Health Insurance Commission Senior Management Group

Public Boards Governing Corporately

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I. INTRODUCTION

I am pleased to be invited to talk to you today. I intend to base the presentation on the ANAO’s recent discussion paper, Corporate Governance in Commonwealth Authorities and Companies which has been circulated to you. As you will be aware, the paper is part of an information kit that was released in May 1999. The level of interest that the kit has generated has been very pleasing. From letters and feedback that the ANAO has received since its release I understand that agencies are finding it timely and helpful and that it contains constructive ideas which can be put to practical use.

This is the second publication that the ANAO has released for discussion to raise awareness of the opportunities that a robust corporate governance framework can provide for better performance and accountability within the public sector. In particular, such a framework can assist greatly in effective risk management in an environment where arguably, there is greater management challenge not least with the greater involvement of the private sector both as a provider of and, competitor in, the delivery of public services.

The previous paper, which was entitled ‘Applying Corporate Governance Principles and Practices to Budget Funded Public Sector Agencies’, was prepared primarily to assist Chief Executive Officers (CEOs) of Australian Public Service (APS) agencies review their corporate governance frameworks with the aim of making them more effective. This earlier paper pointed out the advantages of the APS adopting or adapting corporate governance principles from the private sector for better management performance in the APS. At the same time the paper recognised the differences between the responsibilities of CEOs in agencies covered by the Financial Management and Accountability Act 1997 (FMA Act) and those by Boards under the Commonwealth Authorities and Companies Act 1997 (CAC Act). The latter, of course, have more in common with private sector organisations.

In preparing the current discussion paper, the ANAO took into account national and international developments in the private sector, such as the recent changes in the reporting requirements of companies under the Corporations Law and Australian Stock Exchange (ASX) requirements to enhance disclosure and give a greater profile to governance issues and the recently released OECD Principles of Corporate Governance.

The current paper also reflects work that has been undertaken in the public sector (such as the NSW Audit Office, the WA Audit Office, the New Zealand Audit office and the Audit Commission in the United Kingdom) and ideas and directions that have become apparent from our own audit activities. For example, the work that the ANAO has done with Government Business Enterprises (GBEs), particularly Telstra, and with the Australian Taxation Office (ATO) over recent years, clearly indicated the contribution that good corporate governance can make to an organisation’s performance and to the confidence of its stakeholders. Barrett,

Finally, we had the benefit of comments from a number of bodies including the ASX, Telstra, Australia Post, ABC, SBS and CSIRO; feedback from experts on corporate governance who were consulted during the development of the paper; and the results of a survey conducted by the ANAO of selected CAC bodies which included the Health Insurance Commission.

I would like to stress that the material contained in the kit, including the actual paper, is for discussion and is not a tabled audit report. It was designed primarily for circulation to directors of CAC bodies and senior executives in the APS. Even though the information kit focuses on corporate governance in CAC bodies, it is aimed at encouraging the implementation and ongoing development of a robust governance framework within all public sector agencies.

I should also emphasise that the paper is not intended to be prescriptive, as good public sector corporate governance requires more than the prescription of particular corporate structures or compliance with a set of codified rules. Put simply, it is not a ‘box-ticking’ exercise, which can be an easy option, as opposed to actually doing something about it. Rather, the paper’s main purpose is to outline some of the key principles that are important in establishing an effective corporate governance framework. Sir Roland Hampel (Hampel Committee on Corporate Governance) observes that:


While I agree with the thrust of his view, I would personally cast the net wider in terms of those involved.

The corporate governance principles are intended as a guide to assist CAC boards to meet the challenges of a rapidly changing APS operating environment while working towards achieving improved performance and better practice in their organisations. Organisations will need to tailor the principles discussed in the paper to suit their individual needs and governance obligations in a way that facilitates appropriate accountability and performance. As indicated by the United States Business Roundtable:

‘good corporate governance is not a one size fits all proposition.’


This view has recently been supported by the OECD in its *Principles of Corporate Governance*. The OECD has emphasised that, to meet new demands and grasp new opportunities, corporations will need flexible and adaptive governance practices. OECD 1999, *OECD Principles of Corporate Governance*, May.
I am aware that the issues presented in the discussion paper are not entirely new to CAC bodies and public sector agencies more generally. In the last decade, APS agencies have put in place many of the elements of good corporate governance. These include corporate objectives and strategies; corporate business planning; audit committees; control structures, including risk management; agency values and codes of ethics; identification of, and effective service to, stakeholders; performance information and standards; evaluation and review; and a focus on client service to name just a few. The real challenge is to bring all of these elements together, to ensure that their logic and their interrelationships are made clear to everyone in the organisation and to integrate their individual management at the corporate level.

In a submission to a recent inquiry into corporate governance and accountability arrangements for Government Business Enterprises (GBEs) by the Joint Committee of Public Accounts and Audit (JCPAA) the Department of Finance and Administration (DOFA) outlined the following key features of the Commonwealth Government’s corporate governance framework:

- a reliance on the existing framework, Corporations Law, as much as possible;
- regular reporting of performance to shareholders; and
- boards are accountable to shareholders for GBE performance and shareholders are accountable to Parliament and the public.  

Department of Finance and Administration, 1999, ‘Submission to the JCPAA Inquiry into Corporate Governance and Accountability Arrangements for Commonwealth GBEs’, JCPAA, Volume 1, Submissions 1-19; p.S25.

With this in mind, my presentation today will focus broadly on the following areas:

- the changing accountability framework that is developing within the Australian Public Service (APS) and its impact on contemporary APS management issues;
- using corporate governance as a tool for maximising organisational performance; and
- identifying the main elements of better practice in corporate governance and integrating these with business operations.

II. THE CHANGING APS ACCOUNTABILITY FRAMEWORK

As you will be aware, the APS has been steadily evolving towards a more private sector orientation over the last decade, influenced by the momentum of the National Competition Policy reforms Independent Commission of Inquiry Into National Competition Policy 1993, ‘National Competition Policy - Report to Heads of Australian Governments’, AGPS, Canberra. and the Industry Commission inquiry into competitive tendering and contracting. Industry Commission 1996, ‘Competitive Tendering and Contracting By Public Sector Agencies’, AGPS, Melbourne, January. More recently, the Government’s acceptance of the basic principles set down by the National Commission of Audit for determining what
activities should be undertaken within the public sector has led to an increased focus on privatisation and outsourcing of government services and activities. National Commission of Audit 1996, ‘Report to the Commonwealth Government’, AGPS, Canberra, June.

