



CONNECTING
GOVERNMENT

Whole of Government Responses
to Australia's Priority Challenges

MANAGEMENT
ADVISORY
COMMITTEE

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>> PREFACE

I am pleased to present this important Management Advisory Committee Report on *Connecting Government: Whole of Government Responses to Australia's Priority Challenges*.

My strong perception is that the Australian Public Service (APS) performs well, compared to other public sectors around the world, in working across the organisational boundaries of bureaucracy. Every day, in many ways, we bridge successfully the demarcations of officialdom that can undermine successful policy development and delivery. But we cannot be lulled into a self-satisfied complacency. Challenges remain. More than ever before, agencies must continue to find new and better ways to work together to deliver results for the Australian Government and the community.

There are many reasons that we should work in a whole of government way. Not least is the fact that every major challenge of public administration—ensuring security, building a strong economy, coping with demographic change and crafting social policy—necessarily requires the active participation of a range or central and line agencies.

Australians rightly demand the delivery of government programs and services in a seamless way. They should also expect that, behind the scenes, all the resources of government will be brought to bear in the search for innovative solutions to the complex challenges of developing public policy.

It is important that commitment to a whole of government perspective is not misinterpreted as a call for 'group think'. Governance has been improved by the fact that public policy is an increasingly contested terrain. The challenge is to ensure that the collective decision-making of the Australian government is based upon the best informed articulation of the challenges faced and a strategic assessment of the relative merits of different approaches to how they might be addressed. For this, a comprehensive whole of government approach is required.

Connecting Government goes beneath the surface of the 'coordination' that the APS strives to achieve. It examines the many different and sometimes competing imperatives that contribute to successful whole of government work and seeks to learn from our successes and failures.

The report does not believe that effective solutions lie in moving around the deckchairs of bureaucratic endeavour. Rather it reinforces the need to continue to build an APS culture that supports, models, understands and aspires to whole of government solutions. Collegiality at the most senior levels of the service is a key part of this culture.

Portfolio secretaries and agency heads will be responsible for driving cooperative behaviours and monitoring the success of whole of government approaches. This has many elements. They will be required to ensure that their staff understand that their role on interdepartmental committees or task forces is not to defend territory but to seek

solutions in the national interest. They will be expected actively to champion whole of government projects and to model critical behaviours such as collegiality.

The report also highlights the need for agencies to recruit and develop people with the right skills. Relevant topics should be included in induction and training so that coordination, cooperation, negotiation and openness are truly valued. Agencies will be encouraged to give their high performing staff experience on whole of government projects and to support their participation with other agencies in such projects.

Commitment needs to be recognised. New service-wide awards will be offered to celebrate the best whole of government work. The success or failure of the APS in taking whole of government approaches will be reported through the State of the Service report.

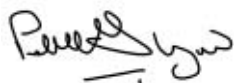
Knowledge is a key to cultural change. A web presence will be established to encourage agencies to share information, expertise and ideas so that the increasing volume of research on the organisation of whole of government approaches can be collected once but used many times.

MAC will fail if its reports are quietly filed away under the heading 'Read on a Wet Sunday'. There are many more initiatives in this report which offer practical help to Australian government agencies in their efforts to continually improve the way they work across boundaries. The objective is to implement many more.

Whole of government is the public administration of the future. It offers links and connections to the global community of ideas, knowledge and understanding essential for the APS to face the governance challenges of the 21st century. It extols team-based approaches to solving the wicked problems that are endemic to public policy.

Connecting Government: Whole of Government Responses to Australia's Priority Challenges is a valuable guide to participating effectively in that future.

I hope it makes a difference.

A handwritten signature in black ink, appearing to read 'Peter Shergold', with a horizontal line underneath.

Dr Peter Shergold AM

AUSTRALIAN GREENHOUSE OFFICE

Objective

The Australian Greenhouse Office (AGO) has responsibility for coordinating the Australian Government's whole of government response to Australia's international obligations and national policy objectives on greenhouse and climate change. Climate change is an issue of global significance and the AGO is the world's first government agency dedicated to cutting greenhouse gas emissions.

