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Vol. 72 Issue: Number 1 p7-13, 7p**ISSN:** 03136647; 14678500**Entry Date:** 20130416**LC Classification:** 20084; 10009**Accession Number:** 30144189**Database:** E-Journals**My Hopes for a Public Service for the Future.**

I want to use this prestigious occasion to talk about a possible future for public administration. I will focus, somewhat arbitrarily, on six thematic motifs. They interweave.

My speech is normative in its intent. It's an outline of the public service that I hope for. It's built on aspiration. Yet I do not believe that it is unrealistic. Everything that I envisage for tomorrow is with us already. What seems to be missing is the vision, courage and innovative impulse to turn disparate elements of change into systemic transformation.

Too much innovation remains at the margin of public administration. Opportunities are only half-seized; new modes of service delivery begin and end their working lives as 'demonstration projects' or 'pilots'; and creative solutions become progressively undermined by risk aversion and a plethora of bureaucratic guidelines.

The lesson for today I take from the science fiction writer William Gibson. He was the novelist who in his 1984 book *Neuromancer* popularized the concept of cyberspace. The text I choose, which underpins Gibson's prophetic sense, is this: "The future is already with us. It's just not evenly distributed yet".

I will be promoting bold reform but I do so within the traditional institutional values of public service. 'The bureaucracy', to use a critical epithet, plays a vital role within the formal structure of democratic governance and, I believe, particularly within the Westminster system of parliamentary representation.

A public servant has a job of meaning and purpose. In Australia, we are lucky that much of its functional significance does not need to be stated although it is unfortunate that, as a consequence, it goes largely unrecognized. Public administration is not just a government resource. It stands as a bulwark against the arbitrary exercise of executive authority. Together with the judiciary, it plays an important role in protecting individual rights against societal corruption and untrammelled political power. It is a crucial part of the fabric of a fair, tolerant and civil society.

During my two decades in the APS I came to understand that public servants have a vocation. Their jobs have value greater than their public status. It is not just managerialism adapted to the development and delivery of public policy. It is certainly not suitable for everyone. Being a player within the framework of government, and having opportunity to contribute to the determination of the public good, instills a strong sense of purpose. Yet it comes at a personal cost.

Senior public servants, selected and promoted on merit, need to possess the ability to serve successive elected governments with equal commitment. That means that they are required to give allegiance even when their private view of the competence and direction of government can only be delivered to ministers behind closed doors. They can quietly influence but they cannot publicly advocate. They can provide forceful, frank and fearless advice confidentially (if that is their style) but they need always to accept that it is for ministers, within the law and parliamentary conventions, to make the final decisions on what is in the public interest.

None of this is new. Its essential elements were espoused by Stafford H. Northcote and C.E. Trevelyan in the 1850s. Being a professional public servant has always been challenging. My sense, however, is that public administration, like government, is becoming harder. The complexities of public policy are becoming progressively more 'wicked'. Let me provide a few examples to substantiate this assertion.

Public servants are attuned to identifying the unanticipated consequences of policies being considered by governments. Yet evidence may take years, even generations, to become fully apparent.

For many years the creation of a welfare state was, at least in principle, widely accepted. Only over time has it become clear that a generous safety-net to help those in need can become very difficult to climb out of by those who rely on it to break their fall. We now find governments striving to address the thorny problem of intergenerational welfare dependence in a prosperous society. Governments of all persuasions are focused necessarily on how best to provide assistance to people who are disadvantaged without, unintentionally, creating a learned helplessness which reinforces social exclusion and marginalization. They are concerned about how to preserve support to those in need without creating disincentives for them to participate in the workforce.

At the same time the traditional challenge of assessing competing interests is undiminished, even intensified. 'Win-win situations' occur far more rarely than the optimistic rhetoric of negotiation suggests. The impact of public policy on winners and losers – or even on relative winners – always has to be balanced. How does Australia weigh its strategic interest in maintaining a strong political alliance with the United States with its economic interest in increasing trade with China? How do we decide when to stimulate a faltering economy and when to cut spending in order to balance the budget? How, more profoundly, do we ensure that citizens are protected from potential terrorism without unnecessarily constraining individual liberties? These are typical of the contemporary issues on which public servants are expected to advise.

