

# 10

## Public policy towards the public service

### 10.1 Introduction

There are many important issues to consider in the process of public policy formation towards the public service, and its role in public administration. Two studies of government performance from different continents are useful here in framing a discussion of the complexity of public policy. The first, by Hood and Dixon (2015), is a study of UK Government experience with the New Public Management (NPM), focusing on the performance record for the 30 years from 1980 to 2010. The second is Donald Kettl's *The next government of the United States* (2008), which diagnoses the problems and proposes a radical solution for a government in crisis.

The Hood and Dixon book takes a high-level and historical view of the cost and quality of government, while Kettl homes in on outsourcing as the major problem and challenge of a dysfunctional US Government. The two studies focus on the public policy implications of their research as being radical. Both were delivered out of a number of years of research built on many conversations with government officials in the aftermath of Cyclone Katrina (Kettl) and data/research (Hood and Dixon), and respectively address why the US Government isn't working, and whether the UK Government is.

## 10.2 The complexities of public policy formation and delivery: The importance of the long view

### 10.2.1 Hood and Dixon: *A government that worked better and cost less?* (2015)

#### 10.2.1.1 Were the New Public Management reforms worth it?

Hood and Dixon designed their study to fill a scholarly gap in research on what happened to running costs and the perceived consistency and fairness of government administration in the United Kingdom over the 30-year period 1980–2010, following the introduction of the NPM reforms. The authors note variation in the international recipes for public sector modernisation via the NPM reforms but observe two recurring themes – the first being the idea that poor public sector management was a problem that could be addressed through the adoption of common business practices, and the second, the belief in the capacity of new types of information technology to transform costly and user-unfriendly bureaucratic processes.

Hood and Dixon note the huge international academic field that grew up around the subsequent analysis of these reforms, focusing on their promises and processes but very little on the management, IT, and business-process reforms that promised to deliver more for less. They further note the ideology-driven and evidence-free nature of much of the associated public sector management literature and failure to adequately address the bottom-line question of the NPM reforms thus far. This is the premise for their detailed attempt to arrive at overall conclusions about the cost and performance of the UK Government.

Their analysis focuses on what happened to running costs (the ‘cost less’ part of the research) and on the incidence of formal complaints and judicial challenges to government (the ‘worked better’ bit). With regard to the former, the authors found that far from falling, (real) running costs rose substantially over the 30 years studied, driven up not by civil service wage costs but the outsourced running costs. Similarly, complaints and judicial challenges rose substantially. The authors’ overarching conclusion was that the UK Government probably ‘cost a bit more and worked a bit worse’ (p 183), a conclusion they point to being strikingly at odds with the common academic view that the NPM reforms had major consequences (positive or negative!) for government performance.

In reaching this conclusion, Hood and Dixon examined motivation for the reforms and a number of alternative explanations for their apparent failure. Motivations included efficiency-seeking gains from the application of private sector management tools, rent-seeking behaviour of politicians, and a belief in spin rather than substance. Explanations for apparent failure included the agenda being obstructed by other parties, inexpert implementation, and weak leadership. Whilst conclusions are tentative, the analysis points to evidence of political rent-seeking behaviour in initiating the changes and rising information technology costs as the primary reasons for higher costs.

#### 10.2.1.2 Relevance to Australia

The discussion and research presented in the preceding chapters supports the conclusion that a similar position has been reached in Australia, namely that the NPM reforms have somehow ‘failed’. Firstly, as to motivation and based on the evidence considered to date, the NPM reforms were imposed on the Australian public service by a national government keen to wrest control of the goals and processes of government from the public service. Given that a mid-1980s federal Labor government led the reforms in Australia, it is reasonable to rule out an ideological reason for change and confirm the rent-seeking argument as the likely dominant reason for the NPM reforms.

Secondly, as to the results of these reforms, a range of academic research, auditor-general, and parliamentary committee reports present a similar description of the challenges facing government(s) and the public service across the two jurisdictions. The legacies of the NPM reforms are visible in both jurisdictions – including the fragmentation of the public service and growing questions of the use of markets to deliver public sector outcomes, which points to similar impacts and time frames.

