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TRANSPARENCY AND ETHICAL GOVERNANCE: PROMOTING ACCOUNTABILITY IN AUSTRALIA

Introduction

I wish to thank the EROPA Executive for the opportunity to address this meeting of the Association on this most important theme in public management.

In this brief paper I will address three aspects relating to accountability. First, at the Commonwealth level the broad approach to public sector governance. Second, the means by which we in Australia arrived at our current framework – this briefly explains the path dependencies of our system. Finally I will comment on some, but not the only, Statutory offices that are critical to our governance framework.

I would also like to take the opportunity to acknowledge the debt that this short presentation owes to more substantial research work, discussion papers and presentations made by distinguished commentators in Australia – especially the Auditor-General (Mr Pat Barrett), the Public Service Commissioner (Mr Andrew Podger) his immediate predecessor as Commissioner (Ms Helen Williams). For those, like us, with an interest in this vital issue, their respective websites (http://www.anao.gov.au and http://www.apsc.gov.au) provide a wealth of insight into and an abundance of information on current Australian thinking and action in this sphere.
What is “public sector governance” – the Australian approach

The general term, ‘corporate governance’, describes the processes by which organisations are directed, controlled and held to account. It embraces authority, accountability, stewardship, leadership, direction and control exercised within the organisation.

The more specific term, ‘public sector governance’, refers to the governance arrangements for public sector organisations at the Commonwealth level in Australia.

Public sector governance has a very broad coverage, including how an organisation is managed, its corporate and other structures, its culture, its policies and strategies and the way it deals with its various stakeholders. The concept encompasses the manner in which public sector organisations acquit their responsibilities of stewardship by being open, accountable and prudent in decisionmaking, in providing policy advice, and in managing and delivering programs.¹

Generally speaking, there exists no express policy statement relating to governance arrangements in Commonwealth organizations. Such policy is contained in legislation, regulations and actions rather than in comprehensive policy and operational statements.

Legislation is an important, but not the only, element of accountability, whereby standards of conduct are established and accountability determined.

The approach to legislative reform, which I describe later, was designed and implemented against the background of a set of particular reform objectives concerned, among other things, with:

- sharpening accountabilities for chief executives (in the case of mainstream organisations subject to the Public Service Act 1999 and the Financial Management and Accountability Act 1997 and boards (in the case of bodies under the jurisdiction of the Commonwealth Authorities and Companies Act 1997);
- devolving responsibility to individual agency heads or boards of directors;
- emphasizing standards of ethical behaviour and probity (particularly through to the Public Service Act); and
- aligning, as far as possible, financial and accountability arrangements for Government Business Enterprises with those in place in the private sector.

I suggest that, while corporate governance policies are largely dictated by broad public sector legislation, they must also be designed to address the particular needs of each organisation.

… corporate governance is the organisation’s strategic response to risk.²

Objectives of public sector governance

Public sector governance aims to ensure that an organisation achieves its overall outcomes in such a way as to enhance confidence in the organisation, its decision-making and its actions.

Good governance therefore means that the organisation’s leadership, its staff, the Government, the Parliament and the population can rely on the organisation to do its work well and with full probity and accountability.

Good governance requires that organisations discharge their functions in two pivotal respects:

- **performance**, whereby the organisation uses its governance arrangements to contribute to its overall performance and guarantees the delivery of its goods, services or programs; and

- **conformance**, whereby the organisation utilises its governance arrangements to ensure that it meets mandatory legal, regulatory and (published) standards and requirements of the law as well as community expectations of probity, accountability and openness.

In short good governance considers both performance and conformance, treating each within a risk management framework rather than trading one off against the other.

On the basis of Australian experience I suggest that six foundation principles underpin public sector governance: accountability; transparency/openness; integrity; stewardship; leadership and efficiency.

