

**Beyond Fragmented Government:
Governance in the Public Sector
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Values – Valued and Re-evaluated**

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Preamble

Today I wish to present to you a limited overview of where the Australian Public Service has been, is, and where it is going in terms of governance.

Given the enormity of addressing this total topic, I will focus on one of those things addressing APS governance requirements, the APS Values.

Before I start, and particularly since this is an academic conference, I ought to publicly admit to some plagiarism – much of what I will say is based on presentations given by the current and previous Public Service Commissioners. As a research hint, let me tell you that the Commissioners' speeches, and those of the Commonwealth Auditor-General, are very good sources.

My talk will briefly look at governance generally, the governance issues currently driving reform in public services, the Values approach to addressing governance issues in the APS, the hot coming governance issues, and will conclude with a final comment about valuing ourselves as public servants.

Governance

The OECD and the ANAO, and others today, have defined governance. In short, governance is about how an organisation takes its decisions. In this presentation I want to highlight how applying a Values-based approach best meets the needs for optimal public sector governance in the first decade of this millennium.

Good practice

The ANAO has suggested that better practice requires agency structures to be supported by the application of six core governance principles of: accountability; transparency/openness; integrity; stewardship; leadership; and efficiency.

With these principles in mind, the ANAO has outlined a framework for good public sector governance, which I commend to you. It includes 8 elements that Australian Government organisations should have in place. For the purpose of my talk, the first element seems most significant – that is, the need for a leadership, ethics and performance culture. The ANAO has noted that:

While rules, systems and structures are certainly important, they are primarily the vehicles by which crucial values and behaviours are applied. **Good governance is, therefore, primarily a function of the behaviours and values of the organisation's leaders and the overall culture of the organisation.**

However, before delving more deeply into the APS approach to embedding the Values, let's take a step back to look more closely at the context in which the APS approach to Values developed.

History of Governance Reform

The world is getting smaller, faster and more complex. The underlying driver is technology. Technology is, in turn, driving globalisation, competition, increased efficiency and productivity, and increasing public expectations.

In this climate, the pressure is on for more innovation, flexibility, agility, adaptability. As these desirable qualities are inhibited by top-down rules-based management approaches, a key challenge has been to find new ways of managing within devolved, highly flexible systems, with a low-risk profile.

"Values-based" working cultures meet this requirement.

Management Ethical Failure

Of course, in recent times some private sector organisations such as Enron, and HIH, have come under the spotlight for their lack of values and standards of behaviour. The record of some public sector organisations is little better – the "Oil for Food" scandal is salutary.

The call for greater integrity and trust is becoming louder, from regulators and stakeholders alike. However, the Secretary-General of the OECD said in 2002 that, while rules are needed to provide the framework for behaviour and to constrain those who would take advantage:

"any set of rules alone, disconnected from the values which those rules are ultimately meant to reflect, is like a body without a soul."

Do the Private and Public Sectors differ?

Differences between the private and public sectors are largely due to their differing rationale and operational environment. For example, a private sector company and a public sector agency may both be equally ethical in their approaches to the same issue, but the outcome can be very different, if the private sector ethic is maximising shareholder value, and the public sector ethic is upholding the public interest. Management of WD and HO Wills certainly thought so, anyway.

Within the international public sector community, management attention has moved over the years from objectives-based management, through increased attention emphasis on skills development and performance management, to the more recent emphasis on values and personal capability in its broadest sense.

The latest shift towards values-based management recognises the importance of leadership, relationships and partnerships, and reflects a more forward looking approach that deals better with change and uncertainty.

Public Service Act 1999 Revisited

Perhaps I should now focus more closely on the particular APS experience.

Since the mid 70s we have witnessed major changes in Australian public administration, starting with the Coomb's Royal Commission, which was particularly concerned by the inadequate responsiveness of the Service to the elected Government.

Although re-establishing ministerial authority and improving APS responsiveness was central to the changes made in the 1980s and 1990s, at the same time the values that underpinned the Service were being re-examined. The *Public Service Act 1999* represented the culmination of the changes of the previous 20 years. It established the APS Values in law.

Values of course were nothing new. Values had traditionally played a central role in the context of public service ethics, and can be traced back to both Weberian philosophy and to the influence of developments such as the British Northcote-Trevelyan reforms which were introduced as a reaction to the previous climate of patronage and favouritism.

