“Service Quality in Public Sector: An Outcome-Based Approach”

ETHICS AND TRUST IN THE PUBLIC SECTOR: ISSUES IN AUSTRALIA

(Draft Only)

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Abstract

Australian Society has become more complex and demanding of government and the public sector. This has led to more government intervention, and with more concern for equity both in the society and public sector. Then there has been a growing pressure for the public sector to cut expenditure and provide more cost efficient services. This has led to the development of the New Public Sector Management. Partly because of a decline of trust in government, there has been a growth in the activities of NGO’s concerned with the rights of citizens and equity. Government has responded with various control devices such as the New Administrative Law.

Today various ethical issues and problems face the public sector coming from these movements. New managerialism is well entrenched in the public service but its values can be in conflict with traditional public service ethics. Concern has also been raised about the financial and other costs of the various control systems designed to stop abuse and protect equity. Long standing internal bureaucratic dysfunctions continue to damage citizen trust in the public sector. Increasingly in recent years government has intervened into the public service endangering values such as neutrality. There is still trust in the public sector in Australia. It is recognised that strong government is needed to tackle current problems in the society. Yet the culture and institutions appear to be strong enough to monitor and control government and ensure that justice, equity and trust are protected.
1. The Australian experience

Trust is a basic factor in society. There needs to be trust and a belief in government and the public sector. Citizens trust, they have an expectation that the public service will serve the people. In Australian the term used is public service rather than civil service, which suggests the responsibility, is as much to the public as to the government. Trust is based on expectations, but reinforced by experience, what has been the experience of the citizen in receiving services and of their management. The reporting of the media about the public sector can affect the citizens image of the service, and therefore their trust. Government advertising and PR seems to have less impact. Citizens trust the public service because they consider it be ethical, honest, fair and that it will act in the public interest. There should be trust between government and the public service and a belief in their ethical behaviour, performance and accountability. Senior public servants however have to face competing ethical demands.

Trust in Australian government has come under increasing pressure in recent years. This reflects changes in the society, demands and expectations. There are fears about globalisation, foreign ownership, young people and changing society values. There are greater and more complex demands upon government and the public sector. The democratic electoral system responded to those demands with the election of the interventionist Whitlam government of 1972. This was after 23 years of conservative government and little change in the public sector. There was a massive government intervention into the society with new services and government agencies. The Labor government also concentrated on ethical issues such as social justice.
and equity for the citizen but also within the public service. These various developments have helped to maintain trust in government but they have also raised ethical issues for the public sector.

While governments, the public sector, and business sector have become more powerful, the traditional control body, the Parliament has become weaker. The judicial system has not been able to fill the gap and political parties in practice are not always democratic. So the citizen has been expressing disquiet and seeking justice through non-governmental organisations (NGOs), interest groups and civil society. To deal with the failing trust in government and the complexity and power of the public sector the New Administrative Law was established. The 1989 Fitzgerald Report on government and public sector corruption in Queensland and the failure of traditional control bodies was another sign of the urgent need to rebuild citizen trust.

At both the federal and state level various administrative law changes were introduced including ombudsmen, administrative appeals, independent investigatory and corruption commissions and freedom of information rights.

From the 1980s the Australian public sector has been influenced by New Public Management. Thatcher market ideology from Britain and public choice theory from the USA were influential. In 1972, the public service was criticised for being out of touch with the real Australia and too dominated by right wing values and so losing the trust of citizens. Under the new ideology, the public sector was criticised for being too large and costly, inefficient and not market orientated. It was said public spending should be reduced and the state rolled back. This thinking has brought in new values, managerialism, privatisation,
corporatisation, user pay, market principles, and performance indicators. Managers should be allowed to manage; they should be more entrepreneurial. Public servants do not have tenure they have contracts, salary packages, performance indicators and payments. Financial and economic targets were stressed sometimes at the cost of social indicators. There were more temporary appointments at senior level, more consultants and inquiries.

