1. Dimensions of Governance for the Public Sector

Governance is concerned with how societies, governments and organisations are managed and led. Importantly, this includes how they structure and otherwise order their affairs, make decisions and exercise powers, and manage their relationships and accountabilities. Official governance frameworks and standards, which have been developed across sectoral and geographical boundaries, contain commonalities and differences in their illumination of key governance concepts, principles and applications. These features are not developed in a social, political and legal vacuum; they reflect underlying values, practices and other norms of governance, they are enshrined in the governance architecture and arrangements for Australia’s system of government and public administration, and they are responsive to the evolution of governance thinking and practice over time.

Accordingly, this chapter explores the basic concepts and facets of governance and its governmental architecture, primarily as they relate to the Australian Commonwealth public sector, but with relevance for other Australian jurisdictions and comparable Westminster-based systems. It provides a connecting thread between underlying governance values and other norms, levels and components of governance, and the significance of looking at governance from a series of societal, governmental, sectoral and organisational perspectives. In doing so, it offers a glimpse of how emerging changes and limits to key aspects of the system of governance in the twenty-first century present challenges for the Commonwealth level of government and its public sector system. Finally, it introduces central themes of ‘horizontal’ and ‘vertical’ governance, ‘hard’ and ‘soft’ forms of governance, and other analytical tools for understanding, regulating and practising governance. This chapter’s discussion of these different dimensions of governance serves as a foundation for the analysis of governance in later chapters.

The problems of ‘governance-talk’

‘Governance’ has several meanings, a range of elements and sectoral contexts, and a variety of dimensions and forms. These differences are not reducible simply to matters of terminology. For example, the focus of governance for governments and others trying to coordinate mutual responses to national or global public policy problems is very different from its focus for any particular organisation in administering its own affairs or playing a role within a larger
enterprise. Similarly, the origins and manifestations of governance vary across national, sectoral and organisational boundaries. Moreover, the focus of the study and practice of governance also varies according to the institutional or individual standpoint from which governance is examined.

This problem in talking about governance is exacerbated when its literature and official governance reviews offer only partial glimpses of the full complexity of governance. The normative evaluation and operational implications of alternative governance approaches and options for government can only be assessed holistically if the right number and combination of governance aspects are captured. So, every account of governance must be assessed according to how it relates to the whole picture of governance, both generally and for the purpose at hand. In particular, this affects scrutiny and evaluation of the governance frameworks outlined in the literature as well as landmark governance-related reforms within government (chapter 2).

At the same time, if it is viewed primarily as a mass of complex and interactive layers and applications, governance risks losing its conceptual and operational effectiveness as an organising concept. The different discussions of governance throughout this book show that there are important levels on which discrete considerations of governance are both possible and necessary. The governance of organisations in the public and private sectors has different contexts and features, for example, and can be discussed sensibly in each case without escalation at every point to their interactions with each other or society as a whole. The present point is simply that those interactions also demand attention where they are relevant, and that discussions of governance and its applications are incomplete without appropriate attention to them.

The next part of this chapter therefore commences with a taxonomy of governance and orders of analysis that can be brought to bear in understanding the true complexity of the concept in the contemporary Australian Commonwealth public sector. This is followed by a categorisation of the different values and other norms that infuse the political and legal infrastructure for governance at this level of government, only some of which are captured explicitly in legislation that is focused upon public sector values. Together, these opening parts serve as a platform for understanding some of the key drivers and features of evolving governance reform in this country (chapter 2), the resultant tensions in the political and legal architecture of governance (chapter 3), and their collective implications for governance interactions at central, organisational, and stakeholder levels within the Commonwealth public sector (chapters 4–7).
Meanings and components of governance

Framing the taxonomy of governance

Most commentators now accept the futility of trying to develop an ideal one-size-fits-all definition or model of governance, as well as the importance of systemic, jurisdictional and other underlying contexts for the usefulness of any definitions or models of governance that are used. Just as there is no single and universal theory of corporations across disciplines, so too ‘there is no one theory of governance in political science and public administration’ (Chhotray and Stoker 2009: 26). Nor does law or any other discipline supply such an overarching theory of governance.

At its most basic level, governance covers ‘the management of the course of events in a social system’, whether such systems are conceived in organisational, sectoral or broader terms (Horrigan 2010: 49; quoting Burris et al 2005: 30). In that sense, the governance of systems embraces their structures, internal and external interactions, and modes of decision-making and other behaviour. In this vein, Chhotray and Stoker formulate an all-embracing definition of ‘governance’ as follows (2009: 3):

Governance is about the rules of collective decision-making in settings where there are a plurality of actors or organisations and where no formal control system can dictate the terms of the relationship between these actors and organisations.

In short, governance is concerned with how and why systems of all kinds are constituted and operated.

Beyond the commonly agreed position that all kinds of governance across the public, private, and community sectors require attention to core elements such as performance and accountability, each of those features also has different levels of meaning, application and context, about which there is relatively less consensus. Finally, all conceptions and definitions of governance-related concepts are contingent upon the particular scholarly, regulatory or other perspective that governance observers and participants bring to their governance standpoint or role (e.g. OECD 2002).

Recent debate about governance has focused on the extent to which it is government-orientated (as distinct from society-centric and, thus, involving non-state participants), relationship-focused (as distinct from hierarchical and authority-based), and network-centred (as distinct from organisation-based). The question of which of these models or orientations best suits the twenty-first century governance environment is problematic because each provides
different insights into different dimensions of governance. In other words, they each reveal part of the broader complexity of governance within and beyond government.

All of this reinforces the central point that governance within a public sector context comprises different orders of governance — governance of a public sector body, within a whole-of-government approach to governance, sometimes across levels of government, and often involving governance interactions beyond the public sector. To foreshadow a later discussion, these different orders of governance are themselves underpinned by ‘horizontal’ and ‘vertical’ dimensions of governance, as well as manifested through ‘hard’ and ‘soft’ forms of governance.

Different concepts of governance

As governance is a multi-dimensional concept, the term ‘governance’ is used differently depending upon the frame of analysis, the standpoint of the observer and the particular sector or aspect under scrutiny. Understood from an organisational perspective, for example, the corporate governance of a public sector body connects to other orders of governance at governmental, societal and organisational levels.

The concept of ‘the state’ as a nation (with associated governance and regulatory dimensions) can be contrasted with the concept of self-governing states and territories in a federal system of government, as exists in Australia, Canada and the United States. As the role of the nation-state has changed under the pressures of new governance and the new regulatory state (chapter 2), so too must our understanding of the nature and forms of governance. Governance is increasingly responsive, for example, to multi-stakeholder standard-setting, non-state engagement in policy networks, external and independent monitoring of government, and the pressures of participatory governance and deliberative democracy (e.g. Chhotray and Stoker 2009: 48–51). One of this chapter’s themes is that there are connections between different senses of governance, state-centric and society-centric standpoints on governance, and the engagement of state and non-state actors in the ongoing evolution of democratic mechanisms.

