

Speaking notes used for presentation  
to the Australian Bureau of Statistics  
SES and Middle Management Group

**Leadership from an ANAO  
perspective**

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Pat Barrett  
Auditor-General for Australia

## **I. Introduction**

When Graham Wauchop asked me to speak to you today, he suggested that I adopt 'leading change' as a major part of the address. He further suggested that I draw on my recent experiences both in reshaping the ANAO and in my role as the Auditor-General.

I will endeavour to keep faith with my 'instructions'. Therefore I will not be talking about leadership models or differences between leaders and managers. As a result there will be some blurring around the edges of these concepts with a degree of poetic licence.

I noticed, however, in a recent interesting article in the Australian Public Eye (19/8/97) by Professor William Rosenbach that he made a distinction between the old, 'transactional' leadership in management approach and the new 'transformational' leadership where leaders, followers and the social system in which they function are transformed. In his words they 'raise one another to a higher level of motivation and morality'. He concludes by saying that management is more important than ever as it is the context in which the transformation takes place.

The notion of transformation appeals to me, particularly in the current environment, because the emphasis is on human interaction, motivating people and achieving goals where there is real ownership and commitment by all concerned. Nevertheless there are pitfalls with such an approach which often come down to the leader involved. These are well set out in a Harvard Business Review (March-April 1995) article by John Kotter entitled '*Leading Change: Why Transformation Efforts Fail*' (pages 59 to 67). Management is mainly the provision and exercise of the tools that achieve the results required. The two thus go hand in hand. However, on balance, I am inclined to agree with a comment by the Australian Statistician, Bill McLennan, that 'leadership cannot be taught but can be learned'.

## **II. Demands and Pressures of the Public Service Environment**

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## *Understanding the Direction*

Before discussing specifically how we at the ANAO are responding to the various leadership challenges, I would like to comment briefly on the APS environment in general which is demanding real leadership at all levels of the political/bureaucratic spectrum to address the significant changes being experienced. I note that this is consistent with our audit imperative that we need to understand thoroughly the business we are auditing and its environment if we are to do effective audits. By so doing we are then in a better position to both take a leadership role and also manage our own business properly.

This Government is, in many respects, redrawing the boundaries of what services should be delivered by Government and what is best delivered by the private sector. In this respect, I am broadly in agreement with the framework of 'common-sense principles' used by the Commission of Audit which included the following decision sequence (see Attachment A):

assess whether or not there is a role for government;

where there is, decide which level of government, and assess whether or not government objectives are clearly specified and effectively promoted; and

assess whether or not effective activities are being conducted on a 'best practice' basis.

It is the prerogative of governments to decide what is to be undertaken within the public sector and how. Not surprisingly political philosophy will place a significant role in determining what constitutes 'core' government. Public servants accept this but also have a not unreasonable expectation that their advice would be sought on how to achieve the best outcome which would meet the Government's objectives. At the very least, their comments on the various options put forward would be useful as an informed check on the credibility and effectiveness of such options.

However, such an expectation is not a right. It has to be won. The Government has to be convinced that worthwhile ideas and suggestions will be forthcoming from the public service. And that will only come from demonstrated quality

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performance. But there also has to be opportunity - made or created - to do so.

Public servants do not expect to be the only source of advice to governments. However, the wish to consult widely does create some challenges for public servants in terms of getting sufficient and appropriate opportunities, determining the right timing and ultimately providing the type of advice and options that can add greatest value to government decision-making.

I have a sense the opportunities for consultation are not as great as many agencies might prefer. Clearly, there is some variation in this experience but overall I think the observation is correct. One piece of evidence is the much reduced opportunities to be involved in the preparation of Cabinet Submissions and the often limited consultation that has occurred. The latter has been particularly disappointing where across-agency or across-the-service issues were canvassed.

As with many significant changes in our working and other environments, developments to date in the APS include both positives and negatives. The challenge for us is to take advantage of the positives and attempt to convert as many of the negatives as we can to opportunities. We should assume we can influence decisions and events. We all have an obligation to contribute to a better public service. That means there will be occasions when we will have to make opportunities to do so. At the very least we need to take advantage of situations which allow us to make a contribution.

The positives of current reforms in the APS are very much about management flexibility and the elimination of unnecessary bureaucratic processes. The major challenge of the reforms in my mind is to preserve the concept of 'one' public service for the Australian public which should help to provide the necessary confidence and assurance of common values, commitment and professionalism. That does not mean central control or direction. But it does involve provision of guidance and acceptance of corporate disciplines particularly in the ways we conduct ourselves and deal with our stakeholders and clients.