Managerialism and the new administrative law are well established, all governments are active in the society which is more complex and demanding than ever. The public sector is also more complex and active. The question is whether the sector is more ethical and do citizens trust it more.

2 Current Ethical Issues

There are five major ethical issues, problems or questions which can be raised about the Australian public sector at this time, these are only some of the current issues and some are of long standing.

1) Power, a perpetual problem in any political system. What is the ethical situation for the public sector?

2) Politicisation, what is the role of the public service?

3) Managerialism, what are the ethical issues?

4) Cost, what are the costs of maintaining a control system?

5) Long standing ethical issues, what are they today?

1) Power

The growing power and complexity of government raises questions about how to understand, monitor and control the growing public section (See Proposals for new organisations). In spite of privatisation the public sector has continue to grow. Privatisation, government
intervention and financial support has led to more government control in the economy and society. Government has taken upon itself more services and that has given the public service more power. The services are managed by bureaucrats who have the legal authority to grant or refuse the service. Much legislation leaves decisions to the ‘discretion of the minister’, which normally means the bureaucratic manager. If information is power, the public sector has more information about the citizen than ever before.

The proposed national identity Australia card will make the situation more open to abuse. How to monitor and control the use of power is made more difficult because of the system, new laws and the number of bodies involved. Remember also that Australia is a federal system with three levels of government and an enormous autonomous public sector outside of the public service. In many cases, the introduction of IT has not helped the situation. The growing number of specialist positions in the public sector has added to the complexity and difficulties.
Proposals for new federal Government organisations by Kevin Rudd
Parliamentary Opposition leader, September 19, 2007

**New departments**
- Department of Homeland Security
- Department of Innovation

**New agencies/centres**
- Australian Coastguard
- Infrastructure Australia
- Regional Development Australia
- Superannuation Clearing House
- Fair Work Australia
- Financial Services Authority
- National Health and Hospitals Reform Commission
- Regional Disaster Management Centre
- Pacific Climate Centre
- Australian Early Development Index Support Centre
- Refugee Determination Tribunal
- Local Job Protection Authorities
- Urban Development Offices
- Enterprise Connect Centres
- Registered Employment Authorities
- National Curriculum Board
- Skills Australia
- National representative body for indigenous Australia
- Independent regulator of legal profession
- Independent heritage listing body
- National body to safeguard quality of higher Education

**New Offices**
- Climate Change
- National Security
- Work & Family
- Early Childhood Education
- Children and Young People
- Petrol Commissioner
- Office to co-ordinate strategic industry policy interventions

**New advisory groups**
- Advisory Group on Federal-State Relations
- Taskforce on Preventative Health
- Health and Hospitals Advisory Group
- Disability Advisory Council
- Industry Innovation Councils
- National Sustainability Council
- Australian Textile Clothing and Footwear Industry Council
- Green Car Innovation Fund Taskforce
- Small Business Advisory Council
- Council of Business Advisers
- Forestry Skill Council
- Wood and Paper Industry Innovation Council
- Agriculture and Climate Change Panel
- National Housing Supply Research council
- National Housing Advisory Committee
- Africa-Australia Council
- Council of Australian Local Government

**New Positions**
- Minister for Housing and Urban Development
- Minister for Youth
- Chief Nursing Officer
- National Sustainability Commissioner
- National Commissioner for Children and Young People
- Ambassador for Older Australians
- Australian Defence Force Chief Recruiter
The increase in the power of the public sector; and the fact that the citizen may not always be aware of it; place great responsibility on the ethics of the public official. It is easy for power to be abused, and it can also corrupt morally. In Australia when the distance between the decision maker and the citizen can be so great, bureaucrats can escape some of the responsibility for their decisions. Bureaucrats can have less understanding and sympathy as the society and administrative system becomes more complex. Citizens can often be confused by today’s public service and its modern management methods, which in practice are not always user friendly. A feeling of being cut off and not understanding can lead to disillusionment and a lack of trust from the citizen. The use of power without ethics leads to abuse and destroys trust in government.

