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# The Big Issues Facing the Public Sector Today

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Address to Public Sector Service Commissioners' Conference

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There are so many issues on the public sector agenda today it is difficult to know where to start.

At a systematic level we have the debates about "New Public Management and Beyond". The deficiencies of a market approach to government are well understood but what should replace it is a work-in-progress. For example, concepts like "holistic government" and "joined up government" are easy to say but much more difficult to implement. The same goes for "partnerships" and "co-production" which recognise that government needs to engage the community if it is to achieve its targets.

I would say though that the British Government<sup>i</sup> have made the best progress with their four- part model of public sector reform. It notes that positive outcomes are going to need a mixture of

- Strategic planning and performance management
- Competition and contestability in service delivery
- Public pressure and democratic engagement
- A skilled and capable public service

This is not a technocratic model and judgement is needed to determine when, where and how the different parts of the reform equation will need to be activated. What it does recognise is the weakness of a too narrowly focussed approach to the public sector that focuses on only one aspect of reform.

We also need to be reminded of the complex nature of the public sector challenge today. Indeed, if I was to use a word to describe the state of affairs today it would be "confusing". No longer is the nature of the job clear and no longer are relations with the Minister (and his or her government) subject to a set of clear and watertight principles. Add to this the management challenges posed by the skills shortage and "brain drain" to the private sector.

Let me begin with the complexities surrounding the job itself. In the last thirty years the model of bureaucracy which prized hierarchy, specialisation, efficiency and standardisation has been overthrown in the name of flexibility and responsiveness. As a result, we are left with a bewildering variety of objectives which our public servants are expected to pursue, both individually and collectively.

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On the one hand we ask them to be efficient and on the other we stress effectiveness and outcomes.

On the one hand we ask them to be fully accountable and on the other we ask them to be creative and innovative.

On the one hand we ask them to be inspirational and purposeful in respect of their agency responsibilities and on the other we expect them to join up, co-operate and compromise with other parts of government.

On the one hand we ask them to perform to particular priorities and targets and on the other we expect them to be agile and responsive.

Of course, we all know that, in theory at least, each of these objectives is not mutually exclusive. In practice, however, it's not so easy. All too often concepts like "multi-skilling" and "multiple learnings" are used as if their realisation is easy and uncomplicated. Being respectful of procedures, creative and innovative and responsive to clients and customers – all at the same time – is never easy!

Just to complicate matters further it should be noted that all of this occurs in the context of real uncertainty about responsibility. The traditional Westminster doctrine of ministerial responsibility is well and truly dead – if indeed it was ever alive – but we are not sure about what has taken its place.<sup>ii</sup> We could probably say that Ministers are now responsible to their Leaders but on what basis are they to be judged? Personal probity? Ministerial effectiveness? Departmental performance?

For the public servant the situation is just as uncertain. Departmental heads are appointed by governments and reliant on their continuing support. On what are they judged? Personal probity? Managerial effectiveness? Departmental performance?

Helping form and create judgements about these matters are a plethora of accountability agencies – and, of course, the ever-present media for whom a public service scalp is almost as juicy as a ministerial one.

Good government requires trust and trust is underpinned by certainty. Modern public administration, on the other hand, is characterised by uncertainty, particularly in respect of expectations about roles and performance. The real world of performance management is much murkier than the textbooks would indicate.

It wouldn't be so bad if the resources available to the public service leader were the best our community has to offer. Years of political bias in favour of the private sector (and in favour of private consumption over public investment) have undermined our public capacities. The baby-boomers are now in the final stages of their careers and real skills gaps have opened up at all levels of the service, but particularly so in the all-important professions needed for a quality service. We expect a Rolls Royce but have only been willing to pay for a Morris Minor.

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The sharp contrast between expectations and reality takes shape for the public servant in the complexity of the challenge before them, uncertainty about responsibilities and accountability and a pressured human capital pool. Deft management of pressures from above, below and within is required to keep the ship of state afloat and working on behalf of the public interest. Unfortunately, too many of our best public servants find it all too hard and leave.

Surely the time is ripe for some re-thinking and re-assessment with a view to finding at least some degree clarity amongst the confusion. Andrew Podger put it well at the recent IPAA Conference in Perth:

Perhaps it is time for a new public inquiry into government administration in Australia. Not another Coombs Royal Commission, but a more focussed examination of the way politics and administration intersect today, and covering State as well as Commonwealth arrangements. It might report on how best to ensure both responsiveness to elected governments and ongoing protection of the public interest through impartial and professional public administration, in a world that has changed from the more simple Westminster model of our textbooks.<sup>iii</sup>

To facilitate such a discussion, it won't be enough to approach the task from the point of view of established notions on the line between politics and administration. We need a more fruitful dialogue between the two sides of government. What does a Minister expect of the Public Service? What does the Public Service expect of the Minister?

