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14 December 2009

CMC Review of Ministerial Office/Public Servant Interaction  
GPO Box 3123  
BRISBANE QLD 4001

**Re: Call for submissions**

In response to the advertisement calling for submissions on Ministerial office/public servant interaction, please find enclosed two papers that shed some light on the matter:

1. **Accountable to us all** – looks at a new model of public sector accountability to the taxpaying public rather than merely to the internal auditor under punitive threat; and
2. **The high cost of spite** – a short paper outlining the actual and opportunity cost to the public and public sector employees of crazymakers running their own agenda at high cost to others.

Whereas the call for submissions is obviously a reaction to the recently highly publicized misuse of sporting funds, the problem is much wider. As you will gather from the papers, close alliance between the Minister and senior bureaucrats and politicization of the role, makes implosion of the system inevitable.

Nothing will change until we have a 21<sup>st</sup> Century model of accountability with people prepared to make sound, timely decisions for which they will be responsible to the public.

Feel free to contact me should further information be required.

Yours faithfully

[Redacted signature block]

# Accountable to us all: A new model for public sector governance

## Synopsis

*A shift from an authoritarian to more democratic society over the last three or four decades has found many unskilled and inexperienced in decision-making that would strengthen democracy. Decline in manners, ethics and integrity compound the situation. Nowhere is the malaise more negatively felt than in the public sector governance where authority to the internal auditor is punitively imposed. The call to a more open, transparent knowledge economy is defied in recoil to fundamentalism that is unsustainable, as business and community organizations are drawn into the accountability vortex through outsourcing. Costs are borne by us all – in taxes wasted, service breakdown and declining competitiveness. Solutions may be found in building decision-making capacity within the administration, changing reward structures and accounting to the public for outcomes, rather than to the internal auditor for process.*

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Across all government administrations in Australia the system of governance has been outflanked by worker and community aspirations.

Existing bureaucratic systems (even managerial bureaucracies) are residual from a 19<sup>th</sup> **Century industrial economy** in which top-down compliance to the authority of the 'internal auditor' is punitively demanded in the name of accountability. Bureaucratic systems have become inappropriate for a 21<sup>st</sup> **Century liberal democratic knowledge economy**, in which capital assets reside in the knowledge of the workers. People want to contribute to and have a say over their life, work and circumstances.

Unless the system of governance can be aligned with worker and community aspirations, Australia will experience accelerating degeneration in the quality and continuously increasing cost of service delivery. Customer satisfaction will decline. Major service breakdowns have already occurred in Queensland with Health, Energy, Children Services and Fair Trading (as examples). Other States experience similar aberrations. As a result, international competitiveness is negatively impacted, as one third to one half of business is with government, and government itself comprises a large proportion of GDP.

Three steps are consistently evident in departmental service collapse across the board. Firstly, **politicisation** of upper echelons of a Department intended to preserve incumbents in power is misplaced, as the outcome is loss of sight of the core purpose of the Department that stands to preserve incumbency. For instance, the core purpose for the Health

department in delivery of timely, quality health services represents both basic marketing and ethical efficiency.

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Secondly, **polarisation** of the elite from the workers and consumers occurs under highly politicized leadership. Committed workers often struggle along, under-resourced and unheard, endeavouring to provide a level service to their clients. Ultimately, despite worker commitment, conditions and practices are not sustainable.

Finally, **implosion** occurs as major service dysfunction compounds, attracting widespread publicity and unwelcome public exposure. Problems known to the workers and clients have been unheard or not acted upon, disgruntled workers have left the service, productive workers have been ostracised, dismissed and silenced, and the public the Department is paid to serve object with increasing vigour.

Historically, extensive publicity surrounding major government service breakdown results in additional funding being thrown at the problem in a superficial attempt at resolution. Governments need to be seen to be 'doing something'. However, additional funds continue to be wasted while the system remains dysfunctional for the era and environment in which it operates. Levels of bureaucratic 'accountability' increase in line with funding, exacerbating the real problems – poor focus on quality, timely service that meets the needs of clients and which would deliver high levels of meaningful accountability to clients and the tax-paying public.

In its crudest form, accountability in public administration demonstrates tax revenues have been spent in accordance with policies, programs and projects outlined in budget projections and passed through parliament. Publicity over real or perceived transgressions fosters a punitive, reactive culture. Governments move forward accounting backwards, suffering the limitations inherent in this retrograde managerial form of governance.

### **Outsourcing extends bureaucratic reach into business**

The faint hope that outsourcing services will deliver more efficient and effective service is too often burdened by the reality of extended bureaucratic reach into business operations. Departments charged with responsibility for implementing approved programs have increasingly become merely administrators of tenders. Key functions are being outsourced to

private enterprise and non-profit community organisations which are inclined to be more in touch with the client audience and more able to streamline operations.

Ostensibly the trend to outsource services appears to bring quality service closer to the client. However this can be misleading as factors within and external to government are impacted. Firstly, governments along with all other businesses are experiencing intense competition for quality staff and may lack internal technical competence to design, develop, assess and administer tenders and contracts, or perform other essential functions.

Every stage of the process is fraught. Often tender documents are unnecessarily long, complex and unclear as to requirements, where a simple two-page statement of requirements up front, with standard conditions and contracts across all agencies would suffice. Each department has its own idiosyncrasies about presenting its service requirements. Requests for tender may be anything from 50-150 pages and occasionally longer. Yet the response may be page and word limited with the over-riding threat that anything beyond will eliminate the response from consideration.

It is not unusual for the collective cost of applicants mounting a tender to exceed the value of services on offer. For example, in order to respond nationally to the Employment Services tenders as a generalist, separate tenders are required for each of the 116 Employment Service Areas in Australia. Should a respondent seek to tender for any one of the specialist areas (disability, Indigenous, long-term unemployed) separate tenders must be mounted for each category in each Employment Service Area creating a veritable mountain of work – by the applicant (to prepare and lodge the 500 or so tenders) and also within the Department (to assess them).

A further compounding requirement is that government increasingly expects the tenderer to subsidise services. Demands are either explicit - seeking \$1 for \$1 contribution, or implicit in the "value for money" evaluation criteria. However it is coloured, value for money means cheapest, although other factors may be considered – such as innovations introduced to improve client outcomes, or services offered additional to those required that would enhance departmental profile. Unsuccessful tenderers may find innovations outlined in their response factored into requirements for the winner, as government owns all tender responses submitted and has free ownership of the Intellectual Property of others not allowable in the real world.

Winning a tender may be no great cause for joy as the level of accountability accelerates. Onerous, unnecessary reporting demands appear to be a function of distrust of the service provider compounded by inordinate requirements to demonstrate accountability to the internal auditor. Demands have little, if anything, to do with the quality of service delivery to the target public.