The negatives are basically about uncertainty and contradiction, which I will discuss later. The concerning issues are the loss of corporate knowledge and expertise and

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the apparent diminution of the value placed on public service. Both are important for our performance and job satisfaction. The impact on confidence, morale and trust is difficult to assess. But what it highlights is the need for credible, visible and effective leadership. That must come from agency/entity heads and senior managers such as yourselves. It is a heavy responsibility at a time when 'champions' are in real demand to facilitate the demands being made on the public service in a more rapidly changing environment, often in unchartered territory and with inadequate skills availability, changing priorities and fewer resources.

We are also in a period where there is 'changing of the guard' with the departure of many agency heads and others in the near future. Their replacements are not only likely to have a considerable influence on the future of the APS but may also have quite different backgrounds, experience and expectations which could suggest a departure from the past. However, I agree with the reported comment by Max Moore-Wilton to a recent hearing of the JCPA that there is a need to ensure continuity of corporate memory in such circumstances (The Canberra Times, 29 August 1997 - page 3).

## ***Leadership and Contribution***

We have to recognise the need to provide and encourage leadership in the APS at this time. It is no exaggeration to say it has now become essential and be more so in the foreseeable future. Without it, we risk being a second rate public service which will simply be a self-fulfilling truth. Private sector provision of public services will occur by default. The irony of such an outcome is that for many years the APS has had a well deserved reputation internationally for its innovation, professionalism and high level of performance. Many of our colleagues, including ABS staff, have been in demand as advisers to overseas governments and agencies. Many of our management and computing techniques have been adopted or adapted for use elsewhere including the ways in which we have administered particular programs.

While there has been some scepticism about the findings of the Kakabadse Report (The Leadership Challenge for the Australian Public Service) it is difficult to ignore survey responses indicating a lack of cohesive leadership and clear direction. It is certainly not difficult to agree with the authors' observation that:

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*'Poor example from the top spreads through the organisation like uncontrollable flames, inducing unhelpful behaviour and undermining morale internally and image externally'. (page 22)*

I am supportive of leadership programs conducted by the Public Service Commission. But these are not sufficient by themselves. This was an issue discussed at the recent Heads of Agencies meeting in Sydney with general agreement that, as a Service, we should be doing more collectively to identify, promote, encourage and develop people as leaders at all levels of our agencies. One of the Public Service Commission's functions on the Public Service Bill 1997 is 'to contribute to, and foster leadership in the APS, [para 41 (l) (j)]. The Explanatory Memorandum lists this particular function under 'Leadership in the APS' (page 41). It is not simply a case of providing 'user-pays' leadership training, including for Heads of Agencies.

Agencies must encourage leadership. And there is no substitute for example. I commend the efforts made by Stephen Skehill and his SES group in the Attorney-General's department in this respect. The group set itself leadership standards to which all members agreed (see Attachment B). As well, each member has included a Leadership Development Plan in their SES performance agreement. I am also aware of the ABS' Leadership Program. Bill McLennan has stressed the need to identify leaders. He has observed that sending people to courses and seminars is not enough. Reflecting the transformation notion referred to earlier, Bill has focused on relationships with people and knowledge and understanding of the organisation, the environment within which it operates and an appreciation of 'life generally'. Mike Carmody (Australian Taxation Office) has also established a leadership group but taken a somewhat different approach to the selection. The latter is not as important as the recognition, strong support for, and initiatives taken by, Agency Heads on leadership measures.

I noticed recently an article which indicated BHP has established an in-house management school providing leadership courses for more than 5000 staff (including 1500 executives) a year - Business Review Weekly 10/2/97 (page 44 refers). This is clearly an enormous effort and clearly indicates the importance of the leadership imperative. This

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imperative was specifically recognised in a survey of Chief Executives (mainly private sector) in Australia by Price Waterhouse Urwick (Report *'The Business Menu of Change - CEO Perspective'* July 1997):

*The biggest single challenge that CEOs see themselves confronting is the question of people - how best to lead, utilise and develop the key people resources'. (page 4).*

The Report also noted that CEOs spend a large part of their time developing their management team, much of which is geared around leadership. The single largest component of their time is spent on leadership and communication.