Another common feature is the unrealised benefits from information technology. The evidence of rising information technology costs associated with outsourced activities contradicts expectations that accompanied what Kiechel described as having operated in the private sector in the 1990s, as ‘the imperative to exploit the latest information technology turbocharged push for efficiency and competitiveness’ (Kiechel 2012). The Hood and Dixon conclusion for the United Kingdom is matched by the Australian public sector’s poor track record in the implementation of new ‘transformative’ information technology systems and facilities and

its ongoing practice in contradiction of the private sector's scrapping of a 25-year-old management fad that Kiechel describes as 'discredited, to be later held up as a chief example of a management fad gone horribly wrong'.<sup>1</sup>

In the construction of their primary data series, Hood and Dixon noted a civil service commitment to management by numbers, but apparent ongoing destruction of data that would not enable that commitment to be met. They explain this in terms of the machinations of the bureaucracy, and point to the management consequences:

On the practical side, the implication is that only very short-term evidence-based performance management is likely to be possible – and if the data on our volatility index is anything to go by, there are indications that the time-frame actually got shorter over the period considered here. (Hood & Dixon 2015, p 64)<sup>2</sup>

1 There are, however, positive signs that some of the present generation of public sector information technology projects may be different, at least in conception. In a speech to the National Press Club in Canberra on 20 September 2016, then Minister for Social Services Christian Porter outlined his department's latest research project. Impressively, it examines a mountain of data to sort out some of the wicked problems that the social services portfolio faces. The title of Porter's speech – 'The Australian priority approach to welfare investment' – points to a determination to identify, invest in, and enable the most dependent groups and individuals to become self-sufficient. Moreover, the background report prepared by PWC estimates the lifetime costs of the existing policies for the existing population at \$4.8 trillion. This number confirms that investment in encouraging self-sufficiency in the groups more at risk of becoming system dependent provides wins for the individuals concerned and for taxpayers at large. The use of information technology systems to collect the data to enable this analysis, rather than simply serve the political need of downsizing the public service, is all too rare in government today (Porter 2016).

2 The problem with the public service use of data in management is, however, not just one of data generation, but the widespread problem with the use of data and supporting information in management. Where suitable information is available to support good management and appropriate governance in the public sector, it is not always properly used. This shortcoming can be observed in a number of public cases of maladministration where the availability of primary information should have triggered a course of action but was simply not acted upon. Indeed, many of the more public failures of state and national governments in Australia in recent decades have overlapping and common recurring elements relating to the failure:

- to recognise warning signs from data generated in the normal course of operations
- to recognise that other parties may have/should have an interest in this data
- to share this information with other parties either within or across organisational boundaries
- of the entity generating information to act on it where it falls within its jurisdiction
- to 'join the dots' from the information generated
- to elevate an issue within an organisation to a level at which appropriate action could be taken
- to develop the right skills.

Some or all of these elements can be seen to be present in the Lindt Café siege in Sydney (arguably the wrong skills); the national home insulation scheme (arguably inadequate skills and a failure to share information); the (Victorian) Country Fire Authority Training College at Fiskville (an apparent management failure to connect the dots and act); and the Bacchus Marsh, Victoria, baby deaths (a clear failure of governance). All four cases resulted in loss of life.

## 10.2.2 Donald Kettl: *The next government of the United States* (2008)

### 10.2.2.1 The case for recalibrating public institutions

In his examination of the institutions of government in the United States, and why they are failing so many Americans, Donald Kettl considers two case studies – one of the public healthcare system and the other of Cyclone Katrina – and concludes that many of the most important problems faced by Americans do not match the institutions created to govern them. He describes the growing complexity of service delivery systems; interlocking public–private–non-profit systems that lack adequate governance or a clear government role; and multiple systems, responsible for important issues over which no one has control.

Kettl argues that routinised services – for example, the processing of pension claims – should not be problematic but, where there is a requirement to determine the delivery of particular services and in what quantities, and oversee their combined impacts on a single customer, outsourcing becomes a potential (and serious) problem of effectiveness. Kettl points to a growing tendency throughout the three tiers of US government to rely on other parties to deliver government services – the private sector and non-profits – through a developing program of contractors. He points out that contracting-out processes and underlying policies are themselves being contracted out. He identifies the pressures behind arguments that just about anything can be privatised and should be and the resultant increase in privatisation. In a world of networked government, the engagement of agents with different goals and the multiple boundaries that these networks must cross magnifies the problem of ensuring responsible government. Since no one is in charge, no one is accountable. Kettl argues that without adapting the institutions to the problems, governance, accountability and effectiveness are the victims.

