



Whatever happened to frank and fearless? The systems of New Public Management and the ethos and behaviour of the Australian Public Service

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The public service in Australia is required to deliver apolitical ‘frank and fearless advice’ to government. It is also expected to support the development and implementation of policies for the government of the day.¹

In recent times, in Australia and elsewhere, doubts have arisen about the ability of public servants to maintain the balance between these activities, and much has been written about a perceived politicisation of the public service. Two separate, but interrelated, sets of circumstance have fed these debates. The first of these is the occurrence of various events at the political level, in which the role of the Australian public service (APS) has been criticised or questioned, such as the ‘certain maritime incident’; the detention and deportation of Australian citizens by the Department of Immigration and Indigenous Affairs; payments made by the Australian Wheat Board to the Hussein regime; the management of the Haneef case; and the role of a senior public servant as the face of the government’s WorkChoices media campaign. The second is the introduction into the public service of new models of organisation, administration and behaviour, known collectively here as New Public Management or NPM.

Though the implementation of NPM has been tailored by different governments to their differing requirements, in Australia its underpinning principles have been broadly supported by political parties in Australia since its emergence in the 1980s. The overall aim of NPM was (and is) to make the public service more flexible and efficient, and more responsive to government. Key components of NPM at the Commonwealth level in Australia have included making the work of public servants contestable; the introduction of performance management, including individual performance assessment and pay; the devolution of centralised managerial controls to individual agencies; the re-structuring of public sector industrial relations according to contract-based models; and the outsourcing of complex service delivery to non-government organisations. Most people working within, and writing about, the public service during the implementation of NPM reforms, have accepted that these disciplines have improved its flexibility and efficiency. But

¹ This paper is based on a forthcoming publication from the Australian and New Zealand School of Government and will be available in December 2007–January 2008 through the ANU E Press at <http://epress.anu.edu.au/titles/anzsog.html>

within the broader system change, the new disciplines of NPM offer the means to reshape relations between government and the public service in less benign ways.

One of the key NPM disciplines is contestability. Almost immediately following the 1996 change of government, the new government made it clear that it was now up to public servants to prove that they could offer the government services it required as efficiently and effectively as the private sector.² At the same time, as if illustrating the point, the government reduced the size of the public service by around 10 000 people in each of the years 1997, 1998 and 1999.³ The new onus of proof for public service delivery raised a notoriously difficult question of what services were core public sector services and therefore not contestable, and what were non-core. According to the then Auditor-General, the answer was that 'any definition of core government seems to be constantly changing...including even those that would be considered to be traditional public services, such as policy, legal advising, corporate management and the delivery of welfare services'.⁴

How, in practice, does the requirement that public servants contest their right to deliver policy advising services for government impact on their understanding of what it means to be apolitical? Where, for example, are individual public servants meant to draw the line between offering advice that is responsive to government and consistent with its policies— a critical APS value —and advice that downplays, ignores or dismisses critics of those policies? How can government agencies compete with organisations that say (because it suits their constituency or because they too are competing) what a government prefers to hear? Does apolitical professionalism—another critical APS value—really represent a competitive edge in getting the attention of ministers in a contestable system? The answer to that question is likely to depend on the ministers and the circumstances concerned. A survey of public servants conducted in the 2003–04 financial year by the

² See The Hon Peter Reith, *Towards a Best Practice Australian Public Service*, Discussion Paper issued by the Minister for Industrial Relations and the Minister assisting the Prime Minister for the Public Service (Canberra, 1996), p. x and Pat Barrett, 'Corporate Governance in the Public Service Context', *Canberra Bulletin of Public Administration*, No. 107, March 2003, p. 8.

³ Australian Public Service Commission, *Australian Public Service Statistical Bulletin, 2004–05*, Table 1, p. 13.

⁴ Barrett, 'Corporate Governance in the Public Service Context', p. 8.

Australian Public Service Commission found that, of those who had had contact with ministers and their advisers over the previous two years, 35 per cent had encountered a ‘challenge in balancing the need to be apolitical, impartial and professional, responsive to the government and openly accountable in dealing with ministers and/or ministers’ offices’.⁵ This finding has remained remarkably stable over time.⁶

Surveys have also established a direct correlation between employees’ confidence in their ability to balance being responsive, apolitical, impartial and professional, and their views on whether senior managers in their agency lead by example in ethical behaviour. In 2005, just over half of the public servants surveyed (51 per cent)⁷ said that their senior managers did lead by example. In 2006, the number was 55 per cent⁸—and that is averaged out across both ‘happy’ and ‘unhappy’ agencies. This figure means that, in a number of agencies, more than half of all employees surveyed may not have experienced ethical leadership from their senior their managers. In response to a second question on whether, in their experience, the most senior managers in their agency acted in accordance with the APS values, 28 per cent of public servants could not agree (and a further 3 per cent did not know). Nevertheless, in a devolved public service environment, the most senior managers in an agency are responsible for providing guidance on appropriate and inappropriate professional behaviour, as well as systems and processes for raising and examining concerns about breaches of the public service values and code of conduct.

