Politicising the Australian Public Service?
Politicising the Australian Public Service?

Professor Richard Mulgan, Consultant
Politics and Public Administration Group
10 November 1998
About the author

Professor Richard Mulgan
Public Policy Program
Faculty of Arts

Inquiries

Further copies of this publication may be purchased from the:

Publications Distribution Officer
Telephone: (02) 6277 2720

Information and Research Services publications are available on the ParlInfo database.
On the Internet the Department of the Parliamentary Library can be found at: http://www.aph.gov.au/library/

A list of IRS publications may be obtained from the:

IRS Publications Office
Telephone: (02) 6277 2760
Contents

Major Issues Summary .................................................. i
Introduction ................................................................. 1
The issue of politicisation ............................................... 1
Varieties of politicisation .............................................. 3
  A politically neutral service .......................................... 3
  Policy-related politicisation ......................................... 4
  Managerial politicisation ............................................ 5
  Ramifications of politicisation ..................................... 6
Justifying a non-politicised public service ......................... 8
  Independence ............................................................ 8
  Democratic efficiency ................................................. 9
  Contrast with the private sector ................................... 10
  Rank and file morale .................................................. 10
A Comparative perspective ............................................ 11
  New Zealand's State Services Commissioner .................... 12
  Transparency requirements ......................................... 12
  Output budgeting as a rationale for neutrality ................. 13
Conclusion ................................................................. 15
Endnotes ................................................................. 16
References ............................................................... 20
Politicising the Australian Public Service?

Major Issues Summary

The issue of the potential politicisation of the Australian Public Service (APS) has received considerable attention in the last two years. In part, this has been a reaction to the immediate replacement of six department secretaries after the change of government in 1996. Proposed changes to the Public Service Act also raised questions about possible threats to the continuing viability of a professionally neutral public service. To what extent is the APS moving from a professional Westminster model towards a politicised one as found in the United States and some continental European democracies?

'Politicisation', however, is a term of uncertain meaning which needs clarification. The standard assumption is that politicised appointments are appointments made on the basis of party affiliation or, at least, partisan sympathies. However, in the case of the post-election changes in 1996, few if any, of the decisions clearly turned on partisan considerations, the new appointees being generally recognised as respected professional public servants. None the less, the fact that so many secretaries were replaced by a new government anxious to impose its will on the public service seemed to be contrary to the principle that a professional public service is capable of serving alternative governments with equal loyalty.

This suggests that the term 'politicisation' should be understood as more than simply appointment on partisan grounds. It should properly imply any type of appointment which is contrary to the principles of a politically neutral or impartial public service. In this case, politicisation also covers the appointment of public servants known to be associated with a particular policy direction associated with the government of the day. It also includes the replacement of incumbent secretaries and the appointment of new managers to implement a new government's program. All such instances represent a breach of the principles of a politically neutral public service. As such, politicisation is certainly on the increase, partly under the influence of private sector practices whereby senior management teams are replaced in order to signal a change in company direction.

Does politicisation matter? Is it not a legitimate means of making public servants more responsive to elected governments? Defences of professional neutrality against politicisation tend to rely on the value of 'frank and fearless' advice and of the political independence of career public servants. However, such considerations, though not without weight, tend to neglect an equally important justification of a professional service, namely its superior collective experience in managing changing government policy and therefore its greater effectiveness in serving the government of the day. In a climate where
managerial efficiency and effectiveness are so heavily emphasised, the managerial capacities of professional public servants should not be sold short.

Parliamentarians who value the national contribution made by a politically neutral, professional public service should be concerned about how its values are to be preserved in a changing employment environment. Given that public servants are increasingly likely to be working under contract without the security of permanent tenure, new safeguards are needed to protect the service against further politicisation. One avenue of protection could be the introduction of greater transparency of relationships between ministers and public servants as introduced in New Zealand. Performance agreements could be used to underline the assumption that the role of secretaries is to serve ministers of the day from whatever political party. Publicly stated reasons could be required when secretaries are replaced before the expiry of their contracts.
Politicising the Australian Public Service?

Introduction

The issue of politicisation of the APS has been much in the air since the 1996 election and the immediate post-election changes at the top of the public service. Six incumbent secretaries were replaced and, a month later, a comparative outsider was appointed to the position of Secretary to the Department of Prime Minister and Cabinet and titular head of the APS. Commentators, such as Philippa Schroder of the Canberra Times and Louise Dodson of the Australian Financial Review, detected a decisive shift away from a politically neutral, career public service in the direction of a more politicised public service on United States lines, where a change of presidency leads to major changes across the senior echelons of the public service.