The Commission has adopted a framework of principles, cognisant of the broad economic and social goals of government to guide its analysis and recommendations for improvements. This framework includes the following decision sequence:

- Assess whether or not there is a role for government.
- Where there is, decide which level of government, and assess whether or not government objectives are clearly specified and effectively provided.
- Assess whether or not effective activities are being conducted on a ‘best practice’ basis.

In relation to the last mentioned issue, the Committee found that service delivery systems should be market tested against other systems to fully test their efficiency. This involves public sector managers benchmarking their service delivery methods against best practice, re-engineering the way they do their business and contracting-out functions where it is cost effective to do so.

The Committee recommended that agencies should be required to market test all activities over the next 3 to 5 years unless there is a good reason not to do so (p. 84). This is now government policy. The Government has made it clear that the challenge of public sector reform, including contestability with the private sector, remains both substantial and urgent. Barrett, P. 1999, *Accountability for Risk in a Contestable Environment*, Presentation at the 1999 Department of Employment, Training and Industrial Relations Biennial Risk Management Conference, 27-29 July.

Australia is not alone in adopting this new policy direction. The changes which we are experiencing are consistent with an international move towards a smaller public sector, greater privatisation and commercialisation of the public sector and an increasing involvement of the private sector in the provision of public services (sometimes in competition with the public sector). The use of contracting has increased significantly in most OECD countries and is widespread, for example, in the United Kingdom (UK), the United States (USA) and Canada.

The introduction of a suite of financial management legislation which was enacted in January 1998 to replace the *Audit Act 1901* is intended to allow the public service to better manage and respond to new challenges brought about by the changing environment. The legislation provides a framework for further improving performance and accountability in the APS. It has also heightened the APS awareness of good corporate governance. As you may be aware, this legislation consists of:

- the *Financial Management and Accountability Act 1997* - which sets down the financial regulatory/accountability/accounting framework for government departments and agencies;
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- the Commonwealth Authorities and Companies Act 1997 – which provides standardised accountability, ethical and reporting provisions and, as its name suggests, applies to CAC bodies; and
- the final piece of legislation is the Auditor-General Act 1997 – which effectively governs the operations of the ANAO.

I want to briefly touch on one important aspect of this legislative framework. That is that the FMA Act and the CAC Act broadly reflect a basic distinction between core agencies of Government and non-core bodies controlled by Government. The split reflects, inter alia, a general acceptance that some activities should only be performed under the close and direct control of the Executive, whereas others by their very nature require a degree of independence from the Executive. CAC bodies have a corporate (legal) identity separate from that of the Commonwealth and hold money and other assets on their own account, while FMA bodies are agents of the Commonwealth in that they do not own money or assets separately from the Commonwealth.

This new legislation illustrates how significantly the APS management framework has changed in the last decade. Voluminous and detailed rules and prescriptions have been largely replaced by principles based legislation which clearly places the responsibility for the efficient, effective and ethical management of public sector organisations in the hands of CEOs and directors of boards. Together with ongoing reforms to the Public Service Act 1922 and the more principles-based legislation relating to workplace arrangements (which has deregulated the APS people management framework) this legislation is intended to provide managers with increased flexibility, including the elimination of unnecessary bureaucratic processes, to respond to the challenges of the evolving APS operating environment and improve the performance of their organisations. The emphasis is now very much on personal responsibility starting at the level of the CEO.


By way of brief background, the CAC Act (which applies to HIC) is designed to provide a complementary accountability framework for CAC bodies to that set out in the enabling legislation of individual CAC bodies and in the Corporations Law. In particular, the primary objectives of the CAC Act are to:

- standardise the reporting, notification and auditing requirements for CAC bodies;
- ensure that CAC bodies are appropriately accountable to the Parliament through the Minister;
- set standards for the conduct of officers of CAC bodies not incorporated pursuant to the Corporations law; and
- provide a mechanism for the application of Commonwealth policies to CAC bodies.

For CAC bodies, this new legislative framework provides an effective mechanism to improve accountability and encourage the implementation of better practice governance arrangements. Importantly, the framework can be tailored to meet particular circumstances. For example, under section 16 (in reference to statutory authorities) and section 41 (in relation to wholly-owned Commonwealth companies) the responsible Minister(s) can tailor the information they receive from organisations to suit their particular requirements. Furthermore, there is the potential to make changes to the reporting and accountability requirements of all CAC bodies through amendments to the CAC Act. Ibid. p.S9.

I mentioned earlier that the new legislative framework places emphasis on personal responsibilities and accountabilities. Not surprisingly, this has focussed attention on personal sign-offs to the CEO, and so on to other organisation levels including in the normal hierarchical delegations for particular areas of responsibility by particular individuals, including for financial performance. But, I would like to point out, it is not the action of signing-off that creates the assurance. It is what underlines (or what underpins) the sign-off that is important, including endorsement of that underpinning and its acceptance by those who rely on it. Instructions, guidance and user-friendly information systems are essential in this respect and integral to good corporate governance. Therefore the exercise of responsibility and associated sign-offs are integral to the corporate structure with its agreed objectives, strategies and performance measures.

It is important to understand that the introduction of new ways of delivering public services does not obviate or limit the need for accountability simply because of the market discipline induced by competition. To the contrary, in a more contestable environment which is highlighted by less direct relationships and greater decision-making flexibility, it is essential that we maintain and enhance our accountability, improve our performance, and find new and better ways of delivering public services while meeting ethical and professional standards.

The concept of accountability is not exclusive to the public sector. No one doubts, for example, that the boards of private sector corporations are accountable to their shareholders, who want a return on their investment. Even traditional elements of what might be termed ‘public accountability’, such as values and ethics, fair and equitable treatment, the environment and community welfare, are being addressed by private sector boards and executives as part of their business strategy to be seen, and accepted, as ‘good corporate citizens’. Op.cit. Barrett P. Accountability for Risk in a Contestable Environment. However, this does engender different views about stakeholder responsibilities as I will discuss later.

Notwithstanding, public sector commentators would still contend that it is the nature and extent of that accountability which distinguishes the two sectors. At the risk of stating the obvious, we need to recognise that we operate, first and foremost, in a political climate which is values-oriented as witnessed by constant references to the ‘public interest’, which has always been difficult to define or measure in any generally agreed fashion, except that it is very real to the Parliament and public servants as well as to the ordinary citizen.

