

11

Reflections

11.1 The short-termism of governments

Over the three years or so since I started to write the pieces that have evolved into this book, there has been much of interest to observe in Australian politics and public administration. The most interesting feature has been the growing community dissatisfaction with our politicians and major political parties, arising from both the short-termism exhibited by our elected representatives and the venal and sloppy nature of their personal behaviour. The former has been a global feature whilst the latter is a particularly notable feature in Australia. The question is, if we continue to head down the present path, what will the future look like?

I have regularly used the word 'fragmentation' to describe the present state of government. Our political system is presently fragmenting into a large number of smaller parties; our public service has been fragmented and rendered ineffective; government policies are fragmented; our community is being fragmented by the politics of ethnicity and political survival, rather than being united by the politics of cohesion and national leadership; and we have lost sight of our national interests across societal and policy spectrums.

Table 11.1 A sad tale of fragmentation

Element	What we have	What we need
Political system	Decline of the major parties and rise of minor interests	Good policy!
The politics of compromise	Compromised policies	More leadership and less negotiation
Public service	An absence of the consciousness of the overall management function	Public service leadership and continuity in management
Government policies	Focused on the marginal voter in the marginal electorate	Integrated policy frameworks
Political leadership	An absence of vision; an attitude of divide and survive	The light on the hill and the path
Community activism	A trend towards localisation of policy and its ownership	Involvement of enough local groups and individuals to make this cohesive
Government governance	Low-level reporting and an absence of commitment	A commitment to report holistically and be judged accordingly

A continuation of these trends will mean an increasingly adversarial future at all levels – political, business, community. Indeed, this discussion points to the emergence of a more competitive, less equitable, and indeed combative, form of democracy and public administration. Ironically, perhaps, community activism at the local level represents a force for further fragmentation, but also an obvious source of change for the better, through growing community involvement in politics. This must be the foundation of our future, because change for the better at the highest level of politics (i.e. state and national parliaments) is unlikely to be originated therein. Perhaps our system of government needs to substantially break down before it can get better? There are a number of issues to consider in determining the role that the public service could play in better government, which must have regard to the past (where did we come from and how did we get here), the present (where are we), and the future (where would we like to go).

11.2 A subordinated public service: Looking for answers

In working from problem definition to prospective solutions it is important to be clear about the framing of the problem, both for what it offers and what it leaves out. A key challenge in addressing the quality of government is to recognise the many stakeholders and interested parties, and the respective roles that they can play in addressing difficulties. My starting point has been to isolate the role of the public service and its contribution and consider how this might change for the better.

In examining the contribution of the public service to better government, the analytical framework set out in Chapter 1 identifies the features that are most important to achieving the commonly stated public service goal – a high-performing public service. Those features are a strategically driven and well-governed public service that is competitively positioned and has supporting organisational architecture. That structure gives rise to this book's four foundational elements of strategy, competition, organisation, and governance. This is a pragmatic way of describing the integrated conception, organisation and management of the business of the public service.

Strategy defines the business choices made, competition defines how these choices are pursued, and organisation defines how the business is constructed to pursue these choices. Furthermore, governance describes how custodians account to the stakeholders for the business undertaken. When viewed from a public service (looking-out) standpoint, these features define a business competing in the industry of public administration: when viewed from a public policy (looking-in) standpoint, they define a business established to meet community needs. I have explored the importance of viewing the activities of the public service from the first vantage point in order to achieve the best outcome from the second. This distinction is important to avoid confusing the different roles played for the community by the public service and its elected officials. I also argue that the single best way to view public service activity is through the prism of governance because once we ask 'of what?' and 'for whom?', most of the other important questions fall out. This framing also draws attention to the critical nature of the interface between the three key participants – the government, the public service, and the Australian public.

