10. Public Governance: Challenges and Issues in an Age of Uncertainty

This concluding chapter has four purposes: to identify system-wide challenges arising from recent governance trends; to review the continuing tensions that emerge from contemporary public sector governance; to assess the implications of these for good governance and performance; and to canvass possible ways forward, given the contradictory agendas and uncertainties in the current environment. These include the ability to deliver on official objectives, such as an adaptable public governance system for the twenty-first century. The analysis draws on key themes and issues from the preceding chapters, and relates them to ongoing and emerging governance priorities and challenges.

Governance trends and challenges

New forms of governance

A decade ago, the Organisation for Economic Co-operation and Development (OECD) foreshadowed fundamental changes in the way in which public governance would be viewed in the future. The main messages that it identified were threefold. First, traditional forms of government had become ineffective. Secondly, new forms of governance that were expected to become important in the future would involve a wider range of actors. Thirdly, primary features of governance systems were expected to change, in particular, the permanency and power of organisational structures (OECD 2001b: 3).

These OECD messages, like those in this book, point to the observable shift over recent decades from hierarchical governance relationships, in which the boundaries around the organisation, sector or country are clear, to more horizontal or collaborative forms of governance with boundaries that blur across organisations and sectors, nationally and globally. Power is seen as shifting (although neither mainly nor fully) from decision-makers in government towards the many actors outside of government who are now involved in public policy processes. How governments engage in governance is adapting accordingly. This trend presents fundamental public governance challenges, which are discussed below.
Challenges of policy complexity and global interdependency

On the policy side, problems are increasingly complex, politically sensitive and inherently multidisciplinary in character. Regulation increasingly comes in a variety of state-backed and other forms. Service (Wanna, Butcher and Freyens 2010) is also more complex today, compared, even, to 10 years ago, with the involvement of more players from government and non-government organisations having often diffuse responsibilities.

A number of whole-of-government priorities, which currently confront the Commonwealth government, present the challenge of interdependency, such as: a sustainable environment (especially water and energy reform: Gillard 2010), rural and regional affairs, productivity improvements and service delivery to Indigenous Australians. That these types of issue are not new (compare former prime minister John Howard’s policy statement in 2002), underscores how they have become a permanent part of the policy landscape. The major domestic policy challenges, according to the secretary of Treasury (Parkinson 2012), cover complexity in fields such as health, aged care, infrastructure and service delivery, as well as issues such as productivity performance and the sustainability of cities, and a disgruntled citizenry.

Similar examples of complex governance challenges can be found at the international level. External challenges have usually been fiscal in nature and economic factors (e.g. international competitiveness) have remained a driver, although nothing compares to the global financial crisis (GFC) of 2008. At the very least, the GFC presented ongoing governance challenges in the form of shared responsibility for global governance problems, vulnerability of interdependent systems, coordination and harmonisation of global regulatory responses, and enhanced expectations of governmental regulators of markets.

It is worthy of note that the chair of the Australia 2020 Summit and public governance expert, Glyn Davis, at the turn of the century observed that ‘The challenges for governance … are not directly those of globalisation or an information economy. Rather they are the difficulties of adjustment, of finding a coherent course as change works through the economy and society’ (Davis and Keating 2000: 242). In a continuing age of uncertainty, these issues remain central to effective governance.

The challenge of permeable boundaries

It is generally accepted that the future direction for public governance will require greater use of new forms of interactive processes and structures to
manage complex issues alongside more traditional ones. It will no longer be simply enough to draw boundaries around sectors more clearly — innovative ways of bridging boundaries will be needed for effective governance. Into the future, it will be necessary to find better ways of matching problems with appropriate governance arrangements, if complex policy and delivery issues are to be effectively handled across the main players in governance decision-making processes. But, more than this will be required, given the blurring of boundaries around government and non-government sectors, as well as matters of national and global concern. Non-government players are increasingly found within bureaucracies as part of decision-making processes, government players are increasingly found working alongside non-government players in communities, and coordination and cooperation between different governments increasingly comes to the fore.

