Beyond the Zero-Sum Game: restoring faith in public policy and lifting public service performance

It is a great honour to give this memorial lecture in recognition of Dr Allan Barton, whose work in the field of public finance and government accounting was outstanding. I knew Allan and used his work, and it is a privilege to be asked to honour his memory in this way. I would also like to dedicate the lecture to my late colleague Professor Kerry Jacobs, who was a truly inspirational teacher and pioneering researcher in public finance and accounting, specialising in his research on the legislative oversight of public finances.

I was asked to give this lecture by providing a particular focus on ‘achieving greater public confidence’ and improving our ‘understandings of accountability for program outcomes’, and to ‘achieve greater trust and confidence in both government and the public service’. I was requested to adopt a forward-looking perspective aiming my comments towards both government and the public service of the future. I was also asked to address how we could encourage a greater partnership between the public service/sector and academia, which perhaps was considerably stronger in the past.

I chose to title this lecture Beyond the Zero-sum Game: restoring faith in public policy and lifting public service performance for a number of reasons: I wanted to

- Move beyond the limiting negativity of a ‘win-loss’ ethos, with no systemic net gain;
- Move beyond the senseless but persistent adversarialism characterising our system (both in party politics across much of the public sector);
- Think beyond the insularity and fragmentary nature of the way we run government; and
- Suggest more positive ways to aggregate gains into the future, leaving the system & citizens better off; provide some hope for the future.

I also chose to focus on restoring ‘faith’ rather than say trust or confidence. I think faith is a more complex synoptic or overriding concept – trending in the direction of complete trust or confidence, but also including elements of commitment, earned loyalty, respect, even mutual obligation. Faith in our institutions fundamentally relates to citizens’ belief that they will act in our interests, behave appropriately and with integrity, that their actions are justified and accountable.

So, Let’s Address the Decline in Faith in Government

The decline in faith in government (and to some extent the public service/sector) has many dimensions. Many of our empirical pointers are indicators or surrogates of long-running trends, not definitive measures or absolute confirmation in their own right. Gere are a few;
• Politicians are seen as self-serving, in politics for themselves; their motives are questioned, people don’t believe what they say anymore;
• There is greater cynicism & scepticism in the electorate; a feeling that governments say one thing and do another;
• Higher levels of education in the community is increasing people’s questioning abilities, and to some extent knowledge about what goes on in politics, parliament; and what politicians or political parties are up to has bred mistrust;
• There has been a challenging of the great narratives traditionally framing public interest (notions of modernisation, civilisation and progress etc) which have not been usurped by identity politics and self-centredness, post-modernism, relativism, perhaps nihilism;
• Many voters are frustrated at the lack of action by governments over important policy matters, and feel they can’t influence them through the ballot box;
• The present Prime Minister argued in a speech in August 2019 that there was a ‘trust deficit’ and indicated that middle Australia was losing faith with government and the public service; the same PM who admitted the government resembled a ‘Muppet show’;
• We currently have a Senate committee inquiring whether ‘declining trust means Australian democracy is under threat’, and particularly whether the polarisation of politics is emptying the so-called ‘centre’ – prompting media headlines ‘that hate is killing democracy’.

Other evidence comes from electoral and opinion polling data.

• The decline of the habit voter where family and cultural connections shaped inter-generational voting patterns, leading to more swinging voters at elections with massive swings from one side to another (especially at state level);
• Declining proportion of voters voting for the main parties (dropping from 96% in 1975 to 74% in 2019 for the House of Representatives; and in the Senate from 87% in 1987 to 64.9% in 2016 – but incidentally it was still sitting at 80% in 2007); and in the Senate of the last parliament almost 20% of senators was on the cross-benches, the highest level ever;
• Only 46% of people surveyed recently had trust in government (down from levels in the mid-70s a few decades ago; it was lowest for the federal government; and 62% of people thought government officials ‘use their position to benefit themselves and their families’ (Australian Constitutional Values 2018);
• Decline in people who have faith in democracy itself as a political system to deliver good government; among younger voters (18-29 yrs) only 42% of them believed in the ideals of democracy or saw it as an effective system of government, and only slightly more 45% of all voters believed so; as well an Australian Constitutional Values survey found 30% of respondents did not think democracy was working well;
• An ANU Poll found levels of dissatisfaction with democracy was regularly almost 30% and that lower levels of satisfaction related to concerns about the quality of government; and only 6% had confidence in the federal parliament;
The Australian Electoral Survey survey indicated that levels of distrust in government floated around 30%, and only between 26-32% believed politicians can be trusted;

