rule-based system did that just as well. It was designed to insert the Westminster values...
into a framework that was fundamentally focused on encouraging responsiveness to government priorities and managing for results. Responsiveness and managing for results are not just APS Values, they are also the rationale behind the decision-making framework itself. In practice this framework has been further reinforced by a number of systems changes characteristic of NPM—such as devolved management structures, contestable policy advice and service delivery, and program budgeting and performance management—that are also about being responsive and delivering results.

As a consequence, values-based decision making in the APS is not simply a matter of individual public servants balancing different APS Values; the supporting systems that are in place situate and orient both reflective and routine behaviours. The idea of striking a balance between different Values suggests that bad decision making occurs when individual public servants make individual mistakes in weighing up issues or fail to recognise that a decision point has been reached. The approach is silent about the institutional framework in which these decisions are made, and how it organises the relations between the administrative and political arms of government. That is why, when taken on their own, the APS Values do not take us far when looking for the causes of systems failures such as those associated with the Departments of the Prime Minister and Cabinet and DIMIA in the case of Children Overboard, or those found by the Palmer and Comrie reports, or the role of DIAT in relation to AW8 when overpayments were being made to Iraq.

This focus on individual choice—rather than on the systems and culture within which decision making occurs—is characteristic of public service commentary. The public service tends to shy away from institutional self-analysis unless it is upbeat or can be articulated in such a way as to quarantine the government from criticism. Instead, it offers ‘do it yourself’ advice targeted to individuals or human-resource areas. In the case of the APS Values, public service commissioners have released Directions (1999), Guidelines on Conduct (2003), Embedding the APS Values (2003), Being Professional in the APS—Values Resources for Facilitators (2005), and, with particular reference to interactions between public servants and ministers and their advisers, Supporting Ministers, Upholding the Values.52 These aids operate at the level of principle and convention and advise on how to apply both to situations considered in the abstract. For example, Supporting Ministers talks of how to handle requests from ministerial advisers to amend ministerial briefs before those briefs are formally presented as departmental advice. Undoubtedly such situations arise and need to be addressed. And guidance is useful in making it clear that these things happen and that particular responses are appropriate when they do. But, generally speaking, the guidance is silent about how situations such as this are embedded in the institutional context: how do performance assessment and pay, contestability and outsourcing, devolution and technological change, and the new workplace relations arrangements construct the environment in which such situations arise and are understood, and in which decisions are defined and taken?

Individual agency heads and their senior executive can undoubtedly make a great difference in reducing the negative impact of any agency systems on employee decision making, but the State of the Service data cited throughout the discussion suggest that their doing so cannot be assumed. How, then, do the arrangements that have been used to embed these NPM systems in agencies intersect with the APS Values that are intended to characterise the public service? How does this intersection position the people ‘down the line’ including those at a remove from the offices of their ministers? How does it influence the thousands of decisions that they make, either actively or passively, on a day-to-day basis? More broadly, how do we distinguish a politically aware APS from a politically exposed APS?

The chapters that follow address these questions. They focus on separate NPM reforms but in so doing try to evince the way in which particular systems relate to and reinforce one another. Chapter 2 considers the impact of contestable policy advising and service delivery on public servants’ understanding of what it means to be apolitical. How do agencies set about making themselves competitive with ministers’ favoured lobby groups in the delivery of policy advice and how are individual public servants expected to add value to this process?

Chapter 3 sets out the role of performance management and assessment systems in further focusing public servants on the implicit and explicit expectations of their ministers, ministerial advisers and senior managers, and how due process can be affected when the implicit and explicit messages they receive are not the same. It raises the scope for a performance focus to cause public servants to be ‘looking the wrong way’ in cases of systems failure. It also raises the matter of how individual performance agreements can structure information sharing between individual public servants, depending on their position in the food chain and the agencies in which they work. Many public servants are sceptical of the contribution of performance assessment and pay to an agency culture in which the APS Values are upheld and in which individuals work together effectively.