Kettl's solution to these challenges is akin to rocket science. He proposes the necessity of leveraged government across complex networks involving 'government leaders who can effectively align public private, non-profit, American, and global players across the messy boundaries of action' (Kettl 2008, p 178). He further argues that the puzzle is how to govern through two interconnected systems, one for routine policies managed by hierarchies, and the other for non-routine problems governed through networks. His answer is to make government managers into rocket scientists

with a set of skills, indeed tenets, that comprises the following: focus on results, steer results through interrelated partnerships, use information to fuel communication, rely on bureaucracies as holding companies for expertise, create relationships of trust before the relationships are needed, steer resources, and lead by making the public interest drive complex partnerships. Kettl then notes that:

With the rise of wicked problems that demand creative rocket science solutions, however, government faces a twin challenge; (1) helping to breed rocket scientists and (2) creating a governance system, focused on results that supports their work. (2008, p 214)

Kettl writes in this final chapter that, ‘The central challenge of twenty-first century government is finding a way to match the governance needed for the problems at hand, to produce high quality results in an accountable way’ and he focuses on developing a new strategy for accountability (2008, p 221). Kettl points to an evolution in governance models from the traditional public administration (when policymakers relied on hierarchy to hold administrative systems accountable) through the NPM (in which the accountability strategy focused on outputs) and finally to ‘leveraged government’ where the accountability strategy focuses on blended contributions to shared outcomes. Overall, he regards the public policy challenge as ‘daunting’.

#### 10.2.2.2 Relevance to Australia

There are at least three reasons why the US Government is several decades ahead of Australia in going down the path of leveraged government. Firstly, the United States is notable for its unbridled faith in a system of free enterprise. This ideology is underpinned by scale: there is very little that US private enterprise cannot manufacture or produce more efficiently (although not always more cheaply). Moreover, a wealth of experience to back this efficiency is hallmark of such a large economy.<sup>3</sup> At the level of the direct costs of service delivery, and especially in the general case of routinised service delivery, the private sector can almost certainly do more cheaply whatever it is that the public sector wants to do. Australia does not have the benefits of this scale to draw on, however the prevailing sentiment aspires to the same options existing here.

---

<sup>3</sup> See Stern and Stalk (1998, pp 12–24) for some history of the experience-curve concept. See Alford and O’Flynn (2012, fn 1, Chapter 2) for a discussion of the concept in a public sector setting.

A second argument relates to the degree of outsourcing engaged in by US governments, resulting in a level of comfort with the process. Kettl traces this comfort to government reliance on the defence equipment manufacturing industry during the Second World War. Whilst arguably the comparative advantage that private sector defence industry manufacturing contractors have over equivalent public sector corporations is much greater in manufacturing than for service industry activities, the tools and practices of outsourcing based on this experience have been readily available to those in other arms of government. This necessity has, by default, become a necessity in the delivery of services. Australia does not have this history, or the military–industrial complex of the United States.

The third argument is based on the differences between the United States and Australian political systems. Changes to US governments result in a clearing out of the top echelons of the public administration. According to Kettl, this goes as far as the top four or five tiers of the administration, which leaves a large number of new players in the administration. Most come from the private sector and bring experience, knowledge and contacts with them. Equally, most know little about the capabilities of their career public sector colleagues. As a consequence, the pull to go to their existing networks in the private sector to meet their needs is strong. In Australia's case, there is no such natural pull to the private sector.

In his concluding chapters, Kettl warns against a piecemeal approach to outsourcing. He argues that it is relatively easy to make the case for outsourcing 'anything' in the United States. With a predisposition to outsource, governments may well find themselves progressively outsourcing parts of a service – he uses a health industry example – to the point where both the formation of policy itself has been outsourced and no one is responsible for the coordination of the parts of the service to the final customer. Each supplier has a contract with the government to manage their partial relationship with the final consumer but no one coordinates and manages any overlaps and externalities from the delivery of the separate services to the final customer.

Kettl's arguments are relevant to Australia. This is an avoidable future, but it is the current trajectory without taking action to avoid it. I recognise the existing and growing challenges of managing complex public policy problems, however, I have also considerable reservations about the manner in which the outsourcing of public sector services is occurring

in Australia. There is a primary focus on short-term cost savings and the longer-term costs associated with organisational capital – knowledge and capabilities in particular – are being ignored.