2) Politicisation

It is suggested that because of increasing political intervention over recent years, that the public service has been compromised and their ethical positioned weakened. The Weberian model has been discounted by politicians and managerialism. Official heads of government departments can now be appointed and dismissed for political reasons. If you are ‘like minded’, with the government of the day, you are more likely to be appointed to a senior position. Selection and promotion may follow the normal, and legal, channels but political factors can dominate. The increase in the size and influence of the ministers private office staffed by political nominees, and of outside consultants, has weakened the ethical input of the public service. The ethical position of the service has been partly based on departmental heads being politically neutral and being able to serve any government. They could give ‘frank and fearless advice’ to ministers. Advice based on experience, knowledge, impartiality and a commitment to the public interest. It is suggested that this crucial input into policy and decision making has been restricted. Will the service still be able to attract top recruits as in the past who had a commitment to public service, and who knew the most senior positions were open to
them. Is there still the same career service with promotion based on merit. The independent statutory Public Service Commission responsible for safeguarding the integrity of the service no longer has the functions and powers it had before. There is also the concept of “politically correct”, which suggest that certain behaviour is expected towards specific groups in the community such as ethnic groups. This can raise ethical issues, for what is politically correct may be in conflicts with value such as honesty, equity and merit.

Any kind of government corruption or images of sleaze and cover up can damage the positive image of the Public Service and the trust of citizen. Excessive critical media reporting can also damage that image and the trust of citizens. Politicians are very concerned about the media coverage of their activities and they are into ‘spin’ to create positive position images of their behaviour. ‘Spin’ however can compromise the public service. There are numerous restrictions on public servants disclosing government operations to the society. This is a major problem when those operations are unethical. It can be particularly acute for specialist public officials when their specialist knowledge and professional ethic suggests government action is technically and ethically wrong and not in the public interest. In the children overboard case, restrictions were even placed on public officials giving evidence to Parliament. Ethical questions are used when government uses vast publicly funded advertising and public servants to try to create a good political image of their rule. In September 2007, the Leader of the Opposition described this as “corrupting our political system”.

3) Managerialism

New public management or managerialism is well established in Australia. It still raises ethical issues for the public sector. The idea was to cut the cost of the public sector and to improve its performance. Market based private business ideals and techniques were introduced. Tenure for public servants was abolished. Positions and
salary packages are now based on contracts and performance. Privatisation and “contracting out” is another innovation and competitive tendering and user pay is the norm. There is also more control requirements. Departments deal with consumers and clients rather than citizens; performance and cost cutting are the priorities not the public interest. The right of the citizens are replaced by the obligation for the consumer to pay. Managerialism is goal ends driven while public administration is also concerned about the means used to arrive at the end. Effectiveness and efficiency are values of managerialism but they can also lead to a desensitisation of the human aspects of administration. Citizens require respect, fairness, integrity, impartiality and understanding. Public servants are morally and ethically required to act on behalf of the citizen who is more than a consumer. Private business is required to make money out of their customers. The public service is the trustee of the public interest not the private interest of particular groups.

There can be a danger for managers coming into the public sector from the private sector in a lack of knowledge and commitment to PS ethical values, and a problem or conflict between different sets of values. Public service ethical values include integrity, respect, fairness, equity, social justice, accountability, neutrality. Public servants are also expected to be responsive, efficient and effective.