Organisations external to government are drawn, unwillingly, into the inane accountability vortex which again inhibits the quality and flexibility of service delivery to the intended audience. Published feedback from current service providers on the draft Employment Services contract repeatedly complained about the burdensome levels of administrative accountability - upwards of 60% of time - that inhibited time and ability to service clients' needs, many of whom require extensive support. A health service provider in the far north has to spend the 20 funded hours fulfilling accountability requirements to retain funding, leaving little time to deliver the services for which the funding was intended. Similarly, reporting requirements were over the top for the Employer Advisory Program under which employers were informed about changes to workplace relations legislation in a series of seminars, workshops and one-on-one consultations. Every single advertisement had to be approved by the Department, every telephone call recorded, every feed-back form from every client at every session handed over to the Department, in addition to all other performance requirements. Contractual demands of this order impose useless, wasteful costs on the contractor providing the services, as well as on the Department, which must receive, check off against contractual requirements, record and store the mountain of hard copy, where spot audits would suffice. Furthermore, the additional demands add no value whatever to the client.

The entire process exerts over-riding control over the service provider in the most fascist, fundamentalist way, resulting in diminishing margins and levels of service that are not sustainable from any perspective in a liberal democratic knowledge economy - for the client, taxpayer or provider. There is little doubt that were taxpayers asked what they wanted in terms of ethical accountability, they would opt for more and better services and open transparent processes, rather than more and more onerous bureaucratic controls that are inwardly process focused, self perpetuating and potentially vindictive.

Requests for simplification of the tender process from contracting lawyers and accountants have been reinforced by the non-profit sector delivering many services. Professional bodies are seeking a standard tender and contract arrangement and elimination of the costly double tendering that increases costs without any guarantee of work. Not only are firms required to

complete and lodge a comprehensive tender to win a position on a panel of providers but they must also bid a second time for pieces of work that may present. Often value of the work may be less than what it has cost the firm to lodge their bid. As an example, where ten or fifteen firms have lodged a competitive tender, costing each one in the order of \$10,000 to complete, the \$150,000 collective opportunity cost of trying to secure the work can far outstrip the value of the work on offer, which may be as little as \$50,000. Key performance indicators and farcical accountability process add to the cost of doing business with government.

Non-profit organizations with a strong commitment to making a difference to their disadvantaged clients are also finding it difficult to continue, as there is no scope in the tenders for replenishing infrastructure. Over time, service providers need to upgrade equipment and infrastructure, as would normally occur were the public sector to deliver services directly, as happened previously. Expectations that the agencies absorb reasonable costs represent a subsidy of government and additional tax on the public.

Small-Medium Enterprises (SMEs) the government claims to support (and demands providers engage) are virtually precluded from the process by the cost and complexity to mounting a compliant bid. It is therefore left to larger players to wear the sunk costs, in the hope that somewhere along the way the volume of work can produce profit and perhaps lead to other opportunities. The fact that a number of these larger bodies (Accountants, Lawyers, business and non-profit agencies) are raising concerns has been reinforced by an article in the Business Review Weekly<sup>1</sup>, which recognized the higher levels of disclosure required in government contracts and the reduction in margins. Governments are being challenged to bring their processes and expectations more in line with business, workers and community.

Even with the plethora of constraints, demands government makes on private providers also far exceed what they can, or are willing to deliver themselves. In one instance, a division with around 100 staff had a target to deliver 100 new exporters for the year. As time was running out and barely 20 had been achieved, the Department sought to enter into an arrangement with an external provider to deliver the remaining 80 clients for a paltry, impossible sum.

Similar patterns are consistently repeated. Many times over when a department fails in delivery of its own service, a Request for Tender goes out to deliver the service out of the residual budget, which may have no bearing whatsoever on the actual cost of delivering the

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<sup>1</sup> *Tactical Edge. BRW*, August 28-October 2008. p84

service to achieve the stated objectives. Departments have been known to take ideas out of tenders submitted, cancel all offers and seek a new round of tenders to meet new requirements using criteria drawn from submissions made. In some instances, Requests for Tenders are recognised as merely 'floaters' to capture ideas for delivering what no internal staff have the imagination or capacity to produce on their own.

For all the demands for "value for money" (read cheapest), often there is little wit and great intransigence in assessment. Requirements may not be able to be delivered at the preferred price. On an occasion when costs were broken down to demonstrate that a professional provider would be unable to deliver the quality service in the time or for the price, the local government proceeded with the cheapest bid and consequently wasted the entire budget, when advice proved accurate. However, the council was still able to demonstrate it was "doing something", though in doing so, was hardly accountable to constituents.

Winning a tender is no guarantee one will be allowed to deliver services according to requirements. All government contracts are seriously distorted in favour of government might, power and authority. Government can change the conditions at whim, terminate or extend arrangements contracted and often do, imposing costs upon the provider that must be absorbed. At 4:00pm one day, changes were called to supporting materials for seminars scheduled for the following day. A large scale national service operation successfully was cancelled without notice six months into effect, imposing major costs and changes to personnel and business. Governments act with authority and impunity. Firms and organizations are reluctant to complain or make recommendations because of the potential for jeopardizing future prospects. Consequently, the public service tends to operate outside public values, ethics and expectations, as an authority unto themselves, without the countervailing influence of genuine accountability to the tax paying public.

### **Cost of bureaucracy**

Contempt and spite are rife throughout all levels of public administration, eating away at the very soul of accountability, as power and authority are exerted over the hapless workers, business and public. Highly publicized dinners<sup>2</sup> and death<sup>3</sup> are mere symptoms of deep-seated dysfunction at every level of government administration. I

<sup>2</sup> Queensland Rail \$30K business dinner cancelled

<sup>3</sup> Particularly Bundaberg Hospital, where 15 people met untimely ends.

Take for instance, the \$55 million compensation to be paid by the Therapeutic Goods Administration (TGA) for misusing its authority shutting down Pan Pharmaceuticals over concerns with their product Travelcalm, which had caused reactions in around 20 users. Apparently the TGA had targeted Pan for years and saw complaints about Travelcalm as a reason to act expeditiously. Compensation is a result of a legal challenge to the TGA's authority to do so on tenuous grounds. Now a class action being mounted by other businesses and firms which have been seriously disadvantaged by the TGA action is likely to result in further compensation in the order of \$200 million. The TGA appears to have been consumed by its own regulatory authority without accountability.

Neither is the TGA alone. The Department of Immigration has illegally detained more than 200 people who are now entitled to claim compensation. Again, a culture of contempt for the client and misuse of authority are evident in the quite unconscionable practice of presumption of wrongdoing, demonstrated as evident in the administration of tenders. Failure lies in the distortion of power (towards the authority) and pre-occupation with administrative process according to the internal "rules" and regulations, rather than interpreting the rules in the external social context and expectations. Outcomes show how out of alignment is the administration with the community

Queensland Health is recognized as being moribund. All attempts at revitalization stall on the culture of bureaucratic fundamentalist self-perpetuation. That is not to criticise health clinicians endeavouring to provide services to their patients under difficult conditions, but to highlight the onerous, growing and intransigent burden that administration represents, evident in so many unaccountable actions. Evidence abounds.