Since then, the government has proposed changes to the Public Service Act, beginning with the Minister's Discussion Paper published in November 1996, followed by the Public Service Bill introduced into Parliament in June 1997. Though the Bill gives statutory recognition to the principle of political neutrality (the first of the eleven APS Values (s10) is that 'the APS is apolitical, performing its functions in an impartial and professional manner'), the sweeping new powers over appointments proposed for secretaries, combined with the secretaries' own insecurity of tenure and dependence on government support, creates the possibility that governments may be able to appoint their own people across the senior levels of the APS. The APS could therefore become a highly politicised system. Is this what the government intends or the Australian people desire? Indeed, what is a 'politicised' public service?

The issue of politicisation

Politicisation is an imprecise concept and needs to be carefully defined. In the Australian context, the most comprehensive discussion is that of Patrick Weller in his 1989 Australian Journal of Public Administration article, 'Politicisation and the Australian Public Service'. Weller begins with the sensible assumption that politicisation is to be seen as the opposite of political neutrality. He then identifies politicisation with two tendencies which can be said to contradict two aspects of neutrality: the use of the public service for party purposes (in contrast to the principle of neutrality that public servants should not be used for party purposes) and the appointment, promotion and tenure of public servants through party political influence (in contrast to the principle of neutrality that appointments, promotion and tenure should be independent of party political
influence). The former tendency, the participation of public servants in partisan activities, is not particularly at issue in the present debate. What is at stake is the second aspect, appointment, promotion and tenure through party political influence.

Writing in 1989, Weller concluded that there was little evidence of such partisan appointments at the secretary level by the Hawke Government. He examined two types of case, one where secretaries had been appointed from outside the APS, looking to see if such appointees had any affiliations with the Australian Labor Party (ALP). Of 28 appointees between 1983 and 1989, only five were outsiders and, of these, only two, Wilenski and McGuarr, could be clearly identified with the ALP. The second type of case was where secretaries were removed with a change of government. As evidence of a supposed 'hit-list' of incumbent secretaries too close to the previous government, he admitted that Hawke made one secretary a judge and moved another overseas. However, he noted that 'there is little evidence to suggest that governments have shifted department secretaries without giving them a chance to work with ministers'. He also pointed out that shifting department heads was longstanding practice within the APS and that ministers should have the right to choose heads whose 'style' they find effective. Where the purpose in making a change is to secure 'effective bureaucratic leaders' rather than managers with 'sympathetic ideologies', he implied, politicisation has not occurred.

Weller suggested that replacing secretaries on a change of government without giving them time to work with the new government would provide evidence of politicisation. However, on the general definition of politicisation which he and others have used, i.e. the making of appointment decisions on the grounds of party partisanship, it is not clear that all such changes count as instances of politicisation. Of the six who were removed in 1996, some, most notably Michael Costello, Secretary to the Department of Foreign Affairs and Trade, were identified by commentators as too closely associated with the ALP and could thus be said to have been dismissed on partisan grounds. However, others, such as Derek Volker and Stuart Hamilton appear to have been removed as a result of the Prime Minister's evident determination to impose a new sense of direction on the public service. Of the new secretaries appointed in their place, all were career public servants who had had successful careers under Labor (with the half exception of Paul Barratt who had left the APS in 1992 to work for the Business Council of Australia). If 'politicisation' refers to decisions made on partisan grounds, how can all these decisions be described as 'politicised'?
Varieties of politicisation

A politically neutral service

In effect, the concept of politicisation, as commonly used in this debate, has a wider reference than simply the making of appointments (and dismissals) on party political grounds. It refers to any personnel decisions which are typical of a 'politicised' style of public service where newly elected governments expect to replace the senior public servants appointed by the previous regime with appointees of their own. The best-known example of a politicised public service system is the United States where around three thousand senior positions become vacant on a change of president and where there may be four or five echelons of political appointees between a career public servant and the cabinet secretary. In many European democracies, also, senior public service positions are often filled by public servants known to be sympathetic to the governing parties. The implicit contrast is with a politically neutral public service in which senior public servants are assumed to be professionally capable of serving the government of the day, whatever its political complexion, and are therefore expected to continue in office when governments or ministers change.

In this sense, the political neutrality expected from a non-politicised professional public service requires more than just abstention from partisan party politics or from identification with a particular political party. It also includes the capacity to give loyal service to governments of different political hues. Political neutrality, or the need to be 'apolitical', does not, of course, imply a literal abstention from politics or policy-making, a requirement which would be impossible. But it does require the avoidance of open, personal commitment to particular policies or values over which different governments and parties may differ. Such commitments run the risk of compromising the impartiality of public servants and their ability to serve different governments and ministers with equal loyalty.

Such a professionally neutral public service is sometimes referred to as a 'career' service. However, the term 'career' service often implies additional characteristics besides the capacity to serve alternative governments, characteristics such as permanent tenure, a unified service with common salary scales and job classifications, barriers to external recruitment, elaborate appeal mechanisms and so on. Such conditions of employment have been steadily eroded over recent decades and are difficult to defend in the current climate of increasing workplace flexibility and uncertainty. Nor are they necessarily essential to securing a public service capable of professionally serving alternative governments. Professional public servants will normally spend most of their working lives as public servants but they need not enjoy security of tenure and, indeed, may move to and from the private sector as well as between various public agencies and jurisdictions. The key defining feature is their political neutrality and their capacity to serve different governments and ministers.
Politicising the Australian Public Service?