Governability and governance

Australia has institutional stability and continuity, together with a well-performing system of government. Yet significant questions exist about effectiveness in decision-making and its implementation. The major issues of the day are not experiencing resolution, principally for two reasons. First, political leadership appears to be ailing, if public perceptions are taken into account. In the space of three years, former prime minister Kevin Rudd’s position soared to enviable heights and then plunged as his exalted agenda was found to lack grounding. His successor, Prime Minister Julia Gillard, has struggled to consolidate her position as the country’s leader. The political realities of minority government also affect delivery of the legislative and policy agenda. Secondly, while complexity undoubtedly plays a significant part, other questions about capacity, connectivity and the roles of government are relevant. The series of official governance reviews that were undertaken in the first decade of this century and beyond are a testament to that. The implications for government are discussed below.

Governance regulatory frameworks

Whole-of-government frameworks and regulation are characteristically conceived in terms of what a particular level of government can control and legislate. As this book demonstrates, governance interactions within one level of government, across different levels of government, and amongst governmental and non-governmental parties are increasingly important in the twenty-first century. This development presents challenges for the ongoing evolution and adaptation of governance regulatory frameworks. Recurring issues of appropriate governance structures, public accountability mechanisms, performance and

These challenges are particularly evident in shared responsibilities and outcomes, cross-governmental governance initiatives, and governmental use of regulatory tools in addition to laws in governing the community. For example, governments now have a range of regulatory drivers that are available to them and which relate to governance concerns in one way or another, along a spectrum that includes conventional law-making and regulatory enforcement, official standard-setting, policy and regulatory incentives, multi-stakeholder initiatives, and whole-of-government frameworks (Horrigan 2010). This reinforces the connections and interactions between different forms of contemporary governance and regulation.

**Continuing and emerging tensions**

The several dimensions of governance that are addressed in this book raise a number of basic tensions. These are of varying degrees of saliency and immediacy, and may be continuing or emerging. Three sets of tensions are reviewed below.

**Tensions in horizontal and vertical governance**

At its heart, public sector governance is about managing some fundamental tensions, which have been identified as a theme of this book and which will need to be confronted by Anglophone governments into the future. The most pressing would appear to be that between the traditional vertical or hierarchical accountabilities of the Westminster system through ministers and parliament, and the horizontal responsibilities of departments and agencies out toward other government organisations and beyond toward non-government organisations and citizens. This is not a matter of which, but of a balance between the two. There are important accountability and other implications in managing this tension, which are discussed later in this chapter.

Many dimensions of this ongoing but growing tension can be identified. First, there are those that arise as part of the relationship between a public department or agency and other departments or agencies of government, which were discussed in chapter 5. The *Public Service Act 1999 (Cth)* (PS Act) and *Financial Management and Accountability Act 1997 (Cth)* (FMA Act) give the departmental secretary responsibilities for the administration of his or her department under
the minister, but also responsibilities for management of the department. Increasingly, however, the government is expecting collaborative behaviour of a department of state with other Commonwealth organisations in delivering on the government’s agenda and in forging cross-portfolio networks. The tension in the roles of the secretary could be intensified with the added responsibility that is placed on the public service today as a result of the inclusion in *Ahead of the Game* of a responsibility for Australian Public Service (APS)-wide ‘stewardship’, in partnership with other secretaries.

Secondly, there are the difficulties that arise in multi-level governance, and specifically the relationship between Commonwealth and state agencies under the Council of Australian Governments (COAG) agenda as discussed in chapter 4. Here, there is a tension between the Commonwealth and the states in collaborating on outcomes, such as for health, education and policy relating to Indigenous Australians, with the Commonwealth intervening on methods of state delivery to ensure value for money from Commonwealth funds. Not to be forgotten are the relationships that are place- and locality-based, or devolved systems of governance, which are needed to achieve whole-of-government objectives for both state and Commonwealth governments.

The final set of vertical and horizontal tensions was identified in chapter 7 as governments increasingly attempting to engage with non-government organisations and citizens, not only in delivery of services but also in the policy development process. For officials, a particular challenge today is between serving democratically elected representatives of the people and working directly with citizens in participatory democratic processes (chapter 1). The demands by government to deliver on budget and on time conflict with the time it takes to both build up policy capacity and for officials to engage outside of government to gain broader ownership of policy objectives. So, pursuit of the most efficient practices can conflict with the resources that are required to gain trust and work collaboratively over lengthy periods of time for possibly more effective outcomes, which is particularly so in the areas of relevance to Indigenous Australians.