The differences between the two noted vantage points – of public service strategy and public policy – can be seen through the four foundational elements. In the case of strategy, a public service vantage point considers the activity choices within the domain established for the public service by the government; from a public policy vantage point, the consideration is the rationale for the domain. In the case of competition, the primary interest is in the competition of the public service for the business of government for the former. In the case of the latter, the interest is in the competition between the various entities for the business of the government. In the case of governance, the focus is on public service governance in the first case and government governance in the second. In the case of organisation, for the former, the interest lies in the internal public service alignment of the organisational structures, administrative systems, and behaviours; whilst, in the latter, the focus is the alignment of the interests of the government, the public service and with the community at large.

This framing of the challenges of better government determinedly locates the public service in a competitive context, viewing it as a competitive enterprise, rather than as the monopoly that much discussion treats it to be. In fact, it already ‘competes’ for most of the business it conducts on behalf of government – in the central policy advisory and service delivery roles – although it has been accorded a monopoly over the management of service delivery – and a near-monopoly in the delivery of government governance in regard to public administration, but beyond that it must be seen to be competing for influence across the spectrum of government activities. Indeed, being influential within government is critical to its capacity to win government business, and being seen to be influential by external parties makes its role in stakeholder management that much easier. A public service treated as irrelevant by its government will be similarly treated by external parties. The public service must be enabled to compete and view itself as having an existence beyond the dictates of the government of the day, enduring, and looking over the horizon, if it is to perform a community value-adding role. If all it does is view its role as a series of tasks given it by successive governments – a purely transactional relationship – then there is, I suspect, little reason why all of its duties should not be outsourced.

In seeking solutions, incremental changes made through a strategy of path dependency readily emerge from analysis of public sector issues in public sector terms. Major governance challenges remain, however, and are not

receiving the necessary attention for their resolution. ‘Government without governance’ remains a ready description of much of today’s circumstances. Framing the problem in terms of the four pillars of strategy, competition, organisation, and governance, encourages us look outside the boundaries of the public sector and the field of public administration for possible solutions.

Consequently, I have looked to the private sector for some answers, knowing full well that many would like to see what happens in the private sector as irrelevant to the public service in principle, with others seeing it as the only way to go, and still others point to the Australian experience with the private sector-based New Public Management (NPM) reforms as a cautionary tale.

I subscribe to the view that the philosophy and tools of managerialism, which underpin the NPM reforms, have a place in the public service but that insufficient attention to differences between public and private sectors have led to ongoing consequences. For example, I have noted the negative impact of performance bonuses at the pointy end of public administration, whilst noting at the same time the potential destruction of public administration capability of advising governments in a holistic manner through a poorly designed contestability program. I have further pointed to the selective nature of organisational structures chosen, their importance to public service leadership and management and the establishment of a cohesive and effective public service pursuing the public interest. It is on the ‘missing organisational bits’ from the reforms of the 1980s and 1990s that I have particularly focused for solutions to the current predicament.

11.3 The fish rots from the head: The importance of organisational leadership¹

A discussion of how the problem of achieving better government has been framed for consideration very quickly leads to a consideration of the role of leadership. In the early chapters of the book, I focused on defining the broader problem and the contribution of the public service,

1 Bob Garratt (2010) notes a dead fish rots first in the guts. His use of the metaphor reflects the common understanding that, when organisations fail, the cause is most likely at the top.

considering the respective roles of management and operations, whilst noting that many of the resulting challenges for the public service in these areas could be attributed to absent leadership. In particular, I focused on the shortcomings in government governance and the absence of systemic public service governance.

It is easy to attribute any or all organisational failure to inadequate leadership, and most organisations could benefit from more skilled leaders. One of the difficulties in having an informed discussion on this subject is that there is not common agreement about what constitutes a leader, and therefore how the presence or absence of leadership might best be assessed. And whilst there is no doubt that the qualities of individual leaders are important in determining organisational success, this is not the sort of leadership on which I focus in this book – what I have drawn attention to in the case of the Australian Public Service (APS) is what I can best describe as structural leadership. This is the important component of leadership that is determined by organisational structures and associated processes.

I compared alternative private sector organisational models with the structure of the public service and noted that the structure of the APS operating today is akin to a large private sector multi-divisional organisational form. However, by comparison with private sector models, the public service lacks a properly tasked board, a CEO, and a corporate office to provide strategic leadership and drive its constituent businesses. The public service also lacks much of the operational glue that is provided by active pursuit of corporate strategies and horizontal synergies, and the consequent cohesion that contributes to a stronger sense of self.