An aspect of government policy which has certainly become more difficult to manage is the countervailing perceptions of the public. On the one hand citizen expectations seem to be rising faster than the capacity of governments and public services to deliver. As the Secretary of Treasury recently put it succinctly, the aspirations of voters have an increasing tendency to exceed tax revenues.

Yet, paradoxically, people who look to governments to provide assistance are becoming increasingly resistant to the growing intervention of government in the conduct of their private lives. The reason for state interference is clear enough. Private behavior – the way in which people eat, exercise, drink, smoke, gamble, have sex or use energy or water in their homes – has significant implications for public costs. Such issues are becoming more central to government policy. How can one persuade people to adopt more pro-social behaviour without subjecting them to a ‘Nanny State’? Here, then, is another challenging issue on which public servants must advise: how to frame the expectations of citizens and nudge them in a responsible direction.

To tackle more effectively these and similar conundrums requires a different type of public service, not just an improved version of what already exists. Of course, productivity needs to be increased by enhancing the capacity and capability of public service organizations and ensuing more rigorous management of employee performance against results. Of course, the limited resources of public administration need to be allocated and deployed more efficiently and effectively (and no less ethically). Working smarter, or doing more with less, are worthy goals.

At the same time other more recent initiatives – such as ‘joined-up government’, ‘citizen-centred engagement’ and improved ‘customer service’ – need to be continued. My concern is that such initiatives, whilst undoubtedly worthwhile, have been conceived too narrowly. They are necessary but not sufficient. Indeed the changes wrought have turned out to be less consequential than the rhetoric. Most importantly, the whole of these reform initiatives has been significantly less than the sum of the individual parts.

Democracy has a noble purpose that is too rarely stated. In the words of President Obama in his Cairo speech of June 2009, “people yearn for certain things: the ability to speak your mind and have a say in how you are governed; confidence in the rule of law and the equal administration of justice; government that doesn't steal from the people; the freedom to live as you choose.”

My hopes, inspired by this lofty rhetoric, are more mundane. I believe that Australia needs to rebuild and rearticulate the structures of democratic governance, recognizing that it requires greater collaboration between the public sector (on the one hand) and the private and community sectors (on the other). New forms of partnership are required to provide public benefit in unexpected ways and, in the process, to revitalize participatory engagement of citizens in the life of the nation. To achieve these goals the operation of public services (collectively) and the role of public servants (individually) will have to be transformed.

So what are the elements of change which can together make over the world of public administration?

A Market for The Delivery of Public Goods

Plainly apparent but rarely remarked, Australia has developed a market for the delivery of public goods. The policies, programs and services of Commonwealth and State governments are increasingly being implemented by those outside the public service (meaning, incidentally, that the reported number of public servants underestimates the level of 'government' employment). Today's public sector agencies commission and contract services, both for their own use and – far more significantly – for delivery to the public.

In short, much public administration has been outsourced. It has created a mixed public sector economy based, at least in part, on contestability. Governments remain the purchaser of services but public service is less and less the provider. The importance of third party agents has increased.

On the supply side governments now routinely look to the private sector to fund and build public infrastructure. They depend on the community sector (predominantly) to deliver human services. There are even well-developed proposals to attract private capital to not-for-profit (nfp) social enterprises by enabling them to offer investment returns on the basis of government payments for delivering public programs under performance-based contracts. This is the philosophy underlying the New South Wales government's decision to trial Social Benefit Bonds.

On the demand side governments are slowly, and far too reluctantly, letting users have choice in the programs they require and the providers from whom they purchase. There is growing recognition that citizens, as 'customers', need to be given informed market choice in accessing publicly-funded institutions such as childcare centres, schools, vocational education providers, universities, hospitals and general practitioners. More boldly, it's becoming more widely accepted that choice should also be provided to those who need access to social housing, disability support or aged care. Recipients now get to exert some decision-making in the consumer-directed care 'packages' they are offered. Diversity of programs and providers is, cautiously, being embraced.