The assumption behind appointment decisions in a professional public service is that they will be made 'on merit' and that 'merit' will be defined in terms of politically neutral skills. Whether appointments are short-term or long-term, or involve insiders or outsiders, appointees will be expected to have the skills and competencies necessary to serve not only the government of the day but also any future alternative government. Conversely, the assumption behind appointment decisions in a politicised public service is that they are made to suit the preferences of the government of the day or of individual ministers and that these preferences run counter to the 'merit principle' so defined. Being dependent on the preferences of particular governments or ministers, politicised appointees will not necessarily be expected to serve beyond the tenure of the government or minister that appointed them.

The neutrality and professionalism of public servants can be compromised in a number of ways:

by appointing people with well-known partisan connections who will be clearly unacceptable to a future alternative government (*partisan politicisation*);

by appointing people with well-known commitments to particular policy directions that may render them unacceptable to a future alternative government (*policy-related politicisation*); and

by replacing incumbent public servants, particularly on a change of government, when there is no good reason to question their competence and loyalty but simply in order to facilitate imposition of the government's authority (particularly if the incumbents are dismissed rather than retained with similar status and remuneration) (*managerial politicisation*).

The first type, partisan politicisation, is the classic type referred to by Weller and needs little further discussion. The other two, however, are less well recognised and need further elaboration.

**Policy-related politicisation**

Department heads are sometimes appointed because they are associated with a particular policy direction which is favoured by the government of the day. Thus, Dr Stephen Duckett was appointed Secretary of Human Services and Health under the Keating Government on the basis of his active involvement in the Victoria State Government health reforms, including the case-mix method of hospital funding. Similarly, Max Moore-Wilton, Mr Howard's choice for the Secretaryship of the Department of Prime Minister and Cabinet, was clearly intended to implement the Coalition Government's reduction in the size of the public service. He was not openly connected with the Coalition parties, and, indeed, had been appointed chief executive of the Australian National Line by an ALP government. In this sense, his appointment was not party political. On the other hand,
his reputation for tough restructuring and down-sizing was clearly instrumental in his appointment and indicated that he had been chosen as the Coalition Government's person to spearhead retrenchment of the public service. His association with the Coalition Government is sufficiently close that he is unlikely to survive a change of Government. In this respect, his position appears to have become politicised.

What is to count as a politicised appointment in this policy-related sense is not always easy to determine. Merely to appoint a secretary on the basis of known policy commitments is not necessarily to politicise the process. If the particular policy commitment is one which is likely to commend itself to both sides of politics and the appointee in question is not indelibly linked to one minister or government, then the appointment may not be seen as politicised. The general test of politicisation is whether an appointee's excessive connections with the policies of the appointing government are seen to make him or her incapable of loyally serving a new government with different policies, a test which depends on contestable judgements and leaves room for differences of opinion.

Managerial politicisation

A further, closely related and sometimes overlapping, type of politicisation is where an incoming government replaces incumbent secretaries with new appointees with the purpose of imposing its control on departments. Here the rationale is primarily managerial rather than partisan or even policy-related. The new secretaries need not be previously associated with any particular policy direction, let alone with the governing party, but are appointed simply in order to signal a change of regime or to implement a change in policy. In the private sector, it is common for the directors of a company that is undergoing radical restructuring or embarking on a major change of direction to bring in a new senior management team. The former team is seen to be associated with the old, discredited strategy and needs to be replaced by 'new brooms' to mark a clean break with the past. The new managers may not be significantly different from the old. The point is simply that they are new and represent the determination of the board to impose a fresh start. Some of this type of thinking appears to lie behind the Howard Government's immediate replacement of as many as six secretaries, or one third of the senior management team. It was to indicate to the whole of the public service that a new government was in power and that public servants should realise that changes were afoot.

Given that the new appointees were respected professional public servants who had served the previous government well and were not associated with any particular political party or policy direction, how do such appointments count as politicisation? The main reason lies not so much in the characteristics of the appointees themselves as in the circumstances of their appointment. The decision to appoint new secretaries in such circumstances implies the right of governments to appoint their own people to senior public service positions. This is the key feature of a politicised public service. That the government chooses to
appoint professional public servants rather than party favourites or policy sympathisers does not affect the fact that it has replaced the former government's people with its own.