The absence of these structures and processes is clearly driven by the constraints of the *Public Service Act 1999* (derived from the decentralising philosophical foundations of this Act) and, to a lesser extent, by the APS's limited perception of its role. Successive APS commissioners (and heads of the Department of the Prime Minister and Cabinet (PM&C)) have noted the need for a more strategic and whole-of-government approach to be delivered by the APS, but the public service leaders appear, at best, prepared to treat the strategic management challenge as a series of projects rather than one requiring the establishment of a dedicated corporate capability; and this despite strategic capability, in their own assessment of APS capabilities, scoring amongst the lowest in their capability surveys.

Curiously, an important part of such a strategic role could have been played by PM&C, as it, and its counterpart state and territory departments, were until the mid-1980s essentially auditors of the agenda of the government of the day, overseeing service delivery roles and activities of other departments but without major service delivery responsibilities themselves. This position has changed substantially over the last two or three decades, however, as service delivery by PM&C has become a way of signalling the importance of particular programs to the government of the day (e.g. Indigenous disadvantage), addressing intractable whole-of-government coordination issues (ultimately collocating Indigenous policy programs and services from eight different departments and agencies in PM&C), and thereby attempting to internalise and eliminate the negative impacts of some of these challenges.² With this change of role – from auditor and coordinator to operator – an avenue was closed for the public service to develop a head office providing the sort of strategic leadership and oversight described by Terry Moran.

The other critical part of structural leadership that is absent from the public sector is associated with the board role. It is the role of the board to determine a clear strategy and goals for the organisation and ensure that there are companion governance processes to achieve those goals. Organisational structures are key contributors to organisational leadership and I argue that, critical to the establishment of an effective public service in Australia, are the establishment of both board and CEO/corporate office roles for the time, skills, experience, and perspective that these additional layers bring to organisational health. This is the missing piece and the philosophy that underlies it that is the source of the bulk of public administration difficulties today.

11.4 Playing to win or playing to play: The value of strategy

One theme that emerges in this book is present in a number of different concepts, namely: agility and stability, deliberate and emergent strategy, exploration and exploitation, ambidextrous organisations, design thinking, transient and sustainable competitive advantage, the learning organisation, and innovation. These concepts focus on environmental

² See Watt (2013).

change and ways of enabling an organisation to systematically adjust to this change. And this adjustment to change should be integrated with an organisation's competitive positioning.

In looking for a way to present a simple management map of these concepts I proposed that it be viewed in two interrelated parts: the first is contained in the relationship *strategy = competitive positioning + innovation*; while the second is contained in the notion that *structure follows strategy*. There is nothing new or immutable about either of these relationships, but together they provide a useful framework within which to understand the value of important structures and processes missing from the public service kit of leadership and management tools. The former is designed to describe the important concept that an organisation must both determine its initial competitive position and build the means of change into its organisational processes. The second proposition – that structure follows strategy – is a reminder about the role that structures can play in aligning the various parts of the organisation behind its strategy. Both require systemic leadership to be effective.

11.5 Government without governance. Who's in charge?

I have used the concept of governance as a prism through which to view public service performance, arguing that many of the issues that arise in public service management can be identified from this standpoint. What is often overlooked in the public service is the close relationship between management information, performance reporting, and corporate governance. Indeed, if corporate governance systems are properly designed and responsibility similarly allocated, then any work unit's management information is also the foundation for its contribution to corporate governance because both are designed to provide information about organisational performance at the work-unit level. Good management information should enable programs to be managed in all of the efficient, effective, and innovative dimensions that the Public Service Act requires.

This exploration of the quality of public administration in Australia has focused on the program-level performance reporting of auditors-general, the evolving public sector management measurement philosophies – from

inputs, to outputs, to impacts and outcomes, and more recently to public value – and the growing gap between this academic evolution and public administration practice.