Public servants, at least, must understand the pervasive and often decisive influence of ‘politics’ as opposed to ‘markets’ both on public policy and
administration. It means that public sector agencies must balance complex political, social and economic objectives, which subject them to a different set of external constraints and influences than those experienced in the private sector.

The Chartered Institute of Public Finance and Accountability 1995, Corporate Governance: A Framework for Public Service Bodies, July, p.7. This is a reality we as public servants, meaning all who are employed in the public sector, should never ignore.

Therefore, while the increasingly business-like approach of the public sector is welcome, it is important to recognise that the provision of public services involves rather more than achieving the lowest price or concepts of profit or shareholder value. Public service agencies must strive to maximise overall ‘value for money’ for citizens which requires consideration of issues other than production costs, such as client satisfaction, the public interest, fair play, honesty, justice and equity. It also requires proper accountability for the stewardship of public resources, including asset management and use of techniques such as life-cycle costing, as in the private sector.

As the APS continues to move to a more private sector orientation we are increasingly seeing a growing adoption or adaptation of private sector approaches, methods and techniques in public service delivery. Consequently, there is an issue of trade-offs between the nature and level of accountability and private sector cost efficiency, particularly in the delivery of public services and in the accountability regime itself.

The pressure on the Commonwealth government to provide more services with less has led, in part, to the introduction of private sector approaches to the structuring of government businesses including, for example, the appointment of Boards of Directors. This has focused attention on corporate governance but, I hasten to add, not just for commercially oriented government organisations but also for APS agencies generally. Accountability structures such as those used in the private sector are increasingly important in all government agencies as part of the recognition of the requirement to act more commercially with a greater focus on results.

**Defining Roles and Responsibilities**

As indicated in the discussion paper, one of the most important components of robust accountability is to ensure that there is a clear understanding of the roles and responsibilities of the relevant participants in the governance framework, namely, the responsible Minister(s), the Board and the CEO. Furthermore, the absence of clearly designated roles weakens accountability and threatens the achievement of organisational objectives.

Good corporate governance in both the public and private sectors requires clear definitions of responsibility and a clear understanding of relationships between the organisation’s stakeholders and those entrusted to manage its resources and deliver its outcomes. In a complex operating environment, such as is evident in the APS, these requirements become that much more important for both accountability and performance to a range of stakeholders. Good corporate governance is based on a clear code of ethical behaviour and integrity which is
binding on management and staff and communicated to stakeholders. Such a culture is also essential for the establishment of sound risk management approaches and the confidence it can give to those stakeholders in the organisation and what it does. A robust accountability approach which encourages better performance through sound risk management is integral to any corporate governance framework. Barrett, P. 1997, Corporate Governance and Accountability for Performance, for A Joint Seminar Conducted by IPAA and the ASCPA on ‘Governance and the Role of the Senior Public Executive’, Canberra, August.

Any discussion of corporate governance within private sector organisations, as well as CAC bodies, usually begins with a discussion of the role of the Board of Directors, who have a central role in corporate governance. This was clearly indicated as follows by Sir Ronald Hampel’s Committee on Corporate Governance which has been extensively quoted in governance papers and discussions:


In the private sector there is a clearly defined relationship structure between the main parties. That is, the generic private sector governing structure consists of a board of directors, including the chairperson of the board, and a CEO responsible for the ongoing management of the agency. Op. Cit, Barrett, P., Risk Management as Part of the Initiatives for Greater Public Sector Accountability. However, this model is not readily transferable to the public sector because of the different roles and relationships between the Board, the CEO and the responsible Minister(s).

The CAC Act underlines the importance of directors of CAC bodies being aware of their fiduciary duties, and, as well, being engaged in, and informed about, the organisation’s operations and control structures. In particular, they have a key role to play in shaping strategic directions and the overall accountability regime with its focus on performance and other obligations to stakeholders.

Therefore, as a minimum, an effective governance framework within CAC bodies requires a clear articulation of the roles and responsibilities of the Board and the various stakeholders, such as the CEO and management, and a real understanding and appreciation of their interrelationships. For example, risks can be reduced by ensuring that participants in the governance process are aware of their roles, responsibilities and accountabilities. For CAC bodies, this means that the roles, responsibilities and decision-making powers of the responsible Minister(s), the Board, the CEO and other relevant participants need to be clearly defined and understood by all those involved.

I should mention here another apparent difference between the public and private sectors which is reflected in the CAC body’s relationship to its stakeholders. Private sector approaches tend to focus primarily on shareholders while recognising other stakeholders such as employees, customers, suppliers,
creditors and the community. This can be illustrated by the U.S. Business Roundtable’s view that:

‘… the paramount duty of management and of boards of directors is to the corporation’s stockholders; the interests of other stakeholders are relevant as a derivative [my underlining] of the duty to stockholders.’


Richard Humphry, Managing Director and CEO of the Australian Stock Exchange (ASX), expressed a similar view in his recent breakfast address to launch the new ANAO discussion paper. In his view, a private sector board would be abrogating its fundamental responsibility to its shareholders if it responded to issues in a manner that went beyond the traditional internal focus on shareholders. Richard stated that such action could only be taken by the board if it was legally required to do so, if it reasonably believed that it is in the interests of the shareholders to do so or if such a course of action was at the shareholders’ direction.


I agree that the board’s primary responsibility should be to its shareholders. However, I would suggest that concepts of greater social and community responsibility are increasingly being embraced by the private sector, as a matter of course. Boards are beginning to recognise that being seen as ‘good corporate citizens’ is integral to the long-term viability of an organisation and, therefore, in the interests of shareholders.

While, in the public sector, we can identify citizens in a similar role to shareholders, in practical terms boards and management have to be very aware of their responsibilities to the Government (as owners or custodians and regulators), to the Parliament (as representatives of citizens and legislators) and to citizens (as ultimate owners as well as in their particular client roles as citizens).

As outlined in the ANAO discussion paper, there may be opportunities to formalise relationships between the Board, the CEO, including management, and responsible Minister(s), perhaps through the development of a Board Charter. Alternatively, written agreement or a memorandum of understanding could be prepared outlining roles and responsibilities as is done, say, in New Zealand.

Even though the Board is responsible for directing and controlling the organisation on behalf of the stakeholders and is ultimately accountable for its own performance as well as that of the organisation, it is important to note that to maximise performance within an organisation requires an effective ‘partnership’ between the Board and management, in guiding organisation strategy and performance. This is evident from the main roles of the two groups as I will now outline.