The degree of politicisation is affected by the treatment meted out to those dismissed. If they are found other jobs of comparable standing and remuneration, then their professionalism has, to some extent, been recognised. The implication is that, though they may not suit the particular preferences of the government for a particular post, they have not been found professionally deficient and therefore deserve to be retained. Their general competence and loyalty as professional public servants are recognised, even though the government has chosen to politicise their positions by filling them with appointees associated with its own regime. Retaining the services of incumbents in such circumstances reflects a compromise between the values of political neutrality and politicisation. However, if the incumbents are demoted or dismissed altogether from the public service, the politicisation is apparent. The claims of political neutrality and professionalism are clearly overridden by the government's right to appoint its own people.

In summary, what distinguishes a politicised from a non-politicised public service is not just that senior public servants have been chosen or dismissed on the basis of partisan attachments. More broadly, it turns on whether they have been chosen or dismissed by politicians to suit the politicians' particular preferences and in ways which compromise the political neutrality and professionalism of public servants understood as the capacity of public servants to serve a variety of government and ministers.

Ramifications of politicisation

The extent of such politicisation within the APS should not be exaggerated. The APS, as a whole, is still much closer to the professional Westminster model than to a fully politicised system. Even at the secretary level, most secretaries are appointed on the basis of politically neutral, professional skills and most survive changes of minister and government. Focusing on the wholesale changes made by the incoming Howard government should not obscure the fact that a substantial majority of incumbent secretaries were kept on and that most of the replacements were appointed from the ranks of senior public servants who had reportedly proved their worth under the former government and are likely to survive another change of government.

Moreover, as already indicated, the 1996 changes built on precedents well established by previous Labor governments. The practice of replacing government heads to suit the convenience of governments and ministers can be traced at least as far back as the Whitlam Government and was continued under the Hawke/Keating Governments. Changes to the tenure of secretaries introduced in the 1990s have greatly facilitated such moves. While, previously, premature removal required the provision of an alternative position, all secretaries now serve at the pleasure of the prime minister and can be removed at any time without recompense and without any need for the decision to be
justified on professional grounds.\textsuperscript{17} The absence of formal protections for secretaries, particularly the lack of reasons needed for dismissal and the lack of any rights of sideways transfer, now gives governments, and prime ministers in particular, the capacity to politicise the entire top level of the public service if they so choose.

John Howard, soon after his election as Prime Minister, gave a formal assurance that early termination of a secretary's appointment on the grounds of 'unsatisfactory' performance 'would not be undertaken lightly'.\textsuperscript{18} In the Garran Oration in 1997, he reiterated a commitment to the value of 'non-partisan and professional' public service and opposed any trend towards a US-style system.\textsuperscript{19} In the same speech, however, he also reasserted the government's right to 'have in the top leadership positions within the APS people who it believes can best give administrative effect to the policies which it was elected to implement'. That is, the government has a right to hire and fire secretaries on grounds which suit its political and managerial purposes.

At the state level, it may be noted, such politicisation of chief executive positions is now the norm rather than the exception.\textsuperscript{20} All state agency heads are on limited term contracts terminable at the will of the premier or cabinet. Recent changes of state government have seen wholesale changes among department heads. The Queensland Borbidge Government, noting that its majority was precarious, was careful to place new appointees on particularly short-term contracts, thus limiting the state's liability for compensating agency heads replaced on a further change of government. Such a course of action, while fiscally responsible, underlines the assumption that agency heads can expect to serve only the government of the day.

The extent of politicisation within the ranks of secretaries thus depends on the decisions of governments, particularly of prime ministers. The stage has not yet been reached where every secretary can expect to be replaced on a change of government or where every newly appointed secretary will be expected to be identified with the government's partisan policies or values. At the same time, no secretary can consider himself or herself immune from replacement on a change of government, however professional and politically neutral their service to the previous regime.\textsuperscript{21} Moreover, ambitious public servants who have taken care not to become associated with either side of politics may begin wondering whether they have thereby disqualified themselves from appointment to a secretaryship. To this extent, then, the rank of secretary can be considered significantly politicised.

Admittedly, ranks below the level of secretary still remain professionally neutral rather than politicised. While secretaries may live precariously, subject to the continuing favour of their ministers, their deputies have enjoyed the comparative security and independence of professional public servants. However, projected changes to the Public Service Act have the potential to alter the status of the Senior Executive Service. If secretaries are given the power to hire and fire at will, they will be able to replace incumbent deputies with people more to their own liking. If governments can claim a right to appoint secretaries whom it believes, in the Prime Minister's words, 'can best give administrative effect to the policies which it was elected to implement', why should not secretaries
themselves claim a similar right to appoint deputies whom they believe can best help implement policies sought by the government? Indeed, the managerial principle of bringing in new people for new directions can be applied at any level of the public service, at each point undermining the professional principle that public servants should be capable of adapting to new directions themselves. Thus, without some guarantee of 'merit'-based appointment and protection against arbitrary dismissal for members of the SES, the politicisation of the secretary level could extend much further down the public service hierarchy. The six post-election dismissals in 1996, together with the appointment of Mr Moore-Wilton, while building on precedent established under previous governments, could prove the harbinger of a new trend towards the installation of new management teams across the public service each time there is a change of government.