A survey done at the University of Western Australia found that under 15% of younger voters had any interest in politics, even less (11%) at younger ages (18-24 year olds), and that trust in government was lowest in lower socio-economic communities;

A Democracy Report featured on the ABC’s Drum this year claimed support for democracy had fallen from 86% in 2007 to 41% in 2018; and that the website labelled ‘the erosion of democracy’ was one of the most popular websites;

A couple of years ago almost three million Australians entitled to vote did not cast a vote, roughly one third of these on the electoral roll chose not to vote, another third voted informal, and the rest did not enrol to vote so were off the roll even though they were legally entitled to be (electronic registering has reduced that level somewhat);

A spate of recent books by international authors has flooded the bookshops with titles such as ‘democracy in decline’, ‘democracy in retreat’, ‘why we hate politics’, ‘hatred of democracy’, ‘the trouble with democracy’ and ‘the democratic drift’.

There are many reasons given for this decline in faith, exploring why it has occurred over a relatively short period of time. And I will turn to them shortly. But first, why is having faith in the system of government important? Isn’t a little distrust of government a healthy antidote, especially according to the tenets of classical liberalism?

A loss of faith is corrosive to the body politic. It eats away at our civic culture, or civic capacities to engage and participate in political endeavours. It can lessen interest in politics and knowledge about politics, heightening a ‘turn-off factor’ so prevalent today. As I mentioned, it leads to a loss of confidence that governments will act with honesty and integrity, and to reputational damage with notions that government is not acting in the public interest. It heightens perceptions of ineptitude or deceit, and that citizens will not be treated fairly or equally. It can be a factor even encouraging the proliferation of official corruption or community based corruption, tax evasion and crime more generally.

Above all, faith is necessary because our political systems essentially rest on ‘consent’ (as John Locke famously argued in the seventeenth century in the Two Treatises of Government – a magisterial critique of absolutist monarchy and defence of ‘natural rights’); and not so much based on notions of a Rousseavian ‘social contract’ (a presumed exchange relationship). Consent is fundamentally necessary to the legitimacy of government. Consent is the social acceptance of the authoritative rights of government to act – appropriately applied; and consent is required to the policies and decisions of governments. In the absence of consent, we see globally the rise of terrorism, riots, civil disorder, street demonstrations, non-compliance and civil disobedience (maybe up to 60-80 nations are currently witnessing major civil disturbance, over such issues as climate change, poor governance, declining living standards, disappearing job opportunities, Brexit etc).

The Malaise in our Present Politics (almost global in proportions)
So let’s turn to some explanations. Australia’s political system is increasingly coming under strain and is locked in a malaise which it finds difficult to address. Traditional political systems once functioned to provide stability and predictability to a framework of political rule, and a socially acceptable and defensible means of decision-making (political consent, tolerance, rule of law, institutional configurations etc.). Because of that, political systems were generally slow to change and adapt, a problem now made worse as the rapid pace of disruptive change accelerates.

Australia inherited its enduring political institutional framework from the UK’s Westminster parliamentary traditions – and we enjoy all the strengths and weaknesses of such an antiquarian system. Historically Westminster evolved over centuries with much simpler and smaller notions of government responsibilities and (now) almost naive notions of conventional practices (heroic myths of ‘ministerial responsibility’ and ‘parliamentary sovereignty’, ‘governing with the confidence of the people’ etc.). We also complicated our parliamentary system deliberately by coupling a few ideas from the US and Canada (including an elected upper house with virtually equal powers, a written constitution with ascribed powers, and a high court with interpretative and overriding powers over parliaments). We liked aspects of the US ‘separation of powers’, even though we did not enshrine it in our parliamentary system, but we largely ignored the dangers of gridlock and senseless adversarialism in their model of politics (creating obstructionism for the sake of it).

Early Westminster governments were quite fickle and often short-lived. In the C19th and early C20th governments frequently changed during parliamentary terms as a result of changing inter-parliamentary alliances between ‘ministerialists’. But with the advent of disciplined adversarial political parties, governments now tend only to fall at elections, when they lose office. Throughout the C20th our parliamentary systems in Australia were based on:

- Crown prerogative, the historical right of the executive to wield power;
- Strong executives cemented in place by enjoying the ‘confidence’ of the lower house of parliament;
- Covert decision-making expressed in the institution of cabinet, which was bound by secrecy & confidentiality;
- Disciplined and cartelised two-party dynamics which conflated politics into a two horse race; and
- For much of the time a fairly crude episodic electoral mechanism that inflicted either renewal or removal of rival executives.