Prior to the Public Service Act of 1999, however, values and ethics had been implicit, not explicit, achieved through the application of rules. Although for many years these centrally prescribed rules and controls had achieved high standards of conduct by Australian public servants, following pre-ordained rules was not flexible enough to provide certainty of approach in the new, fast world of technology, trade, and public demand.

I will come back to considering the contribution of the APS Values in more depth in a little while. But first, let's look at some of the current issues that a Values-based approach will have to be able to tackle.

Recent Governance Issues

Community and Government expectations

The administrative law reforms over the past 30 years have exposed public administration to greater external scrutiny, the public are rightly expecting government to consult more, and this has been facilitated through the greater use of technology. As a result, the public sector is now required to be much more responsive to the citizens it serves.

Although good process is a protector in external scrutiny by the Ombudsman, the Privacy Commissioner, the AAT, or the law courts, etc, in the higher courts of public opinion, the media, and political processes such as Senate Estimate's Committees it is much better to show that administrative decisions were made for the right reasons. There is no defence in the old way of following rules – only a Values-based approach could deliver satisfaction in these higher courts.

Politicisation?

There is constant concern being expressed about politicisation of the Service. This concern is misplaced. But behind much of this concern is the serious and difficult challenge of the global communications revolution. For example, the pace and scope of economic, social and technological change, and the increased media pressure on ministers for immediate response to everything, has led to ministers requiring additional adviser resources. The interface between the Public Service professional advisers, and the politicians and their political advisers, is becoming significantly more complex and fluid.

It is particularly difficult to regulate this critical boundary between professional and political advice to Government by rules and procedures. It is only by deeply embedding a Values-based approach in all APS employees who deal with Ministers or their advisers (which according to the SoS reports is over 20% of APS employees) that this contentious border will be adequately protected. The Commission is about to release a new guide for employees to advise them of the issues to be aware of in this area.

Balance

The move from reliance on rules to reliance on judgement sharpens the focus on an Agency's governance arrangements achieving an appropriate balance between two pivotal objectives:

- Performance for and on behalf of the Minister, in the organisation's delivery of goods, services or programs, and
- Conformance, where the organisation meets the requirements of the law, and community expectations.

Another facet of the same dilemma, is how public servants balance the need to respond to the government's urgent service delivery challenges, whilst maintaining longer-term sustainability in social, economic and political systems, which is an APS role under the career service Value, in the public interest.

The solution to getting the balance issue right is likely to be not so much a structural one, as one based on relationships. Modern systems have the potential to establish and support ad hoc project teams that cross organisational boundaries – such structural linkages are dependent, however, on excellent relationships and the capacity to appreciate diversity and different perspectives.

All the above governance issues spring from the same source – the increasing speed and complexity of life. With the benefit of hindsight, it is easier to see that the Public Service Act 1999 and the APS Values reflected a new paradigm in public administration, and not just a shift in emphasis. The Values approach has brought about an APS increasing reliant on the quality of its people, rather than its formal structures. The Commission's strategies to further this end I will now describe in more detail.

Values

Values such as impartiality, merit selection, equity, high ethical standards and accountability have long been regarded as core to the public sector. The process of devolution has however made values and ethics increasingly significant to public administration. This was highlighted by the 1998 OECD recommendation on public sector conduct, and reinforced by its 2003 Guidelines for Managing Conflict of Interest in the Public Service.

Although many countries have revised their national public service value sets in recent years, Australia was one of the first to apply a clear set of Values in law to support this new public management need.

The Nature of the APS Values

In the APS, the government determined in law its view of the values which would fulfil the needs of government, and the expectations of the Australian community. The task of the administration is to embed those values so that they truly govern the behaviour of, as well as support, public servants as they carry out their policy advising and program management responsibilities.

While the Act does not group the Values, or prioritise them, they can be grouped in terms of the way they shape the APS as a key institution in our democratic system, by defining;

- the relationship between the APS and the Government;
- the relationships between the APS and the public;
- appropriate relationships in the workplace; and
- personal behaviour and ethics in the APS.

Research Support

Having established the PS Act and the APS Values, the Commission's more recent work has continued to validate them through detailed review of the literature on Australian and international values-based management, and concluded an Agency-based research project. I will summarise some of that research.

