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Implementation Matters

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Good morning Ladies and Gentlemen. Thank you for attending today's launch.

As many of you know, the capacity of public servants to implement Government programmes and deliver Government services is something about which I feel strongly. It drives my passion for excellence in public administration. There is for me – and I hope for you – a sense of considerable achievement in seeing a policy developed, argued, announced and successfully executed. Implementation **does** matter. It provides a sense of public purpose fulfilled.

It is important that we, and those who work with us and to us, recognise the importance of delivering public policy on time, on budget and to the Government's expectations. We need to ensure that we instil a pride in a job well done – a pride not easily captured in the dry managerialist terminology of budget allocation, outcome orientation, contingency planning and project management. My own language is more vernacular: as professional public servants we should aspire to getting things done, and done well, in order to meet our obligations to the citizens of Australia.

Yet I am also realistic. Public servants work in an environment of political contest. We need to deliver policies that evolve in an iterative manner, necessarily shaped by expediency and compromise. That complicates the task of taking a good idea and turning it into lasting benefits for the Australian community.

Today is an occasion to pause and reflect on the challenge. It is about ensuring that each of us think carefully about what we are doing, how we are doing it, and – together – learning how to do it ever more skilfully. It's called better practice.

This is not the easiest way to start the working week, but we need to ask some hard questions about our ability to deliver to the expectations of the Government and the public:

- Are we good both at planning and executing Government decisions?
- Are we good at doing things the right way – not just efficiently and effectively but ethically and accountably?
- Are we delivering the outcomes the Government expected when it decided the policy?

To answer these questions, I am informed by what I have learned from the quarterly traffic light reports which go to the Prime Minister and Cabinet. They are prepared by the Cabinet Implementation Unit (CIU) in my department.

The reports reassure me that the vast majority of government initiatives are delivered well. Instances of failure are, fortunately, few in number but they resonate throughout the Service and, in some instances, undermine confidence in our endeavours. Thankfully they also provide object lessons from which we can learn.

To a large extent, our record of success is attributable to good management and institutional mechanisms to ensure quality standards. Implementation depends almost entirely on the hard work of our people: the systems people who get huge mainframes ready to go and software developed while the rest of us are trying to sort out the policy issues; the customer service people – in regional offices and call centres around the country – who have to inform and meet public expectations in hundreds of thousands of transactions every day; the people who organise the finances, manage the records and provide the training; and the monitoring and compliance officers. It depends upon all those public servants who each day in matters large and small, routine and unexpected, demonstrate their commitment to getting things done.

But we can do better. The CIU reports indicate that there is still considerable room to develop further the skills of our people and to improve the systems and processes which underpin the delivery of projects. To do so our leadership needs to be firmly grounded. On occasion we are hoist by the petard of our own expectations: we can be too ambitious or too inflexible, insufficiently prudent or too careful in our approach to risk, constrained by caution or driven by unrealistic hopes.

So, with this in mind, let me make a few observations about why I think implementation increasingly matters to government and, more particularly, why this Guide might help us to do it better.

Value for money

First, I think we have to put an increasing emphasis on demonstrating 'value for money' throughout all stages of the policy to delivery cycle.

We know that we face major and ongoing challenges across a broad range of complex policy areas – including employment, training, health, education and social welfare – which will be progressively intensified by the impact of demographic change. We know that we face significant if unpredictable challenges in other areas – national security, climate change, energy provision and water access – which have their roots in global trends but need to be addressed locally. We know that governments are exhibiting greater interest in social issues – mental health, diet, respect for social structures, commitment to values – in which preventative measures will often require behavioural interventions by government.

It is clear that finding the resources to deal with these emerging issues will depend not only on economic growth generally, but on the productivity of the public sector, the effectiveness with which programmes are delivered and on-going assessment of their comparative advantage.

The vicissitudes of the economic cycle mean that current conditions of growth and low public sector net debt cannot be taken for granted. The resources at our disposal are finite and fungible.

All Budget-funded agencies have to make difficult choices about how to identify the priorities for expenditure and obtain resourcing for internal investments. The value of projects needs to be assessed against other priorities. Yet, until now, very few agencies have taken more than faltering steps in the direction of mandating business cases and establishing benefits planning and tracking. Public policy needs to be guided by the concept of net benefit, yet we are only now starting to take into account in a systemic way the regulatory costs imposed by policy initiatives.