As the Australian Public Service Commission (APSC) acknowledges in its assessment of the new environment for public sector performance and accountability, the old governance model of ‘hierarchical modes of decision-
making’, ‘sequential approaches to problem solving’, and ‘single points of accountability’ no longer fits all governmental functions and must adapt to accommodate ‘new public policy implementation models’ that are more ‘collaborative’ and be otherwise responsive to policy challenges that straddle traditional departmental lines of authority (APSC 2009b: 1–2). This view of governance in transition also reflects aspects of vertical and horizontal governance.

In this way, governance now engages multiple institutions and participants in multiple governance interactions. Various governance systems containing ‘a plurality of actors’ interact with one another in a series of ‘interconnected governance networks’, employing multiple mechanisms for distributing, wielding, and rendering accountable the exercise of power in society. At this level, governance focuses upon ‘the mechanisms (institutions, social norms, social practices)’ through which social goods such as ‘democracy, honest and efficient government, political stability and the rule of law’ are ‘instantiated’ in such systems (Burris et al 2005: 30–1).

The outcomes of the Governance Stream at Australia’s 2020 Summit, for example, focus in part on ‘the need to strengthen the participation of Australians in their governance’. This occurs in part through the development of ‘innovative mechanisms to increase civic participation [and] collaborative governance to strengthen civic engagement and trust, facilitate “deliberative democracy” and strengthen citizen engagement’ (PM&C 2008: 32–3). In turn, this idea of citizen engagement has thematic links with collaborative governance within government (chapters 4 and 5) as well as participatory governance with societal stakeholders (chapter 7).

Nation-states and governments remain central to all systems of governance, regulation and responsibility (Bell and Hindmoor 2009), but there are ongoing fundamental changes in how governments engage with the people and how the people hold those who wield institutional power accountable. So, while governments therefore remain firmly at the helm in their own right or, alternatively, at the centre of networks that are devoted to national and global public policy development, non-state institutions and actors are increasingly coming to the fore, especially through multi-stakeholder standard-setting initiatives and extra-governmental mechanisms of societal scrutiny (e.g. Keane 2009: 688–89). This development also relates to democracy’s evolution to embrace such features, as is considered later in this chapter. Indeed, as this chapter shows, there are strong connections between governmental and non-governmental stakeholders, their involvement in different democratic mechanisms, and various orders of governance and their underlying values.
A number of different but related governance concepts are therefore discussed in the following sections, including: (a) public governance (extending out from the government sector to the private and community sectors); (b) public sector governance (i.e. governance of the administration and business of government); and (c) corporate (or organisational) governance (i.e. the governance of particular bodies in particular sectors). Each of these concepts of governance, which are represented in Table 1.1, can be viewed from national, comparative or global perspectives.

Table 1.1: Governance concepts

<table>
<thead>
<tr>
<th>Level of analysis</th>
<th>Macro</th>
<th>Meso</th>
<th>Micro</th>
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<tbody>
<tr>
<td>Description</td>
<td>Public governance</td>
<td>Public sector governance</td>
<td>Corporate governance</td>
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<tr>
<td>Focus</td>
<td>Society ↔</td>
<td>↔ Government ↔</td>
<td>↔ Organisation</td>
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The close relationship between public governance, public sector governance and corporate governance sits within the broader framework of other societal and global governance, as is outlined earlier in this chapter. Farrar explains the relationship between the different orders of governance as follows (Farrar 2008: 6–7, quoting respectively Keasey, Thompson and Wright 1997: 2; and Cioffi and Cohen 2000: 307, 313):

> In a wide sense, corporate governance includes ‘the entire network of formal and informal relations involving the corporate sector and their consequences for society in general’. It can be seen as ‘the nexus of law, markets, public and private hierarchies, and national and international political economies’. It is capable of subsumption under broader concepts of contractual and social governance. Every country approaches corporate governance from the background of its own distinctive culture ... In any study of corporate governance we must, therefore, look at other systems and consider the evolving norms of ‘global’ corporate governance. Indeed corporate governance provides a good perspective for viewing some of the contradictions in globalisation.

An understanding of governance in the Commonwealth public sector requires comprehension of at least some of these related governance concepts, both in their own right and in how they relate to it. As outlined in what follows, the sharpest point of distinction for present purposes is between ‘corporate governance’ as conventionally understood and what is described as ‘public sector governance’ in official or suggested governance frameworks at more than one level of government in Australia (ANAO 2003c: 5–6; Weller and Webbe 2008: [4.2.4]). This point draws support from the statement by Patrick Weller and Simone Webbe that ‘different constitutional, legislative and environmental considerations steer variances in the respective practice, and results, for
corporate governance and public sector governance’ (2008: 28). Thus, the different conceptions of governance offer insights on different parts of the complex whole that is ‘governance’.

Public governance

Public governance occupies a central place in this scheme of governance-related concepts. It focuses upon governance within the public domain at large, including but not limited to the function and operation of government. This acknowledges that governance in the public sector covers broader processes extending beyond the formal structures of government (e.g. Davis and Keating 2000). Public governance, therefore, embraces not only governance as it relates to the institutions and business of government, but also government’s engagement with non-government parties in the governance process. Considered from this perspective, the general notion of ‘governance’ (and ‘governing’) is conventionally associated with ‘the processes that create the conditions for ordered rule and collective action within the public realm’ (Chhotray and Stoker 2009: 71).

In the age of ‘new public governance’ (chapter 2), for example, governance in the guise of ‘public governance’ can be broken down into subcategories such as ‘socio-political governance’ (i.e. governance of societal relations), ‘public policy governance’ (i.e. governance of the public policy process), ‘administrative governance’ (i.e. governance of the business of government), ‘contract (or third party) governance’ (i.e. governance of public procurement and contracted service delivery to the people), and ‘network governance’ (i.e. governance through state and non-state networks that are engaged in policy-making and public service delivery) (Osborne 2010: 6–7). Collaborative governance, which is raised in chapters 2, 4 and 5, might also be added to this list, given its operation within and between levels of government, and even beyond government (e.g. participatory governance: see chapter 7), as well as its relationship to some of these governance spheres (e.g. network governance). Public sector governance also straddles several of these spheres.