First, it confirmed a broad interest in values-based management, as others recognise that it offers organisations a framework to manage different business tasks whilst responding quickly to changing circumstances.

Second, the Commission's research showed links between organisational ethics and improved organisational performance. For example, ICAC research has found that the ethical tone of an organisation impacts on efficiency and effectiveness, decision making processes, job satisfaction, staff commitment, staff stress and staff turnover.

Third, research by the Corporate Leadership Council in 1998 and 2001 confirmed that leadership is the factor most frequently cited as the key to successfully implementing a values strategy from start to finish.

Fourth, values need to be 'hardwired' into systems and processes and leadership behaviours. Enron had a statement of organisational values, but they were obviously not embedded in management practice – values need to become second nature to all employees, not just management rhetoric. And they particularly have to be modelled at the top of an organisation.

Values-based management

Values, and leadership capabilities, offer ethical frameworks that encourage flexibility and adaptability and high performance, but they have to be built on solid foundations of hard-nosed good business practice. Values-based management adds a very useful dimension to the previous focus on results and performance, but does not replace them; just as values-based leadership capabilities do not replace proven leadership performance and management skills.

A values-based framework has also been shown to increase employee commitment to an organisation, and public trust in its activities.

Values Framework

Given that a strategic and integrated approach is required to promote and maintain a values-based culture within an organisation, the Commission developed 'The APS Values Framework' to help APS leaders with this task. The framework is specific to the APS, but draws on and adapts international experience and work undertaken by the OECD.

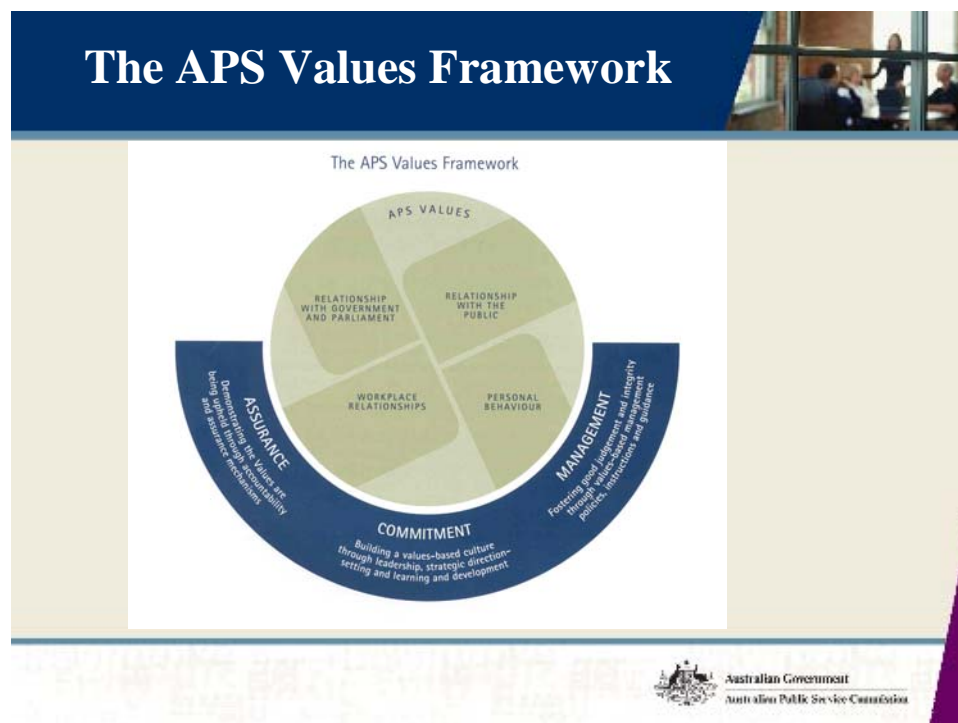
There are three supporting elements at the base of the framework—commitment, management and assurance. They are the driving forces for integration of the APS Values into an agency and are the key to transforming the Values into daily decision-making and behaviour.

Commitment: Organisational leaders must support an ethical values-based culture – and make it clear that values-based conduct is expected from all employees, but in particular from senior executives and managers, and that misconduct will not be tolerated. It is about the agency’s governance systems.

Management: The Values and the Code must be hard-wired into management policies and systems, and communicated and made accessible to all employees, so that the APS Values are part of day-to-day decision making. Research suggests that there must be a fit between an organisation’s systems and processes taken as a whole, and the expectation inherent in values.

