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Leadership – Gaining from experience

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Introduction

There are many dimensions to leadership and many different types of leaders in politics and the public sector, but if you had to shake down the essential characteristics, then foremost amongst them would be vision with a strong focus on outcomes for the benefit of the nation, drive and integrity.

When it comes to leadership, we can take comfort that nobody is perfect but there are accepted norms to guide us.

James Madison, the fourth President of the United States of America (1809-17), knew this only too well.

Madison was the ‘Father of the Constitution’ in the US and a respected leader of the Congress before becoming President. On the subject of government, he observed:

‘What is government itself, but the greatest of all reflections on human nature? If men were angels, no government would be necessary. If angels were to govern men, neither external nor internal controls on government would be necessary. In framing a government which is to be administered by men over men, the great difficulty lies in this: you must first enable the government to control the governed; and in the next place oblige it to control itself.’¹

So if we can’t be governed by angels, then governments and the public service are expected to work within our institutional arrangements and legislative framework to deliver on the government’s policy platform.

One important point to underline here is the expectation that federal governments, and ministers, will govern for all Australians. Ministers are expected to discharge their responsibilities in accordance with wide considerations of public interest and without regard to considerations of a party

¹ Madison, James, The Federalist No 51, *The Structure of the Government Must Furnish the Proper Checks and Balances Between the Different Departments*, Independent Journal, Wednesday, February 6, 1788, cited in Milton Friedman, p.143

political nature.² This is a point that I have raised in a couple of audit reports³ when I considered that there was a risk that policies announced as having universal application were being implemented in a manner that was open to the interpretation that some decisions were made for political reasons. This mainly showed up in the allocation of government grants.⁴

Taking this theme of the role of government and ministers to a higher plane, Tony Blair said in his recent book:

“...the real test of leadership...is whether, in the final analysis, you put the country first. I don't mean that you do something people agree with or even what is objectively right, if there is such a thing in politics. I mean that you are, ultimately, prepared to put what you perceive to be the common good of the nation before your own political self. It is the supreme test. Very few leaders pass it.”⁵

While political leadership is obviously immensely challenging, particularly today, leadership in the public sector has its own demands.

All public sector entities play an important role in supporting our democratic processes: by providing the best advice they can to government in relation to the development of policies; in implementing government programs efficiently and effectively; by maintaining the values which have held the public service in good stead since its inception; and in providing for the attraction and retention of staff so the public service is in good shape now, and in the years ahead.

Public sector leadership is critical to success here, and we can learn considerably from experience.

The leaders and leadership team of public sector organisations carry a particular responsibility to set the tone and show the way for their staff. It is a critically important role.

I never cease to be amazed by the influence of chief executives, in particular, on their organisations. If you reflect on some of the leaders you have known, and

² See King L.J. (the Hon) November 1999 *The Attorney-General, Politics and the Judiciary*, delivered to the Fourth Annual Colloquium of the Judicial Conference of Australia.

³ ANAO Audit Report No. 39 2006-07 *Distribution of Funding for Community Grant Programmes*. Canberra. p.92, and ANAO Audit Report No. 14 2007-08 *Performance audit of the Regional Partnerships Programme: Volume 2 – Main Report* Canberra. p.20

⁴ Positively, government has responded to tighten up arrangements relating to grants so it is now quite clear that entities are to provide recommendations to Ministers, who are then accountable for the decisions they take.

⁵ Blair, Tony 2010. *A Journey: My Political Life*. December. p.xv

their organisations, you often see the organisation take on the characteristics of their leader. This is generally a good thing!

The gaining of experience in leadership

Most of us gain our insights on leadership by observing our leaders, from courses and reading, and from the school of hard knocks.

In the time available to me today, I will focus on the experience of leadership arising from our audit reports, but before doing that, I do want to put in a plug for the leadership courses run by the Australian Public Service Commission for Commonwealth public servants to explore leadership issues with colleagues from other public service entities, many of whom will become good colleagues across the years. I have personally found the APSC programs very beneficial.