As such, public governance embraces relations between different governments and societies as well as relations within the one society and level of government. In this sense, it captures ‘that other sense of “governance” … which sees our communities “governed” through complex interactions between the public (government), private (market) and civil (third) sectors, emphasising the importance of constructive networking between these sectors’ (Wettenhall 2005: 42). More broadly, the debate between ‘society-centric’ and ‘state-centric’ views of governance (Bell and Hindmoor 2009: 71) can be seen as part of a wider evolution in ideas, forms, and tools of governance that remains a work-in-progress on multiple levels, not least in the public sector (Chhotray and Stoker 2009: 16–26).
This particular conception of governance can also be viewed within the broader perspective of global public governance, in which transnational government networks operate as the hubs of a series of interconnected networks, which involve governmental, business, and community actors who are all engaged ‘in the pursuit of a larger conception of the global public interest’ (Slaughter 2004). The point in common is that public governance is integrally involved with government, but also transcends government at both national and international levels.

Despite public governance’s increased attention to governance networks that involve a range of actors (Rhodes 1997), the state-centric perspective has remained highly influential, and covers several approaches: top-down authority and control (e.g. law and coercion), network steering by government, policy and regulatory instruments (focused on effectiveness and efficiency) and the role of institutions (Peters and Pierre 2000: 37–46). Operating within this frame, ‘governance’ is regarded as ‘the tools, strategies, and relationships used by governments to help govern’ (Bell and Hindmoor 2009: 2). This more discrete and government-focused notion of governance resonates particularly with public sector governance and its focus upon the ‘steering’ role of government in society (chapter 4).

**Public sector governance**

*Public sector governance* focuses attention more discretely upon governance within the public sector generally, or a designated level of government in particular. This is distinct from the broader conceptions of ‘public governance’, which were considered in the preceding section. Governance within the formal system of government remains a distinct dimension of governance in its own right. It deserves separate consideration.

Public sector governance concentrates upon governance as applied to the governance of organisations within and across the government sector, including different levels of government and their interactions with one another and other societal groups. So, public sector governance is not limited to governance as applied only to the formal administration of government, largely through the executive branch of government. In the context of the system of government and public administration that lies at the core of public sector governance, the ‘steering’ role of government is paramount (chapter 4), not least in terms of the ‘capacity of government to make and implement policy — in other words, to steer society’ (Pierre and Peters 2000: 1).

In material that has been endorsed by the Australian National Audit Office (ANAO), Prime Minister and Cabinet (PM&C), and APSC, ‘governance’ is defined in the context of Australian public administration as ‘the set of responsibilities
and practices, policies and procedures, exercised by an agency’s executive to provide strategic direction, ensure objectives are achieved, manage risks and use resources responsibly and with accountability’ (ANAO and PM&C 2006: 13; APSC 2008). This definition of governance straddles corporate governance (see discussion below) and public sector governance. Similarly, the ANAO framework for public sector governance also straddles these different conceptions of governance, as follows (ANAO 2003c: 6):

The term ‘public sector governance’ has been chosen to focus this guide on the governance arrangements for public sector organisations at the Commonwealth level in Australia, as outlined in the definition below.

Public sector governance has a very broad coverage, including how an organisation is managed, its corporate and other structures, its culture, its policies and strategies and the way it deals with its various stakeholders. The concept encompasses the manner in which public sector organisations acquit their responsibilities of stewardship by being open, accountable and prudent in decision-making, in providing policy advice, and in managing and delivering programs.

Considered from within the system of government, Commonwealth governmental bodies are responsive to one or more sources of public sector regulatory influence, according to their organisational type. This system of monitoring and review includes portfolio oversight and extends beyond the Commonwealth public sector and its members to other components of the executive arm of government (e.g. auditor-general, ombudsman, and other mechanisms of administrative review).

However, considered from a broader governance perspective, Commonwealth governmental bodies are also increasingly subject to an array of public scrutiny and influence. So, this system of monitoring and review also extends to other arms of constitutional government (e.g. judicial review and parliamentary committee scrutiny) and, even further, to the non-government sector and community as well. To the extent that this reflects enhanced scrutiny of government and input into public policy and standard-setting from organisations and communities outside of government, it resonates with the tension that exists between state-centric and society-centric views of governance. It also connects with the concerns of monitory, deliberative and participatory democracy (Gutmann and Thompson 2004; and Keane 2009), as discussed later in this chapter.

Corporate governance

Corporate governance in the public sector focuses upon the governance of organisations in that sector, as well as upon the governance of their relations and interactions with others, both within and beyond the sector. In official
governance guidance for Australian public administration, terms such as ‘public sector governance’ and ‘governance’ in the context of the centre of government are often contrasted with those such as ‘corporate governance’, to avoid ‘any perceived ambiguity concerning the application of the term “corporate” to “non-corporate” public sector organisations’ (Barrett 2003: 5).

By way of comparison with the private sector, the Australian Securities Exchange Corporate Governance Council’s (ASX CGC’s) Corporate Governance Principles and Recommendations state that corporate governance ‘encompasses the mechanisms by which companies, and those in control, are held to account’ and ‘influences how the objectives of the company are set and achieved, how risk is monitored and assessed, and how performance is optimised’ (2010: 3). Here, the ASX CGC also draws upon the HIH Royal Commission’s view of corporate governance (which is considered, along with other authoritative definitions of corporate governance, in chapter 2). Still, as the ASX CGC also acknowledges (2010: 3): ‘There is no single model of good corporate governance.’

The perception of standard corporate governance elements such as performance, conformance and accountability is affected by the prism of constitutionalism, managerialism, or any other organising theory of public administration that holds sway from time to time (chapter 2). Contemporary understanding and use of core corporate governance concepts such as ‘accountability’ occur against a background of recent governmental reform history in which ‘arguments about independence, accountability and efficiency are endemic to the “new managerialism”’ (Bottomley 1994: 529). Public law’s concern with judicial review of administrative action has similarly meant grappling with the forces that are unleashed by ‘new managerialism’ (Bayne 1991: 17).

As this connection between governance trends and elements confirms, the literature on governance at the organisational level strongly identifies it with at least the elements of performance, legal and policy compliance, and multiple accountabilities. To these can be added factors such as assurance, management and planning, as well as leadership, ethics and even fairness (e.g. Barrett 2003: 7–8). Based upon authoritative governance guides for Australian public administration (e.g. ANAO 2003c: 13–15), a more nuanced cataloguing of governance elements might further divide them into groups of substantive elements (e.g. conformance, performance and accountability), qualitative elements (e.g. fairness, integrity, leadership and ethics), structural elements (e.g. management, committee and advisory structures) and functional elements (e.g. planning, resourcing, management (at several levels), monitoring and reporting).