The AGO was established in April 1998 as part of the government's response to the Kyoto protocol negotiations (an international treaty designed to limit global greenhouse gas emissions) and growing public interest in the threat of climate change. It is a symbol of the Australian Government's commitment to the greenhouse issue and provides surety of delivery of the Prime Minister's 1997 package, *Safeguarding the Future: Australia's Response to Climate Change*.

The AGO resides within the Environment portfolio, but has to reflect the interests of all interested parties. With its whole of government mandate, it adopts an integrated, balanced approach and facilitates both economic and environmental benefits for Australia in responding to greenhouse challenges. It consults with government and non-government stakeholders to ensure that Australia's national interests are promoted, that jobs and industry are protected, and that Australia plays its part in the global effort needed to reduce greenhouse emissions.

The AGO was initially established for two years and, in March 2000, its mandate was formalised when it became an executive agency under the *Public Service Act 1999*.

The corporate governance arrangements of the AGO have undergone significant change:

- from its establishment in April 1998 to October 2001, the AGO was accountable to the Ministerial Council on Greenhouse. This council comprised four permanent ministers and, depending on the agenda, included a further three ministers
- from November 2001 to December 2002, the AGO became accountable to a single minister, the Minister for the Environment and Heritage
- in January 2003, the AGO became formally responsible to both the Minister for the Environment and Heritage and the Minister for Industry, Tourism and Resources.

Key players

Australian Government agencies, including:

- Australian Bureau of Agricultural and Resource Economics
- Australian Greenhouse Office
- Bureau of Meteorology
- CSIRO
- Department of Agriculture, Fisheries and Forestry
- Department of Education, Science and Training
- Department of Finance and Administration
- Department of Foreign Affairs and Trade
- Department of Industry, Tourism and Resources
- Department of the Prime Minister and Cabinet
- Department of the Environment and Heritage
- Department of the Treasury
- Department of Transport and Regional Services

State and many local government agencies

Business and industry, including:

- Australian Aluminium Council
- Australian Industry Greenhouse Network
- Australian Industry Group
- Business Council of Australia
- Environment Business Australia
- Minerals Council of Australia

Non-government organisations, including:

- Australian Conservation Foundation
- Greenpeace
- National Environment Consultative Forum

Overview of learnings

The creation of a dedicated whole of government structure for greenhouse has facilitated the development of a centre of excellence on greenhouse issues. Australian government expertise is now focused in one organisation rather

than being spread across the public service—allowing knowledge to be built in a systematic way and facilitating the development of a powerful resource for the Australian Government. The development of the AGO has addressed the historically disorganised, sometimes conflicting, efforts across the many Australian government agencies to deliver consistent whole of government advice and program delivery on behalf of the Australian Government.

As a dedicated greenhouse agency, the AGO provides a centralised forum for progressing greenhouse issues by:

- freeing up other Australian government agencies from much of the interagency administrative burden, thereby enabling them to concentrate on the issues
- keeping negotiations moving and ensuring equality at meetings
- providing a forum to allow Australian government agencies to participate equally and deal with issues in an open manner
- providing a single point of access, with a comprehensive and coherent position on greenhouse issues, for stakeholders external to the Australian Government.

The effectiveness of the AGO in delivering on its mandate may be attributed to the following:

- a. Getting its corporate governance structure right:** The AGO's governance structure has undergone significant change over its five years of operation. The current structure—in which the AGO reports to the Minister for the Environment and Heritage and the Minister for Industry, Tourism and Resources—was developed in response to the need to project the right balance between environmental and economic concerns. This move fundamentally addresses the perception of balance in its operations, as much as it does the reality.
- b. Understanding the capacities of its stakeholders and responding appropriately:** For example, environmental non-government organisations are in a much better position to engage on climate change than the general community. The AGO has therefore tailored its consultation processes to the capacity of its stakeholders. The AGO has adopted a 'no surprises' platform, ensuring that policy is developed in a transparent manner and stakeholders are kept regularly informed.
- c. Establishing high-level support for developing policy:** For example, the Secretaries Group on Greenhouse is responsible for overseeing the development of the Climate Change Forward Strategy, providing impetus to the process and removing any blockages that arise. High-level support ensures ownership of issues within all Australian government departments and can overcome extant tensions across Australian government agencies.
- d. Recruiting the right people** with specific attributes for whole of government work and nurturing a culture of collaboration and shared outcomes. This aspect is paramount and supersedes any emphasis on structural overlay.