**Accountability** is the process whereby public sector organisations, and the individuals within them, are responsible for their decisions and actions and submit themselves to appropriate external scrutiny. It is best achieved when parties have a sound understanding of those responsibilities, and clearly defined roles within a robust management structure. In effect, accountability is an obligation for a responsibility conferred. This responsibility, which encompasses a range of concerns, such as values and ethics and the effective and efficient implementation of programs, entails a range of processes.³

**Transparency/Openness** is required to ensure that stakeholders and citizens can have confidence in the decision-making processes and actions of public sector organizations; in the management of their activities; and in the individuals within them. Openness, through meaningful consultation with stakeholders and the communication of full, accurate and clear information, leads to timely and effective action that stands up to necessary scrutiny.

**Integrity**, which comprises both straightforward dealing and completeness, is based chiefly upon honesty and objectivity. Its main hallmarks are high standards of propriety and probity in the stewardship of public funds and resources, and prudent ethical management of an organisation’s affairs. It is dependent on the effectiveness of the control framework, influenced by relevant legislation (such as the APS Values and Code of Conduct) and ultimately determined by the personal standards and professionalism of the individuals within the organisation. Integrity is reflected both in the entity’s decision-making procedures and in the quality of its financial and performance reporting.

**Stewardship** is where public officials exercise their responsibilities on behalf of the nation. The resources, which are held in trust, are not accessible by private interests. Officials are therefore stewards of those powers and resources. It is important to govern public sector

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organisations so that their capacity to serve Government and the public interest is maintained or improved over time. This includes financial sustainability, the optimal management of resources and the capabilities of staff, as well as less tangible factors, for example, maintaining the trust placed in the organisation and/or the Government as a whole.

Leadership, given its central role in creating an entity’s overall framework and direction, and its capacity to serve as an exemplar of an entity’s values and ethos, is absolutely critical to achieving an organisation-wide commitment to good governance and the confidence of those outside who have dealings with the organisation.

Efficiency can be defined as the optimum use of resources to further the aims of the organisation based on commitment to evidence-based strategies for improvement. Efficiency thus requires objectivity and the application of the merit principle. For instance, in conducting public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office must make choices on merit.

I consider that the Values and the Code of Conduct that are set out in the Public Service Act and the advice provided to public servants through the “APS Values and Code of Conduct in Practice: A Guide to official conduct for Agency heads and Employees” in relation to expectations of behaviour substantially reflect these foundation principles and help public servants to work properly in and consistently with a values based framework.

The Australian Framework

Figure: Legal elements affecting governance in Australia

Australian Background

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In 2001, Australia celebrated the centenary of its Constitution and Federation. In terms of European or Australian indigenous history, this might seem like the commemoration of a small achievement. However, the Australian Constitution is one of the six oldest written Constitutions extant, and one at the centre of a federal compact which, in a century of tumultuous change, remains intact as the principal pillar of governance for Australia and its people.

One of the cornerstones of our Constitution—it has been called ‘the birth certificate of a nation’—is the power of the Parliament to make laws for the ‘peace, order, and good government of the Commonwealth’.

For most of the twentieth century the administrative responsibility for good government of the Commonwealth resided with central agencies exercising management power and authority over the remainder of the Commonwealth Public Service (renamed the Australian Public Service (APS) in 1973). These central agencies included the predecessor of the Public Service Commission (the agency in which I reside) as well as the Australian National Audit Office, the Treasury, the Department of Finance and Administration and the Department of the Prime Minister and Cabinet.

However, conceptions of governance and approaches to public administration evolve. The new guiding paradigm is that good government gives effect to a balance between reduced regulation and prescription on the one side and increased accountability within a values-based environment on the other. In terms of changing approaches the APS has undergone continuous reform. The APS today is required to manage rapid policy change, shorter advice delivery deadlines, better customer/client focus, and higher standards of accountability than ever before.

Australia has been well served by its public service. The tradition that the public service is apolitical, working within the law to serve the people’s elected government is deeply embedded in our culture. It has endured as a central public service part of governance frameworks since Federation and been embedded in the Public Service Act 1999, most notably in the APS Values and Code of Conduct.

The Public Service Act 1999 also reflects the painstaking efforts made to promote administrative accountability in the Australian Public Service over the past century.

The reforms embodied in the Act have given managers clear responsibility for their programs and performance, and placed significant emphasis on responsiveness to government, parliament and the community, while maintaining traditional public service ethical values.