## ***Uncertainty and Contradiction***

Uncertainty and contradiction are aspects of organisation life that many public servants are quite familiar with. They could be said to go with the territory. They reflect the vagaries of any political system. Any public servant who loses sight of the fact that we operate mainly in a political environment is likely to be less than effective. It is what makes us different to the private sector including its institutional arrangements. We do not have to enter the debate as to whether public servants are responsible to the Government of the day or Parliament to recognise the many stakeholders we have to satisfy, not the least the Australian public who we also call customers or clients. I would argue that the public sector has more problems in these areas than the private sector but even those leaders are faced with dilemmas. As recently stated in the Stanford Business Journal (Vol.65, No.4, June 1997):

*'Like good jugglers, managers must balance the contradicting structures, skills, and cultures required to successfully compete'. (page 20)*

The authors stressed the imperatives of a common overall culture as 'the glue that holds companies together' (page 22). We would do well to remember this in our own organisations.

The following few issues are illustrative of some of the current (and past) contributions to uncertainty and contradiction in the APS. You may wish to debate these perceptions, add your

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own, or at least question the extent to which they do impact on senior public servants' views and approaches.

## Devolution

- DWRSB (Workplace Agreements including wage levels (ceiling) and baseline conditions (agreed with unions?). Centralised examination/approval of such agreements?
- PSC (New PS Act - Review and Audit functions of the PSC, as well as Commissioner's comments that 'The advice to be issued by the PSC will be briefer and quite different from our traditional approach. Our advice will set out the requirements of the legislation, some guiding principles and in some cases advice on good practice, for example, in relation to review of employment decisions. Our advice will not generally suggest procedures or processes'. (Letter to ANAO dated 21//7/97).
- OGIT (Whole of Government approach : questionable basis of savings - no say in the arrangements)

## Contestability

- Level playing field (Questionable concept: Agencies - Constitutional limitations on activities)
- Suggested 36% tax rate on Departments - effective rate on private sector?)

## Risk Management

- Lack of Trust (Parliamentary concerns)
  - : JCPA support provided there is an audit trail
  - : concern about travel expenditure.

## Policy Determination

- Absence of, or confusion about, strategies. Lack of integration. Piecemeal approaches. 'Shortermism'. Dependence on Ministerial Offices/Consultants. Lack of trust in the Public Service. Making policy on the run. Alternative views and options not subject to analysis or scrutiny.



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Problem of getting the right balance of Management

- Future role of MAC as replacement for MAB/MIAC. PSC's report on the state of the APS. PSC's audit role. Charter of Public Service in a culturally diverse society.

## ***Legislative framework***

Perhaps the most significant challenges and opportunities will come from the new legislative framework being developed for the public service as follows:

Public Service Bill

- Flexibility/Accountability (see Attachment C)

Auditor-General's Bill (1 December)

- Strengthened independence and mandate

FMA Bill

- Core government. CEIs. Audit Committees. Accountability.

CAC Bill

- Non core government.

Charter of Budget Honesty

- Secretaries sign off in pre-election period.
- Audit review

Workplace Relations Act 1996

- Productivity based pay.
- Across the service aspects (not really individual employers - part of Commonwealth Inc.)
- Base conditions and the unions: query outcome eg. superannuation choice.
- Commercial vs non commercial activities (different pressures).
- Contract employment.

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- Job security.

### **III. An ANAO Perspective - Getting our own House in Order**

I will now discuss leadership in the ANAO under four main themes:

- understanding our environment and our business;
- creating better relationships with our stakeholders;
- our core business; and
- our own leadership and management arrangements.

This is not meant to be a litany of achievements but reflects a determined effort to improve our standing, performance and shared commitment to adding real value to public administration.

#### **Understanding our environment and our business**

A fast changing APS environment such as we have currently and are likely to have for some time, presents the ANAO with particular challenges, and also many opportunities.

Issues such as outsourcing, contestability and a focus on outcomes place particular emphasis and strains on the notion of accountability for performance. The challenge for the ANAO is to try to ensure that appropriate accountability arrangements are not sacrificed in any changing arrangements for the delivery of government programs. We are concerned to ensure credible performance information is available for contract monitoring by agencies and that such information is auditable. We have developed model access clauses which we are suggesting to agencies that should be included in contracts (see Attachment D). I note the reported objection by the Chairman and interim CEO of the Public Employment Placement Enterprise (PEPE) about contract conditions in relation to finding jobs for the unemployed. He considered the degree of access was excessive for a commercial contract. (The Australian Financial Review article by Michelle Grattan, 11

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September 1997). No doubt there will be further debate about this issue.

