

Public Sector Reform in Australia over 25 years – Too Little or Too Much?

Andrew Podger
October 2007

Themes from the 1976 Royal Commission into Australian Government Administration

1. Increase responsiveness to the democratically elected government
2. Increase efficiency and effectiveness
3. Increase community participation in government

Underlying pressures for reform

- Communications revolution
- Global economic pressures
- Increasing education and awareness amongst the public
- Increased wealth
- Increasing power and pervasiveness of media
- Increasing community expectations

Increasing democratic responsiveness

1980s

- 'Permanent heads' become 'departmental secretaries' working 'under the minister'
- 5 year appointments (within continuing employment)
- Members of Parliament Staffing Act, regularising and expanding ministerial staff

1990s

- 5 year contracts for secretaries (later, several dismissals under new provisions)
- Performance pay for secretaries
- Further increases in ministerial staff

2000s

- Shift to 3 year contracts for many secretaries etc
- Further increases in ministerial staff

(NB State Governments moved in same direction, often further)

Increasing efficiency and effectiveness

1980s

- Program budgeting, 'managing for results'
- Devolution of financial management within strengthened budget oversight
- Devolution of some HRM and abolition of Public Service Board
- Efficiency dividends
- 'Commercialisation' of business activities

1990s

- Contracting out
- Privatisation
- Some purchaser/provider splits and some executive agencies
- Outcomes/outputs framework
- Accrual accounting
- Full devolution of HRM based on private sector, and new values framework
- Performance management
- Individual employment contracts

2000s

- Increased use of third party service providers
- Expanded use of individual employment contracts

(NB State Governments moved in same direction, less so on HRM)

Increasing community participation

1980s

- Administrative law reforms
 - Ombudsman
 - Administrative Appeals Tribunal
 - Administrative Decisions (Judicial Review) Act
 - Freedom of Information
- Increased use of advisory bodies, boards
- More systematic consultation processes

1990s and 2000s

- Service charters with systematic feedback and reporting
- Policy task forces involving external players with officials and ministerial staff
- 'Choice' for clients of government services
- 'Mutual obligation' of clients of government services
- More extensive market research and sophisticated communications strategies

(NB State Governments moved in same direction, but not seriously pursuing choice)

Current reflections on responsiveness

Has responsiveness gone too far at expense of apolitical professionalism and impartiality?

- Role and number of ministerial staff
- Role of contracts for senior public servants
- Appointment and termination processes
- Limited role of public service commissions
- Central control of communications

Incidents and evidence re responsiveness

- Children Overboard (Senate Inquiry)
- Immigration treatment of individuals without visas (Palmer and Ombudsman Reports)
- Australian Wheat Board
- APS staff surveys re dealing with ministers and their offices
- State government incidents (eg health, transport) where ministerial responsibility replaced by bureaucrat responsibility
- Personal experience re contracts and performance pay

Current reflections on efficiency and effectiveness reforms

- Has devolution gone too far? (Note swing back to 'connected government' etc)
- Does the focus on individual performance enhance organisational performance?
- Do we fully appreciate the effects of contracting service delivery to third parties, whether for-profit or not-for-profit?
- Is collaboration better than competition in some areas?
- How do we keep sufficient focus on 'public value'?

OR

- Is there 'reform fatigue' and too much resistance to NPM-type reforms in human services (health, education, housing) and environment (water, power, greenhouse gases)?
- Are political responsiveness pressures undermining necessary longer-term reforms?
- Where is Australian federalism heading?

Some incidents and evidence re efficiency etc.

- Limits to devolution
 - 'Connected Government' Report, continued strong Cabinet Government, strong PMO
 - Management of Indigenous programs
 - Public service wide workforce pressures
- JobNetwork pressures on contracted charities

Vs

- Productivity Commission evidence of gains from commercialisation etc (including JobNetwork)
- Continued underperformance of areas not subject to concerted reform activity (particularly human services)
- Continued problems with water, partly to do with lack of action on pricing

Current reflections on community participation

- Is FOI too liberal, or too tight?
- What is legitimate whistle-blowing?
- Do more external players competing in the policy process make for better policy, or reduce the public interest by undermining dispassionate public service advice?
- Are government communications serving the public interest, or partisan interests?
- Is the bureaucracy still too closed, and unwilling to pursue genuine two-way consultations on policy and management?
- Is mutual obligation heartless, or a more effective means of achieving social objectives?

Some incidents and evidence re participation

- 'The Australian' High court case re FOI
- Customs Service whistleblower case
- Alleged Employment Department tender for research on IR reforms
- Commonwealth intervention re Indigenous communities
- Unemployment, sole parent etc policy developments
- Government advertising and market research

IPAA 10 point agenda on political/administrative interface

1. That ministers accept overall responsibility for the administration of their departments and their offices and, where they do not accept such responsibility, relevant public servants *and advisers* are held directly accountable and answerable to the parliament through its committees.
2. There should be a professional head of the public service, separate from but complementing the head of the Prime Minister's (or Premier's) Department. Such a statutory position (for example a Public Service Commissioner) should have considerable independence and be appointed for at least 5 years.
3. The independent Public Service Commissioner (or equivalent) have authority to protect and promote public service values, especially the merit principle, and report to Parliament on how well the values are being upheld and on the capacity of the public sector.
4. Secretaries and other major agency heads should be appointed by the Prime Minister (or Premier), following advice from both the Public Service Commissioner (or similar) and the head of the Prime Minister's (Premier's) Department, after consultation with the relevant minister.
5. The tenure of secretaries and other agency heads should be not less than 5 years, unless otherwise preferred by the individual concerned.

IPAA's 10 point agenda cont.

6. Senior Executive Service members below the level of agency head should usually be employed on a continuing basis rather than on term contracts.
7. Ministerial staff should have a clearer management structure and an articulated set of values and code of conduct reflecting their role and responsibilities, and should be given the opportunity for professional development. A firm cap should also be placed on their numbers, linked to the taxpayer-funded resources provided to the Opposition.
8. Guidelines on government advertising and related activities should be established on a bipartisan basis.
9. Agencies should be encouraged to publish apolitical research and evaluation about their programs, whether conducted internally or externally, including through annual reports to parliament.
10. Freedom of Information requests should be managed in line with the originally legislated approach, and with denial of access based only on the public interest in not releasing information (with a complementary obligation on media organisations).

IPAA's 5 points for improved federal relations

1. Clarification of future roles and responsibilities in priority areas including health, education, water and business regulation;
2. In areas of shared responsibilities, better clarification of respective roles to ensure efficient achievement of national objectives;
3. Recognition of the authority and expertise of the states in particular fields, including (but not limited to) place management through local, regional and city planning and the integration of community services;
4. Promotion of efficient public services that are responsive to regions and localities below the level of the states, with increased choice for individuals and families;
5. Stronger capacity to support inter-governmental relations, including through publicly available research and evaluation, as well as improved political and bureaucratic decision-making arrangements.