**Governance reforms – a précis**

I would like to briefly outline the history of the reforms we have undertaken, which have led to our current governance framework.

The first Public Service Act was enacted in 1902. Reforms to this Act culminated two decades later in the Public Service Act 1922. That Act recast and emphasised the importance of central management arrangements, specific responsibility for investigating and promoting efficiency and economy in the Public Service being vested in a three-person Public Service Board.
In 1974, the Royal Commission on Australian Government Administration (chaired by Dr H.C. Coombs) was appointed. It was the first independent, wide-ranging inquiry into Australian Government administration since 1918–19. Established to inquire into, and report upon, most aspects of Australia’s government administration, it undertook significant research and eventually reported in 1976.

The Royal Commission concluded that Australian administration was unduly centralised and hierarchical, and that ‘better decisions will be made and better service given to people if authority and responsibility are devolved to officials close to where the action occurs’.

The report asserted that public service management had become rigid and excessively structured. Its research and recommendations reflected three themes that have been pursued in subsequent reforms:

- responsiveness to the elected government;
- improved efficiency and effectiveness, including that achieved through more results-based management and less prescription; and
- community participation.

Increased responsiveness to the elected government was a major focus of the reforms of the 1980s. The changes established in 1984 addressed common themes in the three reports on perceived needs for a more open, efficient and responsive public service management. It included the following key provisions:

- Secretaries of departments (formerly designated Permanent Heads in the Act) would be appointed, transferred or unattached by the Governor-General on the recommendation of the Prime Minister, who was required to have received a report from the Chairman of the Public Service Board;
- The then s. 25(2) of the Act would be amended to make it clear that a Secretary’s responsibilities for the general working of a department were exercised ‘under the … Minister’, in accordance with the Minister’s powers under the Constitution—the relevant terminology has been retained in sub-s. 57(1) of the 1999 Public Service Act;
- A Senior Executive Service (SES) would be established in place of the former Second Division, with a more explicit statement of its policy and management functions (now further articulated in sub-s. 35(2) of the 1999 Act), along with elaboration, for the first time, of key staffing provisions; and
- inclusion of a clear statement of the elements of the merit principle as a basis for developing and administering personnel policies, along with proscription of patronage, favouritism or any unjustified discrimination.

Responsiveness to the elected government has been reinforced in the Public Service Act 1999. Under the APS Values, which are set out in the Act, the APS is required to be responsive in providing to the Government frank, honest, comprehensive, accurate and timely advice and in implementing the Government’s policies and programs. This is further reflected in the responsibilities of Secretaries under the Act and in their employment framework.

The focus on improved efficiency and effectiveness increased with the drive towards achieving greater economic competitiveness. Throughout the 1980s and 1990s program budgeting was introduced and progressive delegation and devolution of financial and personnel authority to agencies occurred. Changes occurred in the way government services
were provided, with a number of non-core functions being privatised or outsourced. The
impetus for these reforms came from international economic pressures on national budgets
and restrictive government controls. It derived also from the dissatisfaction of governments in
the 1970s with the performance of the public service. This has been reflected in the APS
Values, which state that the APS must focus on achieving results and managing performance.

During this period the most compelling arguments advanced were to ‘let the managers
manage’. Departmental managers were given considerable freedom over an extended period
to exercise individual initiative and establish appropriate standards, while still being subject
periodically to external scrutiny of their efficiency. The abolition of the Public Service Board
in 1987 brought further operational devolution of responsibilities to agencies.

Community involvement occurred in two ways. Attempts to open employment in the Service
to a more diverse cross-section of the community (which had begun before the Coombs
inquiry) gained momentum from the report’s support for equal employment opportunity
policies. This continued to change attitudes in the Australian community throughout the late
1970s and 1980s. A parallel development has been a stronger focus on involving members of
the community in policy development and the design of services. This is also reflected in the
APS Values, with the APS recognising and utilising the diversity of the Australian
community it serves and providing a reasonable opportunity to all eligible members of the
community to apply for APS employment.