Kettl points out that once governments start down this path, it is difficult to deny the momentum. Degradation of public service capability to deliver, indeed manage, anything, is insidious and a program of contestability quickly becomes an active outsourcing (everything) program because of its apparently inescapable logic (the private sector does everything better), and the appearance that it delivers smaller government (well, smaller public service numbers at least). A program of outsourcing can very quickly become a program of contracting out. Surely this is a future to avoid?

## 10.3 Public policy towards the Australian Public Service

### 10.3.1 Finding the right public policy balance

In the formation of public policy towards a particular industry, the questions asked consider why the government should intervene, what foundations there are for intervention, and what are the prospective costs and benefits. The arguments for intervention generally vary according to the external costs and benefits generated by different firms and industries, and the intervention is then shaped around the structural and product features of the industry and its markets, along with the nature of competition in that industry. The Australian Public Service (APS) competes in the industry of public administration with varying mandate (and market share) across its market segments.

The unique position of the APS in its industry is established by legislation, however, by virtue of the decisions of a succession of governments over the last 30 or more years, the competitive position of the public service has been eroded, and this in turn has diminished its capacity to provide the perspective and continuity that protection of the public interest demands. Moreover, a rapidly changing political, social, economic, or fiscal environment changes the game for both government and the public service and raises ongoing questions about the appropriateness of the role assigned to the APS and its capacity to deliver. The ongoing relevance of

the *Public Service Act 1999*, along with the impact on the public service of related legislation and government policies, should be a matter for regular formal review.

One of the central issues in public policy towards the public service must be determination of the optimal balance between legislative and operational control. A guiding Act is a broad canvas that enables successive governments to paint their own picture of the public service and will require irregular change. A more prescriptive act will (should) require frequent change. The fact that there have been only two substantial rewrites of the guiding Act in over 100 years since Federation, the last in 1999, suggests that the 'broad canvas' option has been followed.

Yet, notwithstanding the relatively short amount of time that has elapsed since the last major redraft, I argue that there are now good reasons for changes to the Act. This is imperative because of the Act's flawed nature; continuing changes in the global, economic, societal and fiscal circumstances within which the Australian Government operates; and the fact that successive Australian governments are on an unjustified path of creeping replacement of the APS under the guise of productive efficiency through contestability of policy and service delivery functions. The last of these three is clearly a sham masquerading as an efficiency drive. This downsizing seems clearly focused on diminishing the role of the public service in government (a) for ideological reasons; (b) to enable the determination and manipulation of the advice that government receives (Public Service Act notwithstanding); and (c) to distance the government from maladministration in service delivery when it occurs.

The flawed nature of the Public Service Act is accompanied by weaknesses in the surrounding policy and institutional structure that dilute the management focus and directly impact on public service accountability and performance. Examples of this include the wrong charter for the auditor-general and the attachment of an abundance of commissioners to government departments. The changing domestic social and institutional context is a parallel influence with the ever widening integration of our globe in political, social, economic and security terms, and the cost to government of effective engagement with it, involving the need to contain new and expanding terrorism, border control, and cyber-security risks.

A recent and important arrival on this scene is the systemic misbehaviour of large organisations in public, private and non-profit sectors, over the last decade, along with the publicly reported behaviour of senior members of these organisations underpinned by a fundamental failure of a duty of care, financial and moral, towards their customers. This has led to a community wanting, through government, greater direct involvement in their operations. As a foundation for related changes it is arguable that much private sector misbehaviour brought to light in the last couple of years is linked to poor government behaviour, with successive governments expecting the private sector to attain standards of behaviour they will not contemplate for themselves. Reported cases of regulatory failure at the interface of the two are evidence of this failure of government leadership and encouragement for substandard private sector behaviour. Clearly, more responsible and accountable government underpinned by a reinvigorated public service that truly serves the Australian public is required *in the public interest*.

### 10.3.2 Application of private sector concepts and tools to the public service

One of the continuing puzzles in contemplating the path forward for the public service is the role that private sector management tools and markets should play in government. There are several overlapping elements at play here, including the efficacy of these tools in a public sector setting, and the use of markets (market efficiency) to best allocate (allocative efficiency) and utilise (productive efficiency) resources. Discussion of these issues is surrounded by a growing global view that the so-called neo-liberal experiment has failed. From a public policy standpoint, the unifying element in an integrated discussion is the important differences between public and private sectors.