Measurement of activities enables an organisation to set and communicate goals for improvement, and the larger and more diverse the organisation the more important is the latter of these two through its contribution to organisational cohesion. An ambitious journey of quantification, even if not entirely successful, will lead to a better understanding of the business, thereby enabling better decisions. Measurement enables future activities to be shaped and it lies at the heart of good government governance; it should also lie at the heart of good public service performance and governance. I argue that having a watchdog with ex post governance responsibilities as a substitute for agency responsibility merely dilutes real agency responsibility for performance measurement and governance.

When governance is examined as a top-down and bottom-up exercise, a bigger issue emerges, namely the added difficulty that providing accountability for public service expenditure associated with joined-up (services/programs/business units/departments) and networked (with a mixture of co-designers, co-producers and service deliverers) activities that government creates. When integrated with the existing inadequate performance measurement system, these developments point to a magnified set of problems in the future. Donald Kettl (2008) pointed to problems of responsibility for the citizen to whom multiple services may be delivered, even within the same program. The bigger problem, however, relates to the overall accountability for major blocks of resource use. The concept of ‘government without governance’ is an increasingly apt description of the path that government in Australia is on.

11.6 The identity of the public service. Whose public service is it?

It is clear that a different APS could emerge from the changes proposed in this book. There are a number of overlapping elements that could substantially change the public face of the public service, including the establishment of independent board and CEO leadership, more active stakeholder management, and the publishing of an annual public service performance report, all of which would raise the profile of the public

service, with the important objective of raising public confidence in government. From a public service strategy point of view, these issues point to the establishment of an identity for the public service and, from a public policy standpoint, they point to the contribution of this identity to the legitimacy of government noting that there is an inverse relationship between legitimacy and the costs of governing.

Determining the elements of identity of the public service that should emerge in formal terms, can be no better characterised than in the terms contained in the Public Service Act, especially the values, code of conduct, and employment principles, embracing the goal expressed in objects clause 3(a) – to establish an apolitical public service that is efficient and effective in serving the government, the parliament and the Australian public. An APS of this nature would replace a largely colourless and invisible structure with a visible, self-confident, impartial and thoroughly professional contributor to the health and wealth of our community.

11.7 Coherence and cohesion: The importance of not getting ‘lost in the weeds’

In his retiring speech Auditor-General Ian McPhee identified governance frameworks as among the strengths in Australian Government administration, and losing sight of the guiding principles, getting lost in the weeds, and taking a narrow view of responsibilities, as amongst the ‘soft spots’. There are many ways of characterising a game played at too low a level, and the material covered in this book highlights a number of dimensions of this problem.

There are laudable high-level objectives contained in the Public Service Act and the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), of the sort that reasonably enable the auditor-general to point to the strength of Australia’s governance frameworks. Similarly, however, a lack of alignment of public service structures, resourcing, and desired organisational behaviours, leaves these objectives unattainable. More detail and suitable enforcement mechanisms are required to make the Public Service Act work in the public interest, in addition to changed philosophical underpinnings. It is equally likely that the PGPA Act, which builds on the Public Service Act in relation to departmental activities, will (substantially) under-deliver in this sphere for the same

reason; 30 years of performance auditing has left the public service a long way from producing meaningful output data, and even further, now, from the publication of purposeful impact and outcome data.

Another perspective from which public service activity might be seen to be ‘lost in the weeds’ is the long history of management focus on only one half of the cost–benefit equation of government activity, efficiency, and at the expense of effectiveness. This focus on production and cost rather than customer value and net benefit is a longstanding public sector failure, and not a particular failure that should simply be attributed to the framing of the present Public Service Act nor to the APS. It is, however, a luxury that the community can no longer afford and could readily be addressed through changes to the Act. In all businesses the focus, indeed the unit of organisational integration, should be the customer and, viewed in a public sector context, once the focal point moves from program- and department-level efficiency to effectiveness, then the important additional view of efficiency emerges (that is, additional to productive efficiency), ‘allocative’ efficiency, built around community net benefit (public value). If the three Cs of strategy are costs, customers and competition, it is time for the public service to integrate notions of customers and competition with the present focus on costs.

