

2009 Brookes Oration
Deakin Business School
Deakin University Australia

***'The Business of Government:
why public sector management must evolve'***

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I Introduction

I am delighted to have the opportunity to present the Fourth Brookes Oration. It honours Sir Wilfred Deakin Brookes who made contributions to Australia in business, politics, community affairs and military service — in 1979 he received a knighthood for his services to industry. After retirement, as many here tonight will know, he continued to play an active role in community affairs including the Institute of Public Affairs and as Chairman (and later as Patron) of the Deakin University Foundation.

Sir Wilfred's long and distinguished association with Deakin University is complemented by his other significant connection to Deakin University through his grandfather, Alfred Deakin, who served as Australia's second Prime Minister in 1903-04, and subsequently for a further two terms in 1905-08 and 1909-10.

With the Parliament, at that time, dominated by protectionists (Deakin's party), anti-protectionists and Labor,¹ Deakin described his first government as being like '*three elevens trying to play in the same cricket team*'. While Deakin's first government passed no legislation, it was his second term in office that was amongst the most important for the new nation². During this period the essential building blocks of federal government administration were put in place earning Deakin the tribute 'the constructor'³. His government dealt with defence policy and military infrastructure, federal financial relations, external affairs, the High Court, the location of the seat of government (Canberra), and the transfer of the Northern Territory of South Australia to the Commonwealth. Legalisation included national systems for copyright, quarantine, and old age pensions.⁴

Over the years since then, the concept of government has been extended to general acceptance of government taking a more active role in the economy and the welfare of society, broadly defined. Governments of all political persuasions in Australia have moved to give government a greater role against the background of growth in the economy, internationalisation, and more demanding constituencies. One indicator of this trend is the growth in the number of government bodies; another is the growth in legislation; and another is the percentage of general government sector payments as a percentage of Gross Domestic Product (GDP). In 1901 there were eight Commonwealth Departments of State with no federal statutory authorities or government owned companies.⁵ Currently there are 19 departments of State and 85 other agencies with accountabilities similar to departments, 62 statutory authorities and 25 Commonwealth companies. As for legislation, since 1990 the Australian Parliament has passed more pages of legislation than in the nine preceding decades since Federation⁶. Records expressing Australian Government government sector payments as a percentage of GDP only go back as far as 1970-71 when the ratio of payments to GDP was 18.7%. For the 30 years to 2008-09 the extremes of the ratio have been between 23.3% (1989-90) and 28.1% (1984-85).⁷

However, it has been the scale of the Government's response to the global economic downturn and the redrawing of some of the traditional boundaries that has generated most debate in recent times. Payments are expected to be some \$336.6bn or 28.6% of GDP, providing a deficit of \$57.5bn which, on budget forecasts, is not expected to improve much until taxation revenues increase on 2011-12 and beyond. It is not my role to contribute to the debate as the specific measures adopted are properly matters for government to decide. However, the extent of the measures taken to shore up confidence in the financial system and the economy more broadly, does

illustrate the power and financial strength of government to intervene and help build confidence in markets, or as Gordon Brown, the British Prime Minister observed recently – *‘the helping hand of society underpinning the invisible hand of the market.’*⁸

The influence of the ideas of John Maynard Keynes, the renowned economist who argued for an active role for government, has been well and truly apparent in Canberra and other major centres of government around the world. Keynesian intervention has been a feature of the responses of many governments to the global economic position.

Dr Ian Watt, the Secretary of the Department of Finance and Deregulation, said at a recent Senate Estimates Committee hearing:

*‘...there is no doubt that I do subscribe to the general principle that, in a period of economic downturn, economic management practices, and I am a Keynesian at heart, suggest you should not merely let the budget unwind, which is what economists have always called letting the automatic stabilisers work, but you should actually also consider direct stimulus measures.’*⁹

With a similar theme, Dr Ken Henry, Secretary to the Treasury, has observed that:

*‘the extraordinary weak global economy has encouraged governments across the world to take fiscal policy actions to support demand.’*¹⁰

We can be confident that with Secretaries of the calibre of Dr Watt and Dr Henry, the Australian Government will be getting well-rounded policy advice to inform its decisions.