The primary roles of the Board can be summarised as:
formulating the strategic direction for the organisation;
- identifying business risks as well as potential opportunities;
- monitoring performance against business strategies and targets with the objective of enhancing its prosperity over the longer term;
- ensuring adequate measures have been implemented for meeting legal requirements and managing risks; and
- reporting on progress to stakeholders.

On the other hand, the primary roles of management can be summarised as:
- developing strategy for Board consideration;
- implementing the agreed strategy and achieving the desired performance targets;
- implementing appropriate internal controls and risk management systems to ensure that all appropriate corporate, legal requirements are met and risks are managed; and
- providing accurate, reliable and timely reports to the Board.

Management also has an important role in providing newly appointed directors with a comprehensive induction program. The purpose of such a process should be to provide new directors with the substantive knowledge about the organisation, which they will need in order to put their specific skills to best use. An effective induction program may include providing each incoming director with a director’s resource book, a series of planned meetings with management and senior executives and familiarisation visits to the organisation’s facilities and operations with on-site briefings. In addition to the initial orientation, there should be an ongoing process of continuous director education to ensure directors remain abreast of their responsibilities and issues on corporate governance. Senior managers, and others involved in the corporate governance process, should also have access to such ongoing training. Blake Dawson Waldron 1999, Submission to the JCPAA Inquiry into Corporate Governance and Accountability Arrangements for Commonwealth Government Business Enterprises, JCPAA, Volume 1, Submissions 1-19; ppS145-148.

I would therefore suggest that, although the Board is ultimately accountable for the performance of an organisation, effective stewardship requires a sound working relationship/partnership between the Board and management. Management, by virtue of their professional (sometimes technical) expertise, involvement in, and knowledge of their organisation on a day-to-day basis, is vital to the implementation of strategic decisions and, to the routine efficient running of the organisation which is essential to its effectiveness and the results it aims to achieve.

Thus, the threshold requirement of sound governance must be agreement between the board and management on the broader corporate objectives. The
Board and the CEO should jointly develop the corporate objectives which the CEO is responsible for achieving.

In *Strictly Boardroom*, the book on governance edited by Fred Hilmer in 1993, the relationship was summed up as follows:

‘The key role of the Board is to ensure corporate management is continually striving to achieve above average performance taking account of risk.’ Independent Working Party into Corporate Governance (Chair: Frederick G. Hilmer) 1993, *Strictly Boardroom*, Business Library, Melbourne.

This observation bears on the twin focuses of corporate governance – performance and conformance. While there is currently debate about whether there should be more emphasis on the former rather than the latter, particularly given the focus on conformance to date driven by concerns about risk in a more contestable environment. As many have pointed out, risk can be an opportunity as well as something to minimise or avoid. The issue is to establish a realistic balance between the two that reflect the circumstances and strategic requirements of the organisation at particular times. It is simply another reflection of the fact that, with corporate governance, ‘one size does not fit all’. Nevertheless, corporate governance does involve the organisation’s control environment which in turn encompasses risk management.

**Risk and Control as part of an Integrated Corporate Governance Framework**

Accountability is not the only benefit of sound corporate governance. An effective corporate governance framework also assists an organisation to identify and manage risks in a more systematic and effective manner. A corporate governance framework, incorporating sound values, cost structures and risk management processes can provide a solid foundation on which we can build a cost effective, transparent and accountable public sector. As one expert opinion puts it:

‘Corporate governance is the organisation’s strategic response to risk.’

The devolution of authority and accountability to agency heads, from various public sector reforms over the last fifteen years and particularly the recent changes to financial and industrial legislation, together with contracting out and contestability, have significantly raised the risk profile of agencies. As agencies increasingly have recourse to contractors, some of whom in turn employ subcontractors, to perform what were once considered core public sector activities, the ‘golden thread’ of accountability that binds the APS does become strained. At the very least it raises questions as to what we need to do about such a situation.

The public sector must manage the risks inherent in this new environment if it is to achieve the levels of performance required and satisfy whatever accountability requirements have been determined. More than ever, this situation will require a
formal, systematic approach to identifying, managing and monitoring risk. The intuitive, and often reactive, approach to managing risk that has characterised public sector management in the past will not be sufficient. We all know that reacting ‘after the horse has bolted’ is often quite costly and damaging to the credibility of agencies and Ministers. A more strategic approach is required to stay contestable in such an environment. This is a significant management challenge.

The growing recognition and acceptance of risk management as a central element of good corporate governance and as a legitimate management tool to assist in strategic and operational planning has many potential benefits in the context of the changing public sector operating environment. Such an approach encourages a more outward looking examination of the role of the organisation, thereby increasing customer/client focus including a greater emphasis on outcomes, as well as concentrating on resource priorities and performance assessment as part of management decision-making. The risk management framework is also a useful means for management to be assured of this approach, including being able to defend its decision-making publicly.

My view of risk management is that it is an essential element of corporate governance underlying many of the reforms that are currently taking place in the public sector. It is not a separate activity within management but an integral part of good management process, particularly as an adjunct to the control environment, when we have limited resources and competing priorities. Against the background of the increasing use of a range of different service delivery arrangements; greater involvement of the public sector in the provision of public services; and with a more contestable/competitive market-oriented imperative risk management can only become more critical.

Risk management is primarily the responsibility of the board. Effective governance arrangements require directors to identify business risks, as well as potential opportunities, and ensure the establishment, by management, of appropriate processes and practices to manage all risks associated with the organisation’s operations. Op. cit., Department of Finance and Administration, 1999, ‘Submission to the JCPAA Inquiry into Corporate Governance and Accountability Arrangements for Commonwealth GBES’.

To be effective, the risk management process needs to be rigorous and systematic. MAB/MIAC 1996, Guidelines for Managing Risk in the Australian Public Service, Report No. 2, AGPS, Canberra, October. If organisations do not take a comprehensive approach to risk management then directors and managers may not adequately identify or analyse risks. Compounding the problem, inappropriate treatment regimes may be designed which do not appropriately mitigate the actual risks confronting their organisations and programs. Recent ANAO audits have highlighted the need for:

- a strategic direction in setting the risk management focus and practices;
- transparency in the process; and
- effective management information systems.
Management of risk in the public sector involves making decisions that accord with statutory requirements and are consistent with APS values and ethics. This means that more, rather than less, attention should be devoted to ensuring that the best decision is made. This will require placing emphasis on making the ‘right rather than quick decisions’. That said, with the increased convergence between the public and private sectors, there will be a need to consider a private sector point of view where the focus on cost, quality and financial performance is an important aspect of competing effectively.