The highly publicized Dr Death scandal of Dr Jayant Patel at a country hospital in Bundaberg, where 15 people died and many more suffered negative health consequences is merely the tip of an iceberg of immense proportions with political and administrative implications. Administration failed at many levels. Not only were Dr Patel's credentials not checked properly, he was encouraged to undertake higher level surgery than that for which the hospital was qualified. Activities of this nature, though inappropriate, were permitted as they attracted higher level funding from the federal government to State government coffers. A review reported the administration remained "hermetically sealed" from countervailing advice.

Disparity and disconnect between administration and service providers is keenly illustrated in the case where a large, needy community was left seriously disadvantaged when an



emergency specialist resigned. Despite repeated requests over a period, the department failed to respond with timely support, rendering him unable to continue. At the same time, highly accredited private health providers filtering patients that would otherwise crowd the emergency service were unnecessarily hassled by administrators over a minor matter. Instances such as these illuminate the tendency to pre-occupation with exerting authority and lack of social context which would inform action. Consequently accountability to the public is poor. The practice is as inexcusable as it is unacceptable.

Instances such as those described are not isolated. There is the case of the Occupational Therapist working with sick children and parents trying to improve their health outcomes, who was dismissed and silenced. An internationally experienced clinician tried for 15 years to influence administration for the better through administrative boards process and through his patients. He was systematically discredited and ultimately deregistered for trying to represent patient interest and quality care. Not satisfied at having cost the clinician his livelihood, family and stability, the department pursued him through the law. Others of merit within the bureaucracy have been sidelined for not being recognised party political supporters, thereby limiting any chance of renewal for the Department, despite the mountain of taxpayer funding that flows into it. Even desperate measures to retrain, coach and mentor management to engender a revitalized culture remain fraught while the system remains so dysfunctional, and accountable only to internal processes rather than to taxpayers, workers and clients.

While Health represents a blatant, obvious unlanced boil on the face of public administration in Queensland, it is not alone. The Environmental Protection Agency (EPA) has also demonstrated similar bureaucratic intransigence and vindictiveness towards businesses trying to do the right thing. A case in point is a small business in Central Queensland with appropriate licences for recycling waste from sewerage and land fill, to produce high value natural fertilizer used to rehabilitate degraded soils and mining sites. The firm employed 14 local people. Another service function was the cleaning and recycling for export back to China, bags used to transport chemicals for the mines. Despite all the firm's good will, best practice and good intentions, the EPA representative continuously sought additional independent environmental impact assessment and analyses at great cost to the business. Scientists engaged to provide independent assessment became bewildered, advising the business owner he was doing the right thing and operating within the appropriate regulations in accordance with licences. Nevertheless, the bureaucrat deemed he must be doing something wrong, though unable to name what it was, and proceeded to discredit the business publicly to suppliers and major community organizations. No representations to any level of government, up to the Minister, were able to affect a change in the EPA stance.

Eventually the staff member was moved. Nine EPA case officers have been assigned in two years, each one reading the file and asking the same silly questions. Before a foundation for communication can be established they move on.

In another instance, a successful business supplying sheds in a large regional centre was ruined over legal interpretation involving the difference between an "estimate" and a "quote". Instead of taking a conciliatory, advisory approach to the regulatory requirement that only qualified trades people can provide quotes, the government agency pursued the firm through the courts. Administration staff had been providing 'quotes' against enquiries, although qualified trades people provided advice to seal the deal. The business was "deemed to have created work to happen", making it responsible for the builders and concreters outside their operation. A protracted, battle against silliness ensued. The business owners eventually cut their losses and closed down – another mindless win for bureaucratic intransigence justifying self-perpetuation.

Nowhere is bureaucratic self-perpetuation more evident than in the Indigenous industry and nowhere is the outcome so malign. In an analysis of recent publications<sup>4</sup>, Nicholas Rothwell outlines new thinking that has revealed how good intentions caused a human disaster in remote communities, quoting excerpts from Indigenous leaders and commentators. Indigenous Professor Marcia Langton believes Indigenous causes have been used ideologically to "serve the psychological needs of the progressive class". Symbols (stolen generation, apology and reconciliation) have been used as markers of enlightened social outlook. Core insights from respected Indigenous leader, Noel Pearson, assert that massive welfare schemes and the agencies committed to delivering them were and are the key problems faced by Indigenous across Australia. At the heart of Pearson's analysis is an identified causal link between "enabling" schemes and the present plight of Indigenous.

Retrospective analysis does not position the bureaucracy favourably. John Hirst, long term Indigenous commentator, asserts similarly that "every aspect of Aboriginal society taken to be dysfunctional has been supported, encouraged and protected" by those acting in an official capacity. "The longer the programs, the more it presages failure". The spectacular failure of enduring and compounding "enabling" agencies has resulted, observes Rothwell, in an unsolved social crisis in the co-dependent relationship between the agencies and Indigenous. Failure perpetuates the bureaucracy.

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<sup>4</sup> *Indigenous insiders chart an end to victimhood. The Australian Literary Review, 3 September 2008, pp 14-17*  
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There is a strange contradiction in public sector governance. On the one hand, bureaucrats have shown they are willing to pursue vigorously, even vindictively, actions that have known negative outcomes for their clients in the short and long term. On the other hand, it can be impossible to elicit a decision or action in areas in which government has clear authority. Such contradictions reflect a lack of discernment, even responsibility, poor decision-making and appalling, costly leadership failure.

Significant problems raised can be passed around "the circle of death" – hand-balled from one agency to another – until the issue dies, or the proponents do. For 18 years, residents of a retirement village on the Sunshine Coast tried to achieve justice. A developer had structured a complex contract of sale which included a lease/leaseback arrangement to the owners. Upon sale, residents were required to pay 3% of the purchase price for every year of residency up to 10 years. For his side of the contract, the developer was to provide management services to the community centre and common grounds. However, even though the developer sold his interest in the community property after a year or two, breaching his own lease arrangements, he continued to extort payment of the 3% per annum. Transfer of title upon sale was refused until such time as the money was paid and new buyers entered into an additional agreement to do the same.

Approaches made to government agencies at bureaucratic and ministerial level, produced no joy. Not a soul from Registrar of Titles, Department of Natural Resources, Office of Fair Trading, Department of Public Prosecutions, Fraud Squad, Australian Securities and Investment Corporation, Law Society, Law Council, University of Queensland School of Law, Attorney General, Premiers or the Ombudsman was willing to assume any responsibility for making a decision that would remove the patently obsolete lease encumbrance from the freehold title and prevent further extortion of elderly residents. Each referred the matter to some other agency. Hard copy responses (when they were forthcoming) contained so much unintelligent "spin" with no relevance to the matter in hand. In the meantime, residents found it hard to sell their properties as banks and real estate agents either avoided the opportunity, or deferred to the developer's interest, 15 years obsolete.