Do understand that I am not extolling the virtue of a 'privatized' public service. Rather I am encouraging more intensive cross-sectoral collaboration – such as partnerships, joint ventures or integration contracts – to create and deliver public programs that have the potential to enhance diversity in service delivery and provide greater choice to citizens. What this requires, of course, is that public services (as institutions) will no longer attempt to exert a monopoly power over the delivery of public services (as programs). Nor will they seek to use the advantage of asymmetrical power to have their way with weaker community-based organizations through one-sided contractual agreements.

Increased Competition in The Development of Public Policy

Nor, I believe, should public servants aspire to such a position with regard to the exercise of political influence. I commend increased competition in the development of public policy. Monopolies are rarely a good thing and when it comes to the formulation of ideas they are particularly pernicious. Elected governments should garner wide-ranging input to policy decisions. They should seek advice on what is in the public interest as widely as possible. I do

not look back fondly to the so-called 'good old days' in which powerful public servants wielded virtually untrammelled power in the advice that went to governments. Public servants should be well-trained in the delivery of policy options and the marshalling of evidence to support them. They should provide strong and robust advice. Yet, from my personal experience, there is added value in public servants having to fight for influence against the propositions put forward by advocacy groups, think-tanks, consultancy companies and – yes – even political staffers.

I understand and have some sympathy for the expressed frustration of experienced public servants that they now have to deal with the 'boy scouts in the minister's office'. I remain sanguine. Here's my take: many political advisers do possess considerable experience, albeit with different expertise than public servants; many of those criticized as still 'wet behind the ears' have creative ideas that need to be tested; and to the extent that the proposals of 'staffers' are poorly conceived a good public servant should be able to persuade a minister to that point of view. Ideas, like services, should be contestable.

What is important is that the vital distinction between political advisers and apolitical public servants should be acknowledged in both spirit and practice. There is also virtue in ensuring that ministerial staff are answerable and accountable for decisions taken on behalf of their ministers. Their role should not just be tolerated begrudgingly, however, for they contribute to increased competition in the design of public policy. That's a good thing. I hope that I appreciated that fact even when I found it irritating.

Delivery of Government Through Third Parties

Just as public policy advice should be open to a contest of creative ideas, so public service delivery should be benchmarked against – and commissioned from – private and not-for-profit (NFP) providers. Delivery of government through third parties has altered the face of public administration. There has been massive growth in contracted delivery, especially of human services. Today more than \$26 billion of public services are delivered by nfp providers each year.

I have no doubt that this has increased efficiencies. Programs are being delivered at a lower cost than by public service agencies. This is not all good news: at least in part it is because the prices set out in service agreements are often only possible because the NFP pays lower salaries, makes use of volunteer labour and/or receives philanthropic support. In effect the community sector can too often end up subsidizing the delivery of government. This is both unethical and unsustainable.

I am persuaded, too, that NFPs have increased the cost effectiveness of government implementation. Very often the organizations contracted to provide services also advocate on behalf of those to whom they deliver. Their commitment to service comes from the heart. That's reflected in the standards provided.

Yet the transformative potential of outsourcing has been undermined by the unnecessary intrusion of public service micro-management of third party administration. Financial risk is devolved to the contractor but with a high level of administrative interventions by public servants. Often they are motivated by the impulse to avoid political risk on behalf of the ministers they

serve. The well-known principal-agent problem has been given a distinctively governmental emphasis. In order to reduce agency risk, a burden of red-tape standardization is imposed upon delivery agencies. That stifles the creativity that might come from diversity. Public innovation, which should be the major benefit of NFP delivery, is weakened.

Instead of focusing on results the administrative guidelines too often concentrate on process. Rather than monitoring performance the reporting arrangements are generally based on compliance. Perhaps this is not surprising. Public services still struggle to measure outcomes in ways which allow governments to evaluate the long-term economic and social returns on public investments.

