



# **PERFORMANCE AND ACCOUNTABILITY**

**IN THE**

## **PUBLIC SERVICE**

**A statement by the  
Prime Minister**

**The Hon P J Keating, MP**

**1 July 1993**

**Parliament House  
Canberra**

**A statement made upon the publication of the following papers of the  
Management Advisory Board and its  
Management Improvement Advisory Committee**

*The Australian Public Service Reformed  
An Evaluation of a Decade of Management Reform*

*Building a Better Public Service*

*Accountability in the Commonwealth Public Service*

**THE AUSTRALIAN PUBLIC SERVICE** is one of the great institutions of our national life. Its establishment was one of the key acts of Federation. It, along with the nation, is approaching its centenary.

The performance of the Public Service and its values are basic to our national well being. The quality of our system of governance depends heavily upon the integrity, professionalism and dedication of the Public Service.

As an institution, the Service has served us well through difficult times. Two world wars, the Great Depression and the challenging period of post-war reconstruction.

But the Public Service cannot rest on its traditions, however illustrious they may be. The service has to maintain its relevance and keep ahead of the game.

It can't be expected to do that entirely of its own volition. There has to be effective political leadership.

As I said in the 1991 inaugural Chris Higgins Memorial Lecture (and there was a professional public servant for you):

...only politicians can make major changes to the way a country conducts its business...Change cannot come from the bureaucracy no matter how well motivated, or gifted, because the bureaucracy has no authority to rank priorities or make decisions....In the end, politicians have to have the foresight to see the need for change and the courage and strength to carry it through.

In fact in 1983 there was a huge reform task to be undertaken. The Public Service, while managed and staffed by people of real ability, integrity and motivation had not been allowed to move with the times. Rather than liberate the Service to allow its talents and energies to flourish, our predecessors had preferred Public Service bashing, crude staff ceilings and belligerent industrial relations.

Central to our reforms of the Public Service was the desire to ensure the government of the country belonged to the elected politicians. We stated at the outset that a key objective was to make the Public Service more responsive to the government of the day; more responsive in the sense that it would be better able to recognise and achieve the Government's overall policy objectives.

We wanted a Public Service that could take us into the 21st century. A Service that would meet our aspirations for a modern, competitive, caring and confident Australia.

The reform task has required a massive effort from the Public Service. It has risen to that challenge well.

Let us take this opportunity to mark how much we have achieved over the last decade.

What our predecessors had allowed to become a stultifying bureaucracy, obsessed by process for its own sake, and which all too often had its own agenda which failed to comprehend the objectives of the elected Government, is now a far more professional body.

Without doubt the Public Service is more responsive to the general policy direction of the Government.

**We are a reforming Government. We need a reform-oriented Public Service.**

**We have already achieved a significant cultural change and that is continuing.**

**Public servants do now focus on results, on outcomes, on performance.**

**And contrary to some misinformed commentary, that has not been at the expense of the traditional public service virtues of honesty, probity, integrity and fair dealing.**

**Ethics and equity continue to take their place alongside economy, efficiency, and effectiveness.**

**Indeed, the greater emphasis on accountability and openness in decision making that we have seen since 1983 has been a powerful contributor to honest and fair administration, and has reinforced a more deliberate focus on equity.**

**Nor has the Public Service been politicised.**

**Quite the contrary. The clearer arrangements that we now have for ministerial staff and the important independent role played by the Public Service Commissioner in SES staffing decisions have bolstered the merit principle.**

**We're not interested in a politicised Public Service. But that doesn't mean public servants have to be political neuters.**

**We want men and women who have their own ideas, who are ready to take the initiative combined with a high degree of political sensitivity.**

**That is all part of a *professional* Public Service.**

**A Public Service able to give strong advice.**

**Able to test ideas and come up with better ones.**

**Able to articulate objections and point to the pitfalls.**

**Able to temper misguided enthusiasm.**

**But with the sensitivity to know when not to press further.**

**A Service which can recognise when the arguments have been understood, and avoids unproductive debate continuing to the point of nagging.**