Residents' persistence ultimately paid off. After 18 years the developer surrendered the lease and the encumbrance was removed from the title – not with any help at all from the self-serving bureaucrats, but by continuous pressure residents exerted upon the developer operating outside the law.

How accountable are highly paid public servants who are either unable or unwilling to own responsibility for making managerial choices for which they are being paid. The millions of dollars invested in salaries for the responsible agents incurred immense unnecessary costs upon a vulnerable public and imposed further actual and opportunity costs upon people least able to afford it.

In so many instances, serious actual and opportunity costs are involved, with far reaching downstream implications for Australian and international publics. Disabled have little to rejoice over the \$11 million taken elsewhere by an experienced international organization willing to partner locally bringing their expertise and funds. Organisation representatives quickly became disenchanted with government administrators more concerned about exerting their authority over any developments than collaborating with a serious player. A \$124 million project, signed up to by national and international players to address a \$2.4 billion trade deficit and high international development demand, was taken off the table when undermined by the bureaucrat intent upon destroying the careers of the project proponents. An opportunity to capitalize on a US\$100 million untied grant by assisting and learning from Aid recipients brought to Australia to learn water management techniques was foregone. No one wanted to do anything. When a leading combustion chemist offered to assist power stations overcome inefficiencies causing brown outs, he was summarily and vindictively discredited. The Minister's adviser won the day and lost the future. Not only was the basis of the economy (coal) exposed, but the opportunity to create a multi-billion dollar industry in cleaner processing was lost, along with the chance to place Australia at the forefront of clean energy initiatives, as emissions reduction became main stream.

Australia has reached the extraordinary position where the number of public servants increases annually at around 6%, while direct services to the public decline, along with service quality and value. More people and businesses are drawn into the ever more narrowly defined rules and internal accountabilities, representing limited real contemporary accountability and value for tax the public have invested. Bureaucratic fundamentalism is proving a totally inadequate servant of a liberal democratic knowledge economy.

### **Changing values demand better decisions**

Failures within public sector governance are a function of the failure of administration to align with changed values and expectations. Resulting poor decision-making skills are a function of deficiencies – of practice, understanding and courage. Vindictiveness, for which there is no accountability, pervades an administrative culture claiming refuge in authority.

Whole of department reviews, training, coaching and mentoring of senior executives and managers indicate growing awareness of the need for change. Immigration, AusAID, Taxation and Environment are federal departments undergoing major management development. The Queensland government is also moving to build capacity amongst management.

However, the skill to be able to make important decisions in a climate of changing values does not just happen. Skill is built up over a lifetime as individuals address the challenges of each life stage.

Over the last century we have had to grapple with many changes that have made decision-making complex at all levels. As a culture we have moved rapidly from an authoritarian era to a more democratic one, without learning decision-making skills that are the essence of democracy. People have progressed from doing what they were told, to asserting more power and control over their own life and circumstances.

At the same time, our formerly homogenous society has become more complex, expressing diverse values. Good manners have declined, and there has been a loss of moral leadership with the downturn in perception of political integrity and the influence of organised religion. Making sound decisions, never easy, has become more difficult as values have changed or been challenged. Increasing uncertainties have created a vacuum that fundamentalism (of various kinds) satisfies many seeking the assurance of a firm direction.

Furthermore the average term of life has extended half as much again - from around 50 years at the end of the 19<sup>th</sup> Century to around 80 years today. We are impelled to generate new attitudes to and styles of ageing, as we learn how to live those additional later years productively and well. Midlife has become pivotal for letting go of early life experiences in preparation for years left to live.

Family size has shrunk from 6 to 10 children, to barely replacement level. Parenting, previously a whole-of-life occupation, has dwindled to a short, transitory passage on the way to another extended stage of self interest. More time is available for independent living over a long life. There are fewer responsibilities and greater choices that have to be made in what are often uncharted waters. These are some of the many reasons to develop sound skills for making critical choices if life is to be lived to the full, in happiness and harmony with others.

The table below summarises the changes that have occurred and challenges we face imperative of good choice.

Previous eras	21 <sup>st</sup> Century	Present Challenges
Authoritarian	Democratic	Decision-making skills
Bureaucratic	Democratic	Mutual contribution, 360 degree evaluation and recommendations
Doing as told	Power and control over own life and circumstances	Choice and responsibility
Homogeneous values	Complex values	Good manners, tolerance, respect and discernment
Good manners, respect	Decline in moral leadership, manners and respect	Self discipline, personal values established in the context of family and community
Live ~50 years	Live ~ 80 years	Address mid life tasks Learn to live later years well; make sound choices
6-10 child family	1.9 child family	Long period child-free; make sound choices
Reasonable certainty	Uncertainty from continuous, rapid change	Sound thinking, confident decision-making

As a result of the pace of change and new, evolving patterns for living and working, many important decisions tend to be made on the grounds of emotional self interest rather than the informed rationality the game theory economists would have us believe. Recognition of the variation in traditional understanding is illustrated in the awarding of the 2003 Nobel Prize for Economics to two United States economists (Daniel Kahneman of Princeton University and Vernon Smith of George Mason University) for their exploration of behavioural and experimental economics. Both scholars researched fields of decision-making where values other than economic rationalism influence behaviour.

Economics, according to the Business Review Weekly (BRW, 18-24 December 2003), recognises three factors in people's behaviour (consumers, investors, managers or workers), not accounted for in conventional economic models, that create "bounds on rationality". They are:

1. Individuals have limitations to their thinking that constrain problem solving;
2. People make choices not in their long term interests; and
3. Sometimes people are willing to sacrifice their interest by helping others.

Real world behavioural economics applications, according to the BRW, are presently in their infancy, being driven by greater decentralisation of the economy in matters such as wage negotiations. Devolution of choice and responsibility to an individual or group evokes responsible decision-making at that level. Development of future applications may shed light on business matters such as asset bubbles, negotiation, auctions, management and the establishment of new markets such as for environmental assets. Behavioural Economics is more interdisciplinary, promising better understanding of people's behaviour than detailed economic analysis has so far been able.

Nevertheless, market economic issues have a strong interface with domestic and personal issues. This is especially true in a knowledge-based service economy in which individual choice is pivotal. Further confirmation of this concept is borne out in the Hodder (publishers) editorial request to social commentator, Hugh Mackay, to produce a response to people's contemporary need for greater support in making decisions.