There are also real opportunities for the ANAO to contribute in a very positive manner to a range of government reforms. For example, we are now regularly publishing Better Practice Guides (see Attachment E) as a product of our audits, not the least important in the present environment is better performance information (see Attachment F).

The imperative for the ANAO is to work even harder at understanding the changing APS environment and to look for opportunities to contribute to it; it is only in this way the ANAO will remain credible and relevant.

## **Creating better relationships with our stakeholders**

A constant issue facing the ANAO is to obtain accurate and reliable information about its performance. As with any program, performance information is a critical tool in its overall management. Such information is important, not as an end in itself, but in the part it plays in managing effectively. In short, it is a key component of good corporate governance.

In this context, we are expending a lot of energy and time in working with and obtaining feedback from our stakeholders. Our principal stakeholder is, of course, the Parliament, but Boards of Directors, public sector agencies and the broader community are also important stakeholders.

We conduct periodic surveys of Parliamentarians, their advisers and Parliamentary Committees with the last survey being undertaken at the end of 1996. We also have in place formal feedback mechanisms with agencies, including yourselves, in relation to both our financial statement and performance audits. The responses have been fulsome and very helpful.

I am pleased to see that the messages at the moment are generally quite positive, but some of them are things that we may not want to hear such as insufficient quantitative

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evidence for our audit conclusions. After all, sometimes we are the bearer of critical comment. This is, of course, precisely why we need to obtain timely feedback on what we do as a critical way of improving our performance.

We see our relationships with Internal Audit and Audit Committees in agencies and entities as important sources of two-way intelligence and vehicles for ensuring a better understanding of accountability, performance and reporting issues.

On the Parliamentary front we are looking forward to the Joint Committee of Public Accounts assuming the responsibilities of an audit committee of the Parliament with responsibilities to make recommendations to the Government on the ANAO's annual budget and also to advise us on Parliament's audit priorities.

## **Our core business**

Some time ago, the ANAO took a strategic decision to define its core business. Essentially, this involved deciding that we would use our own resources, supplemented as necessary by specialist skills, to undertake audits of departments and budget-funded agencies. The audit of Government Business Enterprises and other more commercial agencies would be undertaken by the private sector, although, of course, the ANAO would still be responsible for the audits. The definition of 'agencies' in the Financial Management and Accountability Bill will also assist us in further defining what we regard as core business.

We have also recently outsourced the delivery of our IT services while retaining ownership of IT infrastructure. Any future developments in this area will obviously have regard to the Government's whole of government approach to outsourcing.

We are, of course, very conscious that our audit reports and other services must add value to both the Parliament and public sector entities. In the past 12-18 months, we have devoted increasing attention and resources to ensure we achieve this objective. Particular initiatives include:

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the development of audits of financial control and administration which are generically based and focus on making improvements in our financial and administrative processes;

the introduction of assurance and control assessment audits. These audits focus on key controls within 'common service' or core activities of corporate nature of agencies;

increased emphasis on the development of better practice guides, either as an outcome of individual audits or separately on matters of general relevance to public administration as noted earlier;

the conduct of 'real time' probity audits intended to provide assurance on particular processes as they are undertaken, rather than after the event as is the case for most audit reviews; and

increased emphasis on the provision of advice and assistance, particularly in areas involving APS financial reforms, including the introduction of accrual based whole-of-government reporting. The ANAO has worked closely with the Department of Finance in preparing trial whole of government financial statements, and completing a review of processes in the preparation of whole of government financial statements.

As well, we have ensured that our audits cover topical issues such as the use of information technology as part of service delivery, contracting out, purchaser/provider arrangements, project management, risk management and client service delivery.

We will continue to act as a catalyst for change and improvement by adopting a proactive approach, anticipating the needs of our clients and by developing products that have broad application across the public sector. Care will be taken to ensure any new products meet the perceived needs and demands of our clients, can be provided efficiently within our resource capability and, most importantly, preserve our independence.

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## Our own leadership and management arrangements

In common with all organisations, the ability of the ANAO to deliver high quality products and services is underpinned by the quality, professionalism and dedication of our staff.