**A Service which is then able to get on and implement a Minister's decision with whole hearted commitment.**

**Again as I said in the Chris Higgins' lecture:**

**...the Government has valued official advice and made sure the institutions that provide it are strong and effective.**

**...this Government has always believed in a career public service, capable of giving independent advice.**

**the Government has not sought to shield itself from critical advice by appointing "friendly voices" to key positions.**

**When we turn to performance I say don't be fooled that there was a golden age of public administration when everything was done perfectly.**

**Remember the Review of Commonwealth Administration set up in response to what Malcolm Fraser referred to as 'breakdowns and administrative failures'?**

**Remember the 'roo in the stew' meat substitution rackets?**

**Remember Costigan, the painters and dockers, and the escort services being run out of the Perth Deputy Crown Solicitor's Office?**

**And those of you in the Public Service remember what it was like.**

**Trying to manage without the necessary authority.**

**The levers that mattered outside your control.**

**The dead hands of the central agencies.**

**Departments had to argue with clerks in the Public Service Board and the Department of Finance on matters of detail that should have been left to management discretion and which bore little if any relationship to the Government's priorities.**

**It was this failure to match authority with responsibility which indeed meant that no-one could be held to be properly accountable. It was always possible to blame someone else; departments blamed Finance or the Board and vice versa whenever administrative failures occurred.**

**Most importantly the abdication of responsibility by the successive conservative Governments in favour of the Commonwealth Club mandarins did our country great harm.**

**So much opportunity was lost.**

**Often our political debate focuses on the sins of commission. The Opposition gets itself excited about technical mistakes in tender documents.**

**But what about the sins of omission?**

**What did the do-nothing coalition governments give us?**

**Let us take transport and communications for example.**

**For all I know we may have had some perfectly drafted rules and regulations.**

**But in a country so large and so dependent on its transport and communications systems we ended up with the most ramshackle transport system in the whole OECD.**

**Perhaps they did the job well. But it was the wrong job.**

**The opportunities lost in industry policy over those decades were staggering.**

**Tariff walls beautifully built. Detailed and extensive industry regulation was faultlessly drafted. But who was concerned with whether it was the right policy or not. It was the lazy days of the fifties and sixties in the lucky country. Nobody was looking where we were going. No vision, no political thought and no leadership.**

We have been paying dearly for that political vacuum. We have had to labour hard to establish national industry policies, to restructure the economy and to create the infrastructure Australia needs.

In those days creativity, imagination and the generation of ideas were not called for and so they were not provided. The harnesses which had linked the Public Service to the driving needs of the Government and the community during the war and the period of post-war reconstruction worked loose. Like all bureaucracies left to their own devices, it grew and focused its energies on itself.

I don't propose to traverse the many changes we have made over the decade. They are comprehensively described in the evaluation.

You are familiar with the 1984 reforms. You will recall the small change at that time which marked the direction of all the changes, the amendment of section 25 of the Public Service Act. We added three simple words to the description of the responsibilities of heads of departments: "*under the Minister*". Three simple words which said it all. And we stopped using the description "*Permanent Head*".

You are aware of the extensive changes we have made to the budget processes that enable Ministers to decide the priorities to be allocated to the Government's programs.

You are aware of the 1987 machinery of government changes which were directed to strengthening Cabinet and ministerial control.

At the same time we abolished the Public Service Board. Its time had truly come and gone. Quite deliberately, to increase the responsibility and authority of managers in departments, we have steered away from a single strong management authority at the centre.

And you are familiar with the more recent reforms: the award restructuring, commercialisation, even privatisation, where it's appropriate, and most recently enterprise bargaining.

The evaluation of the reforms has been an ambitious undertaking. Vic Rogers and the other members of his task force are to be congratulated. Michael Keating tells me that he is unaware of any other country that has attempted such a comprehensive survey of management change.