Individual agency systems and cultures have grown in influence as centralised, service-wide controls and protocols have been replaced by agency-specific arrangements. This issue is addressed in Chapter 4. When the process of devolution was first being contemplated it was realised that ‘to achieve greater flexibility it was probably going to be necessary to sacrifice many of the aspects of the public service which had provided the “connective tissue”,’53 and this is what happened. As ‘connective tissue’ has weakened, public servants have been increasingly exposed to the disciplines of results-oriented systems. Guidance on appropriate and inappropriate behaviour is the responsibility of agency heads.
and their senior managers, as are processes for raising concerns about breaches of public service values. Surveys suggest that in some agencies public servants are in some doubt as to whether agency heads and senior managers (themselves under the discipline of performance contracts) behave in accordance with the APS Values. In the event, both policy advising and due process have been put at risk, and in some cases, compromised.

Chapter 5 examines in particular the workplace relations systems at work in departments and agencies, including individual employment contracts (AWAs) intended to align employee values to those of the agency and its ‘ultimate employer’, the minister. It also examines other changes to the ‘psychological contract’ between employees and their agency heads following in the introduction of ‘hard’ HRM practices. As in the cases of contestability, performance management and devolution separately, these industrial arrangements have the effect of reinforcing responsiveness to short-term demands and drivers, and reducing second thoughts.

Chapter 6 raises more broadly the question of what it is that distinguishes a public servant from other providers of services to government. Since the mid-1990s, NPM has taken contracting organisations into areas of government activity characterised by increasing risk, sensitivity and complexity. In the process it has turned a significant number of public servants—already on performance contracts themselves and increasingly being moved on to individual employment contracts—into contract managers. While public sector providers have been exhorted to behave more like those in the private and community sectors, the latter have been drawn into alignment with government through contracting arrangements emphasising partnership and a community of values. In a devolved environment with tasks specified in contracts, what, if anything, continues to distinguish the work and ethos of public servants from those of the community and private sectors?

These questions are of concern because, although NPM has undoubtedly increased the capacity of public servants to achieve results, it has exposed decision making to new drivers and disciplines that interact in ways that increase their exposure to political direction. This was, after all, the purpose of the exercise. Nevertheless, ‘the shift in the last 25 years has been substantial, ... steadily increasing political oversight and expectations of responsiveness by the bureaucracy to the elected government’.

Survey material cited in the course of the discussion that follows suggests that many public servants are disturbed by the extent of this exposure. Some have made bad decisions, either actively or passively, and as a result people outside the public service have been damaged. There is also an impact on Australians more generally. Public accountability goes missing where there is what Bartos (2006) calls ‘a systematic lack of capacity to identify problems, keep accurate records, and draw these uncomfortable problems to the attention of Ministers’.

ENDNOTES


2 The Department of Immigration and Multicultural and Indigenous Affairs (DIMIA) has since become the Department of Immigration and Multicultural Affairs (DIMIA) and subsequently the Department of Immigration and Citizenship. The earlier acronym is preserved through this study, as it is consistent with references to the agency in the Palmer and other reports.


4 The current legal definitions of these principles are set out later in this chapter.


13 As asked of me in a performance assessment session.


15 Australian Public Service Commission, APS Values and Code of Conduct in Practice, Ch. 2.


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21 See Weller, Australia's Mandarins, 103.
22 Malley, 'Australian Ministerial Advisers', 105.
23 See Weller, Australia's Mandarins, 103.
24 See Malley, 'Australian Ministerial Advisers', 106.

26 For the purposes of the Act, all public servants are those employed at the Commonwealth level who are classified or of a similar rank.
30 See Peter Reith, Towards a Better Practice Australian Public Service, Discussion Paper issued by the Minister for Industrial Relations and the Minister Assisting the Prime Minister for the Public Service (Canberra, 1996), 11: 'Their role as Chief Executive Officers, responsible to the Minister for their agency's performance, needs to be explicitly recognised.'
37 Australian Public Service Commission, Embedding the APS Values (Canberra, 2003), 13: 'The values and the role of the APS as an institution in Australia's democratic system of government. Various values within each of the groups reflect the core principles of public administration that have applied in Westminster governments of government for over a hundred years... Each of these values is critical to the role and responsibilities of the APS. They complement each other in defining the professional behaviour of all public servants. They are also supported by the provisions in the Conduct Code', at http://www.aps.gov.au/values/values1.htm, viewed 16 Apr. 2006.
38 Management Advisory Board, Building a Better Public Service, 4.
39 see, in particular, interactions with employment values considered in Ch. 3, p. 99.
Whatever Happened to Frank and Fearless?