11.8 Every business delivers a value proposition. What is the public service value proposition?

An important and relatively unexplored issue that emerges in this book regards who is the customer of the public service. I drew on the work of Michael Lanning (2000) and his foundation notion of a value proposition as the entire set of resulting experiences that a customer has from acquisition and consumption of a product, and the value-delivery system as a framework to define and manage the business relationship between an organisation and its customers. Lanning goes as far as to observe that a business *is* the delivery of a value proposition.

In analysing customer relationships, Lanning points to several common business mistakes, firstly of treating the relationship as if there were only two players in it, and secondly of placing too great an importance on the immediate customer. He goes on to describe the business challenge as

deciding where in the chain to deliver what value propositions, and how to do so given the interacting and sometimes conflicting motivations of the various entities in that chain.

Much of the discussion in this book has been around the importance to the public service of rebalancing the present focus away from ‘the government’ towards the end consumers of its products, namely the general public and parliament. This argument has both public service strategy (creating a separate identity) and public policy (raising public confidence in government) foundations. What Lanning does is provide an analytical framework within which these overlaps might reasonably be considered. The public service also needs to find an analytical structure by which to properly rationalise and better manage its customer relationships, and adoption of the Lanning framework would be a step in this direction.

11.9 Where is the big picture? The cost of seeing everything in bits

Considerations of strategy and structure lie at the heart of this book, with their requirement to establish an integrated sense of purpose and organisational coherence. The Public Service Act only partly envisages and enables this sense of togetherness, placing both structural and process barriers in its way, and consequently the operations of the public service lack an underpinning sense of self. A number of important costs can arise from the practice of ‘seeing everything in bits’.

The first relates to the continuing degradation of public service strategic capabilities. For example, to be effective in creating community value, contestability programs require that an understanding of the strategic capabilities of the public service be built into any associated program guidelines: such ‘capabilities’ may be expressed in varying functional and activity terms across programs, policy areas and agencies, and the whole of the public service. The need for a strategic case-by-case analysis is clear; a function or capability that is ‘strategic’ in one activity area may not be in another. The other dimension missing from these considerations is their impacts on policy and program effectiveness, especially the cumulative effects of individual decisions on the whole.

The second class of cost of not seeing the whole, goes back to the critical issue of service delivery coordination within the public service and across to other sectors. Porter (1985) stresses this as one of the key challenges and opportunities for diversified businesses – what he calls horizontal strategy – and has noted that it has traditionally received much less attention than its companion strategic question of the selection of industries (and activities). Pursuit of horizontal strategy should involve the active examination of opportunities to create synergies built around the notion of strong clusters of activities as an important basis for corporate competitive advantage, and the capture of efficiency and effectiveness gains at the level of the individual business units (departments).

The third cost arises from the blunting of efficient resource-allocation processes associated with the use of limiting fiscal management instruments such as efficiency dividends and the mantra of local savings to fund local initiatives; both are likely to see continued nibbling at policy and program funding and defer the necessary program and policy choices. Both Geoff Mulgan and Rita McGrath observe that effective organisational strategy requires that money be systematically liberated from the past, with McGrath (2013) pointing to a ‘hostage’ problem, and Mulgan (2009) observing that much of the machinery of government tends toward rigid allocations, leaving only a small margin of budget expenditure for funding new programs in any one year. These practices clearly point to a likely accumulation of under-performing activities over time.

Within a public administration context, effectiveness of the resource-allocation system can be achieved by asking cross-cutting allocative-efficiency questions that span departmental and portfolio activities. For example, it is clear that expenditure is made in life-saving activities across a range of government portfolios, from road authorities investing in so-called black spot road intersections; health authorities making decisions about hospital equipment funding for emergency wards, and investment in research to prevent deaths from particular diseases; social services departments making expenditure decisions about suicide and domestic violence prevention programs; border force decisions to allocate funds to programs to prevent illicit drugs entering the country; to the sort of equipment and protective clothing decisions that defence authorities make regarding our armed forces’ activities in combat zones. A pertinent question that can highlight the need for broader consideration of these sorts of issues asks what investment government agencies are prepared

to make to save a life. It is likely that there would be major differences both on average and at the margin, which lay beyond the (reasonable) explanation of ‘other factors’.³