The evaluation has concluded that:

- the management reforms have been well directed;
- they have been well accepted and their benefits have substantially outweighed their costs, and
- agencies need to take more active steps to fully integrate the reforms into the culture of the Service and make them work more effectively.

I am very glad that the task force has come to this conclusion because I, for one, have no intention of going back to 1982.

And so to the future.

The Management Advisory Board, itself a product of the 1987 reforms, has prepared the paper *Building a Better Public Service*. It is an important document that I commend for close attention by all those with an interest in understanding what the Public Service is about.

It is not a detailed blueprint for further reform. Rather, it suggests a strategic approach focusing on:

- making performance count,
- better leadership, and
- a strengthening of the culture of continuous improvement.

As the paper says, the drive for the reform of the Public Service must be viewed in the broader context of the changes affecting the whole of Australian society:

- the internationalisation of the economy and the release of competitive forces
- the increased demand for improved services, while maintaining expenditure restraint, thus requiring continuing improvement in value for money
- and better educated staff wanting to be more closely involved in decision making affecting them.

But the paper warns against complacency and argues that the task of continuing reform is as urgent now as it ever was.

And we cannot stand still.

There must be a stronger focus on clients and the quality of services.

Leadership is crucial. I have already discussed political leadership but more has to be done to cultivate leadership within the Public Service, especially at Secretary and SES levels, to achieve the high quality services, representing the best value for money, to which the Australian people are entitled.

The Public Service has to sharpen its focus on performance still further. To improve performance it is essential that people should be told where they stand.

Praise where praise is due.

Fair, frank and firm feedback when they need to lift their game.

The private sector and other public services have developed performance appraisal schemes. In the past the Australian Public Service has not been good at this. Too much use has been made of the too hard basket when it comes to appraisal. As a result there has been inadequate communication between supervisors and staff.

So to reinforce effective appraisal we are now introducing performance pay. It has come in for the Senior Officers, the middle managers, and from today it comes in for the SES. We must be prepared to work at it and if necessary develop and refine the arrangements to ensure performance pay is an effective spur to good performance. It needs to be given time to settle in and be properly evaluated.

Of course there will be teething problems and we have to find the right balance of public accountability sought by Parliament and the confidentiality needed if the schemes are to work effectively.

Again that calls for leadership by Secretaries and all the SES.

As in private sector employment, enterprise bargaining will place the emphasis on generating reform at the local level.

Increasingly it will be for public service managers at the local level to improve the way work is carried out. They are the ones, together with their staff, who are best placed to generate the ideas on how to get that extra value for money and how to further improve the quality of the service they and their teams provide.

Those are the questions we must *all* ask, *all* the time. We live in a competitive world. In building a better Public Service the focus is on *continuing* improvement.

We are getting this country moving again and the Public Service is playing its central role in that.

Drawing on the Chris Higgins lecture again, I said then:

[This] will be seen as the time that Australia finally stood up and took stock of itself and its problems. It will be seen as the time when change and innovation became the stock in trade of the political process.

We invest in political leadership and Ministers are in the driving seat. We have the talent in the Cabinet, and have maintained the supply of new talent to stay there.

It's an impressive achievement.

And it's also an achievement for the Public Service.

Although the reforms have been driven by Ministers, as the decade has passed there has been an increasing enthusiasm for reform. Many of the ideas for reform have been generated by public servants attuned to the Government's wishes. People such as Michael Keating who have done so much to push the reforms along can be proud of what they have achieved.

Ideas have been acted upon and decisions have been implemented.

That is how it should be.

I turn now to the subject of the third paper - accountability.

This paper should be required reading for public servants at all levels, and for all Members and Senators - especially Opposition Senators.

The paper was first published as an exposure draft in August 1991. It created a degree of fuss.