We now operate in an increasingly challenging, complex and interconnected environment. The challenge is that, not only has there been a considerable expansion of government and some new approaches to government intervention, but also some underlying changes in the means of delivering government programs and services. Public sector delivery in the 21st century is characterised by increasingly complex inter-relationships between: government agencies; different levels of government; and the private sector including not-for-profits. The rate of change is also noticeable, putting pressure on the management of the new measures as well as existing programs.

Government policies change with the times, but the importance of government being accountable for its performance and the use of public funds remains constant. This lecture canvasses some of the main influences that are leading to changes in the way government delivers outcomes, such as the greater use of whole-of-government approaches, revamped federal financial relations, more open government and the use of technology as an enabler. It will also canvass some of the challenges, and underline the importance of sound management practices in the public sector to deliver on promised results.

II. The changing nature of government

James Madison, the 4th President of the USA (1809-17) once 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.¹¹

Our democratic institutions, the rule of law, and general acceptance of a 'fair go' for all citizens in Australia, are pretty good foundations if we can't be governed by angels.

Australians are entitled to expect good government by government discharging its responsibilities in accordance with wide considerations of public interest. And good government comes about through leadership, policies developed and delivered in the national interest, and an accent on transparency and accountability. As a country we have some significant policy challenges ahead in shifting from 'crisis to recovery'¹² improving our international competitiveness, enhancing indigenous health, dealing with global warming, and coping with an ageing population¹³, to name a few. These involve challenging policy choices and a reordering of fiscal priorities.

Charting the course of government in terms of the policies required for the short and longer term, having regard to the inevitable trade-offs, requires the best information that the public sector and other sources can muster. Government needs to be given a range of policy options to deal with these complex policy challenges. More and more policy solutions require departments to work together, to consult widely with stakeholder groups, and be informed by relevant international experience. It is critically important work. It requires a disciplined approach on the part of government to weigh the options available in the national interest.

Gary Banks, Chairman of the Productivity Commission, recently observed:

'Complexity and uncertainty would make policy choices hard enough if they could be made purely on technical grounds. But policies are not made in a vacuum. Rather they typically emerge from a maelstrom of political energy, vested interests and lobbying. Commonly, those with special interests will try to align their demands with the public interest'^{14,}

In the same vein, David Borthwick, former Secretary of the Department of the Environment, Water, Heritage and the Arts (2004 – 2008) also observed in his valedictory lecture:

'Specific interest groups that stand to lose have become increasingly savvy at harnessing the power and reach of the media and the susceptibility of our politicians to push their particular cause. And, more than ever, governments are reactive to the intense pressure of the 24 hours news cycle. Sadly, responding to the shrill voices of sectoral interests too often gets in the way of long term policy development in the national interest.'¹⁵

Sorting out the 'wheat from the chaff' is so important in the national interest as sub-optimal targeting of programs comes at a cost to the public purse, may introduce

inequities, and may displace more worthy programs. At the end of the day, governments will be judged by the electorate on how well they are seen to be managing the short and longer term issues, and how well they are able to communicate with the community the basis for their position.

Some recent work by McKinsey and Company¹⁶ reminds us also that there is considerable scope for improvements to be made from the way current government policies are operationalised:

“in our work with governments and public institutions around the world, we have seen incontrovertible evidence that dramatic improvements in performance and productivity can come about when governments make thoughtful, disciplined operational changes. Simply doing the same tasks in new ways, as it turns out, can be extremely powerful. Insisting only on system-level change obscures the vast potential available within government’s existing frameworks and operating systems.”

One of the complexities in the public sector is getting a handle on the effectiveness and efficiency of government programs in achieving their stated outcomes. It is generally not straight-forward to measure effectiveness and often can only be done with any precision some time (often years) after the program has been in place. Hence the importance of initial assessments based on wide consultation, where practicable, in the first place. Efficiency is more readily assessed, although it is fair to say that getting the incentives right to encourage efficiency in the public sector is equivalent to the search for the Holy Grail. The challenges in measuring the performance of programs by getting a handle on their effectiveness and efficiency goes some way to explaining why making accountability count in the public sector can sometimes be problematic.