Another interesting, but somewhat more difficult, version of the same sort of question would ask how much the government is prepared to invest in particular classes of citizen to reduce/eliminate the drain on the public purse in future? This research could involve an examination of ‘investments’ in a variety of social, cultural, language and work-based skills in: (a) migrants, (b) the unemployed, (c) people in jail, and (d) those on a variety of welfare support payments. To do this effectively would require the viewing of recurrent expenditure as a mix of consumption and investment. The outcome of such research would indicate the effectiveness of resource-allocation within government. In this case, research would again, most likely, show great disparities and underinvestment in providing citizens with the capabilities to escape the public purse in future, once having entered the system.

The report *Counting the costs of lost opportunity in Australian education* (2017) is an example of the sort of research needed to underpin good policy in this regard. Focused on the costs of educational disadvantage in Australia, the report points to the lifetime cost of \$334,600 for each individual aged 19 who will never achieve year 12 or equivalent, an annual cohort cost of some \$315 million, and a lifetime cohort cost of \$12.6 billion. The projected individual cost of \$334,600 provides a ready ‘fund’ that should encourage governments to invest in these individuals to avoid part, indeed most, of this lifetime cost, and avoid merely passing on the problem to future generations.⁴

11.10 Creating a winning culture: Not enough or the wrong sort?

An important contributor to organisational cohesion and identity is the package of behaviours commonly associated with the notion of culture and the less formal organisational arrangements that contribute to these.

3 I suspect research would show that one of the important ‘other factors’ is different valuations of a death (life lost) under different circumstances. For example, that prevention of air accidents would most likely be valued more highly than road or sea accidents.

4 See Lamb and Huo (2017).

Because of the difficulties of measurement at the organisational level, discussions of organisational behaviour(s) and culture rarely deliver useful outcomes in a consistent manner that enables benchmarking. The star of 'culture' shone bright in the 1980s on the back of the Peters and Waterman book *In Search of Excellence*, but has faded since because of the absence of metrics and the subsequent failure of a number of the companies the authors highlighted as exemplars (Peters & Waterman 1982).

There is no doubt that the companion concept of 'the way things get done around here' is a useful one, but practitioners in the field have found concepts of values and, more particularly, the derived behaviours, more useful in that they lend themselves more readily to quantification and benchmarking. Quantification of behaviours also provides part of a useful framework for consideration of organisational alignment. Indeed, a problem more commonly noted in the public sector than the private sector is that formal organisational goals and behavioural incentive systems are poorly aligned (See Halvorsen et al. 2005).

An equally important and related problem is that there may be a whole-of-organisation code of conduct, set of values, and a set of employment principles, along with an objective of providing career-based employment, aligned with organisational goals, but if the behaviour of board members, senior managers and other influential stakeholders flies in the face of this framework, then behaviours at odds with the values and the code will quickly become the norm. The removal or transfer of staff every time there is a problem, ministerial advisers who are allowed to make work for departmental staff trying to promote their own careers, flexible use of departmental funds (ministerial offices are accounted for in departmental budgets), and sham recruitment processes – send clear messages to staff about the real rules of the game whether in public or private sectors.

The public service is likely to be more exposed to these sorts of distractions because of the servant–master relationship it shares with the government. Moreover, the only protection for the public service in the Public Service Act for the exercise of the powers normally held by a master – clause 19, which requires that a departmental secretary not be the subject of direction by any minister in regard to public service employment matters – is of little practical use in these circumstances as there are many ways around this direction. And, equally unfortunately, all such activities impact on the cohesion of individual work units, departments and the whole of the public service. In particular, if public servants know that

their departmental head will readily throw them under a bus in the face of any ministerial ‘difficulties’, then the only sense of self evident in public service operations will be ‘myself’.