Devolution has also given agency heads and senior managers other means of providing guidance to their employees about what is expected of them. These include performance assessment and pay, agency attraction and retention policies, and agency remuneration strategies. Take individual performance assessment and pay systems, for example. An

⁵ Public Service Commissioner, *2003–04 State of the Service Report*, p. 40.

⁶ According to the Public Service Commissioner’s *2004–05 State of the Service Report*, 33 per cent of the relevant population said they had faced such a challenge in the last 12 months, and 6 per cent were not sure. The 200203 *State of the Service Report* data is also comparable: about one third of those employees who reported having had contact with their ministers or ministerial advisers in the last two years reported having faced a challenge in that relationship but the question establishing the relevant population was slightly different in that year <http://www.apsc.gov.au/stateoftheservice/0203/chapter4.pdf>.

⁷ Public Service Commissioner, *2004–05 State of the Service Report*, p.179.

⁸ Public Service Commissioner, *2005–06 State of the Service Report*, p. 58.

individual performance focus can only be sustained where what ministers expect, what agency managers expect, and what public servants do are transparent and consistent with each other. This line of sight is particularly critical in agencies where it is understood that ‘our Ministers are our customers—they are always our first priority and we aim to exceed their expectations in the services that we provide’.⁹ What happens, then, when agency protocols meet ministerial media statements of the dog-whistling variety—as has happened in the cases of immigration and welfare. Are agency staff meant to conduct their decision-making as if they are dealing with ‘refugees’ or ‘terrorists’, ‘unemployed jobseekers’ or ‘welfare cheats’? In the absence of clear direction from agency heads, they may not find out which set of performance criteria really apply until they are given their next performance rating. Little wonder, then, that an ANAO survey of public servants detected a perception among public servants of ‘a substantial gap between the rhetoric and the reality’ of performance expectations,¹⁰ and that around two thirds of them did not agree that, in their experience, the performance pay system in their agency contributed to a workplace culture that upholds the APS values.¹¹

Devolution has also given agency heads the power to reinforce vertical lines of control and to break down collective culture in their own agencies by putting into their hands the power of settling the agency’s industrial arrangements, including non-union agreements and individual employment contracts (AWAs). These new industrial arrangements are structured to discourage the growth of service-wide ‘connective tissue’, to isolate employees industrially, and to increase their sensitivity to leadership values. They have a rhetoric of their own that does not necessarily represent workplace realities—a kind of industrial spin—in which ‘soft’ human resource management theory is used to cover a transition to ‘hard’ human resource management practice. The government presented its industrial agenda to its employees in the same way that it presented that agenda to employees generally: as a matter of improving productivity by fostering direct relations

⁹ Department of Finance, *Annual Report 2001*, available at <http://www.finance.gov.au/pubs/annualreport00%2D01/fin%5Fannual%5Freport/ch2/chp2%5Ftxt2.htm>.

¹⁰ Australian National Audit Office, *Performance Management in the Australian Public Service*, ANAO Audit Report No. 6, 2004–05, p. 14, para 9 http://www.anao.gov.au/uploads/documents/2004-05_Audit_Report_6.pdf

¹¹ Australian Public Service Commission, *2005–06 State of the Service Employee Survey Results*, p. 50 question 70.

between employees and employers that would have the effect of aligning their interests. What the government delivered in the APS as elsewhere was an increase in managerial prerogative. As in the cases of contestability and performance management when considered separately, these industrial arrangements have the effect of encouraging public servants to take a narrowed and short-term view of the requirement to be responsive to the expectations of the employing agency and of the ‘ultimate employer’¹², the government of the day.

These issues are of concern because although NPM has undoubtedly increased the capacity of public servants to achieve results, it has exposed decision-making to new disciplines that interact in ways that increase their exposure to party-political direction. These disciplines have been internalised by the public service in ways that leave it much less protected against pressures towards politicisation than it has been over its earlier history. This is not to deny the increased efficiency of the public service, nor does it mean that it is necessary to revisit history and undo what has been done in the name of restoring a balance that has always been difficult to sustain. There are, however, ways of re-adjusting the system so that public servants are better able to distinguish themselves from ministerial servants. The problem is to retain the flexibility and performance orientation of NPM but to reduce the negative impact of existing disciplines (a short-term solution) or to introduce more balanced disciplines (a solution for the longer term). These are not mutually exclusive alternatives.

As we move through, and then beyond, a 2007 election, the changing role of the public service will probably not be at the forefront of political debate. The development of that role in the next few years will, however, influence the workings of Australian democracy in sensitive times.

¹² Department of Employment and Workplace Relations, ‘APS—Supporting Guidance for the Workplace Relations Policy Parameters for Agreement Making in the Australian Public Service’ (June 2004), p. 4.