It has been the subject of a large number of seminars and workshops, both public and within the Public Service since then. It has been redrafted in the light of the comments received.

I expect it will still create some lively discussion.

But its publication is very timely. As the recent session of Parliament shows, there is a lot of muddled thinking about the relationships between the Public Service, the Government and the Parliament.

Parliamentary accountability is a serious matter. Many of the public service reforms I have been describing have been directed to improving the capacity of Parliament to scrutinise government.

Recent commentary, however, has suggested ministerial responsibility no longer operates in Australia and that there are gaps in our system of accountability. Those parrot cries are devoid of any meaningful content.

Statements are made that we have redefined the concept of ministerial responsibility. Watered it down. Changed the rules.

This is not so. I remind you of what my predecessor said about ministerial responsibility in his 1988 Garran Oration:

The true measure of ministerial accountability, here and in Britain, has never been the tally of ministerial resignations. Even in the slower and simpler formative period of our system of Government, the strict theory that Ministers were fully accountable for every act or omission of their departmental officers was, simply far fetched.

He went on to say:

...ministers must, of course, continue to be answerable to the Parliament and to take any necessary corrective action. But the truth is there is no requirement for them to resign except where a significant act or omission was theirs, or was taken at their personal direction, or was a matter about which they obviously should have known, and done something.

At that time the Government was criticised for changing the rules and departing from Westminster tradition. Again the commentators got it wrong. Back in January 1983 the report of the Review of Commonwealth Administration for Mr Fraser disposed of the myth that in the United Kingdom ministers automatically, regularly or often resigned where there were acts of maladministration by their departments.

Instead the Review concluded that there "has never really been [such] a convention in the UK. Indeed, we have not been able to identify (in well over a 100 years) a single case that can properly and confidently be claimed as a resignation for that reason."

And 12 years before my predecessor's comments, the Coombs Royal Commission on Australian Government Administration, put it this way:

...there is little evidence that a minister's responsibility is now seen as requiring him to bear the blame for all the faults and shortcomings of his public service subordinates regardless of his own involvement, or to tender his resignation in every case where fault is found. The evidence tends to suggest rather that while obliged to answer to it when Parliament so demands, and to indicate



corrective action if that is called for, they themselves are not held culpable - and in consequence bound to resign or suffer dismissal - unless the action which stands condemned was theirs, or taken on their direction, or was action with which they ought obviously to have been concerned.

And so let us be a bit grown-up about this. On both sides of politics the question of ministerial resignation will be a matter of hard-nosed judgement by the Prime Minister taking into account whether or not the Minister was directly involved, and if not, whether the Minister should have been involved.

As Sir Geoffrey Yeend, a former head of my Department, recently made clear in a letter to *The Canberra Times* the problem the journalists have, not to mention the Opposition, is confusing responsibility with resignation.

Accountability and ministerial responsibility are not to be measured in scalps taken. Ministers *are* answerable to Parliament.

And as Sir Geoffrey made clear in his letter, it cannot be assumed that if there is no resignation there is no cost. Sanctions are altogether a more subtle business than many critics apparently understand.

I accept that there are grey areas. The question whether a Minister knew about some matter can be simply determined. Whether he or she *should* have known leaves room for genuine differences of opinion.

What is certain is that once the problem has come to the Minister's attention he or she has a clear continuing responsibility to fix it up.

If the thinking on ministerial responsibility has been muddled, it is yet more so when it comes to the accountability of public servants and their proper relationship with the Parliament.

Public servants are the employees of the Government, not the Parliament. A large measure of their direct accountability should therefore be seen in the context of the normal employment obligations that any employee has to his or her employer.

The exposure draft of the MAB accountability paper was, however, criticised because it appeared to limit accountability to this direct relationship.