11.11 The importance of boundary conditions: Leveraging for success

Boundary issues are the issues of overlap and coordination that pervade the effective design and operation of the public sector with their extent being a distinguishing characteristic of government activity. The associated strategic, management, and operational challenges of boundary issues include service delivery overlaps, the absence of institutional memory, the need to deliver solutions not services, the need for horizontal strategy, the absence of a strategic centre, different models of governance, the challenges of wicked problems, performance measurement and governance issues, accountability, skills issues (rocket scientists?), the challenges of collaboration, organisational issues (structure and behaviour), and the whole-of-public-service challenge.

Given the overlaps, it is unsurprisingly often difficult to consider any one issue without considering a number of the others. When considered simply in organisational design terms, Mulgan (2009) views this challenge in terms of the absence of self-contained fields of activity, and the undesirability of seeing government simply as a set of self-contained projects or horizontal activities. This necessitates recognition that the imposition of what may sometimes be seen as arbitrary boundaries and separations is necessary, and he posits the organisational-design challenge as minimising the number of critical boundaries whilst recognising that there are no ideal structures. The existence of critical boundaries creates further difficulties in leveraging the whole-of-public-service experience.

The concept of leveraging is not an easy one to practise, but is just as important, for example, in adding value to the grind of the daily news cycle from reflective policy research (e.g. bringing in other jurisdictional experience), as it is in building institutional memory to leverage organisational experience in order to avoid repeating past operational mistakes. To not do this systematically is to ignore the opportunities to learn from past mistakes at a local level, but also to miss out on the opportunity to learn more at a whole-of-organisational level by combining

whole-of-organisation experience. Interestingly, one of the organisational forms canvassed in Chapter 5 – the meta-national – takes its rationale from globalising local experiences as opposed to localising global knowledge. A successful organisation will do a measure of both!

11.12 Alignment: Master–servant or partners?

Discussions about the reasons for the existence of the public service and its identity can also be couched in terms of the alignment of government and public service. This issue has arisen from a number of directions. The first of these – the realignment of the interests of the public service with governments in Australia in the 1980s through the NPM reforms – was considered in Chapter 2, with the conclusion being that these reforms as implemented fragmented the public service. The second arose from an examination of the Public Service Act and a requirement for the public service to serve three communities simultaneously.

The third issue arose from Simon Longstaff's (2015) observation that, while the public service was established under its own Act of parliament and a constitution and range of derivative Acts providing for the government of Australia, ultimately, government is undertaken by private enterprise through registered political parties.⁵ In keeping with this position, there is no legislated code of conduct for parliamentarians and, overall, there is a level of freedom accorded our elected officials that is more in keeping with private rather than public sector employment. Our politicians legislate for the upright behaviour of public servants, but see no merit in imposing such constraints on themselves, their behaviour being 'regulated' largely on an exception basis by their own manner of choosing. The fourth reminder of the issue has arisen in discussion of whether the public service is in any way 'entitled' to see itself and act as an independent entity. Was the APS established simply to serve the government of the day? The answer to that question as per the Public Service Act is clearly, no.

⁵ Clause 123 of the *Commonwealth Electoral Act 1918* sets out the definition of an 'eligible political party' for the purposes of the Act as one that is either a parliamentary party (has at least one member of the parliament of the Commonwealth) or has at least 500 members, and is established on the basis of a written constitution.

11.13 Good policy: The holy grail!

In Chapter 1 I considered the absence of good policy from parliamentary consideration in terms of political fragmentation, the rise of the politocracy, and the emergence of the enabling fine-grained electronic polling and targeting tools. Looking beyond these environmental factors to the role of the public service in the formation and delivery of good policy reveals a number of points that have arisen through this book. At the highest level it is the openness of the policy formation process to corruption and the need for this to be the subject of systematic external scrutiny – under existing arrangements that responsibility should lie with the auditor-general. I describe this in terms of the need for good policy governance much as better governance of expenditure is needed.⁶

Then there is the content of policy itself, which can be considered in terms of complex problems, solutions and services, containment rather than resolution, and the dominant focus of investment in physical (inanimate) assets, rather than in human assets and individuals. In this light, it is necessary to distinguish between the focus of the public administration arm of government on government policies, including their discussion in terms of strategic policy, and the need for the public administration to be able to advise governments on public policy matters that relate to its own activities spanning the leadership, management and operations of the public service.