Significant changes were also made to the Administrative Law framework with the
introduction of:

- the *Administrative Appeals Tribunal Act 1975*;
- the *Ombudsman Act 1976*;
- the *Administrative Decisions (Judicial Review) Act 1977*; and
- the *Freedom of Information Act 1982*.

These reforms provided the community with greater opportunity to seek reviews of
administrative decisions and to secure documents relating to administrative actions. These
reforms contributed substantially to the openness of administration.

During 1982–83, a number of widely publicised problems in administration prompted the
government to initiate a further examination of the federal bureaucracy. The Review of
Commonwealth Administration (RCA) made recommendations on ‘the requirements for an
efficient and effective public service in Australia’. The RCA was also required to take
account of Service needs in respect of high standards of conduct, good morale, professional
management skills, the provision of constructive and imaginative policy advice, and
accountability within a non-political career public service framework. The report addressed:

- ministerial responsibility and accountability;
- administrative review activities;
- the role of central government agencies;
- financial management;
- management structures, practices and systems;
- staffing the senior management ranks of the APS; and
- measures for achieving better Commonwealth administration.
A change of government early in 1983 saw a different emphasis placed on the RCA views and proposals and the manner in which they were incorporated into later reforms.

The incoming Labor government in 1983 developed its own reform agenda for the APS in a White Paper setting out its priorities and incorporating the main themes of the earlier inquiries, including:

- reassessing the roles of central agencies;
- more effective central management;
- the creation of a Senior Executive Service;
- improving the allocation of resources;
- increased responsiveness to the elected government; and
- providing an equal opportunity for all Australian citizens to compete for positions in the APS.

The Public Service Reform Act 1984 addressed the common theme in the preceding reviews—the perceived need for a more open and efficient public service. Devolution, deregulation and the integration of the APS into the national industrial relations and employment framework were all strong focuses of the reforms.

The 1984 Act provided a legislative basis for the establishment of the Senior Executive Service (SES) as a cohesive senior management group sharing core leadership skills and values, and, in principle, able to be redeployed across the Service in response to changing priorities. Under the Public Service Act 1999, the SES is required to provide professional expertise, policy advice and management at a high level.

A new reform agenda

On 21 June 1996, the Minister Assisting the Prime Minister for the Public Service announced the new government’s reform intentions in the following terms:

“The Government will embark upon a consultative process to develop a reform package for the Australian Public Service.
... to ensure the public service provides a professional and rewarding environment in which to work and is able to deliver a quality service to Government and the Australian people.
... to make certain that workplace structures, systems and culture in the APS emphasise innovation and recognise creativity and commitment.”

The stated reform intentions were translated into a 1996 discussion paper, entitled Towards a Best Practice Australian Public Service.

Shortcomings of the then APS, as outlined in the paper, included ‘outdated, rigid and cumbersome regulations, systemic inflexibilities and a culture which does not sufficiently promote or recognise innovation’. Accordingly, the paper maintained that the Service had fallen behind best practice overseas, interstate, in the private sector and in government business undertakings. The report noted that the APS was bound in red tape and continued to operate under terms and conditions no longer appropriate or realistic in a community-wide labour market.

The paper prompted widespread discussion and consultation, the general outcome of which was twofold: first, to record general, wide-ranging support for changes to the formal
framework in order to achieve a better workplace environment for the APS. Secondly, to set out, in broad terms, the proposed framework for a new, principles-based Public Service Act.

Fifteen Values have been enumerated in the Public Service Act. They reflect the predominant APS relationships and behaviours:

- our relationship with the Government and the Parliament;
- our relationship with the public;
- our workplace relations; and
- our personal behaviours, which must reflect the “highest ethical standards”

The Values pertinent to our relationship with the Government and the Parliament are the textbook principles that define our role in the Australian democratic system—apolitical, impartial, professional; responsive to the elected government; and openly accountable within the framework of Ministerial responsibility to the Government, the Parliament and the public.

It should be emphasised that the Values are not mere rhetoric. They are enshrined in legislation. Sanctions can be invoked for breaches of the Code of Conduct, which stipulates that all APS employees must uphold the Values. Agency Heads are also required to promote as well as observe and adhere to the Values.