Justifying a non-politicised public service

Does increasing politicisation matter? Indeed, are there not positive advantages in making senior public servants more concerned about maintaining the confidence of their ministers and in allowing ministers and secretaries to bring in people who will more effectively administer the government's program? If new management teams are a standard feature in the private sector when companies embark on new directions, why should they not also be welcomed in the public sector? Much of the impetus behind the public sector reforms of the past decade and a half has come from elected politicians wanting to reassert ministerial control over government bureaucracies in the light of perceived recalcitrance from excessively independent, career bureaucrats. The managerialist movement drew on the public choice critique, popularised by the BBC's Yes Minister and Yes Prime Minister programs, that public servants were a law unto themselves and insufficiently accountable to their political masters. Trends towards politicisation can therefore be understood, and also justified, as part of a move towards securing greater political accountability from public servants. Conversely, simply to identify appointment practices as involving politicisation is not thereby to condemn them.

Independence

A full-scale analysis of the respective merits of politicised and professionally neutral appointments to senior public service positions is beyond the scope of this article. However, some observations are worth making about the current debate in Australia, particularly about the arguments made in favour of a professional public service. Those defending the values of professionalism against the inroads of politicisation have tended to concentrate on the value of public service independence. They have emphasised the need for public servants to give their ministers 'frank and fearless' advice, a capacity which, they claim, is compromised by insecurity of tenure and too great a dependence on retaining the goodwill of ministers. They have also stressed the importance of observing
due legal and parliamentary process which may be threatened if public servants cannot stand up to improper instructions from unscrupulous politicians.

However, this emphasis may be somewhat misplaced. In the first place, the argument that insecure tenure reduces the independence of advice is far from uncontested. Much depends on what ministers themselves value. If they prefer reassurance and flattery, then secretaries dependent on their goodwill will certainly tend to oblige accordingly. On the other hand, if ministers look for robust advice that will save them from political trouble, insecure public servants may face greater incentives to be independent and objective. Secretaries themselves have tended to deny any loss in independence consequent on reduced security, though they are hardly disinterested reporters on their own behaviour. At the very least, however, the argument that insecurity of tenure necessarily impedes frank and fearless advice needs to be treated with caution.

Democratic efficiency

Secondly, and more importantly, to insist on independence as the essential hallmark of a professional public service is to sell short other advantages of such a service, particularly its effectiveness as an agent of democratically elected governments. The major function of a bureaucracy in a democracy is to implement the policy favoured by the elected government and it is in terms of this criterion that the comparative merits of a professional public service should primarily be judged. Though professional department heads may not have the personal commitment to the government's partisan policies found in some politicised appointees, they can provide ministers with the benefit of accumulated personal and departmental experience in the formulation and implementation of policy. Part of their skill may lie in pointing out possible difficulties in their ministers' plans through frank and fearless advice. Much more significant is the context within which they offer such advice, their general capacities in developing and implementing policies to suit the policy directions of the government of the day, and their well-established networks with fellow officials in other agencies. The benefits of continuity and experience are even more obvious in the great bulk of government activity which carries on unaltered from one government to the next but where inexperienced ministers and administrators may stumble into costly and politically embarrassing mistakes. In a highly politicised system such as the United States, each incoming president must select a new cadre of senior public servants who then have to organise themselves, get to know each other's strengths and weaknesses, establish new networks, learn by their mistakes and so on. In Australia, and other similar systems, a new government has the inestimable advantage of a ready-made administrative machine already geared up to implement its new program.
Contrast with the private sector

The potentially superior efficiency of professional career public servants, and therefore the potential inefficiency of politicised appointments, needs to be emphasised in the present climate when 'best practice' models for managerial efficiency tend to be taken from the private sector. Private companies do not have the same need to develop professional bureaucracies capable of serving radically different leaders and pursuing radically different policy directions. Though private companies do change direction from time to time, they rarely face the total change of leadership which is regular in systems of democratic government. In most cases of private sector change, the board of directors can be relied on to include sufficient experience of the company and its industry as well as sufficient general business skills to steer the company on a new course, to bring in new senior managers, and to supervise their performance. It would be quite exceptional for a private company to face the complete replacement of its entire board of directors and the imposition by shareholders of a totally new board with markedly different views of where the company should be heading and with little previous experience of running a company.

Yet such wholesale changes of boards of directors are the norm in systems of democratic government. The need for changing teams of transient politicians to take effective control of government provides the basic rationale for a politically neutral, professional public service in the modern democratic era. Elected ministers come and go, providing potential problems of government inexperience and discontinuity. These problems can be mitigated by the existence of a professional public service imbued with the imperative of loyally serving the government of the day. Because the private sector does not face the same problems of discontinuity and inexperience at the top, the value of policy-neutral and professionally flexible managers in the public sector has been neglected in recent management debate. Under the influence of 'managerialism', which may be understood as the application of private sector management methods to public administration, much emphasis has been placed on the need to make public servants more responsive and accountable to elected ministers. The concept of permanent tenure has therefore come under sustained attack. At the same time, managerialism has given insufficient attention to nurturing the principles of a non-politicised public service, in particular the principle that appointments and dismissals should be based solely on professional competence in the politically neutral skills appropriate for professional public servants.