Complementary to a sound risk management approach is a robust system of administrative control. Late in 1997, the ANAO released a publication entitled ‘Control Structures in the Commonwealth Public Sector - Controlling Performance and Outcomes: A Better Practice Guide to Effective Control’. ANAO 1997 ‘Control Structures in the Commonwealth Public Sector - Controlling Performance and Outcomes’: A Better Practice Guide to Effective Control, Canberra, December. Control was broadly defined as ‘a process effected by the governing body of an agency, senior management and other employees, designed to provide reasonable assurance that risks are managed to ensure the achievement of the agency’s objectives.’ The emphasis is on a more systematic approach to decision-making to manage, rather than avoid, risk. A good example is the growing use of computer-oriented rulebase (or expert) systems, particularly to administer ‘complex legislative and policy material’. Johnson Peter and Dayal Surendra 1999. ‘New Tricks - Towards Best Practice in the use of Rulebase systems to Support Administrative Decision-Making’. Address to an IPAA Seminar, Canberra, 10 March, p.1.

The notion of a control environment has to start from the top of an agency. To be effective it requires clear leadership and commitment. This imperative is reinforced by the interrelationship of risk management strategies with the various elements of the control culture.

The adoption of a sound and robust control environment at the top of an agency will strongly influence the design and operation of control processes and procedures to mitigate risks and achieve the agency’s objectives. The clear intent and message to staff should be that such processes and procedures should be designed to facilitate rather than to inhibit performance. This approach should be promoted as good management. In short, the control environment is a reflection of management’s attitude and commitment to ensuring well controlled business operations that can demonstrate accountability for performance.

The following is a brief description of the key components of a control environment which should lay the foundation for an effective control structure: Op. cit., ANAO 1997 ‘Control Structures in the Commonwealth Public Sector - Controlling Performance and Outcomes’: A Better Practice Guide to Effective Control.

- **control culture and management style** – management’s integrity and ethical values, preferences, operating philosophy and style greatly influence the achievement of the agency’s objectives and policies and can drive the development and maintenance of effective control structures throughout the agency;
structure of the agency – this provides the framework in which activities are planned, executed controlled and monitored. The organisations structure reflects the management approach taken, for example, with centralised or devolved authority emphasising the individual or team based approach.

performance monitoring – effective procedures for monitoring an agency’s performance, including financial and non-financial aspects, is an integral part of maintaining a strong control environment. This pre-supposes that there is a credible performance management system in place including establishment of a performance culture, appropriate measurements, targets and assessments.

information technology – the agency’s use of IT greatly influences the effectiveness of the control structure. It is the responsibility of management to establish a framework for overall control over the use of information technology recognising the need to secure core agency data but with the facility to access it on a corporate wide basis. The absence of integration of many of an agency’s systems puts great pressure on computing and other interfaces to ensure that accountability does not ‘fall down the cracks’.

human resources - The proper functioning and operation of any control structure is dependent on the competency and ethical standards of the agency’s personnel. The skills, selection and training of the personnel involved and their understanding of controls are probably the most important requirements in establishing and maintaining an effective control environment.

legislative compliance - The effectiveness of the agency’s systems and procedures for monitoring compliance with applicable legislative requirements, particularly those which govern their activities and financial management behaviour and accountability, is a fundamental requirement of a sound control environment. As in other management areas, it is important to know how, when and where to seek specialist assistance. This is particularly the case as the APS moves more into an environment of contracting out and partnership arrangements for service delivery.

external influences - outside the control of the agency can have a direct impact on its operations and business practices. Management need to identify such influences and assess their likely/possible impact so that prompt action can be taken to address them where it is possible and appropriate.

It is useful to point out here that audit committees provide a complementary vehicle for implementing relevant control systems incorporating sound risk management plans. This view is shared by the private sector where corporate representatives have agreed that effective audit committees and risk management plans are an indication of best practice and markedly improve company performance, including decision making. The internal auditing function of an organisation plays an important role in this respect by examining and reporting on control structures and risk exposures and the agency’s risk management efforts to the agency governance team.

An effective audit committee can improve communication and coordination between management and internal and well as external audit, and strengthen internal control frameworks and structures to assist CEOs and boards meet their statutory and fiduciary duties. The Committee’s strength is its demonstrated
independence and power to seek explanations and information, as well as its understanding of the various accountability relationships and their impact, particularly on financial performance.

The CEO or the board of an organisation, together with senior management, are responsible for devising and maintaining the control structure. In carrying out this responsibility management should review the adequacy of internal controls on a regular basis to ensure that all key controls are operating effectively and are appropriate for achieving corporate goals and objectives. The entity’s executive board, audit committee and internal audit are fundamental to this exercise. Management’s attitude towards risk and enforcement of control procedures strongly influences the control environment.

I cannot overstress the importance of the need to integrate the agency’s approach to control with its overall risk management approach in order to determine and prioritise the agency functions and activities that need to be controlled. Both require similar disciplines and an emphasis on a systematic approach involving identification, analysis, assessment and monitoring of risks. Control activities to mitigate risk need to be designed and implemented and relevant information regularly collected and communicated through the organisation. Management also needs to establish ongoing monitoring of performance to ensure that objectives are being achieved and that control activities are operating effectively.


The key to developing an effective control framework lies in achieving the right balance so that the control environment is not unnecessarily restrictive nor encourages risk averse behaviour and indeed can promote sound risk management and the systematic approach that goes with it. It must be kept in mind though that controls provide reasonable assurance, not absolute assurance that organisational objectives are being achieved. Control is a process, a means to an end, and not an end in itself. It impacts on the whole agency, it is the responsibility of everyone in the agency and is effected by staff at all levels.

The control structure will provide a linkage between the agency’s strategic objectives and the functions and tasks undertaken to achieve those objectives. A good governance model will include a control and reporting regime which is geared to the achievement of the organisation’s objectives and which adds value by focusing control efforts on the ‘big picture’. Public sector organisations will need to concentrate on the potential of an effective control framework to enhance their operations in the context of the more contestable environment that is being created as part of government reform policy.

I would like to now go on and discuss the contribution that an effective corporate governance framework can make to improved organisational performance.

