

TRANSFORMATIONAL LEADERSHIP – AUSTRALIA'S NETWORKED GOVERNMENT EXPERIENCE

DR PETER SHERGOLD
SECRETARY, DEPARTMENT OF PRIME MINISTER AND CABINET (PM&C)

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“Most of the pressing problems of public policy do not respect organizational barriers, nor do most citizens, the subject of public policy. Both the effective development of policy and the efficient delivery of the services that are the concrete manifestation of the policy are equally hindered by the departmentalism of the organization.”

- Dr Peter Shergold

Even as the public agencies of today benefit from increased productivity and performance through devolution from the centre, public services should not forget that “the whole is greater than the sum of its parts”. This was Dr Peter Shergold’s core message to participants.

At the inaugural lecture under the Leadership and Strategy Series organized by the Center for Governance & Leadership (CGL), Dr Shergold spoke on what he meant by Networked Government (also termed ‘Whole-of-Government’) and the challenges he encountered in trying to implement it in the Australian Public Service (APS). He also emphasized that policies should be formulated with an awareness of the delivery considerations and the potential costs they may bring to businesses and societies. Finally, he shared how people are being developed in the APS to foster a more collaborative public service culture.

NEED FOR WHOLE-OF-GOVERNMENT COORDINATION

Dr Shergold began by comparing the Australian and Singapore public services. While Australia and Singapore have distinctive histories, they face different but related futures. Both countries face similar challenges, such as the coordination of national security and an ageing population. There are also country-specific challenges such as remaining viable as a trade and commercial hub (Singapore) and water sustainability (Australia). These are all long-term and wide-ranging issues which cannot be solved by fitting them into ‘neat bureaucratic boxes’ or addressed through traditional bureaucratic structures. Instead, Dr Shergold advocated a Whole-of-Government (WOG) approach which involves agencies and officers working across administrative boundaries in a connected and coordinated manner to integrate government responses and achieve shared goals.

The Australian Public Service

- 146,000 officers
- 18 departments of state and 71 agencies
- 950 government bodies (e.g. advisory boards and committees)

WHAT WHOLE-OF-GOVERNMENT IS NOT

In promoting good governance through WOG, Dr Shergold highlighted a few misconceptions surrounding the WOG approach.

Firstly, embracing WOG does not mean ‘group-think’ or having only one solution being presented to the government. Rather, it is about the relevant agencies agreeing on what

the issue really is. The lack of sharing across agencies on the underlying issues driving a policy usually undermines this effort. If this can be overcome, the next step is to ensure that the policy is well delivered across the various agencies responsible.

Secondly, WOG is also not about establishing a 'one-stop shop'. While it helps, the key is in integrating the whole delivery framework across organizational barriers – not just the front-end delivery to citizens but back-end processes as well.

Finally, in response to a question on whether WOG is more appropriate for dealing with public policy problems fraught with externalities, risks and vertical structure issues or for principal-agent issues, Dr Shergold emphasized that there is value in

pursuing both, depending on the nature of the issue. He agreed that policy problems with substantial externalities are typically long term issues with wide ambit, such as climate change. As the impact of climate change cuts across many sectors and national boundaries, all governments need a WOG perspective and mindset as well as extraordinary use of WOG approaches to deal with it.

Mr Peter Ho added that WOG should not be required only in the case of externalities. WOG is a necessary process that needs to be supported by a mindset change. However, mindset change does not happen overnight and changing mindsets in itself requires a WOG approach. He cited Singapore's Public Service 21 movement as an example of a WOG mindset that came about because of a vision for the public service and not because of externalities.

EMBRACING WHOLE OF GOVERNMENT

The greatest challenge in WOG, according to Dr Shergold, is to convince staff to work across organizational silos. He recounted how the APS had evolved over the past 15 years to focus more on results rather than processes, which was accompanied by a fair degree of devolution. Decentralization of control and delegation of responsibility greatly increased the performance and productivity of the public service. However, "almost due to the result of this success [in devolution]", another challenge resulted - many public officers now think that they are running their own agencies when in fact they are actually running a part of the entire public service. When agencies focus solely on their individual identities, they often forget that the whole is greater than the sum of its parts.

Dr Shergold shared his observations how WOG tends to be manifested during crises, citing the examples of Singapore and Australia and their immediate response to the Asian Tsunami crisis, while other countries were still playing catch-up. Dr Shergold postulated that crises tend to push people to work together towards a common goal without need for encouragement. The challenge is to reproduce that same camaraderie in day-to-day operations within the public service.

Good governance as a condition of a nation's success

Most people credit Australia's good economic growth over the last 15-20 years to her huge landmass but relatively small population, vast resources, and efficient agriculture. But Dr Shergold strongly felt that good economic policies and efficient execution by the government and public servants are also crucial factors. He cited three examples to illustrate this: early decision by the Australian government to remove most of the protective barriers in agriculture and manufacturing, the exercise of great fiscal discipline to reduce government debt and the open immigration policy brought in skilled labour to boost economic growth.

The interplay between the government, public service and economic policy-making is crucial. To Dr Shergold, Australia's wealth of resources alone cannot guarantee her success; good governance is also integral.