Rank and file morale

From this perspective, that is the value of sustaining a professional public service in the interests of efficient and democratically responsive government, the effect of the politicising appointments extends much further than those directly replaced or appointed on political grounds. The attack on the values of professionalism implicit in politicising senior appointments has the tendency to demoralise those lower down. If outstanding professional competence is perceived to be neither necessary nor sufficient for securing
and holding on to a senior appointment, there is less incentive for more junior public servants to work hard to acquire professional experience and skills themselves. The degree of cynicism may be particularly marked if, as at present, the extent of politicisation is not openly recognised and where, in spite of decisions to the contrary, lip-service is still paid to the principles of professionalism and neutrality.

Politicisation also reduces the incentive for able and ambitious people to join the public service in the first place or to continue in it. The chance of rising to the top and enjoying a reasonable period of one's life at the centre of government policy-making has been one of the major inducements offered by a career in the public service. It may be no accident that, as growing insecurity and politicisation have reduced the intangible benefits of public service, senior public servants, as if to compensate, have been seeking salary packages more comparable to those of the private sector. However, given public hostility to generous salaries for politicians and public servants, the net effect is likely to be the reduced attractiveness of public service management as a career. Thus, in general, widespread changes at the top may certainly spread the message that governments and ministers call the shots. But they can also breed attitudes of cynicism among the rank and file and depress the general quality of public servants, thus undermining the long-term effectiveness of the service.

A Comparative perspective

If a professional, non-politicised public service is worth upholding, does this mean reverting to permanent tenure and the supposedly unaccountable mandarins of the past? Or can the values of a non-politicised service be maintained within the shorter-term appointments and less secure tenure required by the principles of new public management with their requirement for greater accountability and responsiveness from public servants? In this respect, it may be worth briefly comparing recent practice in appointing secretaries in the Australian Commonwealth with parallel experience in New Zealand. Like Australia, New Zealand has also moved away from the former system of permanent heads copied from the United Kingdom. Under the State Sector Act 1988, all 'chief executives' (as department heads are now known) are employed on short-term renewable contracts, for a maximum of five years, sometimes for much shorter periods, and all can be removed at any time. However, in spite of claims from critics at the time that the new procedures would politicise the public service, appointments have remained relatively un-politicised. When the National Government succeeded Labour in 1990, no chief executives were replaced. In 1996, when the National/New Zealand First Coalition took over (admittedly not a full change of government), one chief executive departed, but on grounds of questionable competence rather than for political reasons. New Zealand thus appears to have had greater success in welding the principle of professional neutrality on to the increased flexibility of appointment required by the new managerialism.
New Zealand's State Services Commissioner

While the effect of New Zealand's comparatively smaller population and the correspondingly smaller size of its talent pool should not be overlooked, other structural factors may have more relevance for understanding the growth of politicisation in the Australian Commonwealth. One is the greater role played by the New Zealand State Services Commissioner, the equivalent of Australia's Public Service Commissioner. Under the *State Sector Act 1988*, final decisions for appointing chief executives lie with Cabinet but the Commissioner has charge of the appointing process, consulting the government on its requirements, convening a panel and making a formal recommendation to Cabinet. After the chief executive has been appointed, the State Services Commissioner continues in the role of employer. It is the Commissioner, for instance, who reviews and reports on the annual performance of chief executives and has the formal power to seek the removal of under-performing chief executives.

In Australia, by contrast, official input into the appointment of secretaries is confined to a report to the prime minister which must precede each appointment. From 1977 to 1987, responsibility for making this report lay with the Chairperson of the Public Service Board but, with the abolition of the Board in the Machinery of Government changes of that year, the responsibility was transferred to the Secretary to the Department of Prime Minister and Cabinet, rather than to the newly created position of Public Service Commissioner. The exclusion of the Public Service Commissioner from secretary appointments (apart from the appointment of the Secretary to the Department of Prime Minister and Cabinet) has robbed the public service of a potential defender of its professional independence. As the New Zealand experience with a State Services Commissioner demonstrates, such an officer, having his or her main statutory focus on nurturing a professional public service, has a strong incentive to champion the professional neutrality of a non-politicised service if only as a means of maintaining the relevance of his or her own office. The Secretary to the Department of Prime Minister and Cabinet, on the other hand, is primarily concerned with coordinating the policy of the government of the day and has less incentive to view appointments from the broader perspective of the profession as a whole. Moreover, recent appointments to that position in Australia suggest that the Secretary to the Department of Prime Minister and Cabinet is viewed as the government's own person, unlikely to survive a change of government or even of Prime Minister. A political appointee is hardly in a position to defend a non-politicised public service.