III. CORPORATE GOVERNANCE AS A TOOL FOR MAXIMISING ORGANISATIONAL PERFORMANCE
Improving performance is a primary focus of both the private and public sectors. It has been increasingly recognised in both these sectors that appropriate corporate governance arrangements are a key element in corporate success. They form the basis of a robust, credible and responsive framework necessary to deliver the required accountability and bottom line performance consistent with the organisation’s objectives. Barrett, P. 1999, *Seeking to Make a Real Difference: Confronting Long-Held Cultures and Attitudes*, Presentation to the Secretaries Forum, 10 March.

Airservices Australia, in its recent submission to the JCPAA inquiry into corporate governance and accountability arrangements for GBEs summed up the essence of a performance based corporate governance approach as requiring:

‘… the Board to focus on both performance and conformance issues and to have in place a mechanism for assessing its own effectiveness as a Board and for assessing the contribution of individual directors. The Board’s focus shifts to a more strategic role, with more involvement in strategic planning and performance monitoring and less on day-to-day tactical issues.’


Corporate governance has, however, tended to come to prominence during the ‘bust’ period of the economic cycle. This happened in Australia coming out of the 1980s and is happening today in Asia, where poor corporate governance is seen to be a significant contribution to the Asian financial crisis. Dunlop, I.T. 1999, *Governance and Related Issues: Some International Perspectives*, Address to IPAA/ASCPA/ANAO Seminar of Corporate Governance, Canberra, 30 July. As noted earlier, corporate governance has, therefore, been typically viewed as a conformance matter with less attention being paid to its role in improving performance, and in particular the strategic and performance roles of boards. While the ANAO considers that there should be a focus on performance, boards will continue to focus on conformance where the operating environment so requires, as noted earlier.

In the private sector, the drive for performance is most advanced in the USA with the UK moving rapidly in the same direction. The main drivers for this focus on improved performance are seen to be the pension funds and their search for higher returns on capital for their shareholders. This shareholder activism is seen as an essential element for a healthy market economy. In contrast, recent research suggests that Australian institutions tend to favour better conformance over better performance. Ibid, p.4.

A key message of the Government’s reform agenda is that it is no longer considered appropriate for the APS to have a monopoly even in traditional service delivery areas such as policy advice and in the determination of welfare entitlements. It must now prove that it can deliver government services as
efficiently and effectively as the private or non-profit sectors. This is reflected in the increasing emphasis being placed on the contestability of services, the outsourcing of functions which can be undertaken more efficiently by the private sector and ensuring an orientation more towards outcomes rather than processes and continuous improvement to achieve better performance.

I think you will agree that in the past the tendency in the public sector has been to primarily focus on ensuring conformance with legal and procedural requirements, while attention on outcomes and improved performance has been a secondary consideration.

In this regard the APS has developed reasonable control processes for its policies and procedures over many years. In particular, as public servants, we have been quite concerned to ensure that we have met the requirements of relevant legislation. However, we have not been as effective in constructing robust control structures aimed at assuring that we achieve defined outputs and outcomes, nor in providing efficient client-oriented services. The latter now involves addressing government programs/services to public sector clients, as citizens, and not the other way round. This focus is being reinforced by the requirement for Public Service Charters which should clearly signal to all concerned what our client groups can expect of an agency and its staff. While the program management and budgeting framework has required us to address such issues over the last decade or so, it is likely that the move to accrual-based budgeting for outputs and outcomes will be the catalyst that ensures we have the necessary links in place. And that is how we will be judged.

The changed budgeting arrangements are going to put further pressure on managers to define more clearly measurable, or at least assessable, performance outputs and outcomes. This will require greater attention to costing and pricing methodologies including the rediscovery, for many of us, of management and cost accounting. Importantly, it will mean that managers generally at all levels will have to become familiar with such methods and techniques. As has already occurred, there will be a greater focus on financial reporting on an accrual basis and the links with the costing structures. The challenge is more for managers than accountants in coming to grips with this environment.

Under the current public sector reforms, the public sector is subject to increased levels of scrutiny of its performance and effectiveness. A culture of ongoing performance assessment is therefore important in maintaining Parliamentary and public confidence in the public sector. Barrett, P. 1999, Auditing in Contemporary Public Administration, Public Seminar Series, Graduate Program in Public Policy, “Democratic Governance: Improving the Institutions of Accountability”, The Australian National University, 17 May. The establishment of a performance culture supported by clear lines of accountability is an essential part of the government's approach to reform in the APS.

Performance information is a critical tool in the overall management of programs, organisations and work units. It is important not as an end in itself, but in the part it plays in managing effectively and has an expanded role in the new ways of delivering public services as a means of protecting Commonwealth and public
interests. It is therefore a key component of good corporate governance. Performance information fits within the wider management framework that includes objectives, strategies for achieving objectives and mechanisms for collecting and using performance information.

Actual assessment of performance, whether for ongoing program monitoring or evaluation, is based on comparisons. Standards, targets, benchmarks and milestones all provide a basis for comparisons. A detailed discussion of these mechanisms and the characteristics of good performance information can be found in the joint ANAO and then Department of Finance better practice guide: ‘Performance Information Principles.’ ANAO/Department of Finance 1996, ‘Performance Information Principles’, pp 11-14. Due to significant developments in key government policy since the release of this publication some updating is required. I propose to put out an updated guide later in 1999 that incorporates the recent public sector reforms to ensure that the guide continues to be relevant and practical.

For this presentation I would just like to point out that, whether it is in the development of the performance information itself or the mechanisms which allow assessment of our achievement we need to be careful that we do not encourage inappropriate actions or behaviour. For example, in the setting of targets, care should be taken to ensure that the focus does not become the achievement of individual targets at the expense of overall performance.

One initiative that has been introduced for GBEs to strengthen the management framework and parliamentary oversight in terms of performance is the requirement for GBEs to prepare and table in Parliament, annually, Statements of Corporate Intent (SCIs). SCIs are brief, high level, forward looking documents, expressed in terms or outputs or outcomes. They normally contain a statement of accountability (including reporting obligations), business descriptions, objectives and broad expectations of financial and non-financial performance. They do not, however, contain commercial-in-confidence information. SCIs are intended to provide greater clarity for Parliament, the responsible Minister(s), the board and management as to the framework within which a GBE is to operate, and its operating activities. As such, they complement the usual ex-post performance information provided in say, annual reports. Op. cit., Department of Finance and Administration, 1999, ‘Submission to the JCPAA Inquiry into Corporate Governance and Accountability Arrangements for Commonwealth GBEs’.