**Tensions in central coordination**

There are four significant areas of potential tension in central coordination. The first is the relationship between the political executive and the machinery that exists to support its agenda and priorities. There have been dramatic reminders of how much central effectiveness is dependent on political leadership as well as the capacity of the system to respond. If leaders’ aspirations exceed this ability to respond, a likely result is shortfalls in capacity and possible dysfunctions. If the development of capability is miscalculated — which can easily occur
when there are skill shortages — a mismatch also results. Successful system governance requires mastering several intricate levels of relationship within central government and nationally, and the reconciling of contending political and environmental pressures.

The second source of tension derives from the question of how to organise the machinery of government and the design conundrum that arises from the system imperative for central steering, coherence and coordination, and the need for specialised agencies to undertake managing and delivery. Enhancing central policy capacity and coherence, may, as in the United Kingdom, lead to centralisation (Smith 2011). An ongoing challenge is the extent to which degrees of centralisation and decentralisation are appropriate.

A third tension arises from the question of where to locate capacity: internal to the APS or through external support and third parties. The internal capacity building of the public service runs up against pressures to respond to the supply conditions for expertise and the environmental demands for choice and customer focus. External sourcing provides expertise and flexibility but at the cost of developing internal capacity.

A final tension stems from the federal impulses to provide policy and executive direction to jurisdictions within the federal system and/or to improve the performance of delivery systems. The evolving COAG agenda has set new levels of aspirations, but has floundered in some respects on jurisdictional politics (COAG Reform Council 2011).

Tensions in agency and board governance

Several institutional tensions have been identified in chapter 3, which arise from the Commonwealth government’s adoption of corporate governance concepts and practices into its public administration practices. Tensions arise, for example, where independence is accorded to statutory authorities under the Commonwealth Authorities and Companies Act 1997 (Cth) (CAC Act), but within a public sector context where the relevant minister may have broader governmental objectives to achieve. There is also a related tension between the independence of the CAC body and the fact that ministers are responsible for appointment of the members of that body. Internally, CAC bodies must work through ongoing tensions in the different roles of the board and management. These tensions are exacerbated by the addition of more people (e.g. political advisers) and mechanisms (e.g. advisory groups) to the information and communication flows between ministers and public sector bodies — hence, the need for protocols or guides such as the APS Commission’s (APSC) Supporting Ministers, Upholding the Values — A Good Practice Guide (2006), which deals with how public servants relate to ministerial advisers.
This book has also addressed the tension arising between the duties and obligations of public servants to the government of the day and the duties and obligations of board directors to the organisation on whose board they sit. This is recognised in Ahead of the Game, which recommended the development of better guidance for all directors of Commonwealth companies, whether they are APS employees or not, including ‘the legal obligations of government employees appointed to company boards, particularly on conflicts between public servants’ duties under the Public Service Act 1999, and directors’ duties under the Corporations Act 2001’ (AGRAGA 2010: 69). Many of these tensions will continue into the future because they are endemic to particular relationships in the public sector, and must therefore be recognised and managed appropriately.

**Implications for government**

The above catalogue of issues and tensions are of varying significance. Tensions between institutions and actors engaged in governance are par for the course, and can be regarded, particularly where governments and politicians are involved, as a part of democratic processes. They nevertheless point to potential hot spots or areas where vulnerabilities may exist and weaknesses in the governance fabric may be exposed, if not handled properly. It is also clear from several cases that a concentration of factors accounts for governance failure.

There are four types of implications raised for government. They are: reform of governance regulatory architecture; disconnects and mismatches in both processes of governance and in the capacity to handle complexity and to adjust to the changing environment; modernisation and the potential efficacy of the official reform agenda; and areas where best practice has received insufficient attention.

**Reform of architecture**

The 2012 CFAR (DFD 2012b) has signalled that the twin-track model of governance structures exemplified in the CAC and FMA acts, and their respective ‘board’ and ‘executive management’ templates, no longer match (if they ever did) the array and complexities of public sector bodies and the governance challenges that they now face. At the same time, there is emerging disquiet in the Australian business sector about the respective roles and liabilities of boards and management, as fuelled by a series of landmark cases (e.g. the Australian Securities and Investments Commission (ASIC) litigation involving the James Hardie, Centro and Fortescue Metals companies). This has flow-on implications for the interpretation and application of the legal duties of public sector boards and management, given how closely the CAC Act tracks developments under
the *Corporations Act 2001*. In turn, this correlation between these acts has other significance in a public sector context, such as the reform option of having the official corporate regulator (i.e. ASIC) investigate and prosecute breaches of directors’ and officers’ duties in both public and private sector contexts (DFD 2012b: 100).