Transparency requirements

Perhaps more important than the greater official role for the State Services Commissioner is the greater transparency required in the performance of this role. In respect to the appointing process, for instance, the *State Sector Act 1988* clearly lists the general qualities needed in Chief Executives (s35(12)) and also gives ministers the opportunity to specify particular skills or qualities which they are seeking. The need to spell out such
criteria in advance lessens the chance of ministers' imposing their own personal preferences as does the provision that rejection of the State Services Commissioner's advice must be made public.

The requirement for transparency also restricts the opportunity for removing incumbent Chief Executives before the end of their contracts. The Act allows the dismissal of a chief executive by Order in Council on the recommendation of the State Services Commissioner 'for just cause or excuse' (s.39) In any such case, the State Services Commissioner would be called on to specify and justify the reason for removing an incumbent secretary.\(^\text{32}\) Again, the practical effect is to make such changes much harder. In Australia, a parallel debate has been conducted about whether the government should be required to give a public explanation for removing secretaries.\(^\text{33}\) Dr Michael Keating (Secretary of the Department of the Prime Minister and Cabinet from 1991–96) argues that the requirement 'would achieve little' on the grounds that 'a plausible reason will always be available' and the individual concerned could be caught up in an unwinnable public brawl.\(^\text{34}\) On the other hand, the New Zealand experience might suggest that the need to give public reasons in terms of stated professional and institutional criteria is a genuine constraint on governments. In so far as politicisation depends on the relative ease of removing incumbents, putting a brake on the power of removal by requiring public justification may make governments think twice about change and therefore make them more ready to trust the capacity of incumbents to adjust to new directions.

Output budgeting as a rationale for neutrality

Another factor which may help to counter a tendency towards politicisation is the adoption of the new system of financial reporting which New Zealand has adopted (since followed by Victoria and the ACT and being currently developed for the Australian Commonwealth). According to the conceptual framework of the new system, ministers are responsible for determining government 'outcomes', i.e. the desirable social results of government action, and enter into contractual agreements with their chief executives for the purchase of specified classes of 'outputs', i.e. goods and services provided by departments, which are intended to help produce the desired outcomes. In New Zealand, the individual purchase agreements also form part of an annual 'performance agreement' between the minister and the chief executive which covers other matters, including the department's intended contribution to the government's overall strategy, through specified 'key result areas' leading to various 'strategic result areas', as well as legislative and other priorities to which the department will give attention. The performance agreements, are worked out through an elaborate process of consultation involving the State Services Commission, the Department of Prime Minister and Cabinet and the Treasury, before being signed by the relevant ministers and their chief executives.\(^\text{35}\) Subsequently, the agreements provide the basis for the annual review of chief executives' performance conducted by the State Services Commissioner in consultation with their ministers, the Prime Minister and Minister for State Services and central departments.
The system as whole is not without problems. There are significant transaction costs, for instance in the performance review process which involves considerable time and effort on the part of already hard-pressed chief executives. More fundamentally, the system is based on naive and unrealistic assumptions about the possibility of defining clear objectives in political management and about the possibility of distinguishing means (outputs) from ends (outcomes). The principal/agent model, on which the system is premised, can be seen as another version of the discredited distinction between policy and administration.

Indeed, experience in New Zealand shows that, in practice, it has not been possible to make the sharp functional distinctions which a literal reading of the principal/agent, outcome/output model would require. New Zealand ministers are still expected to answer for their departments and thus take responsibility for 'outputs', while public servants still concern themselves with the effects of policy, i.e. with 'outcomes'. Both ministers and public servants recognise the need continually to adjust their priorities in response to changing political circumstances in ways which are not strictly compatible with detailed annual planning. However, the new structure does have one significant advantage, in that it formally recognises and institutionalises the assumption that the role of chief executives is to carry out the instructions of elected ministers and that chief executives are to be formally judged on their professional performance in implementing the minister's and government's program. That is, it clearly articulates the assumption of a non-politicised, politically neutral public service, that professional public servants are expected to serve the government of the day.

Thus, the sharp line between ministerial outcomes and departmental outputs has the beneficial effect of underlining the assumption that department heads take their lead from the government of the day and that their competence and suitability is to be judged in terms of their capacity to serve the purposes set by their political masters. This, in turn, helps to reinforce the presumption that professionally competent public servants are capable of serving different purposes set by different ministers and governments and thus reinforces the principle of a professionally neutral, non-politicised public service. With a change of government or minister, it is assumed, departments and their chief executives stand ready to change direction as required.

