

Introduction to Section 1: Public finance, budgeting and financial management

The many challenges of public finance have long been the focus of John Wanna's scholarship.

Typical of his approach has been the extent to which he has engaged with practitioners, drawing on their perspectives on real-world practice to test and extend theories of budgeting and financial management. His 'red book', *Managing Public Expenditure in Australia* (Allen & Unwin, 2000), co-authored with Joanne Kelly and John Forster, drew not only on interviews with a wide range of officials but also on a period where John was embedded in the Australian Department of Finance. His books on budget reforms across a range of (mostly Organisation for Economic Cooperation and Development, or OECD) countries (*Controlling Public Expenditure* (Edward Elgar, 2003); *The Reality of Budgetary Reform in OECD Nations*, co-edited by Lotte Jensen and Jonke de Vries (Edward Elgar, 2010); *New Accountabilities, New Challenges*, co-edited by Jensen, de Vries and Evert Lindquist (ANU Press, 2015); and *The Global Financial Crisis and its Budget Impacts in OECD Nations: Fiscal Responses and Future Challenges*, again co-edited by Jensen, de Vries and Lindquist [Edward Elgar, 2015]), all drew on a series of workshops and interviews with officials in each of the selected countries.

Also typical of Wanna: he was never entirely seduced by the practitioners he spoke to, but acted as the acute observer, sceptical of claims of great advances, listening carefully to the debates among the practitioners, recognising different perspectives and demanding evidence. Influenced himself by the work of Aaron Wildavsky on budgeting and policymaking, John continually reminds readers about earlier literature and the academic

debates about the politics of budget processes and the limits to ‘rational’ administration. He also highlights how different histories and institutional structures and practices shape each country’s approach despite common economic or financial challenges.

Importantly, John shows how budgeting and financial management reform is not a series of steps in a coherent, steady direction, but a continuous, messy, reactive and evolutionary process, always the subject of political and bureaucratic debates that might have been settled differently. This is not to deny that, in hindsight, trends can be identified and explained, some of which are common across the countries studied whether through shared challenges or the dissemination of ideas, including through the OECD. But it cautions against simplistic and self-serving narratives. A strength of his work has always been his ability nonetheless to distil key developments, common issues and responses while pointing to important contextual differences.

John Wanna is not just an academic observer and analyst. He is keen to influence practice and practitioners. He led an ANZSOG (Australia and New Zealand School of Government) conference on austerity following the global financial crisis in 2008, he has participated in workshops in Australia and China on financial management reform and he has made submissions to various reviews and inquiries on the legislation governing Australian public sector financial management. Among his concerns are the importance of the role of the auditor-general and the power to ‘follow the money’, including via transfers to the states and contract arrangements, the failure of performance management arrangements to attract adequate political attention, and the reduced emphasis in recent years on program evaluation. To an extent, his concerns have been picked up in changes to the Auditor-General Act and the new *Public Governance, Performance and Accountability Act 2013* (Cth), but practice has yet to fully address the matters he has raised.

There are also new challenges emerging that no doubt will attract his attention in future. These include the accountability challenges associated with increasingly shared responsibilities, whether across jurisdictions or via ‘collaboration’ and ‘co-production’ and ‘co-design’, and the financial control challenges associated with ‘citizens-centred services’ where considerable discretion is given to citizens/clients, or local communities, over the government-funded services they are entitled to and from whom they are provided. New public management brought with it a wave of

financial management reforms to improve efficiency and better ‘results’, in doing so involving the private sector more in public sector service delivery. New public governance (NPG) has yet to have a similar impact on financial management though there have been significant moves to reinforce collaboration across and beyond government. But as NPG extends further, as it seems to be doing, to facilitate more ‘decentring’ and ‘bottom-up’ approaches, allowing citizens and communities more discretion and choice, it is inevitable that budgeting and financial management processes will need further review.

This section begins with an acknowledgement by Allen Schick, perhaps the most eminent of international experts in public sector financial management, of the contribution John Wanna has made; the chapter includes republication of Schick’s review of John’s ‘red book’ back in 2001, highlighting its international relevance.

This is followed by Evert Lindquist’s detailed review of John’s work on budgeting and financial management both in Australia and internationally, and how Wanna makes sense of a bewildering succession of budget and management reforms taking an institutional history approach. Lindquist notes that John does not test or generate theories; rather, he employs theories to frame his observations and analysis and speculates what theory might do as he digs into real worlds of politics, governance and central budget agencies.

In his chapter, Lewis Hawke presents his recent research on performance budgeting and management in Australia and the Philippines, linking this to John Wanna’s research findings particularly around who makes use of performance information and whether it makes a difference.

Stein Helgeby, at the time of writing a senior executive in the Australian Department of Finance with whom John worked in the early 2000s, describes the many and changing roles of a central budget agency, reviewing developments in Australia over the last 40 years including since the enactment of the *Public Governance, Performance and Accountability Act 2013* (Cth). He explores some of the key issues involved and how and why approaches to budget control have changed, and he identifies some of the continuing challenges.

John Halligan's chapter completes the section. He has worked with John Wanna over many years although they have never co-authored publications. Among their common interests is the development of performance budgeting and management since the 1980s. In his chapter, Halligan reflects on what has and has not been achieved, and the lessons learned, from the many years now of performance management not only in Australia but across the OECD and beyond.

This text is taken from *Politics, Policy and Public Administration in Theory and Practice: Essays in Honour of Professor John Wanna*, edited by Andrew Podger, Michael de Percy and Sam Vincent, published 2021 by ANU Press, The Australian National University, Canberra, Australia.