Having developed the mechanisms to allow the assessment of performance, it is important that we use our performance information for ongoing monitoring as well as for point in time assessment and reporting. Ongoing monitoring at different levels in the organisation assists to ensure that our program is on the right track and that we are using our resources in such a way so as to maximise outcomes.

In reporting on outcomes, say to the Board or to the Parliament, performance reports should be balanced and candid accounts of both successes and shortcomings. They should have sufficient information to allow the Board or the Parliament (and even the public) to make informed judgements on how well an organisation is achieving its objectives. Reports should include information on
performance trends and comparisons over time rather than just a snapshot at a point in time which may be misleading.

I see the move towards both accrual budgeting and reporting as an important element in assisting departments and agencies to develop useful performance information systems. It will help agencies to become more outcome-focused in reporting, providing improved information to both agency management and the Parliament and encouraging an effective Corporate Governance framework. 


Despite the greater involvement of the private sector, performance assessment in the APS continues to be more than just about a financial bottom line. It covers a range of measures, both quantitative and qualitative. As well, the agency has to be accountable, for example, for the implementation of the Government’s requirements with respect to public sector reforms and for meeting legislative, community service and international obligations; for equity in service delivery; and for high standards of ethical behaviour. This point has been recently emphasised by Max Moore-Wilton, Secretary, Department of the Prime Minister and Cabinet, as follows:

‘Ministers and Departments do have an obligation not just to achieve the bottom line that is often the key outcome sought by private companies. We owe it to the community to establish public trust that we work with integrity and put public interest ahead of personal gain. Ensuring the transparency of our processes can focus our minds on the need for each individual decision we take to be justifiable in terms of strict propriety.’ Moore-Wilton Max, 1999. Address at the Presentation of the 1997-1998 Annual Report Awards. Institute of Public Administration (ACT Division), Canberra, 27 April, p.3.

In order to accurately assess performance, we will need to identify both the financial and non-financial drivers of agency business. This will involve the use of techniques such as the balanced scorecard approach promoted in the Management Advisory Board’s (MAB) publication ‘Beyond Bean Counting’. In MAB’s words:

‘The scorecard - complements the financial measures with operational measures on customer satisfaction, internal processes, and the organisation’s innovation and improvement activities - these operational measures are drivers of future financial performance.’ Management Advisory Board

The scorecard approach underlines the importance of the various linkages and their understanding and management such as between strategy and operations, budgets and performance. It also requires that attention be given to measuring performance where practicable and to articulating a credible basis for assessing qualitative or so-called ‘soft’ indicators of success. A parallel is the distinction between price and value for money.
Australia is not alone in grappling with the development and use of sound performance information, particularly in the light of the rapidly changing operating environment. Significant developments have been occurring in New Zealand, the United States of America, Canada, the United Kingdom and in a number of European countries such as France and Sweden. Many countries are now actively sharing experiences on deriving suitable performance information for accountability purposes. Moreover, we would do well to heed comments such as those made by the Clerk of the Privy Council and Secretary to Cabinet in her Annual Report to the Prime Minister on the Public Service of Canada:

‘Public servants want to meet citizens’ expectations and are ready to remove barriers to more effective service delivery, but it must be done in a manner that is true to the roles and values of the public sector.’ Bourgon, Jocelyne 19

With the greater convergence of the public and private sectors there will be a need to focus more systematically on risk management practices in decision-making that will increasingly focus on cost, quality and financial performance. Similar pressures will come with the advent of the move to electronic commerce and the greater use of the internet for business purposes. In turn, these will put increasing pressure on management of our information systems and systems controls. Good corporate governance should ensure that not only are the needs of the individual managers for useful information met effectively, but also that timely and relevant corporate information is provided to allow an assessment as to whether results are consistent with agreed corporate requirements and add to overall corporate performance.

And this brings us back to control structures both as an important accountability tool and as an aid to maximise our performance. Such structures should aim to achieve maximum integration of information technology based systems and be focussed on user needs at all levels of the agency. Robust audit trails are as important for management assurance and reliance as they are for external audit purposes in relation to fraud control and financial reporting. There will continue to be a requirement for evaluation, preferably involving independent assessment, as an effective means of assessing performance and providing required assurance to all stakeholders in a more devolved control environment. These will be important areas for executive management to review and promote, assisted by a pro-active audit committee. The latter would benefit from a close relationship with both internal and external audit. The ‘independence’ factor is an important element of good corporate governance.

IV. ELEMENTS OF BETTER PRACTICE IN CORPORATE GOVERNANCE AND INTEGRATING THESE WITH BUSINESS OPERATIONS

The last part of my presentation today focuses on integrating corporate governance practices into business operations.

As you would know, there have been concerns expressed by Parliamentary Committees and by individual parliamentarians in debates about appropriate accountability mechanisms in an era of devolved authority. But this is not simply
about administrative processes. It is primarily about attitudes of mind and a
different public service culture. That is the underlying concern. It is necessary to
ensure that the various elements of corporate governance can be drawn together
in a way that the people involved understand and therefore support the need for a
more cohesive approach to corporate governance.

Therefore, the critical issue for establishing a sound corporate governance
framework is not simply about creation of appropriate committee structures or the
way in which they work. The requirement is to promote understanding and
commitment and more disciplined systems which assist better communication and
provide greater confidence and assurance across the organisation.

As I have previously mentioned many of the elements of good governance have
been put in place in many organisations over the last decade. However, too often
these elements are not linked or interrelated in any way so that people in the
organisation understand both their overall purpose and the various ways the
various elements are linked to achieve better performance. This is also necessary
to ensure that a mutually supportive framework is produced that identifies
outcomes for identified stakeholders.

Therefore, the real challenge is not to define the elements of effective corporate
governance but to ensure that all the elements of good corporate governance are
effectively integrated into a coherent corporate approach by individual
organisations and well understood and applied throughout those organisations.
As Trevor Sykes of the Australian Financial Review stated in an interview with the
Chartered Institute of Company Secretaries in Australia:

‘Expressing the sentiments of corporate governance is dead easy -
What is going to be harder is making it work, putting flesh on the

Concern has been expressed that there has been more emphasis on the form
rather than the substance of good corporate governance. I want to stress that
effective corporate governance is more than just putting in place structures, such
as committees and reporting mechanisms, to achieve desired results. Such
structures are only a means for developing a more credible corporate governance
framework and are not ends in themselves.