Commonwealth bodies that are responsible for its oversight describe corporate governance as providing ‘a framework for the management and accountability of key decision-making bodies’ (DFA 2001). A more expansive conception
involves integrating ‘the main elements of corporate governance within a holistic framework, which are communicated effectively throughout the entire organisation and underpinned by a corporate culture of accountability, transparency, commitment and integrity’ (Barrett 2002b).

Considered mainly from the organisational perspective placed within a wider public sector context, the APSC views agency governance as follows (APSC 2010a):

While there is no ‘one size fits all’ approach to governance, it is important to realise that effective governance will contain the following building blocks:

- ‘strong leadership, culture and communication’;
- ‘appropriate governance committee structures’;
- ‘clear accountability mechanisms’;
- ‘comprehensive risk management, compliance and assurance systems’;
- ‘strategic planning, performance monitoring and evaluation’;
- ‘flexible and evolving principles-based systems’; and
- ‘effective operation across organisational boundaries’.

However, there are limits to simply listing or cataloguing governance elements at an organisational level. First, each of governance’s key elements has multiple guises. Management embraces management of risks, personnel, resources, and relationships. Accountability not only embraces internal and external constituencies and mechanisms, but also embraces different functions such as monitoring, evaluation, and review.

Secondly, their meaning and application are each subject to sectoral nuances. The organisational and regulatory architecture for the accountability of corporations in the private sector differs in important ways from that which applies to organisations in the public sector. This is illustrated by the difference between accountability to shareholding ministers of state-owned enterprises and accountability to shareholders who hold and trade shares in a regulated stock market (chapter 2). Similarly, the kind of stakeholder consultation and engagement that is followed within government circles in the development and implementation of public policy (chapter 7) differs from the kind of stakeholder engagement that characterises publicly listed companies under prevailing standards of corporate governance.

Thirdly, under some conventional notions of governance, there is a tendency to limit too narrowly the relationship between owners, managers, and constituencies. In the private sector context, this means conceiving of governance only in terms of the relationship between a company, its board and management, and its shareholding ‘owners’. In the public sector context,
equivalent narrowing occurs when governance attention is focused solely upon the relations between a department’s or agency’s governing body, its CEO, and relevant ministers of state (Barrett 2003: 5). Such a limited conception of public sector governance risks overlooking the governance significance and nuances of ‘the systems, processes, policies and strategies that direct operations, assure quality, monitor performance, and help manage [board and CEO] obligations to stakeholders’ (Barrett 2003: 5).

Finally, simply listing or cataloguing elements of governance in the abstract says nothing about the relationship and synchronicity between those elements. In other words, it is one thing to identify elements of governance and something different to show how those components relate to one another in a coherent and workable notion of governance. Focusing upon the related notion of corporate governance in primarily a private sector context, Steven Cole suggests that a conception of corporate governance whose crux is the alignment of its different components (Cole 2002). According to his view, corporate governance involves the organisational systems and processes that align the roles and responsibilities of managers with the corporation’s internal and external relationships to produce strategic, measurable and otherwise accountable outcomes. This produces a holistic view of corporate governance, especially from the practical perspective of those responsible for governing an organisation.

These limits to the listing of corporate governance elements in the abstract can be contrasted with the beneficial emergence of principle-based frameworks for corporate governance. Examples already exist of principle-based frameworks of corporate governance for public sector bodies and environments, to be compared and contrasted with those that now prevail for listed public companies in Australia (e.g. ASX CGC 2010), New Zealand, the United Kingdom and elsewhere. The Independent Commission on Good Governance in Public Services in the United Kingdom, for example, identifies ‘six core principles of good governance’ in its Good Governance Standard for Public Services. According to this standard, the requirements of ‘good governance’ include the following six elements (OPM and CIPFA 2004: 5):

- ‘focusing on the organisation’s purpose and on outcomes for citizens and service users’;
- ‘performing effectively in clearly defined functions and roles’;
- ‘promoting values for the whole organisation and demonstrating the values of good governance through behaviour’;
- ‘taking informed transparent decisions and managing risk’;
- ‘developing the capacity and capability of the governing body to be effective’; and
- ‘engaging stakeholders and making accountability real’.
Such principle-based frameworks across the private and public sectors are characteristically seen as more flexible and less prescriptive than rule-based frameworks, therefore allowing more room for customisation to particular organisations and other circumstances. The distinction between principle-based and rule-based standards also corresponds to that between soft and hard law. The relationship in each case is also interdependent given, for example, the significance of governance legislation for ancillary governance guidelines and principles within each sector.

The use of principle-based standards within the Commonwealth public sector is evidenced by the frameworks underpinning the Commonwealth Financial Accountability Review (CFAR) and the Australian government’s governance guidelines for Commonwealth government business enterprises (GBEs), both of which were released in 2011. For example, the former rests upon principles of ‘comprehensiveness’ (e.g. clarity of objectives and accountabilities), ‘flexibility’ (e.g. technological adaptability) and ‘user-friendliness’ (e.g. ease of understanding and accessibility) (DFD 2011a), and the latter is underpinned by a common set of key principles of governance responsibility and accountability for all Commonwealth GBEs (DFD 2011b). Both, however, are also supported by relevant governance legislation for the sector.

From governance conceptions to governance planes and forms

In summary, the relation and nuances between public governance, public sector governance, and corporate governance in the public sector extend beyond mere grammatical differences, to express differences in scope, orientation and context as well. These three different conceptions of governance can be compared and contrasted with official and other authoritative definitions of governance (especially corporate governance) in the wider literature (chapter 2).

Just as analytical distinctions can be made between these related governance conceptions, so too can analytical distinctions be made between different planes and forms of governance. Two major analytical distinctions are commonly made in the literature — one between ‘horizontal’ and ‘vertical’ planes of governance, and the other between ‘hard’ and ‘soft’ forms of governance. These distinctions and their significance for the Commonwealth public sector are outlined next.

The relationship between these governance conceptions, planes and forms is two-fold. The governance planes and forms apply to each of the different conceptions of governance discussed here, and therefore transcend any particular sector or jurisdiction. In addition, any governance model that purports to approach the
full complexity of governance in the contemporary business of government must pay some attention, at least, to these different conceptions, horizontal and vertical planes, and hard and soft forms of governance, to which this chapter now turns.

‘Horizontal’ and ‘vertical’ governance

As applied to government, the notions of ‘vertical’ and ‘horizontal’ governance apply to relations within and across different levels of government. In addition to governing itself, for example, a public sector body might liaise with other agencies within the same government (under a whole-of-government governance framework), its equivalents in other levels of government (as in cooperative federalism), and its counterparts in other countries (as in trans-Tasman cooperative regimes and other regional initiatives). Moreover, it might have governance interactions beyond the government sector. This more expansive notion of the ‘horizontal’ and ‘vertical’ dimensions of governance is a theme that underpins several chapters in this book.