Key findings of the areas of investigation

1. Structures and processes

	Issues	Response	Key learnings
1	<p>There was a need for a structural whole of government approach to greenhouse because:</p> <ul style="list-style-type: none"> the Australian Government was receiving disparate, often conflicting, advice from different departments greenhouse was emerging as a key policy issue there was a need to deliver the Prime Minister's 1997 package, <i>Safeguarding the Future: Australia's Response to Climate Change</i>. 	<p>The AGO was established in 1998 to provide this whole of government mechanism, initially for a two-year period, and was located in the Environment portfolio. Employees were seconded from other agencies that were dealing with greenhouse at the time.</p> <p>In March 2000, the AGO became an executive agency. It remains within the Environment portfolio.</p>	<p>The development of the AGO provided a means of integrating the different aspects of the Australian Government's work on greenhouse. A consistent view is now presented, and the creation of a greenhouse team has enabled the development of a centre of excellence in understanding greenhouse issues.</p> <p>The AGO not only operates in a whole of government way, but it also facilitates greater involvement by other departments in greenhouse issues. It does this by:</p> <ul style="list-style-type: none"> undertaking much of the administrative work keeping negotiations moving dealing with issues openly. <p>There is, however, a perception that institutionalising a whole of government approach is not necessarily the best option. Creation of a structure around an issue can lead to the development of a culture that may not reflect a whole of government view. This is carefully managed within the AGO to ensure that other agencies maintain ownership of issues and rigorous consultation is maintained.</p> <p>Operating within the Environment portfolio has created the perception in some quarters that the AGO plays too much of an advocacy role for environmental issues at the expense of economic ones. It has been suggested that the AGO may be better located within a central agency more generally seen as whole of government—such as Prime Minister and Cabinet.</p>

Structures and processes (continued)

Issues	Response	Key learnings
<p>2</p>	<p>The AGO needed an appropriate ministerial oversight/corporate governance model. There was interest from multiple ministers, and the governance structure needed to reflect the whole of government mandate of the agency.</p> <p>The AGO has worked under three governance models. These are:</p> <p>1. Ministerial council model (Apr 98–Oct 01) where the AGO was accountable to a council made up of the ministers for:</p> <ul style="list-style-type: none"> • the Environment and Heritage (Chair) • Industry, Science and Resources • Agriculture, Fisheries and Forestry • Finance and Administration. <p>Also coopted to the Council, depending on the agenda, were the ministers for:</p> <ul style="list-style-type: none"> • Transport and Regional Services • Foreign Affairs • Forestry and Conservation. <p>This approach manifested the whole of government orientation of the AGO, but was administratively cumbersome. Furthermore, internally the AGO didn't always appear to have its own identity, and stakeholders found it difficult to identify the role and position of the organisation.</p> <p>2. Single minister model (Nov 01–Dec 02) where the AGO was accountable to a single minister—the Minister for the Environment and Heritage. This model was efficient in terms of decision making. However, there was a perception, in some portfolios and amongst stakeholders, that the model could cause the AGO to place undue emphasis on environmental factors, at the expense of economic factors.</p> <p>3. Joint minister model (from Jan 03) where the AGO is formally responsible to both the Minister for the Environment and Heritage and the Minister for Industry, Tourism and Resources. While this has placed an additional administrative burden on the AGO, it is helping the organisation to operate, and to be perceived to operate, in more of a whole of government manner. This model balances the tensions between stakeholder interest and expectations and effective Australian government decision making.</p>	<p>Perhaps the key lesson from the evolution of the AGO's corporate governance is that there is a need to balance the administrative difficulties of a reporting structure with the need to be perceived to operate in a whole of government manner. The single minister model, while administratively sensible, clearly created problems in terms of stakeholder perception. The current model of dual ministerial accountability appears to strike the appropriate balance.</p> <p>There is no perfect governance model for any situation and one size does not fit all. However, establishing the appropriate structures early on is a key step to successfully operating in a whole of government manner.</p>

Structures and processes (continued)