However, there are positive examples of where both elements are being achieved
contributeing to greater understanding and commitment at all levels of the
organisation. The work that the ANAO has previously done with Government
Business Enterprises (GBEs), particularly Telstra, and with the Australian Tax
Office (ATO) has clearly indicated the contribution that good corporate
governance can make to an organisation’s performance and to the confidence of
stakeholders. From the ANAO’s observation, the ATO’s governance framework
has facilitated:

- achievement of corporate objectives;
- identification and management of risk (including determination of priorities);
- promotion of high ethical standards; and
These examples demonstrate that effective governance of agencies can provide a more robust, pluralistic and adaptable decision-making framework. The challenge for public sector CEOs is not simply to ensure that all the elements of corporate governance are effectively in place but that its purposes are fully understood and integrated as a coherent and comprehensive organisational strategy focussed on being accountable for its conduct and results.

Effective public sector governance requires leadership from the Board and executive management of organisations and a strong commitment to quality control and client service. An effective framework requires clear identification and articulation of responsibility and a real understanding and appreciation of the various relationships between the organisation’s stakeholders and those who are entrusted to manage resources and deliver required outcomes. It should be based on a set of values including a clearly specified code of ethical and professional behaviour which is binding on management and staff and communicated to stakeholders. Such a culture is essential for the establishment of sound risk management approaches and the confidence it can give to stakeholders in the organisation and what it does.

I have established that the concept of corporate governance is representative of a cohesive framework of interrelated elements. If implemented effectively it should provide the integrated strategic management framework necessary to achieve the output and outcome performance required to fulfil organisational goals and objectives.

Risk and control management are integral elements of a robust framework. In an environment that promulgates the notions of contestability, outsourcing and greater efficiency, the way that agencies implement their corporate governance framework, and particularly how they conduct their risk management, including the control of those risks, will be critical in determining how well the public sector can continue to meet its accountability obligations as well as its performance requirements. The private sector needs to do the same to remain viable.

A sound governance framework should assist an organisation to, amongst other things:

- achieve corporate objectives;
- identify and manage risks;
- promote high ethical standards;
- ensure roles and accountabilities are clear; and
- provide relevant and timely information to the appropriate people.

But, as indicated at the outset, the real benefits of the framework come about as the result of the integration of these various elements in an holistic manner. Such an approach generates expectations of those whose responsibilities are made clear; creates reliance and demands that cannot be ignored; and promotes shared values and commitment to the objectives and required results (outcomes) of the organisation. As also observed earlier, the test for each organisation is to
achieve the appropriate balance in its overall conformance (assurance) and performance (results) as required by its various stakeholders and the environment in which it has to operate.

V. CONCLUDING REMARKS

In summary, public sector managers, at all levels, have to deal with a different nature and level of risks in the more contestable environment confronting most of us than they have had to do in the past. The new challenges are market-testing, competitive tendering and contracting out, all of which may be considered to present opportunities for, as well as risks to, a public service which has traditionally said to be risk averse. These new elements are central to improved business performance and accountability in the current program of reforms to the public sector. Managing the risks associated with the increased involvement of the private sector in the delivery of government services, in particular the delivery of services through contract arrangements, will require the development and/or enhancement of a range of skills across the public sector and will be a key accountability requirement of public sector managers. Op. cit., Barrett, P., Accountability for Risk in a Contestable Environment.

Good corporate governance should result in good performance. Whatever framework is put in place by organisations, it is important to ensure that it will facilitate the achievement of desired outcomes. Good processes are required to achieve good outcomes. They are not alternatives. And they do not occur by accident. In relation to a recent survey of the United States Government’s Performance and Results Act 1997, the General Accounting Office (GAO) stated that:


Effective corporate governance in CAC bodies, and other organisations for that matter, is more than implementing structures to achieve desired results. It emphasises the importance of communication and up-to-date information both agency-wide and to all stakeholders. A key aspect of governance is to ensure that all participants are aware of, and accept, their responsibilities and accountabilities and that they have a sound understanding and appreciation of their practical importance in the public interest.

Therefore, an effective framework is very people oriented, involving better communication; a more systematic approach to corporate management, a greater emphasis on corporate values and ethical conduct; risk management; relationships with citizens and clients; and quality service delivery.
A well governed organisation will provide to its Board, its responsible Minister(s) and other stakeholders reliable and well founded assurances that it is meeting its performance targets. Above all, a well governed organisation can achieve better performance and it will have a robustness, the internal cohesion and direction essential to successfully drive the organisation forward and to respond quickly and coherently to external conditions.

System and discipline are important means, as are understanding and commitment, to achieving required program outputs and outcomes. The latter are a significant challenge to managers at all levels of an organisation, particularly as the APS moves into a more accrual-based accounting and budgetary environment. We need to be ‘learning organisations’ and ensure we have a culture of continuous improvement accepted and embedded in our people. A robust corporate governance framework will provide the necessary structures to encourage and facilitate such a culture and promote the confidence, understanding and commitment of the whole organisation to what has to be done and how it will be done consistent with the public service values and ethical system.

Next Steps:

The ANAO will continue to monitor national and international developments in corporate governance in order to update our current knowledge and practice with respect to corporate governance issues and ensure that we remain contemporary and up-to-date. I would envisage that we will update the corporate governance publication to keep abreast with developments in the public and private sectors and as standards for performance and accountability change in the APS. As with the Hampel Committee:

‘We recognise that corporate governance will continue to evolve.’


In addition, we will seek to incorporate the governance principles espoused in the recent discussion paper in our audits, in order to develop a picture about the adoption, implementation and application of the principles in public sector organisations. We have applied a similar approach in the past with the MAB/MIAC Risk Management Guidelines and our publication related to control structures in the Commonwealth public sector. Through our audits we will aim to encourage a more holistic approach to corporate governance and identify better practice in the implementation of corporate governance principles across the APS. As well, we will also endeavour to provide constructive guidance to organisations on how to develop a robust governance framework in the complex operating environment increasingly being faced by public sector organisations.

Finally, we will continue to encourage discussion of corporate governance in the APS through public forums and seminars, and presentations such as today’s opportunity provided, with a view to helping organisations adjust to the emerging public sector environment with its greater emphasis on accountability and performance. In this
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respect we hope to enhance the credibility and effectiveness of public sector administration.