**Disconnects and mismatches**

A transition is occurring in structures, processes, culture, policy, delivery tools and organisational relationships in the public sector to cope with the above trends and tensions, particularly to deal with the complexity of weaving together the aspects of horizontal and vertical governance. These transitional changes of the last decade or so have been, however, slow to adapt to the increased interdependencies of government and non-government players.

Implementation has long been the neglected part of the policy development process and most affected by these interdependencies. The implementation of government policy was an issue at the beginning of the reform era, in the 1980s, as a result of political concern with program failures and public service independence, which produced a sustained process of redistributing power between politicians and public servants (Halligan 2001). Despite the use of different instruments, political control and performance continued to be an issue for governments, with the concern in the 2000s being that political priorities were not sufficiently reflected in policy directions, and were not followed through in program implementation and delivery.

Failures in implementation have become more acute with the increasing prevalence of complex whole-of-government policy priorities, crossing organisational and jurisdictional boundaries. The auditor-general’s view is that the public sector needs to focus, not so much on governance frameworks, as on implementation (McPhee 2009a: 5).

Delivery systems are failing to match the problems that they are meant to solve. As Donald Kettl (2009: 25) puts it, ‘many of the most important problems we face simply do not match the institutions we have created to govern them’. He goes on to argue that there are ‘interlocking public–private–non-profit systems that lack adequate governance or a clear government role’, and that in the United States there are many systems for dealing with important issues ‘in which no one is in control’ (2009: 26).

A real danger in the future is that, because of the increasing mismatch between the political demands for policy capacity and the lack of capability to meet those demands, a dysfunctional public sector will emerge.
Managing system complexity and unintended consequences

It will often be the case that, while the purpose of system-change may be clear — for example, in the complex area of natural resource management — the decision-maker or decision-makers may not be able to mandate the actions required to achieve that purpose (Stewart 2010: 3). The behaviour of the system will emerge as a result of the many interactions within it (Ryan et al 2010: 17). Stephen Dovers (2010: 4) explains this, in the context of natural resource management:

Institutions are singular, but a resource complex like water and the many human activities that interact with it (agriculture, industry, emergency management, recreation, etc) draw into the picture multiple institutions, organisations, policy processes, actors, and so on. Adjustment to one element may or may not have the desired effect if other elements provide countervailing incentives or disincentives. The idea of an institutional system reminds us of the multitude of organisations, rules, norms and players to be considered, their interdependencies, and that important systems characteristics such as feedbacks, time lags and path dependencies will be at play.

Those who work in the public sector are increasingly confronted with outcomes that are not what were intended in the policy or delivery design — for example, a tougher approach to crime may not lead to better public safety but only overcrowded prisons (Stewart and Ayres 2001: 79). Jenny Stewart and Russell Ayres explain this failure as partly ‘due to a failure to anticipate the implications of change in one part of an interconnected system. In many cases, policy advisers are only too aware of these interconnections and are frustrated by structures and procedures which fail to bring actors together in productive ways, or by political imperatives which force ill-considered choices’ (2001).

Stewart and Ayres (2001: 83) go on to recommend applying systems thinking to complex public policy problems, along the lines that are suggested in chapter 1 and elsewhere in this book: ‘Rather than selecting instruments to fit a particular kind of policy problem (the conventional approach to policy design) systems analysis suggests that the nature of the problem cannot be understood separately from its solution’. An example of this is in the reduction of illicit drug use which, if conventional tools were used, would probably involve sanctions on users and sellers of drugs. However, a systems approach would ‘examine relationships between sellers, users, suppliers, health professionals and the law and attempt to model responses to different types of interventions, before selecting one or more to apply’ (2001: 84). They argue that, in the future, there will need to be a searching for ‘distinctive ways of connecting goals and instruments, in that
new approaches to causation, intervention and evaluation are implied’ (2001: 91). These systemic, relational and other connections are part of the evolving governance landscape.