In his book, *Right and Wrong: how to decide for yourself*, (Hodder 2004), Mackay addresses the need to clarify what is "virtue" in decision-making in a climate of changing values and loss of moral leadership. "Moral mindfulness", **positioning the individual decision in the context of a person's relationships with others**, is seen by Mackay as the "pathway to moral clarity" and the basis on which to make decisions. Through a series of tests people may clarify any particular decision to action or inaction. Various contemporary issues such as relationships, lying, abortion, euthanasia and homosexuality are explored in some depth against Mackay's rationale. Decisions are personal. **Context is crucial** to the quality of decisions and the possibility of achieving outcomes that we can live with.

What Mackay illuminates particularly well is the separation of values between home and workplace, indicative of the overpowering influence of the working environment on the individual. It is, reflects Mackay, as if personal values are hung up like a coat, at the door. This observation has particular relevance to the influence of the operating systems of governance and business on the individual's capacity to deliver a client-focussed service in a globalised democratic knowledge economy.

How can one provide a service congruent with personal values if the system does not allow it? Take the case of the divisional Science Manager, whose budgets have been cut so drastically over 5 years that staff numbers have been reduced from 120 to 70. The remaining staff skills do not meet the sector's present and future client needs. Many of the clients are Small-Medium Enterprises (SMEs) who need the research skills but are limited in

capacity to pay. The Manager would like to develop strategies for lifting the demoralised and disillusioned staff remaining so that they may better service the sector, but is unable to do so within the system. Partnerships and risks that might well service both research and industry are outside the system rules and therefore precluded. Wasting talent, skill, life, opportunity, industry and tax payer dollars are not and therefore remain acceptable to the Internal Auditor. The box can be ticked. There is no box for initiative.

Change is occurring in some areas under pressure from political imperatives. Decisions on natural resource management are being devolved to local communities in Australia, India and South Africa and elsewhere. Under major policy shifts, environmental issues have become main stream as sustainability gains priority in the face of declining resource condition and trend, high demand, population pressure and global warming. Local people want to contribute to decisions made about use of local resources that affect them. Local input has become an important factor in gaining policy acceptance as a prelude to implementation.

As a result, the simplicity and arbitrariness of previous authoritarian decisions have been displaced by a complex, more sophisticated process. Multiple Objective Decision Support Systems (MODSS) have evolved a community consultation process integrated with a software tool which weights for impact: policy objectives, stakeholder interests, scientific projections and affordability, to achieve sustainable outcomes for natural resource management.

At the management level, long term experts in the field recognise managers' limitations to make well reasoned decisions – an observation readily confirmed by disillusioned employees. The experts do not even begin to account for the cost of management limitations.

At an individual level, quality decision-making depends on the level of personal maturity and acquired skill. Ideally, this capability is built up over a life time as the individual addresses life's changes and challenges. However, rarely does life run smoothly. Sometimes changes occur when one is unprepared. Unexpected crises arise and burdens can increase rapidly and exponentially leaving us floundering to find a way through. Suitable role models may have been absent or unavailable. Each of us is endowed with varying levels of honesty, courage, capability and self interest, which may fluctuate over time. All these factors impact upon our personal maturity, willingness and ability to make decisions.



As a result, many managers may simply be personally and professionally immature.

In an article *The brain and the art of (logical) decision making*, Ed Charles<sup>5</sup> takes a broad brush look at the status of management decision making. Charles quotes Henry Mintzberg (Cleghorn Professor of Management Studies, McGill University, Montreal), who has spent his career trying to understand how managers make decisions. Mintzberg believes most decisions are made "in a flash of inspiration, trial and error and sticking to what works", rather than in logical steps.

Whether managers make many decisions at all, is an observation by Robert Spillane (Professor of Management at the Macquarie Graduate School of Management). Spillane says that despite managers being well paid on the assumption a fair proportion of them know how to make decisions, "there is no study to show that Australia's one million managers know more about decision making than any other group – truck drivers or housewives, for example."<sup>6</sup> One could add employees. Spillane is concerned about the quality, or lack of argument or reasoning in decision-making. He suggests knowledge of philosophy would improve management's understanding of the need to reason. People tend to rely on intuition or "gut feel", Spillane observes.

Charles further cites Austthink's Tim van Gelder, who believes that "humans are deeply emotionally involved" and our abilities and practices for handling deliberative judgements are fairly primitive. "We are just not very good at integrating a large number of detailed arguments," reasons van Gelder, "our brains weren't designed for it."

The foregoing expert considerations highlight limitations in management decision making, but not the context of occurrence that would fire wisdom. Too often management and management decisions are observed separately from those most affected. This is critically important as management decisions affect all stakeholders, especially staff and clients. "People will tolerate conclusions of their leaders, but they will ultimately only act upon their own conclusions,"<sup>7</sup> according to change management expert, Mike Gourley. Furthermore, current attitudes and styles of management have evolved over time, as have stakeholders and their interests.

We need an up-to-date way of delivering public services. A serious, costly disjunction exists between community values and expectations and the current model of governance based

<sup>5</sup> *Management Today*, Australian Institute of Management, June 2004, p21-25.

<sup>6</sup> Charles, E. cited, *Management Today*: AIM, June 2004, p21-25.

<sup>7</sup> Gourley, Mike. Director, Human Synergistics. *Changing Attitudes*, <http://www.human-synergistics.com.au/content/events/archives/zb/changing-attitudes>, July 2004

primarily on budget accountability and compliance with rules. Such a model leaves Australia ill equipped to service community needs, sustain resources into the future, or be competitive internationally.

### **A new model of governance based on decision-making**

What we need is an evolutionary model of governance more congruent with the democratic expectations of a 21<sup>st</sup> Century globalised knowledge economy. It is not difficult to achieve. Many people working within the public sector, willing and able to contribute, have become disenchanted with the restrictive parameters of employment that deny expression of their capability. We need to build on reforms to date to create a system of governance able to respond to change. The system must capitalise upon the imagination, knowledge, drive and innovation of a democratic workforce, to optimise efficiency and effectiveness. People within the service must become value-adders rather than cost sinks. People, not rules will make the difference. Context as identified by Hugh Mackay is essential to quality decision-making.

The application of two relatively simple principles can affect vast improvements in outcome for us all. Both readily complement existing procedures and reforms. Firstly, management practices need to be implemented, particularly with regard to the performance appraisal and review process. Rather than a top down subjective assessment, the process is turned around to **360 degree evaluation**. Staff, clients and management **assess performance in context**, contributing ideas for innovation and improvements to productivity, satisfaction and service delivery.

Secondly, people need to **become more skilled in decision-making** – a skill that is essential to an effective democracy. Decisions must be made in **context** to be valid and have value. People's wish to have a say over matters of importance to them, yet they have not necessarily mastered the rapid social, demographic and technological changes that would enable them to do so competently. Personal maturity helps, but can be inhibited by the system of governance.

Two decision-making models have been designed to assist leader and individual decision-making. Firstly, in Cynefin Framework<sup>8</sup> published by Harvard Business Review - the **operating context** is taken into account to help leaders make appropriate choices. Four different contexts are considered and a fifth comes into play. In the framework, authors

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<sup>8</sup> Snowden D J and Boone ME, *A Leader's Framework for Decision Making*. Harvard Business Review, November 2007. pp69-76.