The distinction between horizontal and vertical governance can be viewed successively from system-based, sector-based and organisation-based standpoints, with network-based governance cutting across one or more of these standpoints. The usefulness of this distinction as an analytical tool for understanding important features of governance is evidenced by its incorporation in official guidance from the APSC on the overall responsibility and accountability framework for the Commonwealth public sector. As identified in key guidance for the Australian Public Service (APS), for example, ‘the traditional model of accountability describes a vertical chain that provides a continuum of accountability relationships between the electorate, the Parliament, the Government and the public service’, which is matched by administrative law developments that ‘have extended and strengthened the horizontal accountability of public servants and Ministers’ (APSC 2009b: 6). The APSC also states that ‘public servants are accountable mostly through a vertical and hierarchical chain, but it does include some horizontal accountability to external review bodies’, and also adds that ‘other horizontal accountability arrangements are emerging’ (APSC 2009b: 8).

In its most basic and conventional form, the distinction between horizontal and vertical governance refers to the notional vertical line that exists between the inner governance of an organisation and those to whom it is ultimately answerable (e.g. ministers and the centre of government), together with the notional horizontal line of outer governance relationships for organisations with others in the public sector and beyond. This simple horizontal-vertical governance dichotomy is packed with underlying nuances about the shifting core of essential
governmental activity, the rise of non-state influences upon public governance, the swinging pendulum between centralisation and fragmentation of executive government control, and both the relevance and limits of hierarchical chains of institutional authority and accountability (Chhotray and Stoker 2009: 18–23; Bell and Hindmoor 2009: 85–9).

The distinction between horizontal and vertical governance has relevance for other modes of governance, such as participatory and networked governance. The relationship between these various modes of governance is a key feature of contemporary governance frameworks for the public sector. As confirmed by the initial public discussion paper for the CFAR, which was released in early March 2012, ‘traditional models for delivering public services, based on vertical and hierarchical governance and accountability, need to be complemented by participative and networked arrangements’ (DFD 2012b: 7). This is critical in meeting a number of CFAR’s possible outcomes, including ‘an opportunity to develop a more coherent, portfolio-based governance framework, which rebalances devolution and accountability’ (DFD 2012b: 88).

Viewed beyond their application within a single organisation, these horizontal and vertical planes of governance can also extend outwards in a series of concentric circles of coverage. This wider coverage includes: horizontal and vertical interactions within one level of government (e.g. ‘public sector governance’: ANAO 2003c); horizontal relations between levels of government (e.g. COAG agreements); governance interactions between multiple organs of government at national and transnational levels (e.g. ‘horizontal government networks’ and ‘vertical government networks’ across ‘disaggregated’ nation-states: Slaughter 2004); and governance interactions between governmental and non-governmental institutions and actors. These various planes of governance are present, for example, in the institutional governance tensions that are identified in chapter 3, the nature of participatory governance as outlined in chapter 7, and the society-centric and other conceptions of governance canvassed in this chapter.

‘Hard’ and ‘soft’ governance

Connections exist between horizontal and vertical planes of governance, on one hand, and ‘hard’ and ‘soft’ forms of governance, on the other. In managing horizontal and vertical governance from organisational and other standpoints, much depends upon the successful marriage of the external and internal influences upon an organisation’s governance, and the hard and soft aspects of governance. This necessity reinforces the holistic nature of governance.

The distinction between hard and soft governance throws light on the complete set of factors that characterise well-governed organisations, including not only
formal and structural aspects (i.e. ‘hard’ governance factors) but also behavioural and relational aspects (i.e. ‘soft’ governance factors; e.g. Edwards and Clough 2005). In terms of the private sector, leading empirical studies of effective boards bring both hard and soft factors together, for example, in a complete picture of board efficiency and effectiveness that embraces board structures, membership and skills mix, and processes and behaviours (Leblanc and Gillies 2005: 139; see chapter 6, in this volume, further on board governance). Similarly, in terms of the public sector, the formal (e.g. structural) features of institutional governance architecture, such as legislated whole-of-sector governance requirements (e.g. the Public Service Act 1999 (Cth), Financial Management and Accountability Act 1997 (Cth), and Commonwealth Authorities and Companies Act 1997 (Cth)), differ from the informal features of governance (e.g. organisational governance practices and conduct).

This distinction between hard and soft governance can also be elevated at a systemic level to a distinction between the formal institutional and regulatory architecture and associated ‘rules’ that govern decision-making for collective entities such as corporations and governments, on one hand, and their less formal counterparts in ordering and otherwise influencing ‘collective decision-making’ and behaviour, on the other (Chhotray and Stoker 2009: 3–4). In this way, the distinction between hard and soft governance parallels the distinction between ‘hard’ law (i.e. legislation and court judgments) and ‘soft’ law (i.e. other forms of regulation, such as official codes and guidelines).

Important connections also exist between governance and regulation, the horizontal and vertical dimensions of an organisation’s governance, and hard and soft forms of governance. As explained by Chhotray and Stoker (2009: 23–24), these connections matter in terms of organisational autonomy, regulatory guidance and performance outcomes:

Governing by regulation from a governance perspective is about one public organisation aiming to shape the activities of another [in] the rolling out of a governing technique in the context of complex architecture of governance. Regulation can be a soft form of governance where the regulated agency or organisation is not commanded to do something but acts with autonomy, within prescribed limits, and is held to account against the achievement of certain goals or outcomes.
Norms of public sector governance in their broader governance context

Connections between values and governance

The different conceptions, orders and other aspects of governance canvassed in this chapter both reflect and shape a variety of values that are embodied in the structures, processes and behaviours surrounding governance in its various senses. Values and other norms of conduct therefore underpin governance on many levels. Sometimes, they explicitly form an integral part of the governance framework, as in the incorporation of designated values in governance legislation and other official guidance.