The danger of the managerial ethos can be seen in the case of the Australian Wheat Board, a semi public body, expected to act in the public interest. This organisation funnelled illicit funds to the Iraq Suddam regime in breach of the UN oil-for-food program. Ethical questions were also raised about the behaviour and competence of government ministers, public service processes and individual public officials. The trust of citizens in government was damaged and the moral reputation of Australia.
4) The costs of ethics in the public sector
Ethics in the public sector, including the rights of the citizen do come at a cost to the community. There are the financial costs of maintaining a system of monitoring, control and appeals. Public servants involved have less time for their full-time work. Various experts especially lawyers, require high salaries. Scare human resources, including high officials, are put under more pressure. Resources can be diverted from needy areas. There is the time cost and the cost of delay of projects. Long delay can be a form of injustice. The growing intervention of government into society, and the extension of citizen rights add to the complexity and cost of administration and of business. Business has to deal with bureaucratic red tape but now there is green tape from environmental and climate change requirements. NGOs, lawyers and citizens are more active in bringing actions against the public sector. Some claims can be vexatious trying to gain money from the state. A mentality has developed among elements in the society who are conscious of their rights but not their responsibilities. These attitudes are also found among public servants including a greater eagerness to pursue personal equity issues within the service. Public officials in regulatory positions can be conscious of their powers and be quite legalistic in using that power. Generally Australian society has become more legalistic and public bodies and others have supported more laws and regulations to protect rights but also to protect their positions. These have led to greater caution and dependence upon regulations.

The public sector is stronger in equity issues and maybe in ethics but that is at a considerable cost including less freedom and flexibility, more dependence upon government, and with no greater citizen trust in government.

5) Organisational ethical issues
Australia suffers as do other countries from public sector departmental empire building, turf wars and self serving activity. Departmental goals are almost displaced
in the struggle for power, resources and status, or just the desire for a quiet life. Governmental objectives can be contradictory. There can be poor coordination, a lack of communication and understanding, rigidity, buck passing, too much hierarchy and centralisation. Delays, procrastination, loss of files, secrecy are useful in avoiding responsibility but not ethical. The production of papers and policies and meetings can become more important than actual delivery of services. There is no empathy, no sense of urgency. The unique position of Canberra does not help. Australian Labor Party governments have to be ethically sensitive in dealing with the public sector because of the strength of the union movement in the party organisation and union former leaders in top positions in governments Public sector trade unions are among the most powerful in the union movement.

There is little evidence of financial corruption in the public sector but corruption comes in various forms. So there must be constant vigilance to stop any corruption of ethical values. The avoidance of freedom of information laws by delay, excessive fees or secrecy is not ethical. Neither is it ethical if only ‘lip service’ is paid to Appointment Regulations. Nepotism, or ‘who you know’, or even being a female, should not be more important than merit and ‘what you know’. There can be a laxity in moral standards of behaviour such as in the use of flexitime, sick leave, government vehicles, computers especially if use for pornography.

Ethical behaviour is not helped if there are suspicions that the government is being economical with the truth as in the children overboard case. All this impinges upon the trust of the citizens.
3⋯ Maintaining and Building Trust

1) Experience and culture

The trust of the citizens comes out of their experience and belief in a government and public service which act ethically. In Australia, this has been build over at least 150 years including the administrative reforms of the 19th century. Trust is maintained by culture, a climate which expects ethical behaviour from public officials. This climate supports, requires and expects government to govern on behalf of the citizens. They and the public service are given power to service the public need. Public service ethics are based on this concept of service.

Each nation has its own concept of ethics reflecting the national culture and history. In Australia the ethic is based on the rights of the citizen and democratic principles. The Australian Constitution is the ultimate guide and it stipulates certain ethical values such as equality and democracy. There is no bill of rights in Australia but there is an acceptance of the UN Charter Universal Declaration of Human Rights (1948). There are various other rights declarations such as the UN Convention of the Rights of the Child (1990) and the General Assembly International Code of Conduct for Public Officials (1996). It can be suggested that ethics can be based on many principles and values which are universally accepted. There are also moral and cultural rights, and social justice and equity concepts stemming from the development of the welfare state. These concepts can be seen as new, or as being given a new emphasis or priority compared to earlier periods. There are values which are generally accepted and respected in the society such as truth, fairness and integrity. These community values impact upon the work of the public sector.