Assurance: Accountability and control mechanisms, such as fraud control and risk assessment strategies, contract management arrangements and Code of Conduct processes, must be rigorous, fair and effective. Employees must be comfortable with reporting wrongdoing. Suspected breaches of the Code of Conduct should be fairly investigated. Sanctions should have substance, and command the respect of employees. Quality assurance mechanisms, such as staff and client surveys, should be used to monitor adherence to the APS Values throughout the agency and to improve agency practice.

The framework is described in more detail in the Commission’s publication [Embedding the APS Values](#), which includes good practice ideas illustrated by case studies. This publication also reported relevant research findings.



A consistent finding is that leaders in particular need to remember that their role is critical to an effective values-based system. Values-based decision-making, values-based statements and codes of conduct are unlikely to have any credibility within an organisation if senior management does not actively model them.

At this point I would like to draw together this paper so far – and to give you a mental picture of how it all hangs together – in fact, how it works. And my mental picture started with the diagram above. The values framework looks something like a car wheel, with a tyre. However, the hub of that wheel contains four Value groups. If each wheel had one Value group, then there would be 4 wheels. And each wheel would have a tyre, which is what gives a car grip – in fact, that is where the rubber hits the road, with the traction provided by commitment, management and assurance.

If you have 4 wheels and tyres, joined together as one set of Values, then you would expect it to be underpinning something. The car on top can be thought of as the Service. It is made up of many parts, all designed to do different jobs, but all playing their part in making the best possible vehicle – a public service that is well structured, and fully fit for purpose.

Of course a car doesn't get anywhere without an engine. In this vehicle the engine are its people. The Secretaries might be the spark plugs, but they need the rest of the engine fully tuned and all pulling in the same direction. No engine works well if it's out of tune.

So we've got a great vehicle. It might be ticking over beautifully. But it's still just sitting there, on the side of the road. However, the Australian Constitution has given us a driver, called a minister. The Minister determines where and when we go. The Minister decides whether we go fast or slow. The Minister can even turn us off – or trade us in for a new model!

This is a very cute little analogy, and you can have lots of fun extending it, over lunchtime. For example, our car might provide the Minister with a GPS, and he can choose to ignore it, if he/she wishes. Or, how do you envisage the Victorian Public Service car of state – as a Rolls? a Holden? an all-wheel drive?, an amphibious vehicle? – which would you choose?

There is a serious point embedded in all this, however. It doesn't matter how good the car is, or how good a driver the Minister is, if all 4 Value wheels aren't doing their bit, even differentially depending on policy twists and turns – and if the tyres of commitment, management and assurance are bald and threadbare, then there is every chance the car will end up in the ditch, with both car and Minister looking sick. The events at Baxter detention centre come to mind.

Future Governance Issues

Whole-of-Government

Throughout the world democratic governments are searching for new ways to find solutions to problems that cross governments, jurisdictions, sectors and portfolios – variously called whole of government, joined up government, networked government, connected government, etc.

The essential challenge is the same. How do we develop the structures, the cultures, and the systemic treatments that will enable us to work across these boundaries. As the Prime Minister, John Howard, noted in his address marking the centenary of the APS:

We live in an increasingly complex and interdependent environment and there is no doubt that, in recent years, issues have more consistently reached across traditional portfolio boundaries. This trend will continue. Whole of government approaches, collectively owned by several Ministers, will increasingly become a common response.

The challenge to whole of government is magnified in a devolved environment that structurally emphasises vertical alignment rather than horizontal alignment. But the reform process has provided us with an infrastructure to facilitate better horizontal alignment – the 1999 Act incorporates obligations for agency heads and senior executives to uphold and promote the [APS Values](#). These values include *'leadership of the highest quality'* and *'a career based service to enhance the effectiveness and cohesion of Australia's democratic system of government'*. Members of the senior executive service of the APS also have a statutory obligation to *'promote co-operation with other agencies'*.

The challenge is to create the culture that will enable this. Peter Shergold captured this tension between structure and culture in a nice example when he said:

'... Too often the pursuit of seamless government is articulated through the bureaucratic vehicle - the Inter-Departmental Committee (IDC) or the Task Force - rather than through the behaviours of those who steer it. Just as a group of employees is not necessarily a team, so a meeting of agencies is not necessarily a cooperative.'