We are committed to conducting periodic staff surveys which give us valuable feedback on how we are performing against our Corporate Plan and Business Plans. We are currently identifying specific improvements we need to make as a result of our most recent survey. Not surprisingly major concerns expressed were about leadership and communication.

We have in place formal continuous improvement arrangements which provide staff at all levels the opportunity to contribute to improvements in our work practices.

As a professional organisation, we are also very committed to providing targeted professional development opportunities for staff, including secondments with public and private sector organisations. Partly as a result of feedback received from our staff surveys, we have recently decided to introduce a comprehensive leadership program designed to enhance the leadership qualities of staff at all levels (see Attachment G). This will be an outsourced program under the control of an ANAO project leader. One of the elements is a 'Development Centre' approach for SES Band 1 officers which will provide a rigorous and confidential assessment of their leadership development needs against the ANAO specific leadership capabilities identified.

We have in place structured quality assurance arrangements which involve peer reviews both during and after the audit process. We are also committed to benchmarking our performance against relevant organisations in both the public and private sectors.

We are also very keen to take advantage of the new industrial relations environment to put in place structures and working arrangements that better meet our changing

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business needs. In the context of developing a certified agreement, we have surveyed all our staff to try to identify their priorities and also to establish what consultation processes they prefer.

Consistent with the discussion paper I circulated in late June, *'Applying Principles and Practice of Corporate Governance to Budget Funded Agencies'*, we have recently developed a Corporate Governance Statement for the ANAO which articulates what we see as the essential elements of corporate governance in the ANAO. In this context, we will shortly be undertaking a review of key corporate governance arrangements in the office to identify areas which require improvement.

Other initiatives we have taken or which are under way are the development of our own Code of Conduct; the development of new Financial Management Information and Time Recording Systems with an emphasis on linking budget, financial and cost information in suitable reports for managers at all levels; and a comprehensive review of all our non-audit costs and their impact on our contestability, particularly against private sector accounting, auditing and consulting firms.

## IV. Concluding Remarks

Leadership is imperative particularly where there is lack of direction, uncertainty, apparent contradiction and simply doing things differently to the ways they have been done in the past. Change has become a way of life in all sectors of the economy. The Australian public service has been subject to ongoing government reforms for almost fifteen years. As well, it has had to adjust to the changing environment in the general community. The two are often interrelated.

There has been a growing recognition of the need to provide both a culture and a development program of leadership across all levels of the public service. Heads of agencies recognise that they have to lead by example. It is not a case of headline grabbing or competition with our political leaders. We need enthusiasm not cynicism. There are obviously well developed leadership programs being undertaken by a number of agencies, not least your own. These initiatives are

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commendable but there needs to be a higher profile for such activity across the Service.

I would be confident that most of us still support the concept of one public service and not a series of fiefdoms. I would expect that the proposed Management Advisory Committee (MAC) comprising all Secretaries with the Public Service Commissioner as Executive Officer and, hopefully, some outside the Service participants will provide the necessary leadership in this respect. While leadership cultures and programs are primarily an agency matter I would also expect that MAC will encourage the notion of shared responsibility and focus both to any complementary agency action and to assure cost effective outcomes. The only true test is our performance.

Leadership is importantly about gaining the confidence, trust, cooperation, commitment and support of our staff. But they must have clear visions and goals as well as strong values if they are to provide their loyalty and dedication. In the present environment a major challenge identified by my colleague the Auditor-General of Canada is:

*'to continue to innovate, to remain motivated and enthusiastic about serving the public interest'*  
(Annual Report to the House of Commons, 21 November 1995, page 23).

In these respects the leadership demand is obviously largely 'inspirational'. This is a significant challenge to all of us.



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## ATTACHMENT A

### **Some Common Sense Principles<sup>1</sup>**

The Commission has adopted a framework of principles, cognisant of the broad economic and social goals of government, to guide its analysis and recommendations for improvements. This framework includes the following decision sequence:

Assess whether or not there is a role for government.

Where there is, decide which level of government, and assess whether or not government objectives are clearly specified and effectively promoted.

Assess whether or not effective activities are being conducted on a 'best practice' basis.

### ***What is government's role***

Governments have an indispensable role to play in modern democratic economies. The things that governments should do lie at the heart of this role. Community expectations about what governments can do and how they should operate have changed since the 1970s and 1980s.

The things that governments should do can be grouped into two broad categories.

The first concerns social or equity goals that the community wants pursued. This covers such issues as helping the genuinely needy, redistributing income, ensuring access to basic levels of education, health care and housing, and achieving greater equality of opportunity through social justice policies.