Australian public servants, following British Westminster traditions have a duty to be neutral and anonymous and not to get involved in partisan politics. Decisions and
politics are the responsibility of politicians and the public servants are the managers behind the scenes. There is the concept of ministerial responsibility of minister to parliament and people but modern prime ministers often do not enforce it. Concepts such as the separation of power, rule of law and natural justice all assist the public service to pursue ethical practices. Accountability, fairness, responsiveness, respect for minorities, efficiency and effectiveness are expected. Ethical considerations normally are in line with the law.

In the early days of the Australian colonies the political and social culture and climate was conducive to corruption and adverse to an ethical public sector. Today the climate is the opposite supporting an ethical service and so ensuring the trust of the citizen. An ethical public service goes with a good government aiming at a good life for citizens.

2) External Controls

Trust in the public sector is maintained because of various external bodies and forces which monitors and brings into the public gaze the operation of the public sector. There are the formal bodies such as the parliament, especially its committee system, offices and the opposition political parties. An independent judicial system is also vital and the new administrative law system.

External to the public sector is the civil society and a web of interests and NGOs, who can employ their own experts to scrutinise public behaviour and policy. There is a sceptical probing mass media, talkback radio, the Internet, the web and the blogs. All these keep public opinion informed and help to bring pressure upon politicians, government and public servants. In the society there is a sense of what is right and wrong in the public sphere. There are principles which the citizen expects to be adhered to. The scrutiny of independent bodies with knowledge of the policy area
and the ability to mobilise and inform public opinions is important to retain citizen trust in the ethics of the public sector. This is supported by the informal value system of the public often based on unwritten ethical principles.

Governments are elected to govern, they are given the power by the people. Control and scrutiny are not there to stop governments governing but to make sure they do not abuse the power granted to them.

3) Internal Controls

There are both internal formal controls over the public sector and informal controls. The latter are as important as the former. The public service has to serve the government of the day and act in the public interest. Government has the ultimate decision as to what is the public interest. A departmental head is expected to inform, advise and warn the minister regarding policy matters from an impartial perspective. A public servant will be able to related to the minister and implement ministerial policies, they will have political sensitivity. The permanent head of a department can be the accounting officer of the department but the important principle is that there is clear responsibility to one official. There is internal audit and an external Auditor General. Performance targets, the management of the department and enforcement of rules and codes of conduct are all under the departmental head. Specialist positions can be created such as an Equity Officer.

Formal and informal procedures and processes can be important devices for maintaining ethics. The openness and transparency of processes can inspire trust in citizens. This is especially if full information is provided, and participation encouraged which is not just a public relations exercise. Open impartial public inquiries with hearings and citizen and stakeholders submissions engender trust. Devices such as environmental impact statements have also been useful in Australia. Citizens have a
right to know. Public sector standards and methods can also be held up to scratch by a rigorous process. It is difficult but trust is strengthened when the public service admits to mistakes rather than trying to cover them up. Australia still has too much centralisation and there is no Citizen Charter. The one-stop-shop delivery of some services has been introduced such as withCentrelink for social services and benefits operating at the local level. There is also a vigorous local government and grassroots activity in many areas. Yet there could be more ‘subsidiarity’, with service provided at the lowest possible level. There could be more devolution of power and empowerment of citizens with involvement in planning and in the delivery of public services.