I argue that, when it comes to the application of private sector management tools to public sector activities, there are underlying and case-specific differences reflecting the diversity of public service activities and the broader demands for a collegiate approach. Rather than representing outright barriers, however, such differences require a pragmatic approach with a light touch. In practice, the sorts of contextual differences that need to be observed are no more than those observed between businesses in

different industries and countries in the private sector, even different sizes of businesses, where the basis of successful application of new tools lies in recognising that the differences are the building blocks of that success.

The two differences here relate to the collegiate nature of public service activity and the time frame embedded in the formation of all government policies, not just those towards the public service. The first of these two issues underlies public sector performance (wicked policy problems, interdepartmental and cross-sectoral coordination and the associated challenges of performance measurement and management, organisational structures and horizontal strategy). The policy formation challenge – especially the matter of time frame – is worthy of further consideration.

A substantial difference between the public and private sectors is the cost of capital. Governments are able to raise funds more cheaply than the private sector and therefore complete similar tasks at a lower cost, assuming similar physical efficiency levels as the private sector. Alternatively, this can be viewed as the public sector having more time at the same cost. This matter of time has arisen in two separate contexts in this book, both relating to the comparative advantage that the public sector has in innovation over the private sector – in studies by Kay and Goldspink (2012a, 2012b) and William Lazonick (2012).

A second point arises from the differences between the ‘products’ of the public and private sectors. The short-termism of governments, and the associated costs, result in policies that contain rather than resolve public policy problems; policies that fail to acknowledge longer-term consequences of their intent (for example, the loss and irrecoverability of public service strategic capabilities through outsourcing) and a lack of interest in the cumulative effects of individual actions within an ‘acceptable’ policy framework; for example, the loss of economic control from over-reliance on individual international trading partners.

Closely associated with these problems is the lack of a holistic approach to public administration, either as a matter of time (the cumulative effects) or breadth of coverage (inclusion of the right spread of parties). The unique capacity of the public service to provide this holistic approach with the right time perspective is another element that applies to public sector ‘products’ but does not apply to private sector products. Whilst,

in a private sector context, the board may be assumed to be responsible for the health of the organisation, in the case of the public sector, no one owns this ultimate responsibility.

## 10.4 The policy implications

### 10.4.1 The policy issues

In *Rethinking public service delivery* (2012) John Alford and Janine O’Flynn point to the waves of reform occurring over the last 50 years, from postwar hierarchically managed service delivery with a focus on efficiency; to the 1980s mantra of better, cheaper government; to the turn-of-the-century collaborative and joined-up style. They observe that: ‘Now there is an emerging trend to think expansively about ultimate purposes, and concomitantly about means of realising them. The key concern in this emerging trend is to optimise what is of value to the public’ (Alford & O’Flynn 2012, p 255). Both Kettl and Hood and Dixon think expansively about the path being taken and, not liking what they see within their own analytical domains, point to the need for change. Kettl points to the problems with outsourcing, networked governance, and the mismatch between problems and institutions, whilst Hood and Dixon point to the ongoing legacies of a process of public sector reform initiated some 40 years ago in the United Kingdom.

These observations raise the question of what is really known about the past performance of government, which is a necessary foundation to deal with the question of future performance. If, as Hood and Dixon propose, three decades of reform efforts to cut the costs of government and make it work better for citizens have failed, not just in the United Kingdom but around the globe, then serious questions must be asked regarding the current foundations on which to build a better future. If the pace of economic and social change does not waver and the pace of political change continues, there is good reason to be concerned about the future of our governments (and citizens!).

Even in the face of an absence of historical evidence, the desirable future for the public service is different from the past. Kettl, and Alford and O’Flynn, point to the passing of the days of ‘one best way’ for the public sector and the consequent challenges for public sector managers. Kettl

writes of blended systems of hierarchically driven routine-based systems with interlaced networks and Alford and O'Flynn describe finding new paths within a broader perspective. The management challenge is growing and the solution is a broader conception of the work of public servants and greater flexibility for those who might make these choices, matched by governance procedures that enable organisations to ensure that the bundle of relationships in which they are involved is not (unnecessarily) in conflict, or redundant. Alford and O'Flynn observe that, whilst there has been much of a taxonomic nature written about this 'constellation of relationships', there has been remarkably little written about how to go about doing this.