It does not have to be like this. Governments can set the political goals and budgetary parameters of their programs and ask their public services to contract the task to a diversity of providers on the basis that they will be paid for results (specified either as outcomes or, if that proves too hard, as outputs). At that point governments and their public services should step aside. Outsourced providers (community or private) should bear the financial consequences of not delivering to expectations, but, equally important, they should be able to accrue the benefits if through good management they can make a gain (surplus or profit) on the contract.

This freedom has a necessary cost. To the extent that contractors are in receipt of public funds they should be subject to the same scrutiny by government auditors and ombudsmen as the public service agencies that have engaged them. Parliament, too, has a right to know how they are administering government programs.

I spent much of my time as Secretary of the Department of the Prime Minister and Cabinet seeking to use my tenuous authority as the 'nominal head of the APS' to promote greater collaboration across the demarcations of bureaucratic structure. I continue to believe that a whole-of-governments approach is vital to the coordinated and integrated development of public policy. Yet I increasingly recognize that reducing horizontal silos is not sufficient.

If I had my time over I would spend more of my energy on tackling the continuing vertical divisions of public services. In spite of increasing genuflection to the merits of 'team-based' approaches to policy development and delivery, and the flattening of graded administrative structures, hierarchy continues to constrain the functioning of public administration.

There are benefits to structured control and delegated authority. It ensures that public services maintain a high level of quality control over processes and inculcate ethical standards. Conversely it intensifies the natural inclination of public servants to avoid risk and intermediate (and thereby weaken) innovative ideas. It also slows things down.

The Empowerment of Experience

That's not the worst of it. Rigid vertical demarcations, in which decisions rest largely on situational authority, serve systematically to undervalue the considerable expertise that resides on the front-line. There needs to be a far more concerted effort to empower experience. Those who work each day delivering government services, whether they are junior public servants or community workers, are too rarely given the opportunity to contribute to program design. Indeed,

much of their creativity is spent trying to find ways to achieve the objects of public policy in spite of the often confused and conflicting rules under which they work. They become adept at finding work-arounds.

This problem is not difficult to overcome. There is no need for high-cost 'design laboratories' to bring together the insights of experts. Community organizations, which focus on addressing the multiple disadvantages of individuals by taking a holistic 'citizen-centric' approach, should be given the opportunity to become partners in governance. They should be fully engaged in the structure of the services that they are contracted to deliver. Similarly the experience of more junior public servants (contact staff and regional managers) needs to inform program development and delivery.

Compounding the problem, those who receive public services are too rarely provided with a chance to influence the manner in which they are delivered. Thankfully governments increasingly recognize that there is advantage in devolving decision-making to levels closer to the 'consumer'. Glimpses of the future are with us already.

Given that postcodes are a good guide to the location of social disadvantage in Australia, there is value in tailoring the delivery of support programs to the distinctive needs of communities. Initiatives for 'place-based' service delivery should be encouraged. Programs need to be flexible enough to respond to local circumstance and, most importantly, allow for greater local control. Councils, the forgotten tier of government, need to be more fully engaged.

This is particularly important in meeting the requirements of remote Australia (and not, I emphasise, just Indigenous communities). Government services which metropolitan areas take for granted are often woefully inadequate in the bush and desert. Remote Australia occupies approximately 85% of the continent yet the provision of basic community services and infrastructure is inadequate, even in areas of great and vital wealth production. There needs to be far more effective local authority over decision-making, the allocation of resources and the manner in which services are delivered. That's why I strongly support the remote FOCUS campaign.

Localisation – the devolution of decision-making to communities and community-based institutions (such as schools, hospitals, social housing facilities and health centres) – should become integrated into program design. At both Commonwealth and State/Territory level there are interesting and innovative initiatives already being trialled. They need to become part of mainstream policy implementation.