In Australia, as elsewhere, there has been much constructive criticism that Westminster institutions and quaint notions of government are no longer ‘fit for purpose’ (writers such as Ian Marsh, Rod Rhodes, John Keene). There is still a majoritarian ethos of ‘the winner takes all’, discrediting of all opponents, playing the man not the ball. Certainly, some changes have been introduced to temper some of these Westminster-derived characteristics (freedom of information, administrative law and judicial review, and more spectacularly in
New Zealand the Mixed Member Proportional electoral system) but the adversarial Westminster systems perform essentially as before. Arguably, the reluctance to bring these anachronistic institutions into the C21st has compounded the widening disconnect between the political establishment and the wider society.

Although Australia is one of the oldest democratic nations in the world, over recent decades there is a sense Australian institutions are failing to govern effectively. Commentators have argued that representative democracy, and the associated institutional configuration, has failed to tackle many pressing problems and become sub-optimal. The historical ‘organic’ representativeness of political parties with their large memberships and local branch structures have enervated such that almost all policy ideas come from an inner sanctum of the ‘political class’: careerist politicians, political advisers or staffers intending to become future politicians, and flashy marketeers. These ideas (sometimes labelled ‘thought bubbles’ or ‘pressers’) have relatively limited shelf-lives, and depending on media reception may be may be chopped, changed or dropped at short-notice. The power of ministerial advisers seems to be increasing not only over policy choices but over political debate and media agendas. Many minders (perhaps up to 50%) now spend their time purely media monitoring, watching what the other sides says or does, or doesn’t do, and preparing weaponised responses that can be fired at opponents.

Many people are now challenging the value of efficacy or democracy itself, preferring other models of government perhaps with slightly more directive forms of government. There is greater recognition that democracies have vices as well as virtues. Democracies, once regarded as an undisputed ‘public good’, are often too open to vested interests and special pleading. Democracies can make policy responses much harder, such as over budget repair, tackling tough issues like major taxation reform, building consensus for change, saying ‘no’ to the electorate, not compensating the losers. They also don’t restrain governments from running up extraordinary debt levels leading to inter-generational equity issues. A few years ago Paul Posner and Jon Blondal (2010) wrote an influential article just after the GFC asking whether ‘democratic nations could take proactive leadership before a crisis forces their hand’, and show ‘the political wherewithal to respond to gathering fiscal pressures’ (not just the GFC, but also demographic pressures such as health care, aged care, pensions and welfare benefits etc). They were not overly optimistic.

However, there is fierce disagreement on the symptoms or causes of the malaise. To some commentators, the malaise is due to the inherent shortcomings of our representative institutions, the ‘hollowed-out’ political parties and ‘rent-seeking’ interest groups, or the disconnection between the ruling political class (the patricians) and citizens (the plebs). To others governing has become infinitely more difficult because rising community expectations cannot be managed or curtailed, ‘cultures of complaint’ have proliferated as the complexities involved in making any changes have deterred rational action. Disruption and turmoil seem the new normal. And the media which once reported politics matter-of-factly has become a player in the arena, occasionally acting as fickle cheer-squad or ‘gotcha’ watchdog, but prone to proselytising, deprecating and hypocritical about-faces.
The leadership of political parties (and the political careerist backbenchers who prop them up) have become nervous and skittish over opinion polls, spooked by media opinion and commentary, and anxiously examining their present leadership configurations. This has created the preconditions for frequent leadership tests and leadership spills, leading to greater ministerial changes as new revolving ministries get sworn in, rewarded for their loyalty to the new leadership. In turn, this reverberates further down the system with many changes to ministerial staff, top officials, and gatekeepers. The end result of this instability is that the professional political class has become even more inwardly focused, pre-occupied with itself and its own survival. The more the mainstream parties have lost their rudders, the more the electorate has turned to populist and simplistic solutions.

The communications revolution we have witnessed over the past two or three decades has also contributed to the malaise and damaged the consenting ‘anchor of faith’.

The means of communication between governments and their constituencies is changing markedly and rapidly. There are both benefits and limitations to the policy-making process from this communication revolution. The 24/7 media cycle, the simplification of messages to sound-bites, social media and twitter feeds, Instagram and Facebook, are all jeopardising careful, thoughtful rational analysis, consultation and debate on significant policy issues. And many of the agendas are being generated from outside of government. Yet, some government leaders are emboldening the initiators of protest movements by announcing significant responses within the 24 hour cycle.