There are other missing pieces as well. Much of what is written is from the perspective of the individual manager who must choose the right model for the right problem and juggle this complex constellation of relationships. Little is written about the organisational context/perspective – both departmental and whole-of-public-service – either from an operational or strategic perspective. The organisational dimension must be considered alongside those of management and governance. Indeed, much of this book is about the role of organisational structures in determining the boundaries of the playing field and the rules of engagement for any game played out in an organisational context.

How, then, is such a brave new world to be conceived of on a whole-of-public-service basis? How are relationships between departments to be conceived in order to avoid conflicts and overlaps? How should the public service/individual departments be organised/structured to best enable them to meet this emerging challenge? How is the measurement challenge – for results measurement, performance management, governance and accountability – to be conceived? What are the organisational data architecture and the supporting administrative systems and information technology capabilities required to support these challenges? How is what Kettl refers to as the hierarchically managed routinised services vending machine model to be integrated with the network-driven rocket science driven model of government that he deems necessary to successfully tackle today's problems? And, most importantly of all, how is this new style of operation going to be developed and successfully embedded across the public service?

The operating dimensions of this challenge demand a top-down approach to integrate the management dimensions with operating protocols for a model of leveraged government in order that activities that cross departmental boundaries fit comfortably together as required, but also to enable similar cohesion when crossing sectoral boundaries. Yet the public service is ill-equipped to develop and bed down an integrated new operating style: it is not another project to be given to an interdepartmental committee sponsored by the committee of secretaries; rather it is a change of strategic direction that requires high-level leadership on an ongoing basis, an injection of outside experience, a board to oversee, and a dedicated corporate team to develop the detail and implement, while departmental heads get on with management.

Nowhere is this more obvious than in regard to the new administrative systems and supporting data architecture required for management and oversight (governance) of these activities. The more flexibility required in operations to meet varying market conditions, the more complex and demanding will be the supporting data and reporting requirements to meet both management and governance needs. This is the hard part and, unfortunately, the need for these basic but fundamental data requirements – for service, program, solution and program management, for reporting and governance, for resource allocation and accountability – tend to be noted as throwaway lines in much of the literature.

This is one reason why, after some 30 years of change in governance and management models, public service services and program-level reporting are still at a rudimentary level. These messy and hard bits are much less glamorous than discussions about choices between collaborative, hierarchical, and market-based innovation management models and models of governance. Such history provides little comfort that the existing and emerging data and systems requirements will be addressed during the next public sector management revolution, when it occurs. Kettl, in particular, acknowledges the size of this challenge. He notes that redefining information-driven accountability for complex, blended systems while retaining authority-based accountability for routine problems is a huge challenge for elected officials. He proposes a blend from a menu of accountability mechanisms comprising authority, contracts, regulation, private standard-setting, voluntary self-regulation, negotiated rule-making, markets, incentives and competition. But what and how?

## 10.5 Achieving change

### 10.5.1 Will the future look like the past?

Practical and academic concepts of public sector governance and administration have changed over the last 30 to 40 years. These have evolved from the Weberian hierarchical concept of government that has characterised the organisation of the APS (formerly the Commonwealth Public Service) for some 70 years. There has been a continuing progression from hierarchical government through the private sector-driven reforms of the 1980s to the joined-up government and networked government concepts of the present decade. This may, however, reasonably be described as a history of path-dependency, a path with severe limitations.

A linear view of history, extrapolating the recent past into the future, clearly reveals the future of government. It will almost certainly involve more networked government in the design and delivery of services, greater community participation in these processes along with the rise of ‘community government’, and, most likely, a growing role for the minor political parties. What is likely to mark out this future is the extended participation of the community in the processes of government, not just through established community-based organisations, but through the continuous formation and dissolution of coalitions of interest around particular issues – such as building a freeway extension, public access to a national park, the construction of a primary school in a new suburb or the location of safe injection facilities for drug users. This future might also be marked out by private monies – private sector, philanthropic, even crowd funded – used to resolve community issues with or without government funding. This is the future that beckons and indeed is already evident around the globe at the local government level. Academic literature on the United States suggests that it is already more broadly in evidence there.