In order to get a better focus on outcomes and the efficient and effective delivery of public services, there have been some clear trends in the last 15 – 20 years:

- Authority has been devolved by government and the central agencies of government to allow government agencies to better tailor solutions; this includes flexibility in establishing staffing, remuneration and resource allocation to best achieve the delivery of government programs;
- The increasing involvement of the private and not-for-profit sectors in the delivery of government programs in the ongoing drive for more efficient and effective delivery mechanisms. The approach to outsourcing is no longer driven by ideology but backed by the economics of a business case. We now see many services such as the Job Network, Defence Recruitment, and Refugee Settlement Services being delivered by partnerships with the private and not-for-profit sectors.
- A growing level of consultation with stakeholder groups in policy design and implementation to improve the targeting of programs and to better understand the impact of government intervention;
- Better measurement systems have been put in place, particularly with the adoption of accrual accounting and reporting, but also for performance measurement and assessment.

These trends have been stimulated under public sector reforms that have had a positive effect on the approaches to public service delivery, and the quality of information available for decision making. While these reforms are part of the evolution of public sector management, there are some messages arising from our experience in the Australian Government sector for the reformers as well:

- 1) There is a tendency on the part of reformers to not acknowledge the work that has preceded the change agenda, and on which the reform is based. This may reflect politics or may be an oversight, but we should not underestimate the contribution of those who have preceded us, nor should we underestimate the importance of their support in achieving the goal of the most recent reform.
- 2) The pendulum often swings too far in reforms requiring some adjustment backwards to eliminate excesses, or to maintain pre-existing elements that were beneficial after all.

On this latter point, in the Australian Government public sector we are seeing some momentum for greater centralisation after many years of devolution of authority. Areas where this is apparent are in government procurement to capture the benefits of scale of the Commonwealth, in public sector remuneration to remedy the increasing disparity in salaries across public sector agencies, and in advice to government where the central departments of the Prime Minister and Cabinet, Treasury, and Finance and Deregulation, are co-ordinating more strongly than ever before on the provision of policy advice to government. These shifts are part of the ebb and flow of control and authority in public administration.

We are also seeing more impetus being given to particular approaches where the concept is now accepted as being beneficial, and more investment is being applied to extract greater benefits going forward. These include:

- 'Whole-of-government' approaches whereby the public sector agencies combine to achieve a particular government policy objective working as a virtual organisation. This brings together the appropriate skills and experience, linked to other services, to deliver the outcomes sought by government. The work of the Australian National Audit Office (ANAO) shows that 'whole-of-government' work presents a new set of risks for effective operation, including that existing accountability arrangements are primarily designed for departments working individually to achieve the outcomes set by government using the funds appropriated for this purpose. While this is to be expected, it requires the development of suitable governance and accountability arrangements to provide the required authority, leadership and management to deliver on the Government's policy objectives where whole-of-government working arrangements are required.
- A move to more 'open' government, covering three main elements:
 - Transparency, in other words, being exposed to public scrutiny;
 - Accessibility – to anyone, anytime, anywhere; and
 - Responsiveness to new ideas and demands.¹⁷

While it is always prudent to retain a level of scepticism on this front – something we Australians manage quite well – the Organisation for Economic Co-operation and Development (OECD) has pointed out that OECD countries have two main reasons for building open government: One is the fundamental desire to underpin the legitimacy and credibility of democracy as

a form of government. The other is to achieve equally important policy goals such as economic growth or social cohesion. The strongest emphasis that seems to be coming through in public administration today, in this context, is the focus on citizen-centric service delivery. Signs of this are through government systems having a stronger citizen focus, eg: e-tax facilities provided by the Australian Taxation Office, community engagement, eg: community cabinet meetings to broaden and deepen community engagement, and growing demands for a greater emphasis to be given to transparency and accountability, fairness, respect for the rule of law, and ethical behaviour in government, eg: customer charters and freedom of information legislation. As citizens become more involved they can be expected to demand more of a say in how policies are developed, public resources are used, and services are delivered. In this way, there can be a better targeting of government programs through better alignment between citizens' needs and program objectives.

- Use of technology as an enabler, to facilitate new approaches, including those just described.

The traditional approach to policy development of individual departments breaking issues down is no longer seen as the way to tackle the big policy issues of today.