The new social and technological context within which government operates contributes to the difficulties of managing public policy, especially in the ‘new information age’ with instantaneous communicative capacities. The rise of the ‘hyper-connected society’ and ‘hyper-connected citizens’ has emerged as a potent social force – not so much (as was often expected) as a decisive influence in the decision-making processes of policy formation, but in the blocking of options, vetoing of mooted propositions, and undermining of austerity policy measures. Social media enables disaffected minorities or alienated groups to campaign for emblematic issues or virtue signalling (such as animal liberation, voluntary euthanasia, LGBTI issues, the deniers of climate change, anti-mining activists) but has also empowered the digitally-rich to mount ‘click-and-send’ protests creating instantaneous ‘moral panics’, hoping to stampede the major parties, but not necessarily enabling them to propose better alternatives, or build social bases of support for unpopular remedies.

Governments (and the former bastions of opinion in the traditional print/broadcast media) have lost their authoritative voice and social control over ideas and beliefs, attitudes and opinions, agendas and policy menus. Sources of official information are distrusted and discounted. The recent concoction of ‘fake news’ is just the latest manifestation. New social media has empowered ‘the individual’ (in their networks) to think what they like, irrespective of anything governments might say, do or not do. In part, society has become ‘uncontrollable’ with its own platforms to indulge in cultures of complaint. Too much democratic influence has perhaps contributed to the indecisiveness and nervousness of governments.
Governments and oppositions have become too electorally sensitive, too open to diverse voices, too susceptible to democratic vetos such that governments cannot make headway. Rather than suffering from a ‘democratic deficit’ (meaning insufficient popular input and meaningful accountabilities), these open, information-rich societies are faced with too much competing input such that they are becoming dysfunctional and can’t cope (elsewhere this has been labelled as ‘hyper-government’ (Wanna 2016), referring to hot-housed, activity-driven governments responding to myriad stimuli but not very effectively). Democracy is once again in danger of being seen as a failed historical experiment, too weak to make authoritative decisions and unable to deliver ‘good government’ because of the stresses and strains placed on elected executives by fickle electorates.

Disruptive technologies typically rely on social connectivity putting decisions directly in the hands of users and providers (for instance, on-line media content, on-line shopping, ‘uber services’). Technologically literate consumers can source products, services or access information/data without going through government channels or bypassing regulatory regimes. They are more agile and digitally savvy, preferring to use technologies to enhance their self-reliance as consumers and providers. They initiate their own customised exchange relations without going through traditional regulated markets.

So what are the Prospects for Political Reform?

As a political scientist, I am acutely aware that democratic political systems tend to evolve and adapt rather than embrace widespread reforms. There have been many attempts to remodel these systems but usually end in naught, disappointment or frustration. Examples include the UK’s Blairite reform agendas, the US’s failure to prevent the congressional descent into gridlock, Belgium’s governmental paralysis, Northern Ireland remains without a government after two years, and Canada’s reluctance to embrace political reform (and especially British Columbia which conducted a major review process but resulted in limited change). Reform efforts have been attempted recently in Greece, Japan, Israel, Ireland and, in recent years, in Turkey over presidential powers that has instead seen it regress into a militaristic authoritarian state.

There is no shortage of ideas for possible regime change. For example, we have Andrew Leigh’s ‘Australian Project’, the ‘Democratic Deficit Audit’ put out by ANU scholars, John Keane’s ‘Life and Death of Democracy’ and the emergence of post-electoral or monitory scrutiny as a new form of democratic behaviour. There is a recent book called ‘Advancing Australia: Ideas for Better Government’ by John Watson and Amanda Dunn, which argues Australian politics is ‘in a dire state’ and then list a series of things we can do about it. Others have experimented with processes of ‘deliberate democracy’ and discursive deepening.

Many of these reformist manifestos want to take power or seize the initiative from the existing institutions and elites, transferring it to citizens, the community, or even visible minorities.

We have proposals for peoples’ assemblies, citizens’ juries, deliberative consultations, an Aboriginal voice to parliament, participatory budgeting, citizens’ evaluations. Almost all
advocate alternative channels in terms of decision-making; in other words augmentations to the system rather than replacements.

Other suggestions may be to reorientate the functions of existing institutions. There are many potential reform proposals but let me give four suggestions here.