The values also incorporate provisions that were added during the process of reaching bipartisan support for the legislation. The latter (sections 10(1)(b) and 10(2)(c)) deal with employment equity, reasonable community access to APS employment, affirmation of a career-based service and the assertion of a fair system of review of employment decisions.


Organisational reinvention—how can we keep up in a climate of rapid change and compliance?

Lynelle Briggs
Lynelle Briggs is the Public Service Commissioner. She has held this position since November 2004.

CPA Congress: ‘Agility in the face of change’
17 November 2006

Introduction

I would like to thank CPA Australia for inviting me to participate in this Congress, looking at ‘agility in the face of change’.

My presentation today is about what this means for our organisations, and why organisational renewal is important for our long-term future. My focus is primarily on the Australian Public Service. Nevertheless, many of the issues that confront us in the public sector will resonate with those of you in other sectors.

We cannot afford, whether we are in public or private sector organisations, to sit back and wait for change to happen to us. We have to be active participants in the process; anticipating what is ahead and renewing—or even reinventing—our organisations in ways that make the most of what change has to offer, and managing the risks that arise.

It would be a mistake to think of change or reform as something we can get past before we settle into some fixed version of the future. A capacity, indeed a cultural bias, for organisational renewal, will remain critical to our ability to deliver the outcomes expected of us, and to remain relevant in a highly contestable environment.

In my presentation this morning, I want to start by looking at some of the factors that are driving organisational renewal in the APS. I will then go on to consider the implications of organisational renewal for APS agencies and for the APS as an institution. I particularly want to consider the role of the accountancy profession in this renewal process.

Drivers of Change

While the fundamentals of what we do in the APS, and why we are here, have remained remarkably intact over time, the how of what we do has been something of a moveable feast. The contracting out of some services, the use of public-private partnerships, the growth in e-government, the use of consultants, an increasing focus on whole of government approaches—all of these reforms demonstrate the point.

These changes have been driven by a range of interrelated factors, which we cannot ignore. They underscore the nature of our operating environment, characterised by uncertainty, ambiguity, complexity and a rapid pace of change.
Community/Citizen Expectations

The first of these, one of the key drivers for organisational renewal, is changing community expectations.

Australians are much more sophisticated consumers of services than they were only a few decades ago. They are better educated, wealthier and benefit not only from a supportive social safety net, but from more open government and widespread access to information and communication technologies.

Our increased wealth and sophistication, however, has not been matched by increasing levels of contentment. The Australian community now expects more than ever before from government: high quality, seamless, accessible and responsive service delivery that is tailored to their individual needs. They also expect a greater say in the development of policies and programmes.

Implementation Problems

Not surprisingly, expectations of improved service delivery have been accompanied by a demand for better, and more thoughtful, implementation of Government programmes and services. Speaking about the creation in 2004 of the Department of Human Services, the Prime Minister said:

“One of the things we lack in the public service both at the Commonwealth and State levels is a consolidated focus on the efficient and timely and sympathetic delivery of services. We tend to look at service delivery as an afterthought rather than as a policy priority.”

Policy design needs to take account of the challenges to implementation from the outset. Effective financial planning and budgeting are an important part of this process and need to be fully integrated into our strategic planning more generally. Failure to do this sort of planning at the front end can, at the implementations stage, which is often the point at which the policy is judged to have succeeded or failed, result in cost overruns, unexpected delays and poor outcomes.

Political Will and Interest

The focus on improving our ability to implement programmes effectively and to manage our finances better also reflects a determination by the Government to have greater influence on the timely and effective delivery of their policy interventions.

Governments want to see more ‘bang for their bucks’—identifiable and quantifiable improvements as a result of their interventions. They do not want to see their money frittered away or unspent through poor planning or bureaucratic time wasting or incompetence.

It’s not surprising, then, that the Australian Government has pushed for a greater focus on achieving effective outcomes and made some important structural changes at the delivery end.