Building on the collective experience of public sector reform at both the federal and state level is the new approach to federalism. It was noteworthy that when the 2020 Summit was held in 2008 in Canberra involving 1000 Australians from all walks of life, one of the consistent themes across many of the conference themes was the importance of fixing the way the federal and state systems interact to simplify and harmonise tax regimes, pursue uniform regulation, licensing standards and enforcement, to approach infrastructure investment decisions from a national perspective, avoid 'short termism' in Budget setting and, more broadly, reform the federation.

Allan Fels, the Dean of the Australia and New Zealand School of Government (ANZSOG) said last year:

“Service delivery by states is under attack despite the enormous influx of GST revenues..... The public, of course, do not really care who funds public hospitals, schools and transport. They just want these services to work.

“The Council of Australian Governments (COAG)¹⁸ is beavering away under its accelerated meeting schedule on a range of initiatives, from a seamless national economy involving national trade licensing to a workable national business names system and standard business reporting.¹⁹

There seems to be universal acceptance that the Commonwealth needs to work more effectively with the States to reduce the cost of government services and raise the performance of programs.

The COAG agenda is substantial, and the new approach to implementing change is focused on: reducing and streamlining intergovernmental ministerial councils; national competition policy; and recently in 2008, steps to modernise Commonwealth-State financial relations including:

- rationalising the 92 Commonwealth Specific Purpose Payments into five broad Specific Purpose Payments, subject to agreements outlining the objectives which clarify the roles and responsibilities of the Commonwealth and the States in each area and supported by performance indicators;
- a move away from the use of input controls for Specific Purpose Payments and a greater focusing on the achievement of outcomes and the delivery of services by the States and Territories without prescribing how this is to be achieved in areas such as health, schools, vocational education and training, affordable housing and disabilities; and
- the introduction of a new form of assistance called National Partnership Payments that provide funding for specific projects in areas of joint responsibility, such as in interstate transport, and include incentive payments to reward performance.

The new model for Commonwealth–State financial relations in Australia is based on the principle that the States have the on-the-ground experience in how best to deliver services in their jurisdictions. With this in mind, the Commonwealth has put in place a framework to provide the States with the flexibility to innovate and tailor solutions in a way that best fits the needs of their populations.²⁰

COAG is providing the peak intergovernmental forum to initiate, develop and monitor the implementation of policy reforms that are of national significance and which require cooperative action by Australian governments (for example, National Competition Policy, water reform, reform of Commonwealth and State/Territory roles in environmental regulation).

This model is a significant step in the journey and evolution of Australia’s approach to managing Commonwealth–State financial relations. Many of the challenges facing Australia are issues that need to be addressed through the Commonwealth working in partnership with the States and the design of this new framework includes a reporting framework that will focus on the achievement of results, value for money and timely provision of publicly available and comparable performance information.

There is now more clarity in the COAG objectives. Whether this is the right model for the long term improvement in services will become evident over time. Much depends on the incentives, the performance delivered, the costs, the alignment of responsibility and accountability and, of course, a healthy dose of politics. As the New South Wales Health Minister said in relation to the recent National Health and Hospitals Reform Commission’s Report, *“There is a lot of work to do, and a lot of negotiating to be had.”*

III. Public Sector Management

Having traversed some of the key influences driving changes at the government level, it is also important to consider management issues at the organisational level.

The Australian public expects high quality public administration which has the following key fundamentals:

- efficient and effective resource management and service delivery;
- responsiveness to clients (government and the public);

- transparency in government operations and accountability for executive actions;
- fair dealing between government and citizens; and
- the ethical behaviour of public officials.²¹

The work of the ANAO is helpful in highlighting areas where agencies can do better, and the critical factors for success.

The five areas on any agency watch list, based on past disappointment with performance, are:

- 1) Sound governance regimes;
- 2) Being self-aware. Understanding agency strengths and weaknesses. For example, policy departments or divisions are not always naturally strong on matters relating to implementation, hence the need for agencies to first appreciate this, and secondly to compensate for it;
- 3) The criticality of the planning phases in any project to re-risk uncertainties;
- 4) The importance of having stakeholders and users on board to own solutions; and
- 5) Making accountability for performance a reality. This is the Achilles heal of public sector management and deserves close consideration in any significant new initiative, project or, more broadly, for program delivery.