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The second category covers situations where, in the absence of government involvement, the actions of private individuals would result in inefficiencies such as insufficient or excessive production or consumption of certain commodities (for example, on the insufficient side, national defence or basic education, and on the excessive side, pollution or harmful drugs).

In short, governments have a central role in the community because they can set rules that specify people's rights and responsibilities. This role, which includes power to impose taxation to fund their activities, is the most crucial thing that democratic governments do.

1. National Commission of Audit 1996 *'Report to the Commonwealth Government'*, June (page vii).

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## ATTACHMENT B

### ATTORNEY GENERAL'S DEPARTMENT

#### **Our Leadership Model**

Leaders in our Department inspire us and encourage us to show initiative in a professional environment that supports rather than constrains.

Leaders empower us to achieve quality outcomes for our clients and other stakeholders. Full and dedicated participation from all of us is needed.

Leaders demonstrate integrity, honesty, judgement, loyalty, commitment, decisiveness, enthusiasm, self-knowledge, expertise, courage, energy and professionalism in their work practices.

Leaders bring us together to create the type of Department we want. Leaders engender our clients' and stakeholders' confidence and trust in us, and extend our influence.

#### **Strategies to Achieve Our Leadership Model**

Accept the responsibility of leading.

Communicate openly, listen to staff, and value their contribution.

Treat everyone fairly and without bias.

Be visible and accessible to staff and each other, as well as to clients and other stakeholders.

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Capitalise on the diversity of all staff, and provide support, recognition and feedback.

Make, communicate and implement timely decisions.

Set clear and measurable goals, based on agreed values, clearly communicate them, and provide the support needed to achieve them.

Create an environment which supports teamwork and liberates, guides and empowers.

Lead by example, especially in managing healthy change, being willing to learn from mistakes, being receptive and responsive, and learning continuously.

Coach, enable, mentor, inspire and motivate, to achieve organisational goals.

Recognise the value of innovation and creating opportunities.

Focus the organisation on its clients, other stakeholders and the operational environment.

***Senior executives aspire to this model and welcome feedback on their performance against it and suggestions for improvement.***

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## ATTACHMENT C

### Key powers and responsibilities of Secretaries in a devolved APS

(excerpt from *The Public Service Act 1997 : Accountability in a devolved management framework*)

#### Improved Accountability

Secretaries will be more accountable for the exercise of their powers in that they will:

be appointed and terminated by the Prime Minister;

be accountable to their Ministers for the management of their departments;

be required to report to Parliament on Departmental outcomes;

be obliged to uphold the APS Values and Code of Conduct;

be bound by the Public Service Commissioner's Directions in such matters as merit, employment equity and grievances

as well as by the provisions of the Workplace Relations Act;

provide staff with rights of review of employment decisions;

have to establish mechanisms to handle disclosures in the public interest (whistleblowing); and

have their employment practices monitored for the Commissioner's Annual Report on the State of the Service

with the commissioner having powers of investigation

#### Devolved Responsibility

Secretaries will have enhanced power

engage employees on behalf of Commonwealth on either an ongoing or temporary basis;

negotiate pay and conditions at agency level;

adapt job classification structures to needs of the agency;

decide the conditions for engagement, advancement, promotion and transfer of employees;

set qualification requirements;

determine appropriate periods of probation;

establish training arrangements;

decide on what terms an employee can engage in other employment;

recognise and reward high performing employees;

adopt misconduct procedures;

establish internal grievance mechanisms;

retire an excess employee; and

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select, engage, transfer or retire members of the SES.

## **Accountability to the Minister**

The Bill will both strengthen and enhance the role of the Secretaries and ensure their accountability for the considerable powers they will exercise. While their employment is the responsibility of the Prime Minister on behalf of the Commonwealth, Secretaries will be directly accountable for their performance to their Ministers. A Secretary will be expected:

- to be accountable to the Minister for the general working and for all the business of the agency, including its organisational and staffing structure;
- to advise the Minister in all matters relating to the agency;
- to agree with the Minister on agency priorities and performance indicators in accordance with government policies and directions; and
- to assist the Minister to fulfil his or her accountability obligations by providing information to the Parliament about the technical background to policies and their implementation and administration.