As I said earlier the *Public Service Act 1999* represents the culmination of these reforms, merging the new culture of performance and a results or outcomes orientation with traditional Westminster principles within a modern employment framework. It confirms the responsibilities and prerogatives of agency heads but within stricter accountability requirements. The enduring framework is principles-based, as defined in the APS Values.

**Devolution and accountability**

Australia is not unique in establishing values for its public service. All OECD countries publish a set of core values intended to guide their public servants in daily operations, and the various global pressures they all face have led to many updating or consolidating those values in recent years. Australia has articulated Values for the public service; made them a centrepiece of our legislation—in place of rigid rules and centralised control via a single employer—and provided guidance to Commonwealth public servants on the interrelationship of Values and ethics in resolving difficult administrative issues.

Under the public service framework, within their own agencies, agency heads have all the rights, duties and responsibilities of an employer. They are responsible for managing their agencies, and have accountability obligations imposed on them relating to the operation and administration of their agency. One of the aims of the *Public Service Act 1999* was to clarify the role of the Agency Head by ensuring that they were placed at the centre of the accountability framework.

Other offices and legislation established under the Public Service Act also have a role in ensuring transparent and ethical governance of the public sector.

The position of **Merit Protection Commissioner**, the office I hold, exemplifies accountability arrangements authorised by the Parliament. The office of the Merit Protection Commissioner is an independent one, established under the Public Service Act.
The Merit Protection Commissioner has a vital role within the APS to provide independent external review of actions affecting individual APS employees. This role assists in implementing the policy of the Australian Government that APS agencies should create and maintain workplaces that encourage productive and harmonious working environments. It also supports the specific legislative obligation of Agency Heads, included within the APS Values, to provide a fair system for reviewing decisions affecting all APS employees. The Merit Protection Commissioner may also inquire into alleged breaches of the APS Code of Conduct (whistleblowing disclosures).

The position of **Public Service Commissioner** is of prime importance within the schema of the service.

While each Agency Head has all the powers of an employer, the Public Service Commissioner also exercises a critical and overarching role in measuring quality assurance and maintaining and contributing to the future capability and sustainability of the Service in measuring.

Under the Act, the Public Service Commissioner’s first two functions are to evaluate the extent to which Agencies incorporate and uphold the Values, and to assess the adequacy of systems and procedures for ensuring compliance with the Code of Conduct. The ‘Agencies’ Commissioner is also required to report annually on the State of the Service. The Commissioner has issued 4 such State of the Service reports and they make fascinating reading!

The Public Service Commissioner also promotes; the APS Values and the Code of Conduct; good employment practices, as well as playing a central role in APS-wide training, career development and leadership. Under the Public Service Commissioner’s guidance, the APS Commission has just recently completed a project, with associated publications, that provide a guide to good practice aimed at assisting Agency Heads and senior managers to embed the APS Values into their agencies’ systems, practices and behaviours.

The main message emerging from the conclusions of the project is that a strategic and integrated approach is required to embed the Values into agencies’ systems, practices and behaviours. The components of such an approach would include, for example, the need for effective leadership, learning and development strategies; seamless integration of the Values into management systems and instructions; and guidance, effective control and assurance mechanisms.

The **Auditor-General** is also a leading participant in accountability arrangements and processes. The Auditor-General is an independent officer of the Parliament charged with view the performance and financial management of public sector agencies and bodies.

An important aspect of the government’s public service reforms has been to apply the specialist skills and knowledge of the private sector and the community in delivering the outcomes required of the public service through contractual arrangements. However, increased contracting with the private sector and community organisations has introduced new degrees of complexity and higher levels of risk to service provision by government agencies and presented fresh accountability challenges.

The Commonwealth Procurement Guidelines make it clear that irrespective of who performs a function; if its performance involves public expenditure, contracting agencies remain
accountable to government for that function. The Auditor-General has also reinforced this message on a number of occasions. The public expects public servants to act ethically and fairly. Moreover, high ethical standards support sound procurement outcomes.