System reform as an approach to complexity and modernising governance

A reform agenda can be distinguished according to whether: the focus is limited to fine-tuning; extends to introducing new instruments and techniques; or represents a fundamental form of change that subsumes the others, and which can be observed in the historic shift to new public management. A further type, system design and maintenance, addresses systemic coherence and balance in which there is systematic refurbishing of the components. This type is in the tradition of a comprehensive review and provides a reform context in which fine-tuning and new techniques can be introduced. The Australian reform agenda fits this type as a large-scale crafting of the system. The influence of the previous head of the Department of Prime Minister and Cabinet, Terry Moran, as a systemic thinker and operator was important here. He argued that the reform agenda in *Ahead of the Game* for the public service was ‘more than the sum of the parts’ (Moran 2010a).

*Ahead of the Game* provides a generalised road map for an extended reform process to be managed by the public service. There is a rolling agenda for change with a large range of elements that encompasses many players, in particular, two leadership groups, the Secretaries Board and APS 200, a senior leadership forum for supporting the secretaries. Numerous processes have been under way to implement *Ahead of the Game* recommendations. One of the most significant was the augmentation of the APSC’s powers to make it the lead agency for around half the recommendations. The A$39 million allocated under the 2010 budget was, however, subsequently cut by Prime Minister Gillard when projecting fiscal rectitude in the election campaign, leaving uncertainty about the pace and direction of reform.

Significant resources have not been allocated to the reform task. But, assuming that implementation proceeds in part, to what extent can fundamental change be expected to flow from the agenda in *Ahead of the Game*? Much of the language of new governance is there: citizen engagement, whole-of-government, shared outcomes across portfolios, cooperative federalism, and external relationships and partnerships. While the strength of the reform agenda is its focus on attending to a wide range of aspects of the existing public service system, less convincing is how it will produce changes to cultures, mind-sets and practices that derive from how that system is constituted. There remain, therefore, a number of issues with the reform agenda and process.
Fundamentals for future public governance

The changing governance environment, with its many interconnections, multifaceted problems and cross-sector boundaries, can be expected to lead to governance practices that are out of tune with the standard set of good governance principles. As already indicated, the next decade may well see a good governance system being recognised, not so much for the focus on appropriate internal governance processes, but more for achieving good organisational and broader societal outcomes through effective interactions between system components (Ryan et al 2010: 21).

What follows is an examination of the condition of public governance and several dimensions that are likely to be needed for good governance into the future. In doing this, standard sets of principles of good public sector governance are drawn on (ANAO 2003c; APSC 2008). Key principles will be strong and consistent leadership of a type to manage complexity and its inherent tensions, and clear and applicable concepts of accountability. Additional relevant principles permeate Ahead of the Game (such as integration, innovation, collaboration, participation and shared responsibility).

Leadership

Modern leadership approaches are much more team-based and collaborative than they were a decade or so ago; emphasis is now required on gaining commitment at all levels. The traditional hierarchical approach to leadership relied more on compliance, where strong personalities tended to dominate and, hence, responsiveness to the broader public and its involvement in the policy process was not emphasised (Althaus and Wanna 2008: 123).

Having said that, rhetoric around collaborative governance and inclusive leadership can be at odds with the practice, as in John Howard’s Coalition government’s Northern Territory intervention in 2007. In practice, there may be a real tension for a government attempting to achieve horizontal and vertical alignment — in connecting policy intent with delivery and integrating organisational goals and performance. Nevertheless, increasingly we can expect successful leadership in the public sector to display a capacity to drive complex multi-organisational networks that encourage individual and institutional contributions to shared goals, if not also shared leadership.

Accountability

The traditional hierarchical view of accountability is now being challenged (McPhee 2008a: 3). If, in some complex and interdependent policy and delivery circumstances, as indicated above, no one can be said to be in charge, how can accountability be pinpointed? (Kettl 2009: 123). We have moved into a new era of multiple and interactive accountabilities.
The United Nations has identified several challenges to be faced in terms of coming to grips with accountability issues in the new governance environment (2007: 32–3):

- an increase in accountability conflicts (e.g. between ‘output’ or performance accountability and multiple stakeholder accountability);
- for public officials, a need to ‘increasingly exercise judgment over which form of accountability to prioritise in a given circumstance’;
- increasingly important professional and personal accountabilities for public officials;
- less dominance of political accountability; and
- increasing accountability roles for political representatives ‘i.e. monitoring the “accountabilities system” for its overall results and integrity.’