In short, we still have a way to go before we can be as confident as we should be about how we perform on the value for money criterion.

A new strategic review framework is to be established from this Budget onwards. It will seek to integrate the current range of targeted reviews and the majority of lapsing programme reviews. Over time, this discipline will identify gaps and overlaps and ensure either that measures continue to be aligned with the Government's objectives or that resources are reallocated where priorities have changed.

Financial and performance management

Second, I believe that there needs to be an increased emphasis on links between financial and performance management.

Despite improvements in the estimates processes, we are still having systematic underspends arising from failing to meet the anticipated level of project implementation; procurement not achieved on schedule; delays in negotiating delivery through States and Territories, NGOs and the private sector, and failure to make payments in response to the achievement of contracted milestones. We cannot blithely attribute blame to the failure of 'third parties': a public servant may contract out delivery but cannot outsource responsibility.

Agencies are now required to lodge their implementation plans with the CIU. This has demonstrated a need for more integrated information and financial management systems to support programme management. Agencies need to ensure that their financial profiling is accurate and that they can track expenditure effectively.

Leadership

Third, we need leaders who can sell the message and set the tone. We require people at the top who appreciate fully the increasing importance of dealing with problems from a whole of government perspective or, given the concurrent responsibilities of our federal system, across jurisdictions.

Those of us in positions of situational authority need to pay serious attention to how our agencies can generate greater policy innovation at the start of the policy cycle while, at the other end, pursuing administrative innovation to improve our delivery capabilities. There needs to be greater recognition that success depends not just on the effectiveness of our own organisations but our ability to work in partnership with a variety of others. We require leaders who see the link between structures, processes, strategy and workplace culture.

And we need organisational support to translate that vision into action. The previous head of the UK Government's Delivery Unit, Sir Michael Barber, who was in Canberra recently, has emphasised that:

"leaders need excellent strategy functions and strong performance management systems, enabling them to steer well, identify flaws in implementation and intervene where necessary... The government departments responsible for major strategic reforms also need to develop this kind of capacity for themselves – and where they do not have the necessary real-time data or the skill and will to intervene where there are problems, inevitably reforms falter." (1)

In brief, best practice 'project management' requires highly effective communications, clearly demarcated responsibility,

timely reporting, structured coordination and on-the-project learning. Success will likely require integrated management and reporting frameworks that provide an executive level view of all the projects and programmes for which we are responsible.

Implementation requires much greater focus on the linkages between policy initiatives. I would argue that one of the most important things all governments need to know (although, in truth, they do not always know they need it) is how the pattern of government programmes fit together. How does this project impact on, or depend on, others? How does this programme build on existing ones? Is there duplication or complementarity?

Implementation also requires planning for the unforeseen. There is, to rearticulate Donald Rumsfeld, the foreseen unforeseen. How can we plan effectively for major, long-term projects, when we suspect that the technology of delivery is likely to change substantially over the course of the project? How can we identify where the boundaries of certainty lie, and how we will gradually explore and expand them? There is also the unforeseen unforeseen. What contingencies can be put in place for the unexpected that we do not as yet anticipate?

The complexity of the policy environment in which we work influences our capacity to supply this 'big picture' to government. But leadership is not just marked by the exercise of grand strategy. How we go about the day to day management of our projects, programmes and portfolios is a big part of best practice.

It depends on those at the top of organisations providing a clear picture of the decisions that need to be taken, by whom, for what purpose and when - and identifying the associated critical paths, risks, and interdependencies. The responsibility doesn't rest with the technical guys developing Gantt charts - it rests with us.

This leads me to extol the virtue of management competencies as an integral part of leadership.

Some of you may be aware of my recent comments on the ABC *Life Matters* show about the responsibility we have to take in the public service for the failures that can be sheeted home to the conduct of our agencies.

I mentioned that very often failure could be directly attributed to mundane things like the inadequacies of the IT systems, insufficient training, poor record keeping, weak communication across bureaucratic demarcations and ineffective oversight structures. That's management. Other problems that result in unsuccessful implementation are found in governance, benefits realisation planning, engagement with stakeholders and system testing. That, too, is management.