The seeds of this process have been planted – what will nurture and grow this enabling culture are the Values and the nature of our leadership. It might not be stretching it to suggest that it will require a paradigm shift, and that it might be a bellwether of generational change from the old public service to the new.

Cultural reform

A cultural reform agenda is at the centre of the Commission's strategy for whole of government delivery. Features of such a culture include:

- readiness to think and act across agency boundaries
- effective teamwork
- organisational flexibility
- openness to innovation and creativity
- the ability to capitalise on windows of opportunity, tolerate mistakes and manage risk
- the capacity to build strategic alliances, collaboration and trust and to negotiate to achieve joint outcomes
- adaptability to changing circumstances
- persistence
- encouragement of the expression of diverse views, and awareness of different cultures and appreciation of their strengths
- a capacity to balance the tension between short-term and long-term goals
- effective knowledge management.

It is only when you list the exemplars of the new public service cultural paradigm that one recognises the size of the challenge. But it is a challenge we must take up, and win. Whole of government activity is a fundamental adaptive response to the complex and challenging environment of modern government – without responding accordingly we will not remain relevant in a new and fundamentally different world.

Cultural reform is also about creating a new identity for public servants: are we agency employees or part of a broader public service; do we simply deliver outputs or resolve national problems; do we see processes or see possibilities. Cultural reform is about a fundamental shift in the way public servants think about themselves and go about their work.

Engagement

This massive shift will not be achieved without the full engagement of others – your clients, your partners and your staff in the work of the public service.

There are clear links between engagement and effectiveness and, in turn, with productivity. Research by the Corporate Leadership Council suggests that organisational culture and leadership have a much greater impact on employee 'engagement' than non-cultural factors such as financial rewards. Engagement is a composite measurement of employee commitment to their organisation, how hard they work, and how long they stay because of their commitment.

The Corporate Leadership Council surveyed 50,000 employees, including public sector employees. They found that the top five cultural traits that have the maximum impact on discretionary effort – a measure of engagement – are:

- communication
- reputation of integrity
- culture of innovation
- culture of flexibility
- customer focus

On the basis of their research the Corporate Leadership Council estimated that about 10 per cent of employees are fully engaged – they are the ‘true believers’. Of the rest, more than $\frac{3}{4}$ are up for grabs; being neither fully engaged nor fully disengaged – which is a wonderful opportunity for values-based leaders.

The public sector in Australia is well placed to take advantage of these findings. Research shows that Australian public sector employees feel greater pride in working for their organisation than employees in other industries, and are less likely to consider quitting their job – which is attributed to the fact that they feel good working in the public interest. APS surveys also suggest that cultural factors, particularly working relationships, are critical.

On another track, given the impact of perceptions of managerial integrity on employee engagement, it is worrying that Australian public service employees when surveyed are less confident that their senior managers act in accordance with the APS values, than they are about their immediate managers and colleagues.

The imperative for us to get this right should not be underestimated. If our senior leaders are seen to model and champion the APS values, other staff in the organisation will actively engage with them. Where senior managers are silent or indifferent other employees may treat the Values as empty rhetoric.

Leadership

Not surprisingly, one of the characteristics of the New Public Management is a growing emphasis on value-based leadership as a crucial element of Values-based management.

Interestingly, the new leadership style has a somewhat similar ‘feel’ to values-based management, with its move from centralised direction to empowered line management. The new leadership has less emphasis on direction and more on ‘nurturing’, ‘empowering’ and ‘persuading’ employees; less reliance on rules and more with relationships and judgement; less reliance on structures, and more on teams; and finally, the emphasis on results in the here and now has been complemented with a greater emphasis on the strategic and organisational issues of the future.