These challenges can make life hard for senior government officials; as Catherine Althaus and John Wanna state (2008: 123, relying on Shergold 2004a; 2007b):

> Public officials appear now to pay more attention to interdepartmental cooperation and horizontal alignment. They are meant to work in dynamic partnership with private and non-governmental organisations, to show initiative and take calculated risks to achieve exemplary social outcomes … All this at the same time as they are supposed to be responsive to community demands and have been placed under strict accountability regimes that demand almost excessive process requirements.

This, with the dangers that accompany diminishing trust, puts the relationship between senior public servants and their ministers under greater pressure.

In part, it could be argued that some of the more recent implementation problems of the Australian government are due to the often long and complex chains (which Jeffrey Pressman and Aaron Wildavsky called ‘the complexity of joint action’ quoted in Kettl 2009: 216) that go through government, out to non-government organisations and back to government as various market, regulatory and other mechanisms are used in complex partnering or contracting arrangements (Kettl 2009: 216; Edwards 2011).

To this list of challenges can be added those complications that federalism brings, especially with an active COAG agenda of complex issues. Refinement of accountability to government at the federal level of government through the Uhrig review templates, recognition of shared governance responsibility through *Ahead of the Game*, and improvement of financial performance and accountability through the CFAR process still leaves all three to be integrated with another order of public responsibility and accountability.
These ‘internal to government’ mechanisms must additionally be aligned with ‘external to government’ mechanisms that are becoming prominent as democratic government evolves to embrace new forms of participatory, deliberative and monitory democracy (chapter 1), and as a technologically innovative digital society embraces new forms of networking, collaborating, and communicating, both nationally and globally. In addition, it can be argued that there is a need for accountability systems to move from ‘a focus on organisations inside ... to an assessment of the system’s results from the outside’ (Kettl 2009: 233). Managing and integrating these ‘inside out’ and ‘outside in’ perspectives are part of the organisational governance challenges for public sector bodies too.

**Towards shared outcomes and accountabilities**

The need for effective interagency, intersectoral and interjurisdictional collaboration is well established, yet, a system of shared accountability for system-wide and societal results is lacking (Bourgon 2011; Halligan 2010d). Achieving public results is increasingly challenging because the process is multi-dimensional, multi-level and multi-sectoral; but demands have been increasing for such solutions.

There is an expanding range of experiments involving sharing of outcomes and accountabilities. At the interface between levels, the Australian Intergovernmental Agreement on Federal Financial Relations is designed to improve the wellbeing of Australians through collaborative working arrangements and enhanced public accountability, which covers outcomes achieved and outputs delivered. The arrangement provides for public accountability for outcomes at the federal level, with state-level flexibility regarding how these outcomes are to be delivered (APSC 2010a).

Stewart provides an example of lower-level public servants working in an area related to Indigenous Australians who had to operate ‘under the radar’ in order to gain good outcomes on the ground. This required not only sharing outcomes and responsibilities, but, most importantly, prior establishment of trusting relationships (2010: 7). One example is of a community request for air conditioning that did not appear to be a government priority. The provision of air conditioning, however, not only established trust but led to discussion about other mutual objectives, such as improved school attendance, which the air conditioning enhanced. By opening up to ideas in this way, public servants tapped into ‘virtuous possibilities of system interconnection’. Important here was that resources could be made available to adapt to outcomes, rather than being rigidly confined to set ‘pots’ of money (Stewart 2010: 8).

_Ahead of the Game_ recommends the introduction of shared outcomes across portfolios. It is not clear, however, for public servants and those who co-
produce with them in policy or delivery, whether accountabilities, as well as outcomes, are to be shared. When outcomes are shared, what are the accountability mechanisms? Roles should be distinct even if responsibilities are shared, but does this mean that accountabilities are also shared and, if so, how is this to work in practice? In addition, when are risks also to be shared across departments, with other governments or with non-government partners? These are issues that need the attention of government if there is to be alignment between collaboration and accountability and quality shared governance is to become a reality (see Edwards 2011 for more detail on these issues).

**Governance for the twenty-first century**

The Australian Government today needs to give priority to designing and participating in a public governance system that is sufficiently flexible to deal with new challenges as they arise. This will test its relationships with other sectors operating at its boundaries.