First, one obvious suggestion is to reorient the Senate to provide a more useful role, perhaps focused on the performance of government. At present the Senate is not a states’ house, not a house of review, and can only decrease the ‘burden’ on the people (meaning it only serves to erode the power of the executive to make tough decisions). It is also not popularly elected, all states are equal, and voting is by a list system determined by the rankings of the major political parties. There is no close electoral accountability back to their state-wide electorates. A better suggestion would be to sever the Senate’s sitting schedule with the House of Representatives, say to 200 days per year, and increase its role in evaluating actual performance of government programs. In conjunction with the JCPAA, and its powerful functional committees, it could evaluate performance plans, monitor performance, and review or audit claimed results. It could do far more in terms of site visits and in situ performance auditing, project management reviews, informing itself about the range of government programs, including COAG’s agendas and funding envelopes. This would be of huge benefit to the quality of government and give the Senate a real role in the functioning of our democracy. (And possibly encourage the parties to preselect candidates to undertake specialist evaluation duties, rather than party hacks). Perhaps more radically, all legislation emanating from the House of Representatives should pass automatically within six months unless the Senate raises and votes for examination and/or amendment. This would preserve its essential powers, but free it up to perform other more important (and more effective) duties.

Second, while on parliament, it may be wise to abolish Question Time (or wind it back to maybe one session per week), and instead replace it with a more diagnostic grilling of specific ministers on a rotation system (say two to three ministers on a weekly or fortnightly basis) for a half-day or longer if required. This would encourage parliamentarians to ask questions about the performance of agencies and programs within the ministers’ portfolio responsibilities, instead of purely political or rhetorical grandstanding (Dorothy dixers and the usual argy-bargy). In the name of transparency, it may be advisable to publish the public service’s incoming government briefs before the election so that the political parties and voters can be better informed about the circumstances and challenges facing the nation before polling day (incidentally, New Zealand is seriously considering this proposal).

Third, ministerial staffers often overstep their remits and with limited policy experience give directions to public servants about ministerial priorities. There is now an army of advisers who have become barnacled to the system, and their actions or inactions raise fundamental questions of who is actually responsible and accountable for public policy determinations. There may be very good arguments, for instance, to transfer ministerial staff (currently under the MOPS Act) to specialist appointments in the APS, allowing them (and only them) to partake in political activity while ensuring their accountability for integrity, honesty and answerability; thereby becoming subject to parliamentary scrutiny and review. Including
ministerial staffers in the APS would clarify their responsibilities and give them a certain
degree of protection under the law, while enhancing their accountabilities. They are after
all funded at the taxpayers’ expense!

Fourth, we also ought to consider moving more policy sectors out of the realm of elected
government making these sectors more self-managing or independent in their decision-
making; as we have done with the Reserve Bank of Australia and monetary policy. The next
iteration asks whether we should do the same for fiscal policy, regulatory policy, future
infrastructure provision, hospitals and health providers, perhaps even environmental policy?
Many commentators, frustrated at governments avoiding issues, have advocated a
proliferation of Productivity Commission-styled bodies with statutory independence giving
expert advice to government, perhaps with some independent authority to implement their
proposals. Their performance and strategic intent could readily be reviewed by a renovated
Senate as well as representatives in the lower house and in the state parliaments. One of
the reasons we have been setting up royal commissions in recent years is perhaps because
parliament and the public service have not being doing their job effectively – so arms-length
independence is required to probe important issues, that should be the prerogative of
parliament.

The prospects of these institutional renewals occurring may be slender (some might say
zero), but nothing stops us discussing reform alternatives and hoping for some incremental
adoption. Once institutional changes are made, it is incredible how many ‘instant
authorities’ claim such reforms were ‘inevitable’ and that their time had truly come.

The Capabilities of the APS and the Succession of Reviews

The APS has been described by a former PM (John Howard) in a Sir Robert Garran Lecture to
IPAA as a ‘national treasure’; it is certainly a bastion institution with its own cultures, norms
and procedures. Many experts in public administration, as well as most judicial doyen,
virtually award the public service a ‘constitutional status’. Indeed, the High Court in all its
wisdom (in the Banerji case of 2019) recently ventured that the APS serves ‘public and
constitutional purposes’, while the majority of judges claimed that ‘the maintenance and
protection of an apolitical and professional public service is a significant purpose consistent
with the system of representative and responsible government mandated by the
Constitution’. Yet, despite these ringing endorsements, its ‘fitness for purpose’ and its
‘agility’ have been continually questioned since the Coombs Report investigations in the
mid-1970s. Since then a succession of reviews have highlighted concerns with the APS, not
so much over its integrity or impartiality, but over its ability to be strategic, to provide
quality policy advice, improve its management, and to deliver efficiently and effectively. A
succession of Prime Ministers and heads of the public service have given dressing down’s to
the service, including: John Howard, Kevin Rudd, Terry Moran, Tony Abbott, Malcolm
Turnbull, and less demonstrably perhaps Martin Parkinson. Scott Morrison has been less
forthright in criticisms, but has urged the public service to focus on its core business
(‘minding the eggs and bacon’) and delivering real outcomes.
Two areas of disquiet are often canvassed in relation to the APS. Namely: is the service performing to its best ability in serving ministers and governments, and secondly, with its service delivery, does the rhetoric tally with the reality? Current criticisms of the APS include:

- Leadership is relatively mediocre to poor; and leaders are inherently defensive rather than aspirational and anticipatory;
- There is limited scope for independent thinking in the APS, and very little real research undertaken or exploration of ideas;
- It remains incredibly hierarchical, insular and siloed, and many have claimed it is still elitist;
- Short-termism, dousing ‘spotfires’ and immediate ministerial agendas are prevalent, and much of the service is inherently risk averse and effective risk management is patchy;
- Agencies do not operate collaboratively or as a coherent whole;
- Organisational forms are not necessarily fit for purpose, nor agile in terms of future imperatives;
- The Public Service tends to operate to minimise political risk rather than better management and focusing on outcomes;
- There are claims capabilities have diminished over time, deskilling the profession, and implying collective memory has been lost or severely eroded;
- It is supposed to welcome scrutiny, but in practice often doesn’t and conceals important information (a point David Thodey made in launching his interim report);
- Performance reporting has improved, but remains formulaic and not often related to outcomes;
- It is not sufficiently client-focused and engaged with ordinary citizens;
- Morale is low and turnover is high, the APS is often not the employer of choice;

If this sounds too negative, many of these points have been made by departing departmental heads giving their valedictory addresses in public fora.

The Thodey review into the APS (which is finalised but not yet publicly released) is just the latest manifestation of this review mania, without necessarily any follow-through. It was essentially an internal review with a panel of largely external experts many with little experience in public administration or knowledge of the APS. It had to be pushed to invest into commissioning research into problematic or long-term dilemmas.

So far, many of their proposals and directions for future improvement included in the draft report were synoptic and often sounding like motherhood statements (or as one critic said ‘full of consultants’ cliches’). Apparently they were sent back to revise certain elements in relation to delivery and efficiency when a draft final report was presented to the Prime Minister, possibly also to specify what a ‘productivity metric’ might consist of.

The Review initially started as a narrower technological and digital transformational review, but was broadened to include innovation, productivity, high-quality policy advice, meeting complex multi-sectoral challenges, sectoral coordination and engagement, improving
citizens’ experiences, and capabilities and skills development. The review focused on many shortcomings and deficiencies, before eventually the team issued a ‘vision for the APS. It then identified four areas for future attention: (i) strengthen cultures, governance and leadership; (ii) building a ‘flexible APS operational model’; (iii) investing in capabilities and talent; and (iv) strengthening internal and external partnerships. While it advocated separating the ‘head of service’ from the ‘head of people’ it did not substantially enhance the independence of the APS nor adopt the NZ SSC model for independent appointments of department heads.

Thus far, we have only had a public response from the PM with a speech to the Institute of Public Administration of Australia on 19th August. In that speech the PM outlined 6 areas for improvement (what he called ‘guideposts’): investment in teamwork and working with ministers on policy development; better implementation; look at the performance scoreboard; look beyond the ‘Canberra bubble’; the need to embrace change and digital possibilities; and honouring the Public Service code.

The PGPA Act – a troubled birth and early few years

With much fanfare, a new corporate governance, finance and performance statute was adopted by the government in the dying days of the Gillard-Rudd Labor government. The Public Governance, Performance and Accountability Act (PGPA) was intended to foster a cultural change in the Commonwealth’s use of resources going from a compliance approach to the adoption of a principles-based framework. The act combined the old FMA and CAC acts, and introduced the need for alignment between variously mandated corporate planning requirements, financing and performance plans (the ‘clear line of sight’ requirement). It sought to establish a coherent system of governance and accountability, while allowing agencies to have some freedom to customise their reporting to provide meaningful information to parliament. It provided for performance information to be a specific requirement on secretaries and their executive management committees, and such performance reporting could be formally audited.

Not everyone was enamoured with the new act. There was uncertainty as to what was the motivation behind the change. It was claimed it was unclear what specific problems in government were being addressed, and what solutions were intended to rectify these problems. Some questioned whether the effort of devising a new omnibus statute was worth it, and whether the benefits matched the effort. Others felt that many of the changes imposed by the new act (eg, the requirement for all agencies to develop corporate plans with performance information included) could have been adopted managerially by the Secretaries Board. Agencies often felt that there was duplication of effort especially over corporate plans, the PBS and intended performance plans. There was criticism that Finance was not always helpful in explaining what it expected of agencies, and that there were tensions between the desire for flexibility and the requirement for a more ‘explicit framework of monitoring and evaluating performance’. Although the act talked of ‘earned autonomy’ it was not clear to many agencies what this meant, and Finance seemed reluctant to clarify this concept for fear of offending some of the more powerful agencies.
Some question the alignment between the PGPA Act and the Public Service Act, in terms of responsibilities. The PGPA act while principles-based is far more detailed and prescriptive than the PSA. Agencies may feel that in future they could be open to judicial review depending on which statute they opted to follow.