Issues	Response	Key learnings
<p>3</p>	<p>The AGO is required to develop complex, broad-ranging greenhouse and climate change policies in a whole of government manner (e.g. the Climate Change Forward Strategy).</p> <p>In order to facilitate the development of these complex policies, the AGO is involved in two main streams of policy development:</p> <ol style="list-style-type: none"> 1. Australian government process reporting through interdepartmental committees (IDCs), a Secretaries Group on Sustainable Environment Committee 2. a combined Australian government and state process reporting through IDCs, the High Level Group on Greenhouse, and the Council of Australian Governments. <p>A number of different consultation phases, with a range of different stakeholders, are also providing input into these processes.</p>	<p>High-level support is a key element in maintaining momentum in policy development. For example, support from secretaries through the Secretaries Group on Greenhouse has been vital in removing blockages and keeping processes on track.</p> <p>The Secretaries Group is run through a rotating chair process. The Secretary for the Environment and Heritage and the Secretary for Industry, Tourism and Resources share responsibility for chairing the group. This balance between the Environment and Industry portfolios is seen as beneficial to the overall policy development process because equal emphasis is seen to be placed on environmental and economic factors.</p> <p>Through the large number of IDCs that are used by the AGO—it has become clear that it is vital to clearly define roles and ensure that agencies provide the appropriate level of representation at IDCs.</p>

2. Culture and capability

	Issues	Response	Key learnings
1	<p>There were initial cultural difficulties at conception of the AGO. These arose because:</p> <ul style="list-style-type: none"> • employees seconded to the AGO remained formally attached to their home agencies • employees also often remained attached to the greenhouse programs that they brought with them from their home agencies • employees were working under different certified agreements • there was no certainty about the life of the AGO (it was established initially for a two-year period). 	<p>There was a conscious and determined effort to develop a cultural identity for the AGO. This was greatly facilitated when the organisation became an executive agency in March 2000.</p>	<p>Most people interviewed for this case study identified a strong organisational culture as one of the key elements in successful whole of government work. The initial cultural difficulties experienced by the AGO were a limiting factor and one that had to be overcome in order for the organisation to move forward effectively.</p> <p>Establishment of the AGO as an executive agency removed some of the blockages in efforts to develop a strong cultural identity. Certainty was provided to employees about the ongoing nature of the organisation and all employees became subject to the same working conditions.</p> <p>Leadership, focused on delivering whole of government outcomes, was also identified as a key element in the successful operation of the AGO. Guidance from the top sets the tone for the operational nature of the organisation.</p>
2	<p>There is a perception among some stakeholders that the development of the AGO has led to the creation of another cultural ‘silo’—bringing with it new challenges to operating in a whole of government way.</p>	<p>There is an ongoing effort to remain engaged with all other agencies and incorporate the views of all stakeholders as appropriate.</p>	<p>Institutionalising whole of government approaches—such as through the creation of the AGO—can lead to the perception from some stakeholders that ownership of the issues is relinquished to the new agency.</p> <p>Relationships with other agencies and organisations must be maintained to ensure effective whole of government operation.</p>

3. Information management and infrastructure

	Issues	Response	Key learnings
1	With two similar policy development processes occurring simultaneously—there is a need for appropriate information management.	The AGO ensures separate documentation is maintained for both processes.	Information management processes need to be identified and established early on. It is important to take into account security and information access issues.

4. Budget and accountability framework

Issues	Response	Key learnings	
1	There were some initial problems for secretaries with accountability under the <i>Financial Management and Accountability Act 1997</i> because the AGO had not yet been established as an executive agency.	In March 2000, the AGO gained executive agency status.	Structures need to be established that enable clear lines of accountability.
2	Throughout the history of the AGO, the differing accountability models that it has been subject to have impacted differently on the effectiveness of policy development and program delivery.	The ministerial governance models were adapted over time—in part to enable the effective operation of the AGO.	If accountability mechanisms are too complex, such as the original ministerial council model, the effectiveness of an organisation can be curtailed. For this reason it is vital to establish the appropriate accountability structures.
3	There is a need for joint decision making between the Department of the Environment and Heritage and the Department of Industry, Tourism and Resources, but the AGO's budget is allocated within the Environment portfolio.	The dual ministerial governance model was established to ensure the appropriate balance between environmental and economic concerns.	The AGO's accountability to two ministers ensures that joint decision making occurs. High-level accountability mechanisms have a cascading impact throughout the agency.