Then there are the policy and program-level measurement issues, the what, the how, and for whom – impacts, outcomes, and public value rather than outputs, noting the important link between good program-level management information and organisational performance measurement – and the central strategic management issue of allocative efficiency. McGrath (2013) points to a raft of such issues – hostage resources, the need for flexibility in the processes, the distinction between the accounting

6 The concerns expressed here about the opaque nature of the government's policy formation process are given voice by the Australian National Audit Office's (ANAO) recent release of a performance audit of PM&C's management of the Australian Government Register of Lobbyists (ANAO 2018b). In the ANAO's typically understated way, the report is critical of the low level at which the policy bar was set for the administration of the register (although the ANAO does not have a mandate to criticise government policy), and the accompanying lack of commitment of resources to the low-level of tasks set for the department in its administration. And, in reminding us that only third-party lobbyists are required to register, the ANAO further indicated the limitations of the register's initial objectives. This should be a matter of great concern for the community.

life of an asset and its competitive best-in-class life, and the central importance of the resource-allocation process in shaping organisational behaviour, all with the aim of balancing the exploitation of the present with the exploration of the future.

The final policy issue is that pointed to by Kettl (2008) in his discussion of outsourcing US Government activities, asking who is in charge. It is an interesting question because it indicates that a series of individually ‘right’ decisions – in this case to outsource the services required for the various parts of the American healthcare system – can become a cumulative problem. In Australia’s case, the same question might be asked, for example, about foreign investment: at what point do many individual foreign investments become a cumulative and national problem? Or it might be asked in regard to the export of natural gas, or at what level of domination of national trade with one country do we risk becoming an economic, and political satellite of that country? Whole-of-policy-life considerations, and investment in solutions should be the starting point for all government policy considerations. An auditor-general assigned the responsibility to audit the policy formation process could readily be assigned a checklist including such elements of ‘good policy’. These issues point to the need for good policy – clean processes, the right players, and the long view – as the cornerstone of effective government.

11.14 An opportunity for the public service?

Creating a different future invites a clear determination of where the public service’s competitive advantage lies in a world of growing fiscal pressures and contestability. Given the trends in the operating environment – smaller government, declining public service numbers, expanding contestability, and the growing influence of community groups and professional lobbyists on both the processes and outcomes of government – the influence of the public service will continue to diminish. The role that is emerging is one of facilitation and administration replacing its influence over high-level policy and the shape of the nation.

Some see this process of transfer of the power of government to the community – from the parliament, government and the public service – as a desirable continuation of the process that saw power transferred from public servants to politicians through the NPM reforms. Such a future promises greater community involvement in the determination

of the activities of government and their implementation – what might be called ‘community government’ – but also promises a future of greater fragmentation of government, and limited, certainly reduced, governance of these activities. It also promises a future where policy is fragmented, and made at a lower level. Ludwig von Mises’ economic calculation regarding the foundation of democratic government will be lost to a new form of bureaucracy.

If community government is the future, then avoiding this breakdown in governance can be achieved by the public service and governments of the day together reoccupying the high ground of good policy and sound public administration. To deliver its part of such a bargain, the APS needs to reposition itself at the highest level across the spectrum of policy formation, service delivery, and good governance, built around the whole-of-government approach only it can deliver and on the foundations of a pre-eminent policy position. Yet there seems to have been little call on such a public service capability in recent decades.

11.15 The path ahead

Due to their complexity, the two overlapping themes of this book, the first about public service strategy and the second about public policy towards the activity of public administration, are touched on only lightly. Be that as it may, I hope that the conclusions are sufficiently interesting to invite closer inspection of the major proposition, namely that the Australian public would be better served by a more independent, active, competitive, visible, and strategically led public service and that governments prepared to see the big picture of public administration and readmit the public service to the game of governing would benefit as well.

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.