Snowden and Boone explain that *simple* and *complicated* contexts assume an ordered universe where cause-and-effect relationships are perceptible, and right answers can be determined based on facts" – fact based management. However, there may be no immediately apparent relationship between cause and effect under *complex* and *chaotic* contexts. The way forward is determined based on emerging patterns – pattern-based management. *Disorder*, the fifth context, prevails when "multiple perspectives jostle for prominence, factional leaders argue with one another, and cacophony rules". The way out of disorder can be achieved by breaking down the situation into parts and assigning each to one of the four contextual realms.

Under the Cynefin Framework Leaders are assisted in identifying the characteristics of each context, their job under such conditions, danger signals that may flash and how to respond accordingly. For instance in a *simple* operating context with repeating patterns and consistent events, the danger is the leader becomes complacent and comfortable, desiring to make complex problems simple. The leader needs to stay connected without micro-managing. However under *chaotic* conditions of high turbulence with no clear cause and effect relationships with no time to think, a leader needs to act, sense and respond. Danger for the leader is the command-and-control approach continues longer than needed. Advisers need to be encouraged to challenge the leader's point of view once the crisis has abated.

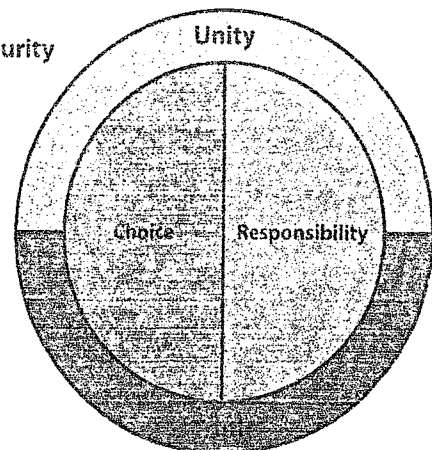
The second aid for decision making, the author's *Maturity Model*, has been developed as a tool to help people become skilled in making choices in the context of their relationships with others. Although decision-making skills are best developed over what is now a long life, the *Maturity Model* can influence confidence and unity in the workplace. It may be used to effect in conjunction with both family, policy and management practices. The *Model* can be particularly useful in periods of normative crisis such as business change, family establishment, adolescence and mid-life, where assertive choice and action is crucial for moving forward creatively to the next stage of life. The purpose of the *Maturity Model* is to provide the basis for two desirable effects that have a strong bearing on outcomes for individuals and groups:

The first is **confident decision-making**, especially in periods of confusion and situations of change and conflicting demands and values. Confidence is an essential component of effective performance. People who are confident tend to do a better job, regardless of what they do - whether they are raising children, raising funds, raising crops, labouring, serving, teaching or managing. Confident people tend generally to be more openly receptive to new ideas and to the acceptance of others.

The second desirable effect is **Unity**: Individuals are able to maintain wholeness within themselves and communion with relevant others. Relationships, performance, productivity and satisfaction are enhanced, as people are able to identify and deal with the source of any dissonance.

The *Maturity Model* may be explained in three illustrations. In the first, a mature person makes choices and accepts responsibility for the consequences of those choices. For unity and harmony to prevail (represented in the circle), essential truths (facts) are present in the decision, as illustrated in Model 1.

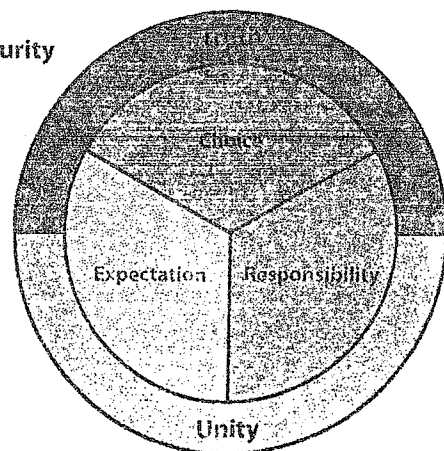
**Model 1: Maturity**



However, we are not always mature. Crises and change occur in workplaces, children have to grow from a position of total dependence at birth at family establishment, to independence and responsibility for their own actions, under civic law, by age 18. Accidents, incidents and illness can impede the natural progress towards maturity. Furthermore, a plethora of knowledge-class experts tend to exert dominion over the process with their highly publicised fads. These come into fashion and may ultimately pass, but not before holding generations under capture to their persuasion, gaining high profile and profit for proponents in the process.

Diagram 2 of the *Maturity Model* weights choice and responsibility with expectations. Again, mature people make choices and accept responsibility for the choices they make. Expectations exist as guidelines for making decisions and may either explicit or implicit: in workplace practices, relationships, family, church and institutional rules, laws, regulations, culture, social mores and policies.

**Model 2: Maturity**

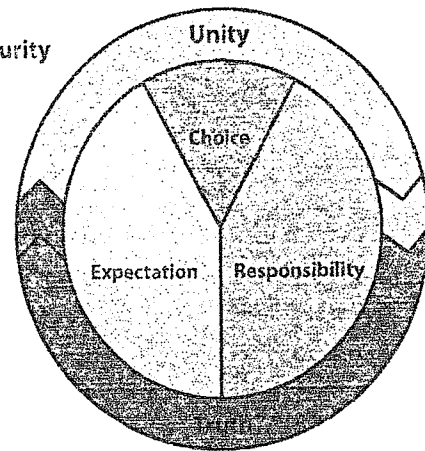


While expectations maintain a healthy tension with choice and responsibility, truth is present and unity prevails. Where expectations increase, responsibility increases commensurately

and choice is diminished, as illustrated in Model 3. Invariably, truth is then absent and the potential for fragmentation of the individual and dissension amongst the group increases.

Most people can and are willing to tolerate an increase in expectation and responsibility for a time, particularly if the other party is a loved one or there is passionate commitment to the workplace objectives. They are less likely to be tolerant where regulations, laws or workplace practices impose unfair and onerous burdens.

Model 3: Maturity



No instance is sustainable in the longer term, where the tension gets out of kilter between the three elements of choice, responsibility and expectation.

Several things will happen - all of them extremely costly at personal, social and economic levels:

Firstly, dissonance and division will occur within the group or between the parties, fragmenting the unity desired for satisfaction, happiness and productivity. Secondly, Individuals will begin to fragment, with the possibility of entering a downward spiral towards personal, family, group or financial disintegration. Thirdly, all parties will become less mature – an accelerating outcome over time for both the “perpetrator” who raises the expectations and the “victim” upon whom the responsibility falls. Flow-on from this outcome can lead to major crisis in a workplace and become multi-generational in a family situation, immeasurable, unnecessary and ultimately so costly.