In the same vein, the United Kingdom National Audit Office and the Office of Government Commerce have published a list of eight common causes of project failure, which should also be kept in view.²²

Better performing public sector agencies understand the importance of having sound governance arrangements in place to manage significant projects, yet be responsive to the inevitable issues which arise more often than not. However, the governance formalities need to be complemented by a value set and culture that allows the organisation to perform well on auto-pilot when circumstances dictate, eg: when the Chief Executive is dealing with other priorities. The longer I observe public sector management, the more important I see the public sector and agencies articulating and underlining organisational values to establish and reinforce the acceptance of norms by which staff should operate. Because measurement of performance in all its dimensions is so challenging, values and culture must establish the platform for a high-performing public service. Most influential here, is the 'tone at the top' of any organisation. It is such an important factor – organisations do take on the persona of the chief executive. This is generally a good thing, although from the chief executive's perspective, it is critical the organisation have a complementary skill set amongst its senior executives to provide a sound basis for organisational governance.

While on the subject of people, we have often heard the expression '*our people are our most valuable asset*'. Jim Collins, in his best-selling book "*From Good to Great*" reworked this expression to say "*the right people are our most valuable asset.*" Collins went so far as to say in effect: "*that this was even more important than having a clear strategy for success; this would come after the superior team had been built.*"

There is no question that if a priority task or project has to be done under time pressure, it is critical to have the right people and sufficient of them to deliver the goods – Having sufficient ‘horsepower’ is a critical success factor. Terry Moran, the Secretary of the Department of the Prime Minister and Cabinet, in a recent speech on the challenges of public sector reform observed:

“We have some very good people, but in my experience in the APS thus far, I have seen some critical weaknesses. We are not good at recruiting creative thinkers. We are also not good at bringing in some of the management skills and techniques that are used elsewhere. Project management skills, financial management skills, and the ability to build a strong business case are skills we do not currently place enough importance on. This needs to change.”²³

This is a very important statement to recognise and value those holding such skills. One way this will change is if such skills are valued and organisations recognise, and provide career paths for, people who display exceptional performance in these areas.

Another success factor is effective risk management. The importance of risk management in today’s public sector was captured by the UK Government’s Strategy Unit as follows:

“Government’s have always had a critical role in protecting their citizens from risk. But handling risk has become more central to the working of government in recent years. The key factors include: addressing difficulties in handling risks to the public; recognition of the importance of early risk identification in policy development; risk management in programmes and projects; and complex issues of risk transfer to and from the private sector.”²⁴

Risk management at a government level, and organisational, divisional and project levels, used to be discretionary, but that is no longer the case. It is mandatory, recognising there is a close relationship between risk management and effective governance. We just need to avoid the ‘tick the box’ approach here.

Finally, at the organisational level, attention to effective and reliable scorekeeping to inform management about whether measures, programs or projects are on track, and to inform decisions on any adjustments that are required.

There is generally an accumulation of factors that contribute to sub-optimal performance. The cost of failure can be very significant in government: there can be reputational effects, inequitable outcomes for the public, and substantial costs for both citizens and the public purse. Recent audit reports have highlighted:

- The skills required for policy development and implementation are different, although overlap is to be encouraged;
- Program implementation often does not get the same level of executive oversight as policy development, and can suffer as a result;
- Programs involving integration of diverse elements or information technology tend to be high risk, emphasising the importance of risk assessment and monitoring;
- The public service has an important role in informing Ministers of any statutory or policy obligations that may attach to their decisions;

- Reinforcement of the public service values, including elements such as the public service being apolitical, having the highest ethical standards and providing frank, honest, comprehensive, accurate and timely advice to government, is critical to the long term effectiveness of the public service.

We in the ANAO are also doing some work to encourage innovation in the public sector through the development of a Better Practice Guide. The reasons are twofold: firstly, innovation underpins improvements in efficiency and effectiveness through improving productivity and delivering better services; and, secondly, the ANAO is conscious that some may see our role as encouraging risk averse behaviours and approaches, and we wish to put this old canard to rest. We understand that, at some point, bureaucracy and formal systems can stifle innovation and motivation. Management and auditors alike need to recognise those who encourage continuous improvement and try new approaches. Our simple message is that innovation in the public sector is to be encouraged, and supported by prudent risk management and good information.