## **Accountability to the Parliament**

Traditionally Secretaries are also accountable, through their Minister, to the Parliament and to the Australian people for the administration of their departments. However, under the new Act, it is proposed not only to provide Secretaries with far greater flexibility in the management of their departments but, at the same time, to improve Parliamentary scrutiny of the manner in which they exercise that power.

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A Secretary will be expected:

to manage the affairs of the agency in a way that promotes the proper use of the Commonwealth resources for which the Secretary is responsible;

to uphold public service values and conduct in the management of the agency and the delivery of government programs and services to the community;

to establish appropriate flexible employment and management arrangements that best serve the business of the agency and the needs of employees;

through the departmental Annual Report process, to identify the priorities agreed for their agency, the resources used for their achievement and the outcomes; and

to promote a culture of continuous improvement in the agency.

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## ATTACHMENT D

### Model Access Clause - Agency

1. The Customer, and other persons authorised by the Customer, have the right of access to the premises of the Contractor at all reasonable times and the right to inspect and copy documentation and records, however stored, in the Contractor's possession or control, for purposes associated with the Contract or any review of performance under the Contract. The Customer will also have access to any Commonwealth assets located on the premises of the Contractor which come into existence as a result of the Contract.
2. The rights referred to in clause 1 are subject to:
  - (a) the provision of reasonable prior notice by the Customer;
  - (b) the Contractor's reasonable security procedures; and
  - (c) if appropriate, execution of a deed of confidentiality relating to non-disclosure of the Contractor's confidential information.
3. The requirement for access as specified in clause 1 does not in any way reduce the Contractor's responsibility to perform its obligations in accordance with the Contract.
4. In exercising the rights granted by this clause, the Customer shall not interfere with the Contractor's performance under the Contract in any material respect. If, in the Contractor's reasonable opinion there is likely to be a significant delay in the Contractor



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discharging an obligation under the Contract because of a cause beyond the reasonable control of the Contractor and as a direct result of the Customer's action under this clause, the Contractor may request a reasonable extension of time.

5. The Customer shall not refuse a request for extension of time under clause 4 without reasonable grounds for doing so.
6. The Contractor must ensure that any subcontract entered into for the purpose of this Contract contains an equivalent clause permitting the Customer, and other persons authorised by the Customer, to have access as specified in this clause.
7. This clause applies for the term of the Contract and for a period of five years from the date of expiration or termination.

## **Model Access Clause - ANAO**

1. The Auditor-General or a delegate of the Auditor-General, for the purpose of performing the Auditor-General's statutory functions, may, at reasonable times and on giving reasonable notice to the Contractor:

(a) require the provision by the Contractor, its employees, agents or

subcontractors, of records and information which are directly related

to the contract;

(b) have access to the premises of the contractor for the purposes of

inspecting and copying documentation and records, however stored, in

the custody or under the control of the Contractor, its

employees, agents or subcontractors which are directly related to the

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contract; and, where relevant

(c) inspect any Commonwealth assets held on the premises of the

Contractor.

2. The Contractor shall ensure that any subcontract entered into for the purpose of this Contract contains an equivalent clause granting the rights specified in this clause.
3. This clause applies for the term of the Contract and for a period of five years from the date of expiration or termination.

## **Model Access Clause for Tender Conditions**

1. The Auditor-General has statutory powers to obtain information.

The *Audit Act 1901* and the Auditor-General Bill 1996 provides the Auditor General or an authorised person with a right to have, at all reasonable times, access to information, documents and records (see Ss 14B and 48E of the Audit Act and Ss 32 and 33 of the Auditor-General Bill).

2. In addition to the Auditor-General's statutory powers, and in recognition of the need for the Auditor-General's functions to be conducted in an efficient and cooperative manner, if a tenderer is chosen to enter into a contract, that tenderer will be required to provide to the Auditor-General, or a delegate of the Auditor-General, access to information, documents, records and Commonwealth assets, including those on tenderer's premises. This access will be required at reasonable times on giving reasonable notice, for the purpose of carrying out the Auditor-General's functions and will be restricted to information and assets which are in the custody or control of the tenderer, its employees, agents or subcontractors, and which is directly related to the Contract. Such access will apply for the term of any Contract entered into and for a period of five years from the date of expiration or

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termination.