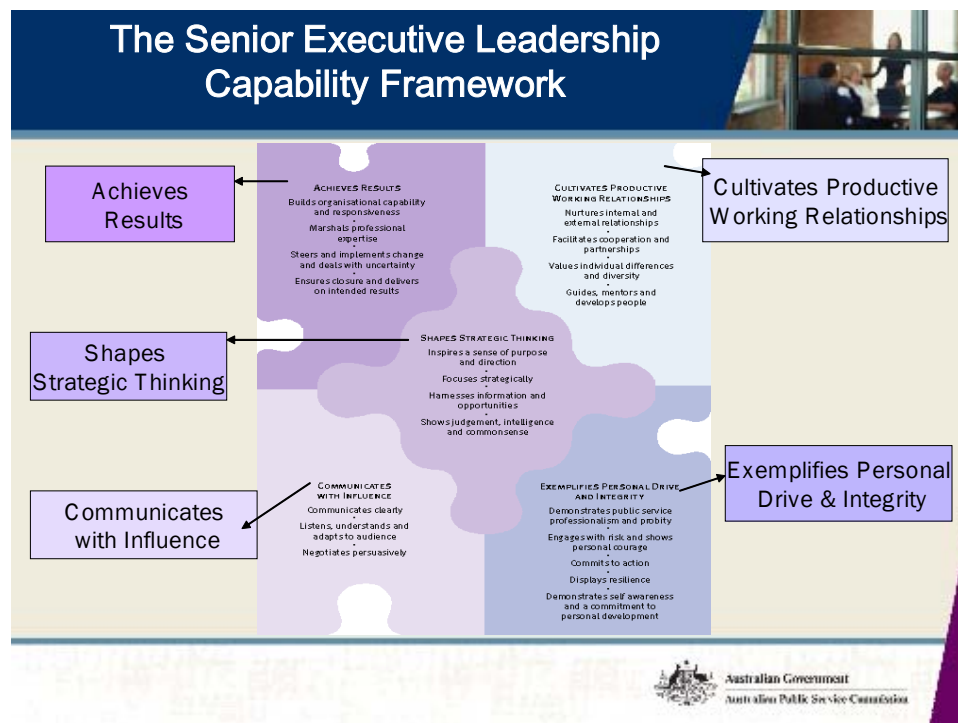
Leadership development is a major governance issue for the future, as leadership through values-based management will develop and sustain a culture of trust in relationships. Beyond mere management, however, of paramount importance is the role of leaders in inspiring, motivating and developing their own employees to practice and sharpen these skills so that, without oversight and supervision, they can increasingly take difficult decisions with confidence. Creating and promoting future institutional integrity is one of the most important functions of leaders – as intergenerational change occurs, we need to ensure that our up and coming leaders will have these capabilities.

SELC Framework

Given that leadership is the single most important factor in embedding ethical behaviour, the APS Commission focuses much of its activities on leadership development; and training of future leaders in values and ethics.

In 1998 the Commission developed a [Senior Executive Leadership Capability Framework](#) (the SELC Framework). This Framework identifies in rich details the skills, capabilities and attitudes expected of leaders in the Service.

But a warning is in order. Like values-based-management, 'leadership' also runs the risk of being rhetorical and faddish, rather than hard-nosed and real. Therefore, the Commission also emphasises the hard management skills, such as financial management, that are built into the Framework – leadership is absolutely essential, but alone it is not enough.



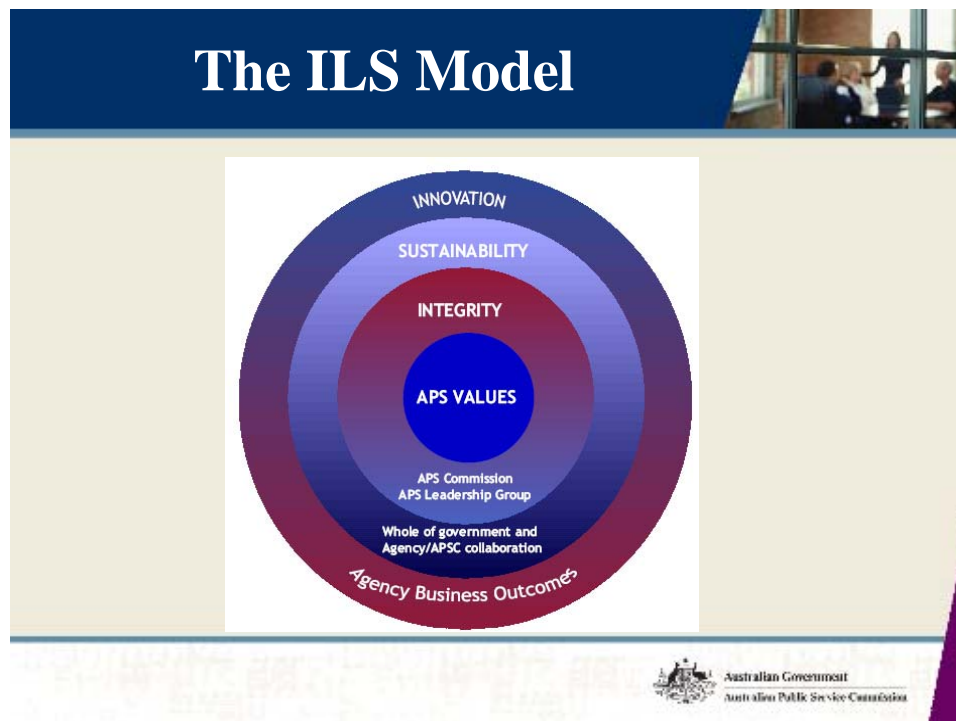
Notwithstanding the warning, the picture is essentially a positive one. The reform process has generally left us with a more robust and adaptable Service. Having built this solid new foundation, we now need to better develop the superstructure. We have to integrate vertical devolution with horizontal coherence so that we can move as a whole as well as in parts. Our leadership and our Values together represent the components of this cement, which will enable the system to deliver innovation with integrity whilst maintaining long-term sustainability. The Commission has developed the Integrated Leadership Strategy to support this.