5. Making connections outside the APS

	Issues	Response	Key learnings
1	<p>Prior to the creation of the AGO, disparate and often conflicting messages were being delivered to the Australian Government and stakeholders on greenhouse issues.</p>	<p>The AGO was created as the Australian Government's lead agency on greenhouse issues.</p>	<p>Consistent advice is now presented to the Australian Government, and most stakeholders view dealings with the AGO as much more effective than previous consultations with multiple government departments. This reflects the importance of developing a consistent internal approach to an issue before consulting with stakeholders.</p>
2	<p>The AGO has to meet the challenges of consulting internally within the Australian Government to produce a whole of government view. These challenges include:</p> <ul style="list-style-type: none"> • the need to balance strong stakeholder views • the fact that whole of government work is not the core interest for many Australian government agencies • in the early days of the AGO, negative feedback from stakeholders on the effectiveness and rigour of consultation processes. 	<p>A culture to consult rigorously has been developed within the AGO. This was seen as a key factor in the success of the agency.</p> <p>Responsibilities between the AGO and other agencies are now clearly defined—clarifying expectations and facilitating improved communication.</p> <p>High-level support for policy development processes (e.g. through the Secretaries Group on Greenhouse that currently oversees the development of the Climate Change Forward Strategy) has provided impetus to consultation processes.</p>	<p>More regular and personal follow-up with agencies/ stakeholders tasked with providing input was valuable to overcoming blockages. This requires more effort but leads to better results.</p> <p>Rigorous consulting to achieve whole of government views leads to time pressures (i.e. consulting with multiple agencies, multiple layers of sign-off), but is necessary to ensure that policy development does not stall as it goes up the line.</p> <p>The success of the development of a whole of government position depends very much on the perspective of the particular agency involved. If an agency perceives its particular view has been represented, it is more likely to consider that a successful whole of government view has been developed.</p>

Making connections outside the APS (continued)

	Issues	Response	Key learnings
3	<p>The evident need to have effective consultation with the states.</p>	<p>A consistent Australian government view is presented to the states and a range of both formal and informal mechanisms exist to facilitate consultation with state governments.</p>	<p>The development of a lead Australian government agency on greenhouse is seen as beneficial by the states because they are presented with a consistent position on issues.</p> <p>It is considered that consultations at the program level are much less complicated than at the policy level. This reflects to an extent the differences in policy direction between the states and the Australian Government.</p>
4	<p>The need to develop greenhouse and climate change strategies that incorporate the views of:</p> <ul style="list-style-type: none"> • the community • industry • non-government organisations (NGOs). 	<p>The AGO ensures that these stakeholders are involved in the development of major national greenhouse policies. Formal mechanisms have been developed to ensure that the range of disparate views are incorporated and presented to the Australian Government.</p>	<p>The AGO has found that effective consultation requires a strategic approach. The timing and extent of consultation must be determined for each stakeholder group.</p> <p>Of particular importance for defining these steps is the capacity of particular stakeholders to engage on greenhouse issues. For example, environmental NGOs have a history of engagement on greenhouse issues that the wider community does not.</p> <p>It is therefore more practical to consult with the NGOs at an earlier stage in the process when issues are more fluid because of their greater capacity to provide input into the process.</p> <p>Common to all stakeholders is the need for no surprises. The process must be open and transparent—allowing ownership of issues.</p>

Sources

Interviews

Interviews were conducted to provide a diversity of views about the AGO— from its establishment to its operation. Interviews were conducted with senior and junior employees from the Australian Greenhouse Office, the Australian Government Department of the Environment and Heritage, and the Australian Government Department of Industry, Tourism and Resources, and a number of external stakeholders.

References

Clarkson, D 2003, 'Fulfilling dual obligations to stakeholders and ministers through appropriate corporate governance frameworks', presentation to Corporate Governance in the Public Sector Conference (unpublished).

Smith, the Hon. Warwick L, LLB 2002, 'Independent Review of the Australian Greenhouse Office'.