My point is not to pick on any individual agency - precisely the opposite. There, but for the grace of the patron saints of project management, go all of us. What emerges from instances of failure are challenges that beset, to varying extent, the managerial structure of any business agency and any major implementation process. In the public sector where we act for public purpose, employing public funds, the goals we aspire to must necessarily be higher.

Certainly I do not believe that the APS does nearly enough to recognise the importance of our project managers. In my experience, few agencies have robust systems and processes to support consistent approaches to planning and execution across an agency.

It is incumbent upon us to pay greater attention to our organisation's capabilities and maturity levels in these areas. Much of this work is not glamorous. Indeed, as I have said elsewhere, leadership is increasingly about the day in, day out hard yakka rather than the presentation of inspiring speeches to the troops every three months. (2) It is about resilience. Good management practices consistently applied and a strong implementation culture persistently pursued are the foundations of effective project leadership.

The Guide

That, in large part, is the message of this [Better Practice Guide](#).

It will not teach you the finer points of project and programme management. That was never our intention. Indeed, in a real sense the Guide does no more than replay your own considerable knowledge and hard-earned experience. Some of you may even recognise your own words in the text or the quotes. I thank all of you who have shared your time and your experience with the authors.

What this Guide is about is the willingness to be frank and fearless - with ourselves. Have we, and the organisations we lead, got the capacity and commitment to implement government policies to the highest standard?

I believe that is the end to which we should aspire. That's why I established the Cabinet Implementation Unit. It represents one of the most fundamental changes ever made to the Department of the Prime Minister and Cabinet in that it involves the most central of central agencies recognising the need to use its power in pursuit of the delivery of government policy. Its work has involved three main changes:

- ensuring that implementation issues are assessed and documented during policy development;

- providing analysis, monitoring, follow-up and reporting of progress on key Government decisions; and
- promoting effective implementation through activities such as its collaboration on this guide.

That work has been well received by the Government. But it is not the work of PM&C or the CIU. In a real sense they provide the conduit to Cabinet for the APS. The work of the CIU can only be as good as the efforts of agencies who work with it.

I have now asked the Unit, at the request of the Prime Minister, to create a steady flow of information to him about progress with the implementation of key government decisions. The aim is to identify problems faster. This is in addition to the regular comprehensive reports. For this to work, agencies need to keep the CIU properly informed.

Another recent innovation has been the Government's adoption of the Gateway Review Process as a whole of government assurance framework for the delivery of major initiatives. It involves confidential assessment of project implementation by a group of experts at key points in the delivery process.

The Department of Finance and Administration is providing oversight. The Gateway process currently applies only to high risk initiatives. However, its extension next year to medium risk initiatives will broaden its applicability. I would encourage agencies to think about how they may apply the principles underpinning the Gateway process in planning and executing government policy.

A further point – on which I have already touched - relates to reducing 'Red Tape'. Most of you will be aware of the Government's response to the Banks Taskforce report at the end of last year and the fact that key aspects of the new arrangements are now taking effect. These include the requirement that all proposals coming forward for Cabinet consideration are to note, as a minimum, the estimated compliance cost to business of project implementation.

The Government's focus here is very simple. Let's make sure that, when implementing and delivering government programmes and projects, we keep the regulatory burden on industry and the Australian public to the absolute minimum necessary to achieve the desired result.

In conclusion

Making implementation matter will become an established part of the way we do business in the Australian Public Service. It is not the latest boardroom fad cloaked in populist jargon. It is central to public administration.

Indeed, implementation matters precisely because it represents a key performance measure of our stewardship: how we can assure our Ministers, the Parliament and – through them - the Australian public that we are delivering programmes and services on time, on budget and to the expectations of government.

That is the profound importance of the issues addressed in the Guide we launch today. It's just not always easy to recognise that strategic significance when one is fully engaged in doing the job – or, to put this in project management parlance, "when you're up to your neck in crocodiles, it's easy to forget you were there to drain the swamp".

Thank you.

1. Barber, M. (2006), article for The Chartered Institute of Public Finance and Accountancy (CIPFA) and reproduced in an address to the IQPC Conference on Government Policy Evolution, Canberra, July.

2. Jones, R. 2004, 'Public vs Private: It's Closer Than You Think' in *MT*, February.