As many here will know, audit reports of the Australian National Audit Office cover a diverse range of topics, from the acquisition of major Defence equipment, to the regulation of commercial broadcasting, to grants administration and so on. Despite the variety of topics, our audit approach is reasonably consistent – commonly focussed on program performance; program governance; risk management; score-keeping; and record-keeping arrangements. Importantly, when issues in program management arise, we assess how well they are managed.

Ahead of referring to some of the particular messages arising from our audits, it is important to acknowledge that government is forever interested in better and more cost-effective ways to deliver on policy outcomes, particularly in our federal system. It is not surprising therefore that we are seeing more innovative and interconnected solutions to challenging policy problems. We need to continue to innovate⁶ in terms of policy development and program implementation, and we need to be able to back up these new approaches with effective governance and delivery. And this delivery responsibility sits squarely on the shoulders of the public service and its leaders.

The other general point I would make is the public service is under pressure today, and will be tomorrow, to produce more efficiencies from operations, in addition to better outcomes. Commonly, entities are pursuing these efficiencies from new delivery approaches such as using common service centres, outsourcing functions, using other government organisations and non-government organisations for service provision, and so on.

⁶ See ANAO Better Practice Guide *Innovation in the Public Sector: Enabling Better Performance, Driving New Directions*. Canberra. December 2009

A common feature in the way entities are seeking to both achieve better outcomes for challenging policy problems and to garner efficiencies from operations is by working across organisational borders. In some cases, information and communication technology also plays a key role. It follows that for goals to be realised here, entities require effective leadership and sound management arrangements in place to manage across these new organisational arrangements.

One of our recent audits in Defence⁷ highlighted issues which could potentially arise in programs where entities are working across organisational boundaries. The audit drew attention to the challenges of putting in place the ‘seamless management’ of ADF capability from requirements definition through to delivery of the final operational capability. There were issues identified in:

- Navy as capability manager, and the Defence Materiel Organisation (DMO) as acquirer, not fully and formally setting out their respective roles and responsibilities for all acquisition projects
- there was not a shared view of the risks that needed to be managed in order to achieve a successful outcome
- procedures for verifying, and validating, that equipment fully meets contractual requirements was not adopted as standard practice by DMO and Navy
- records of testing and evaluation, contractual acceptance and configuration management were not maintained systematically.

You may consider this is a rather specialised reference, but it highlights that the current model of utilising DMO as the acquisition and sustainment organisation for Defence, brings benefits of scale, specialisation and efficiency but also brings the inevitable challenges of working across borders for both DMO and the various Defence Services’ organisations.

The way public administration is developing means that we will all need to focus more on these kinds of issues because they come into play in programs that span organisational, jurisdictional and national boundaries.

This message has been brought home in spades in a recent book by Donald F Kettl⁸ which is well worth a read. Kettl makes the point that there is a large and

⁷ ANAO Report No. 57 2010-11 *Acceptance into Service of Navy Capability*. Canberra. June.

⁸ Kettl Donald F 2009. *The Next Government of the United States: Why Our Institutions Fail us and How to Fix Them*. Published by W.W. Norton, New York

growing array of public programs that rely on distributed networks instead of traditional hierarchies to deliver services; and these distributed networks are increasingly utilising non-government players in providing public services, and there are questions about the ability of any single player being able to control the system and hold it accountable.⁹

Kettl goes on to say that:

*“Successful government increasingly depends on building and managing networks, and successful networks emerge only when their members share a common vision of the results they are trying to produce.”*¹⁰

Because my focus today is on gaining from experience to inform our leadership, I would highlight one very important message from the many experiences of entities managing across borders: every organisational arrangement has positive benefits but also dimensions that potentially detract from performance; and these potential performance inhibitors need to be specifically addressed and compensated for if the anticipated policy goals are to be achieved.