The longer people remain in a position of dissonance and fragmentation, the more likely it is that both parties will become less mature, and so less effective in their roles. The outcome is readily identifiable as the model is measured against the situation of the Science Division mentioned earlier. Both the personnel and the clients, under capture to intransigent management and the system, have become ever limited in their capacity to perform and consequently, a huge, largely useless burden to the system, through no fault of their own.

In order to reclaim personal wholeness and maturity the individual or group has several options. One is to negotiate for a change in expectation. This is difficult to do in an entrenched system such as public sector governance, which has become so heavily reliant

on auditorial control. Another is to reclaim individual power and control over one's life and circumstances, appropriate to a liberal democracy. Many, like the emergency specialist, take this option and leave. Their departure shows the stark and costly reality of the disjunction between the system of governance and worker and community expectations. This situation will not change until such time as more mature individuals are operating at executive level and the system of auditorial accountability is heavily complemented by the fostering of knowledge and encouragement of value adding to the tax investment.

Mature people do not just happen. They evolve over a life time with the accumulated experience in confronting different tasks, choices and responsibilities. The scope of decisions people make should truly reflect their age, stage and capability. If one is still making the same decisions at forty as one did at twenty, it is highly probable that the person is immature. A key element of maturity is the ability to address the tasks of each age and taking assertive action to maintain personal balance and community harmony.

In 1970s, Gail Sheehy produced the book, *Passages*, which outlined an understanding of the 'passages' individuals passed through to arrive at different stages of adult life. The Whiteheads<sup>9</sup> explain the structure of adult developmental crisis and change (passages) as "entry, duration, resolution and exit". When a crisis is anticipated and prepared for (such as in birth, marriage or retirement), its duration is likely to be less severe and resolution to the altered state more readily achieved. Unexpectedness of a developmental crisis is a key indicator of its likely severity. Assertive action and choice will determine successful transition.

Sheehy updated her understanding of the changes to her original concept in the release of another publication, *New Passages*<sup>10</sup>, which demonstrates how, in the short time since her earlier publication, these 'passages' have been altered by demographic and social changes. Higher education has extended adolescence and the period of dependency. Adult children are likely to be still living in the parents' home into their thirties. Birth of the first child is often delayed till well into the thirties. People in mid life may be confronting the multiple, concurrent and compounding responsibilities of adolescent children (or even small children), aged parents and their own mid life preparations for later years. These major changes make identification of the developmental crisis and negotiation of transition to the altered (progressive) state more problematic. In his many public presentations and supporting publication *Working the Pond*, Darcy Rezac, CEO of the Vancouver Board of Trade, recognises he is working with a generation and a half of people with limited social skills,

<sup>9</sup> Whitehead, E & J. *Christian Life Patterns*. Image/Doubleday. 1982

<sup>10</sup> Harper & Collins. 1996.

encouraging business people to be involved with issues. Many have patterned behaviour retiring to their own room playing with electronic 'toys'.

Small wonder, then, that the willing become confounded and the indifferent give up in the face of so many rapid changes and fads. Small wonder, too, that many fail to mature by addressing their respective tasks, their personal immaturity flowing over into their working life. In those circumstances, fundamentalist systems like auditorial control in governance can provide a level of certainty and security that is attractive for the immature and a sop to those seeking merely to exert power over others. The situation is similar in fundamentalist religions where an inspired leader demands adherence to a particular life script from followers under duress.

Does it matter if people are 'immature'? Well, yes, it does, because of the burden of expectation immaturity places on others, who may be neither resourced, nor able to carry. Difficulties of the situation increase if they have no authority to act. The maturity and initiative of others is stymied. Furthermore, the distortion of truth leaves nothing on which to build a future. In a long life, this is important. Unrelieved, immaturity can compound, growing like a virus, as the *Maturity Model* shows, with all parties in line for fragmentation with potentially damaging physical, emotional and economic flow on costs. No where is such an outcome more dramatically illustrated than in the Indigenous sector. Choices are not made in isolation. As Mackay<sup>11</sup> clearly states, the context for decisions is in the relationships with others and the context for public sector governance is the clients the service is intended to serve and the tax payers investing in the outcomes.

### A 21<sup>st</sup> Century model of governance

We need an up-to-date way of delivering public services. Serious, costly disjunction occur between community values and expectations and the current model of governance based primarily on budget accountability and compliance with rules. Such a model leaves Australia ill equipped to service community needs, sustain resources into the future, or be competitive internationally.

What we need is an evolutionary model of governance more congruent with the democratic expectations of a 21<sup>st</sup> Century globalised knowledge economy. It is not difficult to achieve. Many people working within the public sector, willing and able to contribute, have become disenchanted with the restrictive parameters of employment that deny expression of their

<sup>11</sup> Mackay H. *Right & Wrong: how to decide for yourself*. A Hodder book. Australia and New Zealand. 2004.

capability. We need to build on reforms to date to create a system of governance able to respond to change. The system must capitalise upon the imagination, knowledge, drive and innovation of a democratic workforce, to optimise efficiency and effectiveness in the face of constraints. People within the service must become value-adders rather than cost sinks. People, not rules will make the difference.

Several steps are needed to align the system of governance with worker and customer aspirations. These steps are essential to capturing innovation, competence and productivity across all levels of government, so that efficiencies and quality service may be restored

Firstly, the **reward systems and ethical focus must change**. Rewards should be reserved for those who add value to the system (within legislative guidelines), rather than merely compliance with the day's interpretation of "the rules". Instead of merely accounting for the tax spend, it should be expected that tangible value be created out of that investment.

This requires we get over the idea that everything can be legislated for, often at the lowest common level. Life has become too complex to expect every situation to be able to be covered by rules which rapidly become out of date or irrelevant. Contemporary management practice encourages work towards a strategy that accommodates decision-making and amendment on the run, within a framework of satisfying the core service objectives.

Ethics in governance need to address what conduct is unacceptable and the parameters to an official's professional duty, responsibility and accountability. Procedural fairness should incorporate respect (for the law and persons), integrity (to maintain confidence in government administration), diligence, economy and efficiency. Ethical practices are unlikely without effective leadership and a supportive organisational **context**.

Secondly, **workers need to be empowered to create a better working environment and customer service**. Operators within in service sectors know what needs to be done, they just need to be empowered, skilled and resourced to do it: Elements essential to achieving this objective are not limited to:

- Focusing on doing and achieving rather than endless talking about strategy and process;
- Rewarding and publicizing initiative and action that enhances service and creates new opportunities; and
- Penalising those who use the "Internal Auditor" merely to exercise power and control over others, or as an excuse for not exercising any intelligence.



Thirdly, **performance needs to be evaluated from the bottom up**, not just top down as an essential ingredient of a **liberal democratic knowledge economy**. When undertaken within a structured framework, bottom up evaluation establishes a process of continuous renewal, innovation and competence that increases exponentially productivity and worker and customer satisfaction. Satisfaction is gained through encouragement and ability to contribute.