The PGPA act was externally reviewed in 2017-18 after three years in operation (with the review team publishing a consultation draft (June 2018) and a final report (Sept 2018)). These findings stressed the need for coherence, uniformity, improving non-financial reporting, better risk management, and improved reporting to parliament. There were some contradictory findings in the review. For instance, it encouraged improved performance reporting but also reducing the reporting burden. It asked parliament to consider issuing minimum reporting standards but also required the Department of Finance to develop guidance on performance reporting, issue best practice ‘lessons learned’ papers to spread good practices and run ‘learning programs’ for audit committee chairs. It asked for assurance audits of performance reporting while making internal audit committees more independent. And it recommended making agencies use their corporate plans to specify over four years how they will achieve their purpose, while improving the ‘line of sight’ consistency in reporting. The final report urged the Senate to ‘increase its scrutiny of performance information … in Senate Estimates hearings’. It added:

To assist Senate scrutiny, accountable authorities should provide a statement to these hearings, that summarises entities’ performance over the reporting period, outlines areas where performance has met expectations, areas where performance expectations have not been achieved and future actions to improve performance reporting (Rec 32).

There remains a little unease that the PGPA Act’s main aim was to improve reporting rather than improve performance, and that what constituted performance reporting (while open to external audit) were essentially internal articulations (rather than external reviews or community-based evaluations of performance). Moreover, there was recognition among the review team that further efforts were required in the improvement of information, and that political hurdles still mitigated against the APS embracing a genuine focus on results made publicly available. While Annual Reports have improved in presenting non-financial information, there was still a view that these reports were forms of propaganda rather than self-reflection.

So how can we enhance real performance and more meaningful disclosure?

- We should insist on the adoption of legislated outcomes (stating what they mean, how we will measure them, what targets are expected etc). We should set these expectations in law. Presently we structure parts of the budget somewhat loosely under ‘high-level’ outcomes (sometimes almost meaningless or untestable) but there is no statutory enforcement. Parliament should insist these outcomes are measurable, defined, and stipulate the ways in which we should monitor progress. Moreover, those we pay as consultants or delivery agents should be required to
produce evidence of their contribution to declared outcomes, not just acquit for activity-based deliverables;

- I welcome the recent stronger focus on service delivery, strategic workforce planning and industrial relations flexibility (what the APS Review calls the ‘flexible APS operational model’). These objectives can be greatly enhanced by digital transformations as well as greater use of AI in managing programs and clients. Reducing the number of machinery of government changes would assist these efforts and improve efficiencies.

- It would good to strengthen the independence and leadership capacities of the senior echelons of the public service, perhaps underlining provisions that, if five year contracts are to be retained, there is an expectation of renewal provided performance is warranted. Like others, I think some greater independence for the Public Service Commissioner (akin to other Parliamentary Officers) is long overdue and would improve management of the service.

- We should clarify the term ‘stewardship’ by putting some meat on the bones of the concept. Today every agency executive is responsible for stewardship under the revised APS Act. The aspiration is laudable, but no one apparently knows actually what is means or what they should do to give expression to it. This task is one of the important functions that the Secretaries Board can manage, and additionally there is good reason to clarify the roles, authority and membership of the Secretaries Board in legislation. A greater preponderance for this group to speak out on issues of public importance would be a welcomed, indeed one recent book by Dennis Grube argues senior officials have a ‘moral responsibility’ to speak out for the sake of good governance.

- We should also promote the joint management of large or complex projects that cross portfolios and involve inter-governmental delivery (the things COAG signs off on). Federal and state managers should work in teams to deliver agreed outcomes, and be audited by joint audit panels. Better horizontal management and organisational connectivity is essential to good policy outcomes.

- The Department of Finance has on occasions become a joint manager of substantial programs to ensure value for money and appropriate project management technologies are undertaken. This should be extended to all complex large projects, especially involving cross portfolio programs to ensure desired outcomes.

- We should invest more in genuine co-production and co-design with stakeholders and the community, and less in using private sector consultants who tend to bleed the agency they are contracted to and have limited apparent accountability for their performance.