It has, for example, established the Cabinet Implementation Unit, within the Department of the Prime Minister and Cabinet, to encourage earlier and more effective planning for implementation of their policy decisions, through government programmes and services. More recently, it has introduced the Gateway Review process – a project assurance methodology that will involve short, intensive reviews at critical stages, to improve the delivery of major projects on time and on budget.

Complex Problems

Among the most manifest drivers of organisational renewal is the need to deal with what Ken Henry, the Secretary of the Department of the Treasury, recently described as ‘chronic policy failures’. These are sometimes called by Peter Shergold, in a Dickensian turn of phrase, ‘wicked problems’.
They are complex and intractable issues, such as the health and economic well-being of Aboriginal and Torres Strait Islanders, climate change and the parlous state of our water resources, balancing environmental protection and economic growth, preventing the growth of social under classes and welfare dependency—all problems that have been resistant over time to government intervention.

Addressing issues of chronic policy failure is driving our focus on improving our ability to work across agencies and across jurisdictions. It is also making us focus increasingly on involving stakeholders—whether industry, non-government organisations, or the public directly—in the design, planning and implementation of government programmes. And it is making us reconsider the need to be innovative, experimental and persistent in seeking new solutions to these chronic problems, which require attention on multiple fronts.

Organisational Performance

The need to deal with these complex problems and to meet Government and community expectations in other areas is fuelling the demand for continual improvement in performance in the Australian Public Service (APS).

It is critical that our governance framework supports improved standards of organisational performance, and is capable of alerting executive management to potential difficulties before they develop into systemic problems.

An important part of this will be developing financial management frameworks that provide for greater transparency and accessibility of financial information and present information in a way that public sector leaders and our elected officials can usefully draw on in their strategic planning.

All managers in the APS are now expected to be financially literate and able to manage their own budgets. What is less certain is whether we have the capability, whether our budget reporting systems allow us to do this effectively, and whether we are getting the right sort of support from the financial areas of our organisations.

The best governance and financial arrangements in the world won’t amount to much unless we also have the appropriate level of organisational capability to use them effectively.

More generally I think it is well known that we are experiencing tighter labour market conditions and are starting to see pretty clear skills gaps, including, despite the large gathering here today, in accounting. Agencies are increasingly reporting that these skill shortages are having a real impact on their business.

This issue of how to maintain and improve organisational performance in the face of these challenges to our overall capacity goes to the heart of the renewal effort.

Organisational Renewal – Overall Theme

In responding to these challenges, public sector organisations need to be more agile, able to quickly respond to changing agendas, and to the fast moving pace of our operating environment. We have to be in a state of readiness to anticipate and deal with crisis situations and other challenges, whether these are natural disasters or security and terrorism incidents or water shortages driven by climate change and urbanisation. We also need to be more strategic so that we are able to recognise policy and implementation failures before they happen.

In the APS, the Management Advisory Committee has defined organisational renewal as ‘a dynamic process of capacity building to ensure that organisations are equipped to succeed in a sustained way within a changing operating environment’. This is a useful starting point. It acknowledges renewal as a dynamic process that responds to change in our operating environment. Importantly, the link to ‘success’ maintains the focus on organisational renewal as critical to our capacity to deliver effective outcomes. In the APS, we see a great deal of diversity across APS agencies—in terms of their business and how they
operate. We tend to focus on how each agency is different and must take its own path to renewal. We are all, however, in the business of public service and I think it’s important that we don’t lose sight of what we have in common. It is the need to serve the public well, through good policy, really impressive programme implementation and regulation, and responsive client service that is driving organisational renewal in public administration today.

Having established the need for organisational renewal, what are the next steps?

I want to look at this issue first from the perspective of individual APS agencies, before looking at the challenges we are facing at the whole–of–APS level.

**Organisational Renewal at the Agency Level**

**Workforce Planning**

At the agency level, the first step towards organisational renewal has to be the identification of the gaps and shortfalls that exist in our workforce capacity to meet business objectives and the development of strategies to deal with these gaps.

We are seeing some encouraging signs across the APS of this more systematic sort of workforce planning being integrated more into agency’s business planning. This is an area where the financial skills that you have can really make a difference to the quality of outcomes.