Such a dialogue is bound to produce some interesting conclusions about roles and responsibilities as well as confirm the "partnership" understanding of the desired relationship.

It is not a dialogue, however, that has only two stakeholders, the Ministers and the Public Servants. There is also the general public and the public good they expect to see in both processes and outcomes.

Nor is it a dialogue that can ignore the important role now played by Ministerial Offices in our system of government.<sup>iv</sup> This issue has been given particular importance at the federal level because of gaps in accountability created by the politically imposed rule that ministerial staffers not appear before parliamentary committees.

It will be a dialogue in which both idealistic and realistic considerations will need to be aired in respect of issues like appointment processes for departmental heads.

It would seem to me important that we make it clear where the line between "responsiveness" and "politicisation" should be drawn. In relation to the appointments of departmental heads the balance of argument lies on the side of government. However, in relation to appointments below that and in relation to conduct in the highly regulated parts of government such as tendering there is no room for "grey" areas.

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I believe the more intimate relationships between Ministers and Public Servants at the sharp edge of policy development and decision-making will admit of different styles and different patterns of power. The point here is not so much an ethical one as a practical one – governments that completely ignore their public services do so at their own peril. So too governments that only want advice that is pre-determined by assumptions about what they want to hear rather than what they need to hear. The crimes here are not so much about "politicisation". Rather they are about arrogance and stupidity, quite often if not always punished by a discerning electorate.

One thing is for certain good government is dependent on productive and mutually supportive relations between ministers and public servants. We can't have a model that assumes a radical separation of powers and responsibilities. It is more complex than that as Paul 'T Hart and Anchrit Wille found in their study of Dutch ministers and top departmental officials.<sup>v</sup>

Another of my complaints about a good deal of the public administration literature is that it works off models that only apply to one or some of the activities that are government today. Quite often as well they only refer to one or some of the ways we

When we talk of government we may be referring to the law-making, rule-making or policy-making function, the service delivery function, the monitoring and law enforcement function or the general management function that keeps the whole system together in the face of internal and external pressures.<sup>vi</sup> Each is different in its implications for public administration and management and the types of skills and capabilities needed for efficient, effective and ethical performance. Compare for example the role of a police officer with that of a teacher or that of a policy adviser with that of a contract manager. Concepts like "responsiveness" and "agility" would appear to have more meaning in relationships to the service delivery rather than the law enforcement functions.

This takes me to the concept of "the people". Are we talking about citizens who have rights and interests, subjects who have obligations, clients who have needs or customers who have desires and wants? <sup>vii</sup>

Quite clearly a customer focussed view of government will have profoundly different implications for policy than a subject focussed account. On some occasions we expect governments to be listeners, on others to be enforcers.

The truth is we are all of these things – and at various times governments will relate to us under each of these headings. It follows that the attempt to change government to a business was bound to fail even though it did help improve performance for those parts of government working in markets or quasi-markets.

What we really need is a revival of interest in the meaning and application of the concept of the public interest. <sup>viii</sup> It provides a set of guiding principles for decision-makers and decision-making. It helps set objectives for government as well as determine obligations for individuals. It reminds us that government isn't just a set of functions or a range of activities or, indeed, an array of techniques, it is the most important link between the individual and the community. Government is, or at least ought to be, about an ongoing

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search for the common good.

The public interest involves the type of system we have as well as the choices we make within it. It's about keeping power under control and ensuring the broad range of social, economic and environmental interests that we have are properly negotiated in the light of our future as well as our current needs.

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<sup>i</sup> See UK Cabinet Office, The UK Government's Approach to Public Sector Reform (2007).

<sup>ii</sup> See Geoff Gallop, "Who Regulates the Regulators? Political Accountability Today", Public Administration Today, Issue 12: July-September 2007, pp.61-66

<sup>iii</sup> Presidential Statement, IPAA National Conference, Perth, 2007

<sup>iv</sup> See Geoff Gallop, "Ministerial Offices and their place within our system of government", Lecture to Ministerial Offices Program, GSG/NSW Department of Premier & Cabinet, 30 April 2007

<sup>v</sup> "Ministers and top officials in the Dutch core executive: Living together, growing apart?", Public Administration, Vol.84, No.1, 2006, pp.121-146.

<sup>vi</sup> This is adapted from Patrick Engellan, Four Steps for Saving Money in the Public Sector (Federation of Swedish Industries, 1982)

<sup>vii</sup> These categories are further defined in Henry Mintzberg, "Managing Government Governing Management", Harvard Business Review, May-June 1996, pp.75-83

<sup>viii</sup> See Geoff Gallop, "What is the Public Interest?", Public Administration Today, Issue 12: July-September 2007, pp. 44-48