At the request of government and Parliament, we are also actively working in areas that have traditionally been problematic, such as in providing review reports on Defence major acquisition projects and government advertising. I have no doubt as to the positive effect on performance of our involvement. Significantly, our work sheds light on areas of public administration that has previously been behind closed doors and encourages more rigorous approaches by the responsible departments.

What does this all say about managing the business of government? At one level it is complex and the objectives can be ambiguous and are not always clearly measurable. We can be sure this won't change.

The measurement systems that have been put in place, and the renewed focus on evidence-based policy, are positives. The accumulating forces for more 'open' government can only assist in keeping the pressure on better informed policy development, better measurement of performance and improved accountability arrangements in the public interest. The more than can be done to open up the effectiveness of government policy and public sector performance to more sunlight, can only be of long-term benefit to government and the public alike given the choices that have to be made and the pressures on our long term budget position. The impetus given to these developments needs to be sustained.

As David Borthwick has said,

[...]we need to actively promote a pro-information disclosure environment (to the extent that it does not compromise the free exchange of ideas between the public service and Ministers). Releasing more information into the public domain helps build trust in government and government processes and, most importantly, it encourages a more open debate on longer term policy issues.”²⁵

In critical areas, independent advisory and review bodies have a role in 'telling it like it is' through public reporting and being constructive as to recommendations for the way forward. Such bodies should be properly resourced as a balancing factor in an era when government in Australia is powerful, and has command of a very substantial level of resources relative to those of the Parliament.

Our work shows that often the plans agencies have to implement policies are satisfactory; the real problems with implementation are the visibility of the project or program to those charged with governance, and the active management of risks.

In this context, it is actually more helpful than might be imagined if Ministers and Chief Executives inform public sector agencies of the importance to them of the behaviour they value, whether it is assessing the scope for the better targeting of policies, or close oversight of critical projects – a few well-placed words provide substantial returns.

There is also a real need to support staff in the public sector with the necessary skills and methods of providing policy advice or managing complex projects or programs, and to learn from what has, and has not, worked in the past.

IV. Conclusion

Government is big business, and in recent times has ‘temporarily’ become bigger. Providing advice to government and administering programs requires sound management approaches to deliver on government policies – good public administration does not come about by chance.

The Australian Government public sector has evolved more than many would appreciate in the last 20 years. There is no doubt it has more strongly focused on outcomes, has better scorekeeping, and has more senior level finance skills. Organisational arrangements have evolved to provide for whole of government approaches where required, and technology has been used effectively to provide more targeted services to citizens. Innovation needs to be encouraged despite resource constraints, and my office intends to make a contribution here through the release of a Better Practice Guide in later this year on *Managing Innovation in the Public Sector*”.

Measurement of performance given the nature of policy objectives, and the related issues of accountability for performance, are, nevertheless, still challenging. While the Australian model of public sector administration is well regarded internationally, and we should be pleased with this, there is always more than can be done. Our audit work shows that while policy development has been quite robust, when it comes to implementation there is room for improvement, and in some cases, marked improvement. The good news is that the current emphasis on more open government and evidence based policy can only assist to put downward pressure on performance to get the policy setting right and to measure performance effectively.

It is in the interests of good government and good public administration in Australia to have disciplined approaches to decisions on policy and implementation and, a willingness to continue with approaches already being advanced to provide more ‘open’ government. We should be eclectic in drawing from global experience in the public and private sectors, and build on the successes and the lessons of the past. And actively lend support to those values that encourage an apolitical, performance-oriented, citizen-focused public service.

In an era where government is powerful and has command of a very substantial level of resources relative to those of the Parliament, the focus on greater transparency around government decision-making and performance must be encouraged. With some very big challenges still ahead of us, public sector management must continue

to evolve to ensure Australia does even better in the world in the years ahead, and that public confidence is maintained in the use of authority and public resources.

Thank you.