Whereas workforce planning has in the past tended to be somewhat ad hoc, we must ensure that financial expertise is fully utilised in our organisations’ forward planning. This is especially so in light of the pressure brought to bear by demographic change and a booming economy.

**Attraction and Recruitment**

An important aspect of workforce planning, of course, is taking a more strategic approach to the attraction and recruitment of new staff.

This year’s State of the Service report will show clear evidence of skills shortages, particularly in the specialist skills areas of HR, IT, accounting and financial management. The situation is not expected to ease in the short to medium term.

Against this background, it is important that the APS positions itself as an employer of choice, to enable it to compete more effectively for a diverse and sophisticated workforce under tight labour market conditions. We need to make a concerted effort to market the APS as an exciting employment opportunity. The nature of our work and the capacity to make a difference, particularly in strategic policy development and service delivery, make the APS an interesting and a unique place to work.

Most of you here today are using your financial expertise to contribute to real improvements for the Australian community. Many of you have been at the forefront of leading edge public sector financial reforms. The work you do, and the opportunities available to you, are far removed from H&R Block.

It is important that we sell the benefits of public sector employment to young accountants while they are still in higher education. Combined with our underpinning values framework, workplace flexibility and widespread access to development opportunities, this sort of approach can potentially give the APS a leading edge.

One of the most significant employment reforms in the APS has been its opening up to external recruitment. The proportion of positions filled by engagements from outside the APS has increased from about a third to about a half2 in the decade to 2005–06. We are actively recruiting people from all sectors of the Australian
community with the skills we need and we will continue to do this.

The bottom line is that if our attraction and recruitment strategies are not competitive we will be starting from a position of disadvantage.

**Capability Development**

Getting people in the door is of course only the first step. We need to develop our employees and engage them in the work they do. Continued investment in learning and development that meet the needs of the modern APS is incredibly important.

Core functional skills development designed to foster high-level policy, research, programme and regulatory skills, should be a priority. We also have to ensure we are developing in our employees the full spectrum of management skills, including financial management, but also people and performance management, contract management, strategic management, programme management and so on. You must play a critical role here in contributing to improvement in the overall level of financial understanding in your organisations.

We also have to identify and develop employees with high potential, not only so that we don’t lose them, but also because we should be looking to engage them in the most effective way so that they become our future leaders. Our succession management strategies need to be linked to our future workforce needs.

In effect, what I am saying is that our capability requirements have become too specific and high level to continue to leave the work force to luck and adhockery.

**Retention**

Strategies for organisational renewal also need to be directed at more innovative approaches to retaining valued employees, particularly in areas of skill shortages such as accountancy.

A significant challenge is to meet the expectations of Generation X and Y employees, in a labour market environment which suggests we cannot expect employees will stay with us ‘for life’ or that they will give us loyalty, unless we earn it.

We need to market the real personal and community benefits of working in the national interest, provide attractive work-life balance flexibilities that aren’t available elsewhere, and develop a reputation for treating our people well. We also have to make full use of the flexible workplace relations environment to respond to the preferences of our employees in ways that are consistent with our business goals.

Even with these strategies, we will have to come to terms with the fact that significant numbers will come into the APS, take advantage of the opportunities for training and development, and then take those skills elsewhere. The challenge will be to provide workplaces that they will come back to, bringing with them the benefits of their diversity of experience as part of what has been described as a ‘portfolio career’.

**Professional Communities**

One of the actions arising from the Management Advisory Committee’s report, Managing and Sustaining the APS Workforce, is the establishment of professional communities to address specialist skill shortages, especially shortfalls in the number of accountants.

The establishment of the APS community of accountants, with leadership from the Department of Finance, is nearing completion, with a dedicated website (http://www.accountants.gov.au/) expected to go live before the end of the year. The website is designed to facilitate career planning, professional development and networking among accountants. This initiative has potential benefits for the APS for the attraction, recruitment and retention of people with accounting skills. Professional communities are also being
developed for statisticians and ICT professionals.