As the new MAB document makes clear, Secretaries and departmental staff are accountable to the Parliament through their Ministers according to long established convention. The document, however, recognises the indisputable fact that the complexity and sheer scale of administrative tasks means that Ministers cannot be directly responsible for all the actions of their departments. This is explicitly recognised in the many legislative provisions for extensive delegation to officials. Accordingly the MAB document recognises that the traditional hierarchical accountability relationships have been complemented by public servants' duty to explain or justify their actions directly to parliamentary committees where the minister neither knew nor should have been expected to know about a matter.

Furthermore, the Parliament has recognised that it itself is no better placed than the Minister to keep track of all the administrative decisions. Accordingly various external

review bodies such as tribunals, the Auditor-General and the Ombudsman have been established to supplement the traditional accountability processes.

When we consider public servants' accountability, especially when it comes to the question of sanctions, we have to be clear about the respective responsibilities of the Government and Public Service managers.

With the exception of the Government's statutory responsibilities in relation to departmental Secretaries, staffing decisions, including any questions of rewards or sanctions, are matters for Secretaries of Departments and in some instances the independent Public Service Commissioner. That is how it should be and I am sure no one would wish to see the Government intervening more directly. It would be a slippery slope to politicisation.

And what are the appropriate sanctions?

Such matters will always involve careful judgement. It's a weighing up of the significance of the problems and their nature, of peoples' competence, their overall contribution and their capacity to fix the problems.

This weighing up of achievement is important for wider reasons.

We have put a lot of effort in the last ten years into trying to turn the public service culture around - to instill in public servants an understanding that performance and achievement are important.

We must reinforce the understanding that avoidance of mistakes is not the only imperative or touchstone of public service performance. We must not return to the risk-averse culture of the past.

The cock-ups, the sins of commission, can be damaging, but typically their consequences are far less damaging than those sins of omission I referred to earlier.

Unless we are prepared, as a government, to play by these new rules - to assess people by their overall performance - we can hardly be surprised if public servants seek to avoid risk at all costs.

As part of the further developments in public service management reform there will be a sharper focus on effective performance appraisal, and related rewards and sanctions.

In introducing this tougher environment, we should not lose sight of the importance of professional pride for public servants, especially at senior levels. Respect among colleagues, satisfaction in the achievement of a difficult task well done, are valued. It is relevant when discussing sanctions.

The public exposure of shortcomings leads to professional embarrassment. Often this will be sufficient sanction.

Performance and accountability often arise in the context of parliamentary committees.

It is, I suggest, time for us to engage in some mature reflection on the question of scrutiny by parliamentary committees.

**Our committee system is potentially a very good system, capable of making a worthwhile contribution to the quality of government.**

**It is so important that it should not be prostituted.**

**May I therefore make some suggestions to the Opposition leadership? I hope there is an understanding among that leadership of the danger of debasing the committee system.**

**We should take a long-term view of the value of parliamentary committees. We should expect and encourage public servants to play their full part in providing information to parliamentary committees.**

**But if some Senators in particular adopted a less adversarial approach they might achieve far more effective parliamentary scrutiny. As the Government has improved the quality of the information being provided to the Parliament, and with the increasing expectation that public servants will explain the background to government policies and account for actions for which they are responsible, there is a corresponding obligation on committee members to be professional in their role; for example, to have read the papers, to avoid aimless fishing expeditions, to have thought out their lines of inquiry, and so on.**

**There is an increasing demand for the tabling of documents in Parliament and its committees. There is of course a case for the Parliament to have access to some documents. Often the Government wants debate to be informed by having key documents on the record. Often it would help if the Opposition read them.**

**But there needs to be a shared recognition of the limits and costs involved.**

**Consultation between the Opposition and Ministers and senior officials will help to enable the legitimate demands of parliamentary scrutiny to be met without wasting everybody's time and taxpayers' dollars. Ministers will be cautious in their undertakings to produce documents and the Government will not accede to requests that are merely fishing expeditions.**