Notes:

¹ Deakin University, Alfred Deakin: biography, found at www.deakin.edu.au/alfred/biography

² Ibid

³ National Archives of Australia, *Australia's Prime Ministers – Alfred Deakin*, found at primeministers.naa.gov.au

⁴ Ibid

⁵ Kirby, The Hon Justice Michael, Public Funds and Public Power Beget Public Accountability, University of Canberra, Corporate Governance in the Public Sector Dinner, High Court of Australia, Canberra, 9 March 2006, p. 2

⁶ Banks, Gary, AO, *Reducing the Regulatory Burden: the way forward*, Productivity Commission, Presentation at Monash Centre for Regulatory Studies, Melbourne, 17 May 2006, p4.

⁷ Australian Government Budget Paper No 1, Table 1, page 10-6.

⁸ Bagehot, *Who runs Britain?* The Economist, 4 April 2009, p. 56

⁹ Watt, Dr Ian, AO, Secretary, Department of Finance and Deregulation, Hansard, Finance and Public Administration Legislation Committee, (Budget Estimates) Wednesday 27 May 2009. p.8.

¹⁰ Henry Dr Ken, AC, Secretary to the Treasury.

¹¹ 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, xxxx, p. 143

¹² Rudd, Hon Kevin, MP “A Strategy for sustainable economic recovery – the role of the G20”, 7 July 2009, Speech to G20, Berlin, Germany.

¹³ Banks, Gary, AO, *Riding the Third Wave: some challenges in national reform*, Productivity commission, Presentation to the Economic and Social Outlook Conference, Melbourne, March, 2008: “Population ageing will significantly reduce workforce participation and per capital income growth. At the same time, it will push up health and aged care expenditures, creating major fiscal pressures for governments. While this demographically-driven scenario will unfold progressively over the next half century, its influence is already occurring.”

¹⁴ Banks, Gary, AO, *Challenges of Evidence-Based Policy-Making*, Productivity Commission/Australian Public Service Commission one of a series of publications of Contemporary Government Challenges, 2009, p5

¹⁵ Borthwick, David PSM, A Valedictory Lecture “As if for a thousand years”, p 12

¹⁶ McKinsey on Government, Number 4, Summer 2009, “Government’s productivity imperative”, p5, Hans Arnum, Thomas Dohrmann, John Dowdy and Allison Phillips.

¹⁷ Organisation for Economic Co-operation and Development (OECD) Policy Brief, February 2005, *Public Sector Modernisation: Open Government*, p2.

¹⁸ COAG comprises the Prime Minister, State Premiers, Territory Chief Ministers and the President of the Australian Local Government Association (ALGA).

¹⁹ Fels, Allan, AO, Dean of ANZSOFG, *Making Federalism Work*, ANZSOG News, 2008, Issue 2

²⁰ Swan, The Hon Wayne, MP, Treasurer of Australia, essay presented as a keynote address at the Australian and New Zealand School of Government Annual Conference on 11 September 2008.

²¹ Rose Verspaandonk, Parliamentary Library, Politics and Public Administration Group, Research Paper 5, Op Cit

²² Common causes of project failure:

1. Lack of clear links between the project and the organisation's key strategic priorities, including agreed measures of success;
2. Lack of clear senior management and Ministerial ownership and leadership;
3. Lack of effective engagement with stakeholders;
4. Lack of skills and proven approach to project management and risk management;
5. Too little attention to breaking development and implementation into manageable steps;
6. Evaluation of proposals driven by initial price rather than long-term value for money (especially securing delivery of business benefits);
7. Lack of understanding of, and contact with the supply industry at senior levels in the organisation;
8. Lack of effective project team integration between clients, the supplier team and the supply chain.

Office of Government Commerce, Common Causes of Project Failure: OGC Best Practice [Internet], OGC, London, 2005, available from http://www.ogc.gov.uk/sdtoolkit/referebce/ogc_library/bestpractice_briefings/causesprojfailure.pdf

²³ Moran, Mr Terry, AO, Speech to the Institute of Public Administration, Australia, Canberra, 15 July 2009,

²⁴ The UK Government Strategy Unit, 2002, *Risk: Improving government's capability to handle risk and uncertainty*, p1.

²⁵ Borthwick, David PSM, A Valedictory Lecture "*As if for a thousand years*", p15