We welcome the generous support of CPA, one of the main professional bodies for accountants, for the community. I hope that all of you who are employed in the APS will be active participants in the forums that develop. These sorts of innovative initiatives may prove critical in giving the APS the edge it needs in matching people, jobs and skills to serve Governments and the Australian people well.

Organisational Renewal – at the Institutional Level

Organisational renewal is about more than what happens in individual agencies. The APS as an institution is fundamental to the social and economic well being of Australia and needs to operate effectively across the board. We are much more than the sum of our parts. It is imperative that our approach to organisational renewal has an institutional dimension.

Whole of Government Working

An important aspect of this dimension of organisational renewal is the growing emphasis on working collaboratively across portfolio and agency boundaries, and with our partners in the private and non-government sector. Increasingly, agencies and their employees are being required to focus beyond agency-specific outcomes and priorities to encompass the Government’s cross-cutting overall policy agenda and priorities.

This is by no means a rhetorical statement of the obvious; the problems we confront daily demand an understanding of a more complex group of issues than previously. They necessitate collaborative approaches to leadership and administration, and a capacity to deploy a range of technical and implementation skills.

Our water resources present the quintessential whole of government problem. Only last week, the Prime Minister’s water summit considered ways to overhaul Australia’s water planning system, the outcome of which could substantially scale back water supplies for farmers, industry and householders. Public servants have been asked to draw up contingency plans—including emergency measures such as blocking water flows into natural wetlands—so that communities, Adelaide in particular, don’t run dry in 2007–08. The summit agreed to introduce interstate trading of water entitlements from January 2007, and the Prime Minister has called for State boundaries to be set-aside in dealing with this national issue.

In this and many other areas it is clear that we can’t go it alone. We have to work with the States, with the community, and with other stakeholders to make things happen. We need new thinking, and we have to ensure that our collaborative efforts capture the creative and innovative ideas of all comers which are necessary to add value in these tough times.

Are forecasts for water availability, based on the last 100 years, for example, still relevant, or should we be planning on the basis of a much drier present and climate projections that suggest things will get worse before they get better?

Strategic Financial Management

At the same time, we have to think about the financial and budgetary implications of these new ways of working. We need to better structure supportive financial budgeting and accountability frameworks for whole of government work. There are a number of issues that need to be addressed:

• How should we best articulate shared outcomes across portfolios to provide a clear framework for joint responsibility and accountability?
• How should funding for joined up initiatives be appropriated?
• How do we set meaningful performance indicators and report on progress in a way that recognises vertical and horizontal responsibilities?

Continuing to improve our budgetary and financial framework will be a central plank of the ongoing organisational renewal effort in the APS.
We have seen a strong focus on the implementation of accrual accounting systems in the APS in recent years. This has had some real benefits. We are now much more aware than we were in the past about our capital expenditure, and even about fundamental issues such as the size of our accrued leave liabilities.

Nevertheless, I think among the non-accountants in the APS, and among politicians, there is still a widespread lack of understanding about what accrual accounting actually means and a concern about its day to day use. Many see only a fog of figures and terminology that has taken a once transparent set of numbers into the world of science fiction. It is still after all, they argue, the cash deficit or surplus that will be the headline in the papers the day after the Budget. This isn’t good for any of us.

At best, this lack of understanding means that managers are not able to use their financial reports to the full extent in their strategic planning. At worst, it means that they can make fundamental mistakes in managing their budgets.

Investing considerable resources in further fine tuning accrual budgeting, in the public sector context, may have some limited returns at the margin, but there is much that can be done to help us. If I can be very candid about this, perhaps you might consider:

• shifting the emphasis of analysis from departmental back to administered items, which is where most of the spending happens;
• improving transparency by restoring some of the useful detail that was lost in the move to accruals, especially reporting by function and economic type and the detail of estimates of spending;
• assisting agencies to use accruals well by helping them to move to 3 or 5 year funding cycles for certain programmes and grants so that processes are eased for agencies and contractors and grantees, and so that money flows where it should under arrangements that work best in the circumstances, rather than being driven by yearly spending cycles;
• simplifying the overall complex system of accrual budgeting, especially in terms of the information presented to Ministers for Budget decision making and for operational managers. Greater use of cash information at decision making levels for most portfolios with few assets would be a blessing; and
• helping us with budget appropriation and financial management arrangements that support us to do whole of government financial work easily.