There is also the important question of what type of public governance system will emerge from uncertainty about the roles of the Commonwealth, new policy issues and the turbulent international environment. How much will its role veer towards society-centric governance, and what changes does this entail for how government manages its relations with others? Given the APS’s mixed performance on service delivery and citizen engagement, how viable is ‘service transformation’ and co-design (Dutil et al 2010; Lenihan and Briggs 2010)? These questions will be answered by what is accomplished in the rest of this decade.

**Leveraging governance: The new role for government**

Just as government has recently relied heavily on outsourcing many of the activities it traditionally undertook, into the future it is likely that non-government organisations will operate from within the public arena as partners in policy development and service delivery, which will necessitate attention to new processes, structures and relationships. Governments will therefore be increasingly faced with boundary issues, which in turn raise questions about the respective roles for government and non-government players. As Kettl (2009: 239) has remarked:

> The importance of boundary spanning … suggests a new approach for government — an approach that democratizes the process by spreading participation, privatizes government by relying more on nongovernment partners, governmentalizes the private sector by drawing its organizations more into strong public roles, and ultimately challenges the framework of … democratic institutions.
Public officials will need to emphasise more the serving and empowering of citizens to better meet their needs. In terms of accountability, this means public servants will need to interact with and listen to citizens in a way that empowers them as members of a democratic community (Denhardt and Denhardt 2007: 23, 134). The existing tension between serving the bureaucracy hierarchically and meeting the demand of democracy will intensify and, hence, require careful management.

The role of government into the future, therefore, will be much less ‘active’ and more one of stewardship — enabling, and leveraging — than in the past. According to one scenario, it is envisaged that government leaders will effectively align public, private, non-profit, national and global players across messy boundaries; responsibility will be broadly shared and full control less apparent; and leadership, management and coordination mechanisms will be less able to be institutionalised (Kettl 2009: 178, 186; Schick 2011).

Apart from predicting a democratising governance future for the reasons stated, and the tensions that this may create, good governance into the future can also be expected to have built into its processes the ability for decision-making units to learn from past practices. This will necessarily involve ongoing monitoring of implementation structures and processes to see if they remain appropriate to the task as it unfolds. The potential tension here, between project management-type systems and a learning process, ‘can only be resolved by building into our organisations effective monitoring and communication and the will and capacity to make change in response’ (Shergold 2007b: 14). This may well emerge as a result of the capability departmental reviews that the APS is intending to implement as part of the Ahead of the Game agenda and the proposed delivery boards (Moran 2010b).

**New capabilities**

The skills of public servants in the future may well need to embrace a total shift to making ‘networking’ and a set of ‘enablement skills’ a prime focus, wherever third parties and/or citizens need to be engaged. This was recognised some years ago by Lester Salamon (2002: 16):

> Unlike both traditional public administration and the new public management, the ‘new governance’ shifts the emphasis from management skills and the control of large bureaucratic organisations to enablement skills, the skills required to engage partners arrayed horizontally in networks, to bring multiple stakeholders together for a common end in a situation of interdependence.
Multiple capabilities are needed in the new era of public governance and for a high performing public service, which *Ahead of the Game* aims to achieve. Public servants will now need to be more responsive to medium and longer-term issues; better equipped to handle complexity; more effective users of current information and communications technology, and more active networkers and collaborators within and beyond the public service.

In addition, there will be an increasing role for people who can broker knowledge across the boundaries at which public servants work — with industry, non-government organisations and academics, as well as citizens. As yet, the role of knowledge brokers is not clearly defined in the literature and in practice, whether for individuals or organisations (Knight and Lightowler 2010: 547), but that can be expected to occur as the need for them becomes more apparent.

**Conclusion**

This book has sought to outline the main features of Australian public governance at the national level, and to give careful attention to several important dimensions. The basics of governance are in good shape, but attention needs to be paid to the challenges that have been identified in this book and recent international studies (Pollitt and Bouckaert 2011; Bourgon 2011; Pal 2011).

The public sector faces distinctive issues in an era of governance that involves a wide range of players, but also because it is up against the demands of the international sphere at a time of great uncertainty (Cohen and Roberts 2012). In terms of the dimensions of governance that are covered in this book, the Australian public sector is better equipped to handle the issues of today than many others internationally and, to date, has been more comfortable with ‘government’ rather than ‘governance’. How effectively the public sector will absorb the governance orientation and maintain the strengths of a central government is the ultimate meta-challenge.