As Mr Pat Barrett, the current Auditor-General, has stated:

> Public reports from an independent Auditor-General ensure that the Parliament, and beyond it the Australian public, have a degree of assurance in relation to the proper administration of Commonwealth resources. The Australian National Audit Office (ANAO) has a dual role in terms of reporting on the financial management and overall performance of the public sector. Our first aim is to provide independent assurance. This is the more traditional ‘watchdog’ audit role. Our second role is to suggest improvements to public administration. Increasingly, it is this second, advisory role that is most important for a public sector, which, in the proper pursuit of greater efficiency and effectiveness, is challenged by diverse governance issues that are growing in complexity.6

While the accountability imperative remains constant, the role of the ANAO has evolved to take account of, and respond positively to, the public sector reform agenda. In today’s environment, our role includes providing independent assurance on the performance, as well as the accountability, of the public sector in implementing the government’s programs, delivering services and introducing a wide range of public sector reforms.

The last specific role I will discuss is that of the **Commonwealth Ombudsman**.

In 1977, the first Ombudsman was appointed. The purpose of the office is to attain equitable outcomes for complainants and foster improved and fair administration by Australian Government departments and agencies. The Ombudsman considers and investigates complaints from individuals who believe they have been treated unfairly or unreasonably by a department or agency.

The Ombudsman cannot override the decisions of the agencies nor issue directions to the agency’s staff. Instead, the aim is to resolve disputes by negotiation and persuasion, and if necessary, by making formal recommendations to the most senior levels of government. Since its inception, the office has assisted in resolving many thousands of individual complaints, and brought about significant improvements in the quality of government administration.

The final body whose work I intend to talk about is the Management Advisory Committee (MAC).

The MAC is a forum of Secretaries and Agency Heads established under the *Public Service Act 1999* to advise Government on matters relating to the management of the APS. In addressing its broad advisory function the Committee considers a number of management issues where analysis, discussion, and the identification of better practice approaches would inform and promote improvements in public administration.

The first completed report, entitled *Performance Management*, examined the key features of different performance management approaches. It also identified good practice, evolving trends and issues that warranted ongoing monitoring and discussion. The report provided

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guidance to agencies by identifying the factors that will assist organisations in designing, implementing and reviewing their performance management systems. As you would appreciate performance management is a critical issue in terms of individual and organisational accountability.

The second MAC report—on Information and Communications Technology (ICT)—represents a more strategic approach to ICT investment and governance in Commonwealth agencies. The report, *Australian Government Use of Information and Communications Technology: A New Governance and Investment Framework*, recommends strategies that will lead to efficiencies in the implementation and use of ICT across agencies as a precursor to, and more focussed delivery of, government services to the Australian community.

The third MAC report, dealing with *Organisational Renewal*, examines the challenges of building organisational capability by APS agencies against the background of changing workforce trends. The report explores the implications of the ageing profile of the APS and the career intentions of new graduate entrants. Findings include the need for APS agencies to engage in more systematic workforce planning.

**Ongoing reform agenda**

Although most of the recent improvements in public administration have derived from a closer focus on results rather than process, ‘the way we do things around here’ remains critical. The public service has particular responsibility for the public interest in upholding the law and ensuring due process—impartiality, fairness, and openness.

There are risks in moving away from centrally set down prescriptive rules of process to legislated principles in an environment in which responsibility is largely transferred to individual agencies. There are also important limits to refining processes in order to achieve results if acceptable/required/necessary levels of accountability are to be maintained. The risks must be manageable to the satisfaction of the Parliament and the public as well as to the government-of-the-day.

Increased flexibility will always require increased accountability, together with tougher aggregate financial controls. In the near future, managers will need to more effectively exploit current flexibilities in managing staff and delivering services/outcomes.

Accountability is one of the foundation values of the APS. But the more contestable and commercial environment in which the Service now operates heightens the need for agency systems and behaviour to be grounded in, and consistent with, appropriate accountability mechanisms. The shift towards using third parties to provide services and support activities has been very substantial during the past quarter century. In many cases, this purchaser/provider dichotomy has clarified program objectives and increased accountability in terms of outputs and outcomes. Yet, there are challenges involved, and risks to be confronted. The Auditor-General has recently raised questions about transparency and accountability in relation to aspects of process and results.