Improving opportunities for the professional development of accountants and others in financial areas is also likely to lead to improvements in the information that managers need for strategic planning, and to improve the ability of our managers to interpret that information.

As accountants you need to be client focussed, and, of course, many of you are. Even so, you need to find ways that you can present information more effectively to managers and assist them in their roles.

You will be best placed to do this by developing a really solid understanding of the business of your agency and its strategic priorities. You need to be able to answer the fundamental questions—what are our budget pressures? what financial strategies do we need to implement in the next five years? how will our budget support our organisational goals? A focus on what has happened in the immediate past is not enough.

**Renewing the Policy Agenda**

This future focus is a vital part of organisational renewal. We need to be sufficiently aware of developments in our own business environment, and in the broader environment, so that we can anticipate and prepare for the challenges, threats and opportunities that are ahead of us, and, importantly, so that we can contribute meaningfully to renewing the policy agenda.

This sort of ‘horizon scanning’ comprehends ‘the systematic examination of potential threats, opportunities and likely future developments, including (but not restricted to) those at the margins of current thinking and planning.’

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**PSM UNIT 2: MANAGING OUT: THE PUBLIC SECTOR IN THE COMMUNITY**

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Clearly, as public sector accountants you need to be part of this process, and your perspective needs to be broad enough to fully understand the context in which your agency operates—not just whether your budget adds up or how well or poorly constituent parts of your agency have submitted their numbers.

**e-tax**

Accountants need to have a clear eye to future developments in service delivery. Take, for example, the issues of handling privacy in a world where technology allows Government to integrate a broad range of personal information from a variety of sources.

Anyone who has used e-tax has seen our increasing ability to link information from different data sources in action. E-tax has been a very effective and popular way to lodge tax returns, with taxpayers able to receive refunds in their bank accounts in only a few days.

This year’s e-tax allowed taxpayers, after identifying themselves, to download at a touch of a button, and in a fraction of a second, their interest details provided by the five big banks; their child care details for the year from Centrelink; and their Medicare financial tax statement from Medicare Australia.

The technology that enables this is truly impressive and would have been in the realm of science fiction only a few years ago. For some Australians this ability is also frightening. As public servants we need to have transparent accountability mechanisms that assure the public that their personal details will not be misused. Centrelink’s crack-down on its employees who misused personal data earlier this year is an example of how seriously this issue needs to be taken.

**Access Card**

The access card, which the Government expects to introduce in 2010, is another example of the risks and opportunities inherent in change. The card has the potential to deliver huge benefits to the consumer, including in time saved and straightforward convenience. However, there are also risks, particularly in terms of privacy and information security.

The Access Card Consumer and Privacy Taskforce, headed by Allan Fels, has recommended “comprehensive legislation to define and regulate the role of the card and associated databases is needed.” [which he says] “…will build public trust and confidence, and establish safeguards regarding current and any new future government uses of the card”.

In this, and other sensitive areas of Government business, it is especially important that we have provisions in place that are manifestly robust, not least because of the increasing level of media scrutiny that is brought to bear on government operations. It is not enough that we are confident. We need to be able to clearly demonstrate the grounds upon which we are confident.

There are implications here for our governance arrangements too. We need to maintain high standards of accountability in an environment of partnerships and more direct engagements with citizens, and this may require re-jigging things in some areas. Freedom of Information arrangements, for example, have served us well, but we need to look seriously at whether there are aspects of the legislation that impede the ability of public servants to have free and frank conversations with Ministers about difficult policy problems. Again, it’s about getting the balance right, and we can’t afford to draw back from the debate.

**Aged Care**

We need to be able to imagine and develop innovative new approaches to policy problems.
Imagine, for example, an aged care system that is truly designed with the needs of the consumer at the centre—where ease of navigation, support for carers, provisions for tailoring services to meet individual needs are a given, and where the system adapts to individuals rather than the other way round. Imagine, too, that the system, because of the holistic approach taken, delivers financial benefits that help us manage the increased burden on the aged care system as our population ages.