In terms of public sector values, authoritative sources of governance guidance for Australian public administration, such as the ANAO governance framework, list ‘accountability’, ‘transparency’ (or ‘openness’), ‘integrity’, ‘stewardship’, ‘leadership’, and ‘efficiency’ as fundamental principles and values of governance (ANAO 2003c: 8). The APS values, which were originally enshrined in the ‘APS Values’ and ‘APS Code of Conduct’ sections of the PS Act, include values as diverse as societal values (e.g. community ‘diversity’), democratic values (e.g. ‘the effectiveness and cohesion of Australia’s democratic system of government’), governmental values (e.g. ministerial responsibility), workplace values (e.g. meritorious, non-discriminatory, and equal opportunity employment), professional values (e.g. an ‘apolitical’, ‘impartial’, and ‘professional’ outlook, for the provision of ‘frank, honest, comprehensive, accurate and timely advice’ to the government of the day).²

Even the revision and streamlining of the APS Values that are recommended in Ahead of the Game: Blueprint for the Reform of Australian Government Administration (see chapter 2, in this volume) serve value-driven aims of cohesion, effectiveness and excellence in government (e.g. greater clarity of expectations, roles and responsibilities). The recommendations outlined in Ahead of the Game also reflect values of integration (e.g. whole-of-government,³ intergovernmental, and cross-sectoral initiatives), cooperation (e.g. cross-agency

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² Assuming that it becomes law in a form that does not differ too greatly, or at all, from the Bill introduced into the federal parliament in early 2012, the Public Service Amendment Act 2012 (Cth) separates and consolidates public service values into two lists — a list of ‘APS Values’ and a list of related ‘APS Employment Principles’. The APS Values embrace being ‘ethical’, ‘respectful’, ‘accountable’, ‘impartial’, and ‘committed to service’, with broad descriptions of each of those values also included in the Act. The APS Employment Principles are similarly defined, with a subset of principles covering appointment and promotion on merit.

³ For example, under reforms introduced in the Public Service Amendment Act 2012, the responsibilities of departmental secretaries include portfolio responsibility for developing ‘a strong strategic policy capability that can consider complex, whole-of-government issues’.
coordination and collaboration), monitorability (e.g. regular agency reviews), efficiency (e.g. regulatory simplification and ‘deburdening’), and innovation (e.g. digitalisation, flexibility, responsiveness, and adaptation). Similarly, the value-laden trends of the last 25 years of Australian public administration reflect ideals of openness, consultation, engagement and efficiency, amongst others (McPhee 2009b: 5–6).

As understandings and practices of government evolve, so too do the underlying thematic influences and emphases in governance values. Some degree of correlation exists, for example, between how society views the role of the state and the public sector governance trends that prevail from time to time (chapter 2). The shift from the welfare state to the regulatory state and, lately, to a more pluralistic and facilitative state brings with it changes in the conceptions and practices of public sector governance that themselves mark shifts in sets of values and their priorities (Osborne 2010: 2–10). Similarly, some key institutional tensions in governance at systemic, departmental and agency board levels stem, in part, from competition between different values (chapters 3–6).

At the same time, new and underlying themes of cross-institutional and trans-sectoral integration, interdependence, and shared responsibilities combine with old underlying themes of organisational capability, efficiency, and effectiveness. In these ways, the values of governance, as they are explicitly embedded or otherwise fostered through public sector regulation, connect on various levels to the components and elements of governance and its institutional architecture within government and society.

Categories of governance values and other norms

This connection between governance architecture, reforms and values makes it imperative to map such values in some detail, for the purpose of discussion in this and subsequent chapters. At least four distinct but related categories of values and other norms shape the governance arrangements and supportive regulatory architecture for the Commonwealth public sector. They can usefully be summarised in the following table, in descending order of systemic breadth and governance specificity:

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4 For example, under reforms introduced in the Public Service Amendment Act 2012, the roles of departmental secretaries include ‘providing stewardship within the Department and, in partnership with the Secretaries Board, across the APS’.

5 For example, one of the functions of the Secretaries Board, which was established under the Public Service Amendment Act 2012, is ‘to draw together advice from senior leaders in government, business and the community’, while one of the key responsibilities of each departmental secretary is ‘to manage the affairs of the Department efficiently, effectively, economically and ethically’.
Table 1.2: Categories, focus and examples of governance norms

<table>
<thead>
<tr>
<th>Category of norms</th>
<th>Focus</th>
<th>Example(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broader societal governance</td>
<td>Integration of internal and external systemic responsibility and accountability</td>
<td>Social trust, cooperation, transparency, contestability and monitorability (chapters 1, 7 and 10)</td>
</tr>
<tr>
<td>Liberal democratic government</td>
<td>Constitutional system of democratic government in Westminster-based systems</td>
<td>Rule of law, responsible government and sovereignty of the people (chapters 1–3)</td>
</tr>
<tr>
<td>General public sector regulation, management and administration</td>
<td>Reforms to the executive branch of government and its relations with other governmental branches and levels</td>
<td>Public managerialism, regulatory state and new public governance (chapters 2–6)</td>
</tr>
<tr>
<td>Governance-specific public sector regulation, management and administration</td>
<td>Regulation of governance values, structures and other arrangements for public sector bodies (e.g. PS Act, CAC Act and FMA Act)</td>
<td>APS Values (chapter 1), Uhrig review templates (chapters 2, 6 and 8) and official Finance governance guides (chapters 1, 6, 8 and 9)</td>
</tr>
</tbody>
</table>

At an overarching level, societal norms both permeate and underpin governance ideas and practices. The values of social trust and cooperation, for example, are as important for civil society as they are for the workings of government and business. Values such as these also have discrete governance implications, especially in terms of public responsibility and accountability, under both state-centric and society-centric views of governance and the tensions between them, as explored in various chapters in this volume. This category of norms informs both internal and external dimensions of public responsibility and accountability, in the sense that these values condition public responsibility and accountability through the formal institutions of government as well as through engagement of the private sector and civil society.

The norms for the governance of society as a whole have both similarities and differences with the norms that relate to the governance that operates through a system of democratic government. In each case, values such as trust, cooperation and transparency remain important, although often with different contexts and mechanisms. The trust that is necessary in business transactions and professional life is not the same, for example, as the trust that voters place in elected governments. At the same time, the system of government also reflects and gives effect to particular values in particular ways.

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6 On the importance of trust in a governmental context, see: Uhr 2005; and Braithwaite and Levi 2003. On the importance of transparency as a dominant value in business regulation worldwide, see: Braithwaite and Drahos 2000.
A series of democratic, constitutional and other values underlie notions of the public trust, public service, and public accountability, which infuse systems of government and their governance arrangements (e.g. Finn 1993; Hood 1998; Finn 2010). Whatever the ongoing normative and operational significance of these organising principles for the framework of government today (Finn 2010: 350), they have a powerful legitimising and standard-guiding influence over what the people expect from their governments and how governments should themselves behave.

Within the system of government, the connection between governance and values is reflected in constitutional and legislative arrangements, such as the Australian Constitution’s incorporation of the rule of law and the reference to ministerial responsibility in the APS Values. In addition, the values associated with liberal democratic government must accommodate and adapt to democracy’s own evolution. The tension between contemporary democracy’s state-centric manifestations (e.g. the institutions of representative democracy) and its society-centric forms (e.g. deliberative democracy) also impacts upon governance and its manifestations (e.g. network, collaborative and participatory governance).