At the same time individual citizens should be empowered to take control of the services that they need and to decide by whom they are delivered. Particularly in the area of disability services individuals (and their carers and families) are being given greater capacity to manage and direct their own budgets. They need to be informed and supported in making their choices. This requirement should not, however, serve as an excuse for a well-meaning but misplaced professional paternalism, which too often assumes that individuals do not have the capacity to make rational decisions on their own behalf. People cannot continue to be categorized as 'cases' to be managed by experts.

We already know that the 'consumer directed care' approach can be applied effectively to those who want to live a full life in the community in spite of their disabilities. There is no reason to believe that the liberating philosophy of choice cannot be extended with beneficial impact to the decision-making capacity of those who are ageing, suffering mental ill-health or looking for work.

The Co-Production of Government Services

This empowerment of providers and recipients will slowly build a new public sector economy based on diversity. It can presage something even bolder. Public sector reform is not just about finding ways to design better programs for citizens or introducing better ways to deliver services to them. It's about actively incorporating empowerment within new structures of democratic governance. Its foundation is the co-production of government services.

Community organizations can move from being public advocates for the clients they serve to becoming partners with public servants in considering how best to meet their needs. Individuals can stop being treated as passive beneficiaries and become active decision-makers on their own behalf. The language of change is already being given voice in 'compacts' of collaborative principles and a range of 'consumer-control' initiatives. The challenge now is to ensure that citizens, individually and collectively, can be actively involved in the design and delivery of government services.

The Reinvigoration of Democratic Engagement

The good news is that in this digital age there exists the technological capacity to create interactive democratic processes, 'E-government' presently remains too narrowly conceived as the provision of government information or basic transactions. Its ambit can be vastly extended. No longer is it necessary for political influence to be wielded through the traditional approaches of industry lobbying or community advocacy. The opportunity now exists to harness the wisdom of the citizenry in service design through on-line forums and wiki approaches to program improvement and legislative reform.

Social media offers the means to create digital democracy, marked by far greater citizen participation. The tradition of town-hall meetings and written submissions to public enquiries can be revitalized in virtual ways, unconstrained by time or place. More direct forms of citizen engagement are already available. What is needed is the will to use the accessibility of ICT for democratic purpose.

An essential starting place is to ensure that governments and public services work on the assumption that all publicly-funded data collections should be available, as 'creative commons', on the web. If there are perceived to be reasons that information needs to be protected for reasons of confidentiality, privacy or security, the case should be argued. There is today almost universal genuflection before the altar of 'evidence-based policy': now is the moment to ensure that individuals and organizations can access and mash-up the 'evidence' in all sorts of creative ways, whether it's engaging with public policy and/or developing applications for community benefit.

The six interwoven possibilities that I have presented are already with us. Their collective capacity to transform our understanding of 'public service' is limited only by will and vision.

Unfortunately initiatives, which are already evident, are too often poorly funded, pursued in isolation and undertaken spasmodically. The dead-weight burden of convention sits heavily on the shoulders of innovative intent.

The potential for democratic renaissance will require a new type of public servant – no longer just the policy adviser, the legislative drafter, the regulator, the service provider or the contractor but the facilitator. The role of public servants will be to sit at the collaborative centre of a new public economy, actively encouraging flexibility, diversity, choice and innovation. They will need to build and sustain partnerships, through which to encourage, coordinate and evaluate a flow of creative ideas on how best to deliver the mandate of elected government. These will be public servants who take pride in operating at the centre of reinvigorated democratic processes. They will understand that their leadership will be assessed by their capacity to generate partnership and followship.

I find this an exciting prospect. I can imagine a public service that finds its vocation in the creation of new, more resilient forms of democratic governance. I look forward, more ambitiously, to a public service that can act as a catalyst for participatory engagement; and which can become the bedrock of a civil, free and tolerant society, in which people (as citizens) are encouraged and helped to understand both their entitlements and obligations.

Very occasionally – as when one is invited to present an oration – one is entitled to think big. I sincerely thank IPAA in the Northern Territory for the opportunity to do so today.

Footnotes

1 (This is an edited version of the David Hawkes Oration sponsored by IPAA Northern Territory which was presented in Darwin on 9 November 2012).

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By Peter Shergold

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