**I do not wish my remarks to be taken as dismissive of the proper role of Parliament.**

**Far from it.**

**We are interested to ensure that parliament is a relevant and modern institution. And I hope the Opposition will join us in that.**

**The people of Australia look to their leaders and their representatives to address the challenges we face together as a nation.**

**They want good government.**

**They want the Government they have chosen to be able to get on and do the things that need to be done.**

**They want informed and constructive parliamentary debate about the issues that matter.**

- **Dealing with unemployment**
- **Achieving sustainable economic growth**
- **Building up our manufacturing base and increasing our exports**
- **Securing our place in the Asia-Pacific Region**
- **Working towards reconciliation with the nation's indigenous people**
- **Protecting the less well-off, the sick and the aged**
- **Preparing our children for the lives ahead of them**
- **Looking after our matchless environment**
- **Fostering our cultural life**
- **Continuing the enrichment of our national life that we have gained from the successful integration of our diverse ethnic backgrounds**
- **Developing our sense of ourselves as a mature, confident and completely independent nation with constitutional arrangements appropriate to the 21st century.**

**These are the issues which the Australian people have entrusted to their representatives and the Government.**

**For the Government's part we shall be energetic in pursuing the community's goals.**

**I believe the Parliament has a corresponding duty to make its contribution to the debate of these big issues.**

**But all too often what passes for political debate is the pursuit of second order issues.**

**The Public Service has a key role to play as we approach the new century. Historically, the Public Service has been especially important at key times in our national development.**

**The push in the 1890s towards federation is a good example. It took political leadership and community initiative and popular support to achieve the goal of nationhood.**

**But a lot of the business of making it all happen would have fallen to the officials and in the Commonwealth's first public servant, Sir Robert Garran, there was an excellent example of professional dedication, and above all, creativity, in giving form and substance to the aspirations of the early federal governments.**

**Similarly, in those difficult times immediately after the Second World War, Australia was blessed with a generation of gifted, capable and imaginative senior officials.**

**Contemplating the kind of country that we want Australia to be in 2001 and 2010 and on into the century I am struck by the parallels with the values that we want to see in the Public Service and also by the crucial importance of the Public Service in enabling the country to achieve that future.**

**We want the country to be vital and energetic with a strong sense of individual freedom. In the Public Service we are striving towards a new culture of continuing improvement in performance. There will be less emphasis on central direction and more on the freedom of local management and staff and unions to decide how things will be done.**

**We want a fair country with equality of opportunity for all groups within it. In the Public Service, social justice, access to government programs and equity in all decision making will continue to be a central consideration.**

**We want an honest and law-abiding country. In the Public Service we can be satisfied with nothing less than the highest ethical standards. The integrity and probity of public office holders (and I include politicians) is the foundation upon which proper standards of conduct in all walks of life are built.**

**Corruption in government and public administration rapidly permeates the community. There is a heavy responsibility on the most senior levels of the Service because so much is learnt by example, good and bad. I am a strong supporter of the moves within the Service to re-emphasise the traditional importance of public service ethics.**

**Let me make it quite clear that it has never been any part of the Government's public service management reforms that the traditional Public Service values should be diminished. In focusing on performance and achieving results it has been right for us to examine process. Process which serves no useful purpose should be scrapped and that has been a significant object of the reforms. But that does not detract from the importance of adhering to the due process that remains, especially when it is part of the law.**

**We need our public servants to be achievers. We want results. They should be energetic, responsive, creative and imaginative.**

**But the responsibilities entrusted to the Government by the Australian people are precious. So the energy, the enthusiasm, the creativity and imagination have to be carefully balanced with some prudence, attention to detail, sound judgement, healthy scepticism and the guts to stand against the flow.**

**I acknowledge that we do ask a great deal of the Public Service.**

**Addressing the Press Club after his Royal Commission reported, Nugget Coombs observed that it was, after all, the men and women of the Public Service that could make politicians' dreams come true.**

**As a community we should be thankful for it.**