The Integrated Leadership Strategy

The Integrated Leadership Strategy, hereafter called the ILS, aims to enhance the capacity of the APS to adopt a systemic approach to APS wide leadership capability development in the short and medium term.

The ILS, which can be given the broad subtitle of *'Innovation with Integrity'* provides an infrastructure that facilitates a collaborative approach between the Commission and agencies, to build the highest quality leadership for the future. Such a high quality, sustainable APS leadership will

- deliver innovative solutions to current and emerging government priorities;
- inculcate the [APS Values](#) to strengthen the long term integrity of the APS as a cornerstone of Australia's democratic system of government;
- articulate the key leadership behaviours that enable high performance in a whole of government role.



In short, the 3 themes of the ILS are:

1. Fostering innovative leadership working across organisational boundaries
2. Fostering *sustainability* in APS leadership capability
3. Protecting *integrity* by upholding and promoting the [APS Values](#).

The diagram reflects the model for the ILS. I have no time to develop this important initiative further for you, but the Commission believes it provides a common language for public sector discourse about leadership, and will facilitate in a major way the continuing need to address inter and intra Agency and sectoral outcomes in a Values-based way.

The Unknown Future

I have indicated how the Commission is addressing the Values-based leadership and management the known current and future governance issues facing the service. The Commission believe that Values-based leadership is also the best vehicle for maximising positive outcomes from an unforeseen future.

In the last decades of reform, the APS has moved from being a cumbersome to an agile and flexible system. The future public service will become an even more complex adaptive system, with a specific role to play within a still grander complex adaptive system.

In his book *The Clock of the Long Now - Time and Responsibility*, Stewart Brand discusses how complex adaptive systems manage change – how they incorporate and absorb shocks. The answer he suggests lies in the relationship between the components in a system that have different change rates and different scales of size. Brand's model, when applied to civilisation, has six layers listed in order from fast moving to slow moving:

- Fashion
- Commerce
- Infrastructure
- Governance
- Culture
- Nature

Brand says that in a healthy society each level is allowed to operate at its own pace safely, sustained by the slower levels below and kept invigorated by the livelier levels above. Each layer must respect the different pace of the others. Brand uses the example that if commerce is allowed by governance and culture to push nature at a commercial pace all natural forests and fisheries will be lost. I imagine all of us will appreciate this example.

Within this model the public service sits in the governance layer with the role to balance the drive for change with the need for continuity. To simplify this discussion for the sake of the brevity, if we adopt a three layered system approach consisting of innovation at the top, governance in the middle and culture at the bottom, we have a good picture of the end product of the reform process. This is a Service where innovation is fostered by leadership, the values underpin the culture of the system, and governance balances the tension between the two to produce long term sustainability.

The slide highlights this elegant concept, which I think is very important. Public service delivery, in this fast, furious, globalising world, needs all three layers to work together in their own way and at their own speed, with all layers playing their part. The public service Values culture underpins APS service delivery; the governance layer needs to be as elegant and simple as possible to support the application of the Values; and government innovation reflects the critical need for the system to move with its times.