We have to imagine creative and workable policy solutions before we can make them happen. Financial and budgetary implications have to be part of this creative process. It follows, then, that we need to develop public servants, including accountants, who are capable of innovation and strategic thinking. They need to be communication savvy and have complementary skills in areas like stakeholder and relationship management—skills to help them leverage off the best thinking in their organisations and externally, and garner support for innovation. How often have we seen good ideas shrivel on the vine because they were poorly communicated, the timing wasn’t right, or they failed to attract support?

We are facing a range of immediate and pressing challenges. But we can’t afford to be distracted from reflecting on and planning for the future. We need to think about policy directions and develop our organisational capacity. We need to find the right balance between getting things done today and knowing we’ll be able to get things done in the future.

**Leading for Renewal**

Whatever our futures, and whatever policy solutions we are required to develop, effective and strategic leadership will be crucial to the success of organisational renewal, at both the agency and institutional levels.

Leaders have a responsibility to be agents of change in their organisations, and to contribute to and foster a whole of government culture that supports the Government’s broad policy agenda.

Leaders must have drive and energy to get on with the job and they need to have the ‘smarts’, be strategic and know their business—this, of course, includes the financial ‘smarts’. They also have to bring vision, clarity and a sense of the big picture—without appearing disconnected from the day to day realities of their organisations. They need to be resilient, and to have the capacity to help those in their organisations bounce back from setbacks—by restoring calm, by providing reassurance, by setting a course of action. They must have integrity. Importantly, they must be people people—able to engage their workforce, secure their commitment and gain their trust.

Public service leaders have to be able to work in a large and diverse institution where the public interest and accountability, under the law and within the framework of Ministerial responsibility, is at the heart of its work.

Jack Waterford put it very nicely in the Canberra Times (CT 3 October 2006) recently, when he cited the leadership standard for public servants as being like a “steward, the person in a special position of trust, the person who does the right thing because it is right, and the person for whom there are no private interests but only the public interest”.

The leadership skills required to build collaborative relationships, and that underpin the process of organisational renewal, are sometimes called ‘soft skills’, as opposed to the so-called hard skills such as analytical skills and subject-matter-knowledge. I think this is a misnomer as these are often the hardest skills to master.

In many organisations, leaders have focussed on the concrete, technical, knowledge based aspects of their positions. They have been reluctant to confront the subtle and sometimes seemingly intangible aspects of leadership—inspiring a sense of purpose and direction, nurturing productive working relationships, modelling behaviours and values, and steering change.
Perhaps unfairly, accountants, along with other ‘technical’ professionals, have been categorised as belonging to this category of ‘unreconstructed’ managers. Each of you will know where you fit on what is more a continuum of leadership styles than different camps. Soft skills are, however, as important to those providing leadership in the financial areas of our organisations as they are to our line programme managers.

Leadership is important, but we also need public servants at all levels to think about the public service of the future—about our culture and identity, about our capability, and about how we respond to the challenges ahead. The future will arrive soon enough—but what it looks like will depend on our actions and decisions in the present, and it is up to each and every one of us to contribute actively to that future.

Conclusion: Regeneration and the Future

To conclude, I want to reiterate that the success of organisational renewal, in the APS and more broadly, is dependent on a commitment to leadership and action across the areas that I have spoken about today: a commitment to setting clear directions for our organisations; workforce planning; targeted approaches to attraction and recruitment; a strategic approach to our capability development; innovative and responsive retention strategies and a bias toward whole of government working. New and more strategic and innovative approaches to financial management and policy development will be part of this mix.

Inspired leadership, that articulates a vision for our agencies, and for the APS as an institution, is critical to our success. We are not about change for change’s sake. We are in the business of public service, and achieving outcomes for the Government and for the Australian community is our bottom line.

We need to be mindful that organisational renewal is a process of continuous improvement, of reflecting critically on what we are doing and how we do it. It requires us to have a good understanding of our environment and to have a clear eye to future developments. It is not a project that we can put behind us. It needs to be part of the fabric of how we do business.

This is how we, working together, will keep up in a climate of rapid change and of compliance.


2 Excluding Medicare, which came within coverage of the PS Act during 2005-06.

3 http://www.hsl.gov.uk/capabilities/horizon_scanning.htm