This also underlines a central point in a Better Practice Guide developed jointly by the ANAO and the Department of Prime Minister & Cabinet some years ago that optimal outcomes from policy initiatives are more likely to be obtained where there is early and systematic consideration of the practical aspects of implementation.¹¹ The Guide also emphasises the importance of leadership.¹²

In addition to the useful material in our Better Practice Guides to inform sound public administration, our program of audits has highlighted a range of issues to bear in mind when it comes to leadership:

- Know your responsibilities
 - in relations with Ministers and their offices
 - in a whole-of-government context
 - build in compensations for any organisational arrangements that inhibit performance
 - manage relationships effectively (increasingly important)
 - be an active manager

⁹ Ibid., p.31

¹⁰ Ibid., p.264

¹¹ ANAO and the Department of Prime Minister and Cabinet, 2006. Better Practice Guide *Implementation of Programme and Policy Initiatives*. Canberra, October. Foreword

¹² Ibid., p.1

- Promote the organisation's values
 - capture the values succinctly
 - aim for 'a culture of discipline'¹³
- Take time out for strategic and business planning
 - essential for determining goals and priorities
 - include opportunities for productivity improvements (including on-line engagement)
 - adopt an inclusive approach
 - provides a basis for assessing performance
- Be fair dinkum at managing risks in policy development, program design and implementation
 - talk to stakeholders, other APS entities
 - actively retest your assumptions and mitigation strategies over time
 - act promptly on significant shifts from expectations
- If a task is important, get the 'A' team on board
 - 'People are *not* your most important asset. The *right* people are.'¹⁴
 - collaboration and networking skills will become more important in future
- Develop reliable score-keeping systems
 - inputs, outputs and outcomes
 - develop a capital investment plan
- Have a clear strategy to assess program effectiveness over time
 - set up KPIs you will need, early
 - learn from successful and less-successful programs
- If things aren't happening: roll up your sleeves, crack the whip
 - know the status of all key areas of responsibility
 - act on significant untoward variations – it's your role.

I would add also that, while it has never been raised in an audit report, leaders should take time out to celebrate, reflect and look after your own well-being.

Donald Kettl makes the central point that:

¹³ Collins, Jim 2001. *Good to Great – Why Some Companies Make the Leap...and Others Don't*. Boulder, Colorado. 27 March. p.13

¹⁴ *Ibid.*, p.13

“We need to put the pursuit of outcomes at the center of the government’s work. That means agency managers must see their job as getting the job done – of looking past the boundaries of the agencies to accomplish the broad mission, rather than simply managing the more narrow activities within their agency’s walls.”

“This step will be critical throughout government for...no single agency can control any program or fully shape any outcome that matters.”¹⁵

Kettl also underlines the importance of growing the next generation of ‘rocket science leaders’ to take the nation to the next level – public servants with strong leadership focussed on objectives, held accountable for performance, and linked effectively to citizens so that government acts decisively for the common good.

Concluding remarks

In Australia, as in many other countries, the public policy challenges are not diminishing and citizens have high expectations of their governments. Further, the public sector is changing with the times by becoming increasingly interconnected, the governance and management challenges are increasing, and staff have high expectations in terms of career opportunities.

It is readily apparent that we will see continuing reforms and continuing changes directed to improving outcomes for Australia and its citizens. Governments and Ministers necessarily move on from one policy measure to the next, while the role of the public sector is to not only provide sage policy advice to assist government to settle their policy positions, but to ensure the effective implementation of all government policies.

Managing in this environment requires effective leadership skills and resilience, on the part of chief executives and those with leadership responsibilities in the public sector. It requires clear strategies, organisational alignment and the adoption of sound approaches to take the government policies and implement them effectively so that the anticipated outcomes may be achieved.

Those of us who work in the public sector know there are still many opportunities to make a difference and we should never underestimate the contribution leadership can make, and our ability to learn from the experience of others.

¹⁵ Op.cit., Kettl Donald F. p.264