The governance of the public sector is also discrete from governance within the broader system of government. In terms of the public sector as a whole, there is general regulation of public sector management and administration, which is underpinned by a series of sectoral values, some of which are explicit and legislated (e.g. APS Values) and some of which are implicit and reflected in governmental behaviours and processes (e.g. public service conventions and protocols). Indeed, the APS Values cut across both general regulation of the APS and the governance of particular Commonwealth public sector entities. More broadly, norms of public sector regulatory infrastructure are also located in public accountability laws (e.g. laws of judicial and administrative review, freedom of information and privacy) and general laws that apply to governmental and non-governmental organisations alike, at least to some degree (e.g. governmental liability under the Competition and Consumer Act 2010 (previously Trade Practices Act 1974)).

Accordingly, the Commonwealth public sector also contains within it a discrete set of governance-specific laws and official guidance, from both whole-of-government and organisational perspectives, with underlying values and principles that are grounded in the prevailing notions of good governance. Here, the main governance-specific legislation consists of the FMA Act, CAC Act and PS Act. Together, these acts supply the primary legislative framework for regulating the governance of Commonwealth public sector bodies of all kinds, in terms of governance structures and values, financial and reporting responsibilities, and other governance responsibilities and arrangements.
Other major governance-specific frameworks and policy initiatives in this category include the governmental adoption of most of the recommendations of the *Review of the Corporate Governance of Statutory Authorities and Office Holders* (Uhrig review) and their extension throughout the Commonwealth public sector (chapter 2). These recommendations are supplemented by ANAO frameworks and guides on governance, together with what the Department of Finance and Deregulation (Finance) describes as ‘principles for helping determine the most appropriate structure and governance arrangements for Australian Governmental bodies’ (DFD 2007, as outlined in DFD 2005b) as well as other official guidelines on governance from Finance (e.g. DFD 2011b). These are important sources of governance principles and related norms.

At a final level, in descending order from societal, governmental and sectoral governance, we reach the organisational level of governance. All of these levels of governance have their associated values and other norms. Some of these norms integrate, at an organisational level, the governance norms that operate from a whole-of-government perspective, including sector-wide norms such as the APS Values. Some of them reflect effectiveness, efficiency and other values that are derived from official governance templates (e.g. the Uhrig review templates) and other official guidance (e.g. DFA 2005b), while still others are more organisation-specific in nature. These organisation-specific values are derived from sources as various as particular organisational statements of expectation and intent, organisational charters and missions, and other aspects of organisational design and strategy. Good organisational governance at this level can also model good governance values and practices from other organisations within the public sector and beyond.

In short, viewing governance in these societal, governmental, sectoral and organisational terms reinforces the connection between cross-cutting spheres of governance and their associated values. These cross-cutting connections between governance and values are demonstrated by a series of accountability mechanisms from the inner and outer public sector to wider society. These accountability mechanisms and the borders that they transcend also offer insight into governance as a multi-dimensional system of interdependent parts. The final part of this chapter considers key aspects of this interrelationship between governance architecture and its underlying norms in more detail. In particular, it illustrates how changes and limits to this architecture and its norms create challenges for the Commonwealth level of government and its public sector system.
Governance changes, limits and challenges

The form and substance of governance in Australia and other Anglophone countries is integrally connected to the prevailing system of democracy and government. Neither that system, nor our understanding of its features and limits, remains fixed forever. Accordingly, there are progressive insights about this system and its ongoing evolution that any serious study of governance must accommodate. Three such insights bring together many of the themes underpinning this chapter, and serve as a platform for the analysis of governance in later chapters.

First, the forms and institutions of democratic government are evolving to accommodate new societal expectations and mechanisms of public engagement and accountability. Governance must adapt to contemporary democracy’s transition from a primary focus upon majoritarian democracy, which is characterised formally as rule by majority vote in parliament, to embrace what is variously termed ‘government by discussion’ (Sen 2009: 324), a ‘partnership conception’ of democracy (Dworkin 2011: 5), and governance through multi-order monitoring of all institutional exercises of power over the people in the new era of ‘monitory democracy’ (Keane 2009: xxxiii). So, too, are the organs and actors of democratic government exposed to enhanced standards of public contestability, deliberation and justification in their official decisions and actions, under related notions of ‘deliberative democracy’ (Gutmann and Thompson 2004).

Democratic norms are also the subject of continuous conceptual recasting and operational application to changing circumstances. For example: democracy is now concerned as much with respect for individual freedoms and human rights as it is with majoritarian rule; responsible government and ministerial responsibility are both affected by the party-based system of government; and popular sovereignty and the rule of law are still works-in-progress in their application to the contemporary complexity of executive government and the legal conditions for exercising public power on behalf of the Australian people (Finn 1995: 7, 13, 20). Electoral outcomes are another and increasingly volatile dynamic in recent democratic history, in light of the transition from majority government to minority government and post-election coalition formation in the United Kingdom, Australia and other Anglophone countries. The relations between government and the people change as the understanding and practices of representative democracy change too.

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7 Governance has many systems. The system of democracy and government discussed here is only one such system. Another is the public sector governance system discussed in chapter 4.
The central idea in this new era of participatory, deliberative and monitory democracy is that governance and regulation in democracies now involves interactions between state and non-state actors, greater accountability to the people for what governments do, and enhanced means of public engagement and monitoring in the democratic process. This includes societal standard-setting, norm-shaping and regulatory influence beyond simply their governmental forms in policy-making and law-making. It also includes discrete and sometimes shared responsibilities across the public, private, and community sectors (and even national boundaries) in developing and implementing public policy and regulation, steering and ordering societal behaviour, and monitoring and calling to account the use and abuse of institutional power. This evolution of democratic governance has clear connections to other aspects of governance, as explored in this and other chapters.

Secondly, the public trust is connected to democracy’s evolution and resultant impact upon governance, in the following sense. The public trust remains a central concept that underpins the system of government, accountability to the electorate and democracy’s evolution to embrace meaningful public engagement beyond periodic elections. This is why talk of the public trust in law and government remains meaningful and action-guiding, rather than merely aspirational or even passé.

At the very least, this central concept requires that those who are governed are enabled to give their fully informed consent to the exercise of power over them by governing institutions and public officials (Funnell 2001: 149). In constitutional and legal terms, the public trust informs official standards and behaviours including those enshrined in public sector codes and other regulation (Finn 2010: 330–39, 350). In political terms, the UK Nolan Committee’s mid-1990s warning against improper financial relationships between non-government parties and politicians reflects deeper concern about safeguarding the public against breaches of the public trust invested in elected representatives (Committee on Standards in Public Life 1995; Finn 1995).