In automotive terms, the governance layer is a limited slip diff – its enables the government's needs to be very quickly transmitted to the road, whilst still maintaining all elements of the Values – and without sheering the gears!

Identity

Another shift that needs to be made is in our Identity and Image – Identity being how we see ourselves, and Image being how others see us. These are matter of considerable substance, and impact on the outcomes we are able to achieve.

As to identity, last year's SoS report found that a sizeable majority of APS employees were proud to work in the Australian Public Service. I think it's important to remember that fact, given the flack we have taken in recent years for the children overboard issue, regional funding and so on. Not to mention the Palmer Report into the Cornelia Rau and Vivienne Solon cases.

We can't and don't excuse what happened, but we do need to say that it's about time there was a bit more considered discussion of the reality of the modern day public service:

- the public service is more open, accessible to business and the community, and more accountable than it has ever been, and is streets ahead of the private sector;
- the overall quality of the public service and its ability to deliver is better than at any other time in our history. Our staff's level of education and skills is higher; their openness to new ideas, adaptability and flexibility more apparent; and their preparedness to work across boundaries to achieve better outcomes has never been greater.

How we and others perceive these issues affect how well we can get the job done. It affects how employees feel about working in the public service and in their agencies; it affects the readiness of the community to embrace government programmes and initiatives; it affects our international reputation; and it affects our ability to recruit quality people. Our identity and reputation are matters of substance.

Image

So the next challenge we have is improving our image. We always attract bad press when something goes wrong, in spite of our successes elsewhere. We must do better to build on and celebrate our achievements.

We are virtually corruption-free, and few people notice. We are a significant national asset, in both economic and social terms, and we ought to trumpet it. We are the government administration memory of the nation. Our achievements are significant – we get things done, and generally with good process and equitable outcomes.

We have good reason for being proud of being public servants. And we have a responsibility to share our positive attitudes with the community; the people we serve either directly or indirectly.

Celebration

So let's celebrate our achievements. The reality is that Australia compares very well against most measures of government/public sector performance, and in some areas we are world leaders.

This year's State of the Service Report will canvass some of the APS achievements in the 2004-05 financial year, and will review of how the APS is progressing – and the Commission will attempt to get it wider coverage. And the Commission hopes that it will be a useful resource to all public servants – and for all of you here today – as you and the agencies you work for, or care about, respond to the challenges that we have spoken about today.

Conclusion

There are many challenges facing the Service, and I have highlighted today those that have particular relevance to the APS Values.

None of these challenges require any fundamental re-examination of the APS or the Values. Indeed, the increasing emphasis on managing uncertainty and the faster pace of change, tends to confirm the wisdom of moving away from centralised prescriptive rules. And the Values set out in the Act continue to define the APS as a key institution in our democratic system of government.

Yet there are risks, if the Values are treated as rhetoric and are not taken seriously. Application of the Values does need a sharper edge: they need to be hardwired into agency governance such as fraud control, risk management procedures, performance management, and training. The Values are enduring but they also need to be applied in the real world we live in. Some can be in tension, such as those relating to apolitical professionalism and responsiveness. We are more likely to get our judgements right, if there is more informed dialogue about the APS Values and Code of Conduct, and some articulation of the corresponding values and code of conduct of other players in the democratic process. This conference is playing a valuable role in this regard.

Public servants occupy a unique place in our democratic society. Meeting the demands of government, and the expectations of the public, while fulfilling all the requirements of the law, is a constant balancing act which is not always easy to sustain. Having a set of Values, articulated and contained in legislation, provides the basic framework for understanding our obligations, while allowing the flexibilities that a rapidly changing environment demands.

To achieve a principles-based culture, APS leaders have a particular role in modelling the values and promoting such a culture across both their agency and the entire service. Last year the then minister, Tony Abbott, paid tribute to the quality of individual senior public servants. His very personal comment was that:

Australia is incredibly lucky to have a cadre of senior public servants who are diligent to a fault, culturally self-aware, brighter than the average businessman or politician ... senior officials retain an old-fashioned sense of vocation, of serving the nation as much as holding down a job. Most could earn more doing something else but remain at their posts from a sense of calling.

With a values-based leadership cadre, we can expect more of that recognition. And we can expect the new Service will certainly have moved beyond fragmented government, and will be providing an even more seamless service delivery to the citizens.

Thank you.