The existing tendency towards infinite regression must be overcome. People at the top, who may be good only at getting to the top, tend to attract others similar to them, creating power elites of insiders "hermetically sealed" from the workers and clients. An ever increasing pool of unproductive people deprives those responsible for delivering services of resources and the power to influence outcomes. Polarisation of the upper echelons from the workers and community must be avoided.

Fourthly, **people must be trained in decision-making** skills appropriate to a liberal democracy. Over the last 30-40 years we have moved from an authoritarian era to a more democratic one, without learning how to develop sound decision-making skills essential to effective democracy and leadership.

Many problems within our system of bureaucratic governance arise because people in positions of authority either make poor decisions, delay decisions or fail to make decisions at all. When responsibility for the outcome then falls upon those who do not have the power to influence the situation, that position is not sustainable.

A model for mature decision-making enables policies, incidents, relationships and rules to be measured for sustainability. Choice, responsibility and expectation are basic components of a model that can project when fragmentation (of individual, relationship or system) is likely to occur, allowing action to be taken to avert problems or change direction.

Finally, **public expectations need to be managed through life-cycle policies**. Costly ad hoc, short term or sectoral interest decisions can be avoided by justifying policy programs in the terms and **context** of life cycle and history. This is an effective way of managing expectations that pressure program cost blowouts to no particular benefit. Everyone may contribute to and receive from the system over a long life.

## THE HIGH COST OF SPITE

A stark contradiction exists in the contemporary demand for more transparency in public sector decision making and media's shallow pre-occupation with expose of politicians' greed in a car used or a meal paid for from the public purse. Such actions might win headlines for a journalist, sell a few papers and satisfy a tribal desire for vindictiveness against public figures bold enough to put themselves forward for representation. However meaningful improvement in accountability to the taxpayer for investment of their hard won earnings is hardly achieved. Rather reaction spirals on inconsequentiality.

By contrast, little scrutiny is paid to governance within departments where public money is squandered in an inordinate exercise of power and spite under the guise of accounting to the internal auditor. An outdated model of public sector accountability leaves the taxpayer and the customer out of consideration. Even whole-of-government training, coaching and mentoring planned by Queensland government focuses on internal process - to achieve consistency of language and understanding across departments.

Scant regard is paid to the actual and opportunity cost of spite – to public sector employees, their clients and business. All the pious mouthings about ethics and integrity in service count for nought when individual and political agendas are pursued, usually by the immature and incompetent in authority, against the powerless inside and outside the service. The day's interpretation of the internal auditor is used as a means of exerting power over others or an excuse for not exercising any intelligence.

Take the example of one person who rose to become the head of a division by "blowflying" – i.e. continuously applying for and gaining higher level jobs, never staying long enough to do anything meaningful, but causing a lot of trouble before moving on to the next one. In her wake evidence of her evil impact mounted – in people, careers and opportunities destroyed. The "leader" employed a well honed knack of using her own interpretation of the internal auditor to wield terror over others to hold them under capture, continuously answering to her on petty internal matters of process instead of engaging in productive pursuits they desired and which the public paid for and expected. Those most closely targeted for venom were people the public would most applaud – individuals and groups exhibiting confidence and competence in their area of expertise

and in ability to relate to the public being served – the very areas where she proved most limited. Situations such as these demonstrate clearly the disjunction between community values and expectations and practices within the public service.

Costs of her misused authority mounted over a decade to exceed billions annually – counted in terms of her generous salary package, in the career progression and superannuation of others destroyed and earning opportunities lost. Most notably was the \$124 million project signed up to by industry and researchers, designed to address an annual \$2.4 billion Australian trade deficit, with fundamental implications for developing tropical and sub-tropical countries around the globe. Continuous undermining of the project and systematic personal and career destruction of the proponents, highly regarded by industry, led to withdrawal of the project and demise of careers. No shame.

Although the grievance file against the “leader” piled thick, no action was taken against her – illustrating serious weakness and poor accountability of existing systems. Not until an external review of the department years later was the “leader” summarily dismissed, relieving the public service of only one pervasive evil.

There are so many others. Take the case of the highly experienced international medical practitioner who endeavoured to influence health department policy in favour of patient care. For the fifteen years this eloquent, principled doctor made his case – to appropriate boards and tribunals – and was systematically vilified for his trouble, driven out of his job, de-registered and destabilised. Department authorities were so consumed with spite they continued to pursue him through the law long after his departure.

What is so appalling about this instance is that it occurred at the very time when what the doctor had presaged for 15 years was being played out in the implosion of the health department over the Dr Death scandal at Bundaberg Hospital. Since then a plethora of other failures have surfaced, if unwillingly. Many telling factors of performance remain clouded in misrepresentation and subterfuge. Again billions of dollars are at stake (in economic terms). There is no accounting for the cost of human, social and health tragedies. A groundswell of compensation cases has not dimmed spite. Neither will throwing more money at the problems provide solutions. Yet we have the State governments (silly that they are) going cap in hand to the Federal government for

additional \$23 billion in funding during a global financial meltdown, when they have shown such poor accountability for the present spend in the systematic, endemic administrative failures. There has been no curbing of spite.

Naming what is wrong is always deemed more offensive than doing wrong. Time those in power in the public service were mature enough to view observations and ideas that might affect improvement as opportunities to reform the service. What difference this kind of approach can shape is clearly illustrated in the example of an international scientist who offered a solution to the regular energy brown-outs occurring. A meeting with key stakeholders arranged to explore the solution was manipulated by the Minister's adviser to become bullying and discrediting of the scientist. Instead of facilitating a solution, stakeholders were threatened that a solution might expose limitations rather than win kudos. As a consequence of derisory action, an opportunity for a solution that would have put the coal industry on a pathway to cleaner energy was lost. Personal agendas and spite cost Queensland, quite irrationally, an opportunity to build a multi-billion dollar global industry.

Examples used to illustrate the high and enduring cost of spite are mere indicators of a deeper malaise within a public sector that lumbers along, over-burdened by 19<sup>th</sup> century bureaucratic model of accountability and distorted by an imbalance of authority vested in explicit and implicit power of the internal auditor and those who use its power.

What is missing from the process is context, which social commentator, Hugh Mackay, believes will fire wisdom in decision-making. The public service operates in the context of its employees and the tax-paying public to which it has thus far proven unaccountable. The latter are ever more educated and competent, expecting to have more say over their life and circumstances and will not go away. Tax-payers are not investing in a private spite club for unaccountable public servants. Given the mounting, cumulative cost of spite, it is time ethics in the service looked to value adding to the taxpayer investment, rather than merely accounting to the internal auditor, in the most anile way, for retrospective spend.

Bottom up assessment of performance will challenge change throughout the service. This is supposed to be a democracy, after all.