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## ATTACHMENT E

### BETTER PRACTICE GUIDES/PRINCIPLES

Audit Committees	1
Management of Training (Audit Report No.37)	199
Auditing Program Evaluation	1
Sale of Commonwealth Assets (Audit Report No.33)	199
Public Sector Internal Auditing	1
Performance Pay and Appraisal (Audit Report No.16)	199
Administration of Grants	1
Case Management Workers Compensation (Audit Report No.22)	199
Implementation of Competition in Case Management (Audit Report No.30)	199
Performance Information (Audit Report No.25)	199
- Performance Information Principles	
A Framework and a Checklist for Financial Management (Audit Report No.7)	199
Joint Commercial Arrangements (Audit Report No.33)	199
Asset Management	1
Managing Redundancies in the APS	1
AMODEL Financial Statements - Department, Commercial and Non-commercial Authorities	1
Financial Statement Preparation	1
Payment of Accounts (Audit Report No.16)	199
- Paying Accounts	

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A Guide to Workers' Compensation Management	1996-9
Guarantees and Indemnities (Audit Report No.6)	1996-9
Telephone Call Centres	1996-9
Audit Committees	1996-9
Management of APS Staff Reductions	1996-9
Asset Management	1996-9
Management of Corporate Sponsorship	1996-9
Administration of Grants	1996-9
Corporate Governance	1997

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## ATTACHMENT F

### PERFORMANCE MANAGEMENT : GOOD PRACTICE

To achieve good practice in performance management Secretaries and agency heads should address the following framework principles:

performance information is clearly linked to the objectives and intended results of programs and activities, and enables a ready assessment of program performance in terms of effectiveness, efficiency, and service quality;

as far as possible, programs and activities have a core set of performance information that meets multiple purposes; at a minimum, performance information for such purposes is consistent and complementary;

the continued appropriateness of performance information is regularly assessed;

responsibilities for performance management are clearly defined and understood, including where services are delivered under agency, outsourced or other third party arrangements;

performance *planning* and performance *results* are directly linked, involving the establishment of clear performance targets (published for areas where Government policy is in the public domain) and demonstration of the results actually achieved - both internally (eg for each appropriate responsibility unit) and externally (currently through portfolio budget statements and annual reports);

ongoing performance monitoring and periodic program evaluation are balanced and used appropriately: program performance is monitored on an ongoing basis and complemented by periodic program evaluation, generally within at least a five year cycle;

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performance management activity is planned and integrated with corporate and business planning:

- performance management activity supports the systematic review of agency activities through the Performance Improvement Cycle (PIC), and the application of specific improvement strategies such as Competitive Tendering and Contracting (CTC);
  
- Portfolio Budget submissions and new policy proposals are presented in the context of the portfolio's overall objectives and strategies and supported by performance information;
  
- the outputs and outcomes of agencies are clearly specified with outputs costed; and
  
- non-financial and financial performance information are integrated for management purposes and external reporting.

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## ATTACHMENT G

### ANAO LEADERSHIP PROGRAM

The Executive Board of Management at its June 1997 meeting approved an ANAO Leadership Program as one element of an overall People Management Strategy. The Program is intended to provide a practical approach to continually improving ANAO outcomes by assisting our managers at all levels to operate with flexibility and creativity in a business driven environment and add value to public sector administration.

The Program will draw on best practice in leadership development and will integrate education, training and development with other organisational strategies to achieve excellence in leadership and greater business outcomes.

There are 4 streams in the Program, which will involve all staff. **Leading Organisational Change**, is an anticipated 2 day residential program for the Executive and the Group Directors. One of the aims of this program is to develop a draft set of leadership principles for the ANAO, which will form the basis for key leadership/management capabilities required by the ANAO.

The second stream, **Leading Our People**, is targeted at SES Bank 1 Officers. This program, which is based on the Development Centre Approach, is an anticipated 3 day program during which the SES are assessed against the key leadership/management capabilities culminating in an Individual Development Plan which is reviewed on a 6 monthly basis.

**People Management in Action** is the third stream and will involve Senior Officers at grade levels A, B and C. This is an anticipated 3 day modular program which will consider leadership vs management issues and will focus strongly on the development of people management skills. It is highly likely that the program will be capable of becoming part of a tertiary qualification.



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Finally, ***Leadership Beginnings*** recognises the fact that people at all levels can demonstrate leadership qualities and are capable of leading others when given opportunities to do so. This 3 day program is targeted at ASOs 2-6 and will provide a 'foundations' day in which the leadership capabilities are explained and explored, followed by separate 2 day learning programs specifically geared for ASOs 2-4 and ASOs 5-6 respectively.