While federal agencies can outsource functions they cannot outsource their responsibility or overall accountability for doing so. Parliament insists that they remain accountable for the delivery of services, even where the service delivery is provided by private and non-government sectors.
Administrative law has given members of the public direct access to public service decision-making, but their involvement in policy consultations and on community-based management boards, can lead to concerns about accountability. The expectations of responsiveness direct to the public and stakeholders have to be handled consistently with the public service’s formal accountability to Ministers, the government and the Parliament. Decision-makers must have legal authority and be held accountable.

Conclusions

Public sector reform in Australia, which has been sustained for more than 20 years by constant extension and evolution has not only been accepted, but frequently driven, by public sector managers.

The incremental reforms have mostly been bipartisan; successive governments building on the reforms introduced by previous administrations, resulting in a highly comprehensive and sustained process that has delivered substantial productivity gains and improvements in government programs.

The public service, financial and employment legislation of the late 1990s has been radical in conception and ambitious in execution. The culmination of more than a decade of change, it has created an environment in which flexibility can flourish while accountability is strengthened.

The present and future challenge is to ensure that Australia can take full advantage of these opportunities to achieve even better public service management, advice to government and service delivery to citizens. The momentum of reform needs to be maintained.

Key areas for our focus are:

- Ongoing changes in the structure of government;
- The transformed environment of policy making, arising from with the increased involvement of citizens and the impact of international change;
- The capacity for the public service to provide Whole-of-Government responses to national and international pressures and priorities; and
- Performance and organisational capability, particularly in the context of generational change.
Key external accountability institutions

There are often several external bodies to which Commonwealth organisations are accountable or to which they are required to provide information on their performance and/or conformance with regulatory requirements. It is through effective governance arrangements that Commonwealth organisations acquit their responsibilities to these bodies.

Key external accountability institutions include:

- the Parliament, especially relevant committees such as the Joint Committee of Public Accounts and Audit (JCPAA), the various Senate and House of Representatives Standing Committees and Senate Legislation and References Committees;
- the Auditor-General, who is responsible to the Parliament for conducting both financial and performance audits of Commonwealth agencies and their activities and with whom organisations often liaise on such matters as internal audit arrangements and practice;
- the Commonwealth Ombudsman, who has the power to investigate complaints about Commonwealth organisations’ actions in order to determine if they are unlawful, wrong, unjust or discriminatory;
- the Privacy Commissioner, who has responsibilities under the Privacy Act 1988 and who assists citizens with privacy complaints relating to Commonwealth or Australian Capital Territory Government agencies, consumer credit reporting activities, tax file numbers and spent convictions;
- the Administrative Appeals Tribunal, which provides independent review of a wide range of administrative decisions made by the Australian Government and some non-Government bodies;
- the Australian Securities and Investments Commission (ASIC), which enforces company and financial services laws to protect consumers, investors and creditors. GBEs are subject to the Corporations Act 2001 and thus ASIC; and
- the Courts, which may be called upon to scrutinise the actions or decisions of Commonwealth bodies, for example, in reviewing a tender process on the action of an unsuccessful tenderer.

In addition, Commonwealth organisations respond to a number of central agencies that have a coordination and oversight role. Included in this group are the Australian Public Service Commission (APS Commission), the Department of Finance and Administration (Finance), the Treasury, the Department of Employment and Workplace Relations (DEWR) and the Department of the Prime Minister and Cabinet (PM&C). Each of these central agencies has a major role in Commonwealth public sector governance arrangements.

The APS Commission is responsible for the Public Service Act and advises on strategic people management issues. Finance is responsible for the Financial Management and Accountability Act 1997 and the Commonwealth Authorities and Companies Act 1997 and provides guidance on procurement and annual reporting requirements for bodies subject to the Commonwealth Authorities and Companies Act. DEWR oversees the application of the Workplace Relations Act 1996 within the Commonwealth public sector. PM&C provides advice on Cabinet and accountability processes, including publishing the annual report requirements for Financial Management and Accountability agencies, as approved by the Parliamentary Joint Committee of Public Accounts and Audit.