One solution is to reorder existing administrative arrangements or set up cross-agency and inter-departmental committees to force a tension of ideas and facilitate the emergence of new ideas. But the existing mindset of the people remains an issue. Another way is to create camaraderie through building informal networks, which the Australian government has done through its Senior Executive Service (SES). In the SES, senior executives have the opportunity to move across different agencies and thus, to look at problems from multiple perspectives. A third way is to mitigate the rigidity of vertical structures. While these structures are important and have a major impact on the quality and ethics of policy decisions, they also impose costs – stifling enthusiasm and dissipating commitment amongst the very young and the future leaders of the public service. A fine balance between vertical structure and teamwork is needed.

Dr Shergold acknowledged that the mindset shift required can be difficult. People can be protective of dysfunctional policies or practices simply because they have mastered them. Policymakers who are experts in their own fields tend to shy away from consulting other departments because they are unwilling accept deviations or alternatives that may arise from the consultation. However, working in a WOG approach has its own rewards because the policies that result from the process will be more inclusive and well-rounded.

ROLE OF PM&C IN WOG

Dr Shergold used the term ‘gateway’ to explain the role of PM&C in enhancing connectedness within the APS. PM&C supports the Cabinet, the “absolute bedrock” of WOG in Australia. APS has made headway in implementing WOG initiatives because of the strong support the PM&C receives from the Prime Minister. While PM&C does not deliver programmes, it monitors their implementation against the original plans. Its small Cabinet Implementation Unit (CIU) tracks departments’ progress in implementing WOG initiatives through a quarterly report, which rates progress on a ‘traffic light’ system (with green, amber and red indicators used). The setup of the CIU resulted from Dr Shergold’s conviction that “policy development that is not accompanied by policy delivery is failed public service”. While his critics saw this system as additional red tape, Dr Shergold remained convinced that it supports the larger goal of forging WOG from policy to delivery.

Responding to a comment, Dr Shergold acknowledged that mechanisms and performance targets used to drive WOG efforts such as the traffic light system could distort behaviour and shift ownership from departments to the PM&C. On the reporting system, he said that currently, the various departments still have a strong sense of ownership of their various

The role of accountability in forging a Whole-of-Government perspective

Accountability is critical for good governance but can be compromised by opaque and ambiguous reporting arrangements. To address this, Dr Shergold persuaded the Prime Minister to create a new Department of Human Services to bring the functions of welfare payments, medicare payments and child support payments under a single department of the State, thereby clarifying responsibilities and accountability issues of these complementary operations.

Being accountable also means reflecting benefits **and costs** accurately. Public servants tend to be good at selling the former but not the latter. Citing the example of a fertiliser which could potentially be mis-used by terrorists, he noted that the tendency would be to label the fertilizer as dangerous chemicals and ban it. The benefits are clear but what are the costs? Do the farmers have alternatives? It is important to consider the costs of a policy, because the burden often falls on the public and business sectors. Under Dr Shergold, policy papers must reflect cost-benefit analyses. A simple accounting tool called the business cost calculator forces departments to make a true assessment of a policy initiative, and examine the cost-effectiveness of the policy solution.

initiatives and are keen to reflect their implementation status accurately. He added that distortionary behaviour would tend to come about when the targets set do not really meet the intent of the policy, or because the wrong agencies or levels of government are identified as the owners of the targets.

CULTURE WITHIN THE PUBLIC SERVICE

Finally, Dr Shergold touched on culture and people development in the APS. In his opinion, “the key to connectedness is its people and culture”. A good culture must have the 4Cs – Communication, Cooperation, Collaboration and Collegiality – and be driven by a recognition that the public service is greater than the sum of its individual parts.

Dr Shergold emphasised the importance of the leadership setting an example in order to foster such a culture. Leaders must exhibit and model such collegial traits and be recognized and rewarded for them in their career advancement. The Public Service Commission also plays a role in inculcating such behaviour through its leadership and training programmes. In his role as the States Services Commissioner, Dr Shergold takes cooperative and collaborative traits into consideration when recommending any individual to the Prime Minister for leadership positions.

To Dr Shergold, the behaviour through which outcomes are achieved is just as important as the outcomes themselves. Hence, in a previous Department, he ensured that the element of performance pay was based on an equal weightage of the outcomes achieved, and the behaviours through which they were achieved. In his current Department, he measured the behaviour of his staff twice a year through the 360-degree feedback process. He observed that the areas where they face the most difficulties in providing feedback are usually at the horizontal level – perhaps encapsulating the problem with forging a WOG mindset. The process also exposed the poorer supervisors and managers, and provided an impetus for them to improve their leadership and collaborative skills. This helped to promote a collaborative culture, which is needed in addressing long-term strategic issues.

Dr Shergold concluded his presentation by acknowledging that the long-term strategic issues faced by the Australian government will increasingly require a networked government approach. With this message, Mr Peter Ho, Chairperson of the lecture, thanked Dr Shergold for his enriching insights in the inaugural lecture under the Leadership & Strategy Series.