This is an attractive future to many, with greater community participation in the decision-making processes of government and the prospect that private resources might be more readily available to address community problems. Others might focus on the downsides of the lobbying requirements to get things done, pointing to the replacement of regular election-based voting (every three or four years) with more frequent but irregular, issues-based ‘voting’ by a changeable feast of players and ‘forums’ – ranging from national summits, to citizens’ juries to informal

local coalitions. The concept of government governance would take on a whole new meaning. The challenge with this future lies with the almost certain diminution in the accompanying accountability for public sector resource use.

## 10.6 Conclusions

It is clear that the fragmentation of the public service in Australia some 30 years ago has left it ill equipped to confront the challenges of today. A fragmented public service is indeed many public services and, given the levels of intra-government coordination and external networking required to address today's complex policy problems, only a strongly and centrally driven public service will be able to deliver sound management and government accountability in future.

The Public Service Act provides the starting point for discussion of government and public policy towards the APS. This starting point must necessarily be complemented by consideration of a range of overlapping legislation, and government policies of the day. These policy foundations are importantly augmented by the behaviours of governments, to deliver the operative public policy. In response to an evaluation of the capacity of the Public Service Act to deliver good public policy, and these broader considerations, I have recommended a number of changes to the Public Service Act.

Underpinning such legislative change should be the provision of greater public service independence, enabling it to actively compete for influence and market share, and 'to win'. AG Lafley and Roger Martin describe the concept of 'winning' in terms of an organisation's winning aspiration. Whether described as a vision, winning aspiration, or mission statement, I cannot determine what it is that the public service would describe as 'winning'. I assume that it somehow relates to the quality of service it provides the government of the day, consistent in part with the objects of the Public Service Act. As described by Lafley and Martin, however, such an aspiration would be regarded as 'playing to play' rather than 'playing to win'. Moreover they argue:

To play merely to participate is self-defeating. It is a recipe for mediocrity ... When a company sets out to participate, rather than win, it will inevitably fail to make the tough choices and the significant investments that would make winning even a remote possibility. (Lafley & Martin 2013, p 36)

In recommending change to address the identified problems, my primary 'solutions' are derived from a comparison of public and private sector leadership and management structures, processes, and capabilities. What is missing in the public service is the specialised and dedicated skills and experience that an effective board, public service CEO and corporate office are designed to bring to enhance an organisation's capacity to meet shareholders' expectations. These skills and experience are all key contributors to what I described in Chapter 1 as the foundations of a high-performing public service, namely strategy, positioning, organisation and governance. Ultimately, it is from clear choices about what to do and how to do it that the integrated organisation of resources, sound governance, and 'high performance' emerge.

Looking below this model of organisational leadership down into the management of the APS, there is much that is widely respected amongst public administrations around the world. This is a strength and weakness of the APS. On the one hand, the idea of adopting public service best practice and doing it better than most is comforting, but it also confines the APS to the herd. The aim of being a high-performing public service sets an unnecessarily (and unmeasurable!) low benchmark.

My core public policy argument is not an unbridled case for imitating the private sector, but rather one of recognising that the present public sector mantras are not working for the community, that path-dependency is a poor strategy for the public service, and that step change is needed. Whilst the public service has been slow to grasp the importance of a strong focus on the customer as the driver of their business, the academic literature has moved on developing the notion of public value as the centrepiece of purpose. For example, Alford and O'Flynn, in a discussion of the purposes of public administration, point to an emerging trend to focus on what is of value to the public (Alford & O'Flynn 2012, p 255). The practical refocusing of any business on its customers and consumers, and at all levels of an organisation – what Lafley and Martin describe as 'making the consumer the boss' – opens up myriad possibilities for business improvement and of adding of value to the final consumer

experience. Moreover, this approach has much corporate literature and experience to draw upon, enabling some short cuts in the trial and error process of building successful public service equivalents.

I started this book with the observation from Peter Hughes that the public service in New Zealand needed to move on from outputs, efficiency and managerialism to outcomes, effectiveness and leadership. I argue that the same refocusing is required in Australia and that a substantial change of direction is required to achieve it. With successive governments on a path to public service replacement, only a clear break with the past will achieve such change, in the public interest.

This text is taken from *Competing for Influence: The Role of the Public Service in Better Government in Australia*, by Barry Ferguson, published 2019 by ANU Press, The Australian National University, Canberra, Australia.