Essentially similar systems have been instituted by the current governments in Victoria and the ACT. To date, the processes have not yet been subjected to the test of a change of government and it remains to be seen whether the greater formal distance that they provide between politicians and department heads will encourage new regimes to show greater trust in the professional neutrality of incumbent heads. The Australian Commonwealth Public Service has so far resisted the introduction of performance agreements. It has been an article of faith among the Canberra elite that the policy role of ministers cannot be clearly distinguished from the administrative role of public servants. Ministers are accorded overall responsibility for the administration of their departments and officials are not held separately responsible from their ministers. Australian public servants show a
greater readiness than their New Zealand counterparts to admit commitment to particular policy directions. The key term in the relationship between ministers and secretaries is 'partnership', within an overall acceptance that the views of ministers must prevail.

By refusing to countenance such a clear separation and subordination of functions, the APS may have missed an opportunity to distance secretaries and their departments from the values and policy directions of the government of the day and thus underline its capacity to offer equally loyal and professional support to successive governments. By talking instead of partnership between politicians and senior public servants in the shared enterprise of policy development, Australian public servants have encouraged the view that secretaries share responsibility for government policies and are as much associated with particular policies as are the elected ministers. In this case, they also encourage the view that when a government is ousted from office by the voters, its erstwhile collaborators in the bureaucracy should accompany it into the political wilderness.

A remedy may be at hand with the recent imposition of output-based budgeting as part of the new Commonwealth system of financial management which could be used as a basis for performance agreements with secretaries. Admittedly, the distinction between outcomes and outputs is oversimplified and unrealistic, like the former distinction between policy and administration. But, like the policy/administration distinction itself, it is a useful myth, a graphic metaphor to underline the principles governing professional public bureaucracies in a democracy - both the need for elected governments to prevail over their bureaucratic servants and also the capacity of these bureaucratic servants to serve a succession of governments with changing values and policies. After all, the policy/administration distinction was developed by Woodrow Wilson to justify the value of a professional bureaucracy against the excesses of the former spoils system of political patronage. The outcome/output distinction reworks the same point for the same purpose, in the new language of the new public management. Those who have regularly ridiculed the naivete of the policy/administration and outcome/output distinctions or have been sceptical of devising performance contracts between ministers and public servants should perhaps reflect on the whirlwind they are in danger of reaping. Do they really want to resurrect the spoils system?

Conclusion

Politicisation of the APS, in the sense of appointments to suit the preferences of the government of the day has been gradually increasing over recent decades. The process has been given added impetus by the growing insecurity of tenure among secretaries and by the sometimes uncritical adoption of private sector management models. Though the great majority of public servants, including secretaries, still see themselves as politically neutral professionals, capable of serving alternative governments with equal competence and loyalty, incoming governments may be increasingly tempted to appoint new management teams as a means of imposing new policy directions on the bureaucracy. Such a
convention, if it becomes entrenched, will erode the principles of a professional service with damaging long-term consequences for the morale and competence of the APS as a whole. New processes need to be introduced which safeguard the expectation that senior public servants, even if on limited-term contracts, will serve governments of differing political complexions.

Endnotes


2. P. Reith, *Towards a Best Practice Australian Public Service*, Department of Industrial Relations, Canberra, 1996.


7. ibid., p. 377.

8. C. Conybeare (Immigration and Ethnic Affairs); P. Core (Transport); M. Costello (Foreign Affairs and Trade); S. Duckett (Human Services and Health); S. Hamilton (Environment, Sport and Territories); and D. Volker (Employment, Education and Training).


20. For further information on the Queensland example see Max Spry, 'Public Sector Reform in Queensland: the Public Service Act 1996', *Research Note*, no. 39, Department of the Parliamentary Library, 1996/97.


31. Ibid., p. 102.


42. e.g., M. Keating, *Canberra Bulletin of Public Administration*, no. 84, 1997, pp. 42–3 & 54.


References


Curnow, R., 'The career service debate' in G. R. Curnow and B. Page (eds), Politicization and the Career Service, Canberra College of Advanced Education and NSW Division of RAIPA, Canberra, pp. 11–37, 1989.


Halligan, J., I. Mackintosh and H. Watson, The Australian Public Service: the view from the top, Coopers and Lybrand/University of Canberra, Canberra, 1996.


Hood, C., 'A public management for all seasons?' in Public Administration, no. 69, pp. 3–19, 1991.


Parker, R. S., 'The politics of bureaucracy' in G. R. Curnow and B. Page (eds), Politicization and the Career Service, Canberra College of Advanced Education and NSW Division of RAIPA, Canberra, pp. 382–95, 1989.

Parker, R. S. and J. Nethercote, 'The administrative vocation in the 1990s' in J. Halligan (ed), Public Administration under Scrutiny, University of Canberra/Institute of Public Administration Australia, Canberra, 1996.


Prime Minister, A Guide on Key Elements of Ministerial Responsibility, Office of Prime Minister, Canberra, 1996.


Reith, P., Towards a Best Practice Australian Public Service, Department of Industrial Relations, Canberra, 1996.


