A**G**ile **G**overnment

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About this paper

This paper was presented at a roundtable discussion of the *Agile Government Provocation Paper* held in Melbourne on 11 October 2007. The provocation paper was prepared by the State Services Authority and Demos as part of a project looking at agile government. The project is exploring how government shapes, recognises and responds to new opportunities and challenges. The purpose of the provocation paper is to generate ideas and provoke debate about how developing agility might equip government and the public sector to respond to new challenges in a changing world. The provocation paper is available on the State Services Authority website (www.ssa.vic.gov.au) and the Demos website (www.demos.co.uk).

Professor Geoff Gallop

Professor Geoff Gallop is the Director of the Graduate School of Government at the University of Sydney. He was the Premier of Western Australia from 2001 to 2006.

He was a Minister in the Lawrence Labor Government from 1990 to 1993 (holding a range of portfolios most notably Education, Fuel and Energy and Minister Assisting the Treasurer) and when that Government was defeated in 1993, he took up a range of Shadow Ministerial appointments. In 1994, he was elected Deputy Leader of the State Parliamentary Labor Party. In 1996, he was elected Leader.

As Premier, he oversaw a range of political and social reforms (electoral reform, gay and lesbian equality and a State Administrative Tribunal), upgraded the State's industrial and labour laws, brought a spirit of reconciliation to the resolution of Native Title and developed partnership models for the State's indigenous communities, changed the law to require all 16 and 17 year olds to be in education or training, was the first Premier to commit his government to a major desalination plant, stopped the logging of all of the State's Old Growth Forests creating record numbers of new national parks, restructured the State's electricity and racing industries, and started construction of the Perth to Mandurah Railway and City Tunnel.

As Minister for Science, he established the Science Council, committed significant funding to Research and Development in the State, and established the Premier's Research Fellowship Program to attract leading researchers from overseas and interstate.

Geoff has been involved in a range of educational, community and sporting associations over many years and from 1983 to 1986, he was a Councillor at the City of Fremantle.

In 2001, he was awarded a Commonwealth of Australia Centenary Medal and was honoured with Life Membership of the Association for the Blind (Western Australia).

In 2003, he was elected a Fellow of the Institute of Public Administration Australia and on the 4th April 2006 was admitted to the Honorary degree of Doctor of Letters by Murdoch University.

■ Introduction

Let me commence my remarks by noting that this discussion is part of a wider discussion about public sector reform in recent years.

As your provocation paper[1] points out the 20th century model of the bureaucracy which prized hierarchy, specialisation, efficiency and standardisation was found wanting in the era of globalisation and rising public expectations. Although they differed over the details and extent of change, politicians of both left and right moved to overthrow this traditional approach to public sector management. What followed was described as New Public Management. What we are debating today is said to go beyond New Public Management.

Consequently, we are left with a bewildering variety of objectives which our public servants are expected to pursue, both individually and collectively.

On the one hand, we ask them to be fully accountable and yet on the other hand we ask them to be creative and innovative.

On the one hand we ask them to be efficient and on the other we insist that they be effective and produce real change in the community.

On the one hand, we ask them to be inspirational and purposeful in respect of their agency responsibilities and on the other, we expect them to join up, co-operate and compromise with others.

And finally, we ask them to perform to particular targets and at the same time to be agile and flexible in the way they operate.

Just to complicate matters even further it should be noted that all of this occurs in the context of ministerial edginess and media pressure, hardly an environment conducive to clear and rational thought and action.

Let me begin my comments today by asking all of us to aim for clarity in all this confusion. This takes me straight to the question of definition: what do we mean by 'agile' government?

■ Some Definitions and Categories…

Here, there are two options. Are we going to have a broad definition that encompasses much if not all of that we seek from governments today or are we going to narrow the definition and distinguish it from other features seen as desirable, such as joined up government and network government?

As I read the provocation paper, "agility" is linked to three themes. Firstly, working effectively in a world of constant, and sometimes rapid change. Secondly, dealing with complex problems in an uncertain environment. Thirdly, handling crises, be they natural or human induced.

To discuss each of these themes I suggest that we make some more distinctions, firstly about the different types of activities performed in the public sector. I would suggest four types of work[2]:

- Law making, rule making and policy development,
- Service delivery,

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[1] Demos and State Services Authority, Agile Government: A Provocation Paper (2007)

[2] This is adapted from Patrik Engellau, *Four Steps for Saving Money in the Public Sector* (Federation of Swedish Industries, 1982)

- Tax collection and the management of government finance, and
- Monitoring and enforcing of laws and regulations.