The core principle is that those in government who are invested with political and legal power exercise that power for and on behalf of the people, whatever the ultimate foundation for this public trust. This grand theme of making the people the masters and not the servants of public power permeates the conferral, conditioning and proper use of that power over people’s lives. Consider, in this context, the governance significance of recent legal recognition of the sovereignty of the Australian people as the ultimate source of constitutional authority. If the people are the source of all democratic power, for example, those institutions and public officials who wield such power do so on trust from and for the people, and are accountable to them through various electoral, agency-based and Westminster-style mechanisms (Finn 1994: 227–28, 234–35).
Finally, these ideas and mechanisms of public trust and accountability also make it necessary to consider how Australia’s system of government and public administration sits within a broader tradition of Westminster and other influences (Rhodes et al 2009). This common reference point for convergence and divergence across systems of government means that Australia and countries such as the United Kingdom, Canada, New Zealand and others can look to one another for models of good governance regulation and practice (Finn 1995; Halligan 2003a, 2007a; Wettenhall 2005; and Rhodes et al 2009). The reform of Australian public administration that is foreshadowed in Ahead of the Game (see chapter 2, this volume) acknowledges the comparative lessons from other jurisdictions (AGRAGA 2010: 64). Using governance comparisons and lessons across jurisdictions to model governance reforms is another theme in several of the following chapters, as is Australia’s debt to the influence of Westminster-based ideas and conventions of government.

In what is sometimes called the ‘Washminster’ model (e.g. Thompson 2001), Australia’s system of government combines aspects of the American system of a written constitution, separation of powers and bicameral legislature with the British system of responsible government, ministerial accountability and Westminster conventions. At the same time, there are questions of lingering legal and political significance about the extent to which Westminster notions are actually enshrined in the Australian constitutional structure, the apparent non-applicability of such notions to Australian innovations in the use of statutory authorities and state-owned enterprises, and the resultant challenges to core tenets of associated doctrines such as individual ministerial responsibility (Finn 1995: 12–13). Together, they serve to highlight ‘the limits, limitations and uncertainties of “Westminster” theory and practice’ (Finn 1995: 12–15, 22–9). Similarly, residual questions remain about the consistency of Westminster-style machinery and doctrines with the progressive tightening of public accountability measures that involve administrative review, the public service and corporate governance (Bottomley 1997).

In other words, what is suitable under Westminster conventions for the governance of a public service within a unitary system of government that is based upon a constitutional monarchy, an unwritten constitution and the ultimate supremacy of parliament does not necessarily translate fully to contemporary Australian democratic, constitutional and political conditions. Even after 100 years of Australian constitutional jurisprudence, the High Court of Australia is still hearing cases that explore the extent to which the doctrines, prerogatives and conventions that relate to the Crown in right of the UK government remain applicable to Australia’s constitutional system of government.  

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An alternative to the view of an inevitable erosion or dilution of Westminster principles of responsible government and good public administration is the view of ‘traditions under challenge that reshape reform as reforms reshape them’ (Rhodes et al 2008: 472). In characterising recent developments in Westminster-based systems, one set of public sector management commentators characterises developments variously in terms of ‘innovative ways of combining past traditions with new organising principles of governance’, and ‘a convergence of traditions as Westminster-derived jurisdictions wrestle with new challenges to their understanding of governance’, The result has been that a series of models co-exist in some form of layers and sedimentation (Halligan 2010d). In the words of Rhodes et al, ‘it is not a question of “in with the new, out with the old”, but of “in with the new alongside key components of the old”’ (2008: 474).

Conclusion

As presented in this chapter, governance in the public sector is the product of different orders of governance within society and their underlying norms, all of which impact upon one another to varying degrees. The design and practice of governance in the contemporary public sector manifests itself through ‘hard’ and ‘soft’ forms of governance that infuse the ‘vertical’ and ‘horizontal’ governance interactions of public sector bodies, with multi-textured governance relationships across and within different levels of government as well as with others beyond government.

All of this occurs within an overall system of governance that itself draws upon and interacts with other systems of societal, democratic and legal governance. None of these things are captured fully for their own purposes or adequately for overall evaluative purposes by focusing on select governance models (e.g. government-centric models), features (e.g. structure and performance) or outcomes (e.g. financial probity) to the exclusion of others that are of equal significance. At the same time, different concepts of governance — especially public governance, public sector governance and corporate governance — retain their own settings and features that demand attention in their own right.

Accordingly, this book’s chapters collectively develop and present a kaleidoscopic view of governance as a multi-level systemic, holistic and reflexive enterprise. It is systemic in the sense that different components contribute to a system with a coherent overall focus upon a unit of governance (e.g. a nation, its public sector, or bodies comprising it) that itself interacts with other systems of governance. For example, the governance of each public sector body is conducted within a system of governance for the sector as a whole, which itself sits within wider systems of political, legal, and socio-economic governance (chapters 1–7).
Next, governance is *holistic* in the sense that it is a multi-layered and multi-textured enterprise, to be considered and practised on a range of levels that are distinct from and yet also related to one another. For example, both the design and implementation of governance arrangements for particular public sector bodies and the appointment and staffing at senior levels for public sector bodies must be understood within a broader system of federal public sector governance that is observed from central, organisational, and community stakeholder viewpoints (chapters 4–9).

Finally, governance is *reflexive* in the sense that its values, practices and other features both shape and are shaped by their surrounding environment, through multiple points of interconnectivity. For example, the different phases of Australian governance reform from the late-twentieth century to the early twenty-first century have an impact upon different central and agency conceptions of governance (chapter 2), just as the governance of particular kinds of public sector bodies is responsive to both state-centred and society-inclusive dimensions of public governance (chapter 3). This reflexivity extends from systemic and institutional levels to organisational and individual levels too, with the accountability of public servants evolving to include their internalisation of public sector values and professional ethics, in addition to the norms served by traditional external scrutiny (APSC 2009b: 6).

Such a view of governance means that the more that we can appreciate how the different aspects of governance bear upon one another, the better that we can understand and practice it in all of the discrete ways that matter to those engaged in the work of governance, especially the business of government. Accordingly, our understanding of Australian public administration and its changes over time cannot be compartmentalised away from these influences.

Understanding public governance, public sector governance and corporate governance on their own terms as well as in relation to one another is essential for the discussion of different aspects of governance in this and the following chapters. Using this opening discussion as a platform, the next chapter explores in more detail the evolution of the different forms of governance that are related to Australia’s system of government and the role of public administration in it.