- We should promote good risk management by those responsible for agency governance as well as their internal audit committees (not ‘tick and flick’ box-filling on spreadsheets); this means developing more positive attitudes to risk and risk appetites, and seeing them more as opportunities;

- A fixed percentage of each substantial program or project (say 2%) should be reserved for independent evaluation costs (for assurance and to recommend on
improvements). Proposals to establish an Evaluator-General have merit, and could complement the Auditor-General’s role and Productivity Commission’s work. The AG could focus more on value for money, while the EG could monitor impact and whether programs met their objectives. EG has been promoted by the Productivity Commission, Nicholas Gruen and Andrew Leigh. Maybe there is cause for departments to establish internal evaluation units (similar to internal audit) charged with scoping and commissioning evaluation studies. In addition, Andrew Podger has already suggested three ways of deepening evaluation: (i) all cabinet submissions have to include proposed evaluation strategies/measures; (ii) all portfolios have evaluation plans agreed with Finance covering all significant programs; and (iii) make public the evaluation findings. He stressed the need to re-instate capacity reviews across the service, not just focussing on strategic leadership issues, but also operational capabilities.

- There should be a stronger role for Parliament in performance review. The JCPAA should be given responsibility for overseeing evaluation (and perhaps including the function in its title), and using the broader, augmented resources of the Senate in particular.

Finally: What can Academe and Fellow Travellers do?

There are many fellow travellers interested in good governance and improved performance – in academia, in professional associations, think tanks, among former public servants, and specialist evaluation entities. These are huge resources of knowledge, research, contestable ideas, modelling, and critical engagement. Some of these fellow travellers may be engaged in assisting with providing advice on policy choices or policy development; but perhaps most value can be gained from their capabilities by increasing their involvement in evaluation and performance reviews. But perhaps these links are not as strong or as robust as they might be.

In academia, previous relationships were often mutually beneficial, but have largely enervated in recent times, and public administration as a field in academia has withered to becoming not much more than a handful of scholars. We might well ask why, given the importance of public administration to all our governments and to many NGOs. Universities have not invested in the field, and academics have gravitated to other fields of study (similar to the decline in Australian studies more broadly). ANZSOG was one opportunity taken by governments to help redress this shortfall, and there may be other initiatives with some suggestion that a dedicated APS capacity-building college or specialist training institute will be established in the near future. More positively, a new active band of ‘pracademics’ have found roles for themselves in research institutes and as adjuncts to university departments making valuable and practical contributions.

Professional bodies such as IPAA, CPA, the Evaluation Society of Aust, ANZSOG, as well as disciplinary associations of economics, accounting and auditing, management and political science, all have valuable involvements with the public sector, but more can be made of their skills and expertise. I get the sense that many public organisations do not regularly engage with these professional bodies or, if they do, not as often as they should. There is
mutual benefit, these professional bodies are genuine partners interested in better outcomes and the public good (not private firms simply out to make money at taxpayers’ expense). There is more scope to involve these bodies further in government organisations, perhaps as community representatives on boards, on advisory committees, in internal audit or evaluation exercises, or in developing engagement relationships and building ‘communities of practice’. We should also invest more explicitly in better interchange opportunities between these knowledge workers and government administrators: exchange arrangements, secondment opportunities both ways, scholars in residence etc. We do a bit of this but nowhere near enough, and such relations can benefit both sides and deepen understanding.

Finally – To Wrap Up...

Australian governments have arguably developed into ‘activity-driven entities’ but not necessarily effective managers and deliverers of policy outcomes – often we simply do not know how effective they are because we aren’t told. They operate from a sense ‘something must always be done’ on myriad social, economic and ecological problems, even if the resulting activity does not necessarily have the desired impact or serves to alleviate the problems. To complicate matters even more, most sectors of society look to government to fix their problems or provide services, leading to critiques that state largesse has contributed to generating ‘great expectations’ and bred a ‘culture of entitlement’ (Tingle 2012). The task of providing good governance in which we have faith is all the more important as we move into ever uncertain times.

We need to be realistic about the current political environment, which displays many of the aspects I have called a ‘zero-sum game’. But equally we need to be aware of how we can improve things, move towards a ‘win-win’ set of outcomes. Focusing on what we can build on to improve the performance of parliament and our elected politicians, but also how we can lift the public service to a new performance frontier, and how we can collaborate with fellow travellers to help demonstrate progress towards declared outcomes to the public. There are many opportunities to make systemic improvements for generations to come, so I say ‘Carpe Diem’ – seize the day.

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