I would suggest that 'agility' type considerations apply to each of these arenas but in different ways.

■ Rules and Policies…

In respect of the first, we would expect agility from both politicians and bureaucrats. Indeed, it is worth noting that most, if not all, of the significant changes that will be needed if governments are to be effective will have to be initiated by the political arm of government. It may even be the case that these changes will sit uneasily with or even contradict the ideological and policy traditions of the party in government. This makes their management a particularly sensitive issue.

One of the problems I have with much of the literature on public sector reform is that it is written as if the public sector is a unified whole. This is not only not the case in respect of functions but also in respect of accountabilities. Let me illustrate this by referring to the Victorian study *The Future of the Public Sector in 2025*. In the section on workforce capacity and capability it concludes

> *The public sector needs the capacity to 'think big', test ideas and make bold decisions. It is no longer the role of public institutions to operate principally as production organisations striving for consistent responses.*[3]

With this statement, I would not agree <u>but</u> I would need to add the crucial point that the "big idea" and "bold decision" would need to sit comfortably with the politicians who would be held to account following their implementation. Even an idea like "let the managers manage" – which has plenty of solid intellectual and practical support – has never been easy to implement in the real world of media scrutiny and ministerial ambition. All too often, our consideration of public sector reform leaves out the political dimension.

■ Service Delivery…

When it comes to service delivery it is important to distinguish between the provision of a range of human services like health, education and community welfare and the provision of crucial infrastructure like roads, railways, telecommunications, water, gas and electricity.

Here the debate has moved on from the provision of particular services to meet particular needs to the provision of bundles of services to solve particular problems. It is in this arena that we talk of "customers" and "clients", those who use government services and for whom the system should operate. It follows that agile governments will need to incorporate proper forms of consultation and engagement into their practices.

The big challenge, however, lies in the move away from "consequences" to "causes".

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[3] State Services Authority, <u>The Future of the Public Sector in 2025</u> (2006), p.26

Let me illustrate this by referring to the traditional set of services deemed necessary for good government:

- hospitals to care for the sick,
- schools to educate around an agreed curriculum, and
- welfare to provide support in times of need

Today, however, it is a more complex issue with each of the above plus

- illness prevention and well being initiatives,
- education in personal capacities as well as particular knowledge, and
- capacity-building for jobs and community living generally.

In other words public expectations are pushing governments to press deeper in the quest for solutions to problems.[4]

■ Monitoring and Enforcement…

The last two functions – tax collection and law enforcement – take us into the harder edge of government/people relations. It is an arena in which people are treated in terms of their obligations to the community. In this context we don't expect our government officials to be responsive to their needs and interests but rather we expect them to be firm in ensuring that the law is applied without fear of favour.

Agility in this context certainly means being up-to-date in technology. The way DNA technology is transforming policing is a case in point. The globalisation of crime (and the development of a terrorist threat) has also necessitated more cross-border co-operation between police, tax officials and other regulatory agencies.

This also takes us into the territory occupied not just by our police but also by our armed forces. They face adversaries who employ irregular, unconventional and asymmetrical means. In a research paper prepared for a US Military College, Lieutenant Colonel Christopher P. Gehler draws out the implications of this environment for the military in straightforward terms: "Adapt or Die". He explains as follows:

> *In the volatile, uncertain, complex, and ambiguous environment we face for the foreseeable future if we were to choose one advantage over our adversaries it would certainly be this: to be superior in the art of learning and adaptation...*
>
> *Rather than focussing on a fixed point in a constantly changing future, the Army should create innovational organisations that are agile within the strategic context.[5]*

Certainly this reference to a complex and ambiguous environment is one that applies across the board. It means "dealing with the unexpected, operating with incomplete information, and making calculated decisions of risk".[6] This takes us to the question of crises and crises management.

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[4] See Geoff Gallop, "Strategic Planning: Is it the New Model?", Public Administration Today, Jan-March, 2007, pp. 28-33

[5] Christopher Gehler, Agile Leaders, Agile institutions: educating adaptive and innovative leaders for today and tomorrow. (US Army War College, 2005), p.2 and p.14

[6] Ibid, p.15

■ Crisis Management and Scenario Planning…

In their paper "Crises, Scenarios and the Strategic Management Process" David Pollard and Saline Hotho address this very subject. They reach two conclusions which are pertinent to our discussion today:

(1) organisations should employ a strategic approach to crisis management by embodying crisis management processes and planning in the strategy process itself

and

(2) using scenario planning when making assessments of likely futures and creating methods for dealing with change outside the control of management.