4) Informal controls

Formal controls in the public service are to help ensure ethical standards and maintain trust of citizen. There are also informal controls which help to maintain the moral integrity and morale of the public service and the reputation of departments. There needs to be more than a blind obedience to rules or a fear of retribution, there needs to be a belief in the public service and in the job you are doing. There needs to be internal values and integrity. This applies to senior officials or a junior operating a front desk or phone access for the public. Internal values and networks should operate on behalf of the citizen not for departmental interests or power struggles. Ethical values can help to control informal wrong behaviour. Informal ethical values are reflected in statements like, ‘fair go mate’, ‘it’s not cricket’, ‘it’s not done’ or ‘do the decent thing’. So formal behaviour and decisions are guided by the informal. Leadership is crucially important in forming ethical behaviour and inspiring trust in public servants and citizens. Leaders can set the moral tone for the organisation, they can reinforce or damage trust, they act as role models for subordinates. How do they hold and use their ethical values. Top managers an as well as lower
management and team leaders all have a responsibility to public service ethics. Australia has generally been well served by its public service leaders. Formal recruitment and training of public servants in Australia is efficient and ethical with character taken into account. It is open competitive recruitment. The test of the organisation however can be what happens in the informal socialisation of the official into the service. What ethical values, practices and behaviour are passed on to the new impressionable recruit. How important is the organisational culture in their formation, and their formal superior or seniors. What does the recruit learn on the jobs outside the formal training system. Recruitment in Australian is now a big business. Complex documentation is required as well as tests and interviews. Various qualities are sought but mainly management skills at the senior level. Ethical qualities are not a high priority which leaves much to personal individual values and informal socialisation.

Whistle blowing by public servants as to abuse and corruption in the public service could be a sign that individual ethical values and commitment to the public interest are still high. This kind of behaviour is not encouraged and there are strict laws on secrecy and punitive measures are taken as seen in a current case concerning hiding the facts about the lack of airport security.

5) Service Delivery

Ultimately citizens trust government when they find they deliver the service promised. The non delivery of election promises, statements, targets and plans reduce or destroy trust. It is relatively easy to make speeches and produce paper plans and policy, but policy implementation is infinitely more difficult. Promises might help to get politicians elected to office but if there is no delivery trust can be destroyed. If the quality of the service delivery is poor that can also damage trust. Keeping the citizen informed as to the stage of delivery can help to retain trust is the short term. Service
delivery can also raise ethical questions as to who benefit, is it those most in need or those who will support the political leaders.

There is also the question of how the service is delivered, how the public servants treat the recipients. Are the citizens treated with respect, are they informed as to the process, delays and delivery dates. Is there direct contact between public servants and citizens. Face to face contact often requires officials to exhibit a great deal of patience in dealing and explaining to citizens the nature or problems with the service. Personal attitudes are important in building up the trust of citizens. Officers can be helpful, patience, polite, cheerful and sympathetic. Ethics are displayed in a genuine concern for citizens. One ethical danger is when departments cover up mistakes for fear of getting into trouble if they admit defects. Yet following ethical principles of respect, fairness and service should avoid problems. Departments should also be ethical and fair to their staff. Is it fair to always have junior staff on tough front desk or phone duty. Departments can develop their own culture, such as a culture of ‘cover up’, of trying to hide problems and defects. Departmental heads can go along with this, seeking a ‘quiet life’, and keeping the politicians happy. Difficult decisions, however unpopular, could still be the most ethical. There is also the question of political leaders being willing to trust their public servants to deliver the goods. Questions of reliability, ethical, effectiveness and efficiency of public servant and department, will they implement effectively government policy? Ministers can bring their own private staff to try to ensure their policy is followed. Public servants however have various techniques to thwart ministerial desires.

So the public service must follow ethical conduct not only to win the trust of the citizen but also the trust of the political leaders.
4 Conclusion

Australian society is very dynamic and is always changing. Society is complex and has led to a complex but powerful public sector. Government intervention in society is increasing under all governments. Managerialism is well established and has not been diminished by the new administrative law. Citizens now have more services and more rights, but rights can be abused. Values are changing but traditional ethical values still remain and influence the public sector and control system. Citizens generally still trust governments but that trust is under threat by ever more powerful centralised administrations. Yet ethical values are still actively supported in the community and a vigorous civil society. Trust is maintained by a constant vigilance, scrutiny and criticism by forces external to the public sector, and by public servants of integrity working within the public sector.

More than client satisfaction perhaps, public trust has proved itself over time to be an indispensable resource for government support and long-term economic development. (Peters 2003:471).
Reference


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