Scenario planning allows us to re-think strategy by asking "what if" alongside "what is" questions. They note that it is a tool which is forward-looking and capable of overcoming the "boundedness" of much strategic planning. From the point of management and governance the benefits are clear:

> *The underlying context is that, the more the organisation is prepared for crisis situations, the better these can be managed and that decision-making in the crisis situation will then be more deliberative and effective. The last thing managers need is to have to make crucial decisions in a context of extreme pressure and stress.*[7]

The Victorian 2025 Study is a good case study of how scenario planning can be used.

However, once again I feel obliged to bring the politicians back into the equation. This is not only crucial for any strategic planning process but also for crisis management as they will need to be comfortable with what may be required and with what priorities will be set. Given that there is often ministerial re-shuffling within government and, of course, given that governments can change some reference to Parliament would be helpful, perhaps through the work of one or all of the Standing Committees. This is never easy but if we are to be serious about agility in government it would be desirable, if only to make the elected representatives aware of the issues and their implications for public sector practice.

Defining agility and then asking questions about what it will mean for the various public sector contexts in which it is to apply is one way to tackle the subject. I trust I have added some value to your considerations by taking this route.

■ Some Empirical Evidence…

The other way to tackle the subject is through empirical study. What does the actual experience of government tell us about this issue?

One such study was by the consulting firm AT Kearney of 52 agencies in eight countries. They focused on tax and revenue, health and welfare, and criminal justice and security agencies. Service delivery was their target function and agility defined narrowly as "making government faster, more flexible and more responsive to the needs of customers".[8]

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[7] David Pollard and Saline Hotho, "Crises, Scenarios and the strategic management process", <u>Management Decision</u>, vol. 44, no. 6 (2006), p.730

[8] A.T. Kearney study on Agile Government, 03 December 2003. Available from http://www.atkearney.com/maintaf?p=1,5,1,140

They concluded that there were six aspects of agility:

    (1) organisational flexibility

    (2) focussed leadership

    (3) a culture of research and innovation

    (4) attention to the management of customer relationships

    (5) support for e government

    (6) commitment to systems of performance management

In looking at the most successful agencies, the biggest impact came from giving priority to customer service, organisational change capabilities and leadership. In particular a commitment to and consistent support for change from the top was seen as crucial.

■ Leadership and Trust…

Talk of the demonstrated importance of leadership takes me to an important distinction in the provocation paper, that between responding to change on the one hand and shaping change on the other. This is where the concept of "agility" marks itself out as different from that of "responsiveness". To quote the provocation paper:

> Agile governments are likely to engage in shaping activity over the long term, while seeking to become responsive to changing needs in the short-term.[9]

It needs to be said, however, that the shaping agenda is a tougher one as it shifts the policy emphasis to the demand management side of the public policy equation and the responsibility side of the rights and responsibility mix. We are back to the illness prevention outcomes from education and capacity-building agenda outlined earlier in this paper. Without doubt the challenge of climate change will also take us into the province that deals with shaping activity and behaviour.

This is an agenda that will require a re-orientation of government activity, a re-ordering of government budgets and the development of partnerships with individuals and communities if it is to be successful. Once again, the role of the politician will be crucial not just in agreeing to such a shift in emphasis but in sanctioning the use of different approaches in pursuit of these ends.

Building trust is crucial not just in relations between Ministers and Public Servants but also in providing room for experimentation. The implication of this is clear – involving people in the planning and delivery process is not just "good politics" but it is crucial if a long-term perspective is to have any chance of success. The sort of agility we are talking about, then, needs to be more than the capacity to respond rapidly and effectively to the latest media crisis.

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[9] Demos and State Services Authority, Agile Government: A Provocation Paper (2007), p.17

■ Conclusions…

Overall, then, I believe the provocation paper provides us with a solid basis for discussion. I would argue, however, that we ought to distinguish between the different activities of government (rule making, tax collecting, service delivery and enforcement) if we are to make sense of the agility agenda.

Secondly, we need to incorporate the political arm of government more directly into the discussion. Politicians are not only involved in one of the activities (rule-making) they are crucial when it comes to the question of implementation. Indeed, they are bound to have strong views on the direction and pace of change. In many ways it is the relationship between governments and the public sector that is the key factor in the reform process.

Thirdly, and finally, I strongly agree with those who advocate the integration of crisis management into all strategic planning, and the use of scenario planning as a methodology for addressing questions about the future.