

**International Comparison
in
Human Resource Management
Reform**

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Human Resource Management Reform**
Ken Kernaghan

Part 1 – Human Resource Management Reforms

Introduction

This report provides a brief examination of significant human resource management (HRM) reforms in the United Kingdom, Australia and New Zealand. Like Canada, these three countries have Westminster-style governments where the doctrine of ministerial responsibility is central to the political system. In all three countries, overall public service reform based on New Public Management considerations has been more extensive than in Canada. In particular, there has been much more devolution of managerial responsibilities to departments and agencies.

It is notable that HRM reforms in each of the three countries have tended either to follow structural and financial reforms or to be insufficiently aligned with them. While the separation of structural and financial considerations from HRM concerns is somewhat artificial, the focus of this report is primarily on reforms in HRM. The field of HRM alone is a very broad one. Thus, the first part of this report highlights reforms that can be described and analyzed in greater depth if they are deemed appropriate for possible adaptation to the HRM regime of Canada's federal government.

The second part of the report examines three major *themes* of particular relevance to considerations of HRM reform in Canada. These themes are 1) devolution and cohesion in public management, 2) investments in improved HRM, and 3) enshrining and respecting values and ethics.

In Part 1, each country is examined using the following format:

1. The main actors in the HRM system.
2. The key issues that have challenged and are now challenging the public service, with specific reference to HRM.
3. The strategies used to deal with these issues, e.g., legislative changes, policy changes.
4. How each country implemented the strategies and which entities were responsible for the implementation.
5. The key results from the changes (e.g., the implications for merit).
6. Notable practices and learning points.

THE UNITED KINGDOM

1. The Main Actors

The British Cabinet Office is responsible for corporate management. It reports to the Prime Minister who is also Minister for the Public Service. (The Office of the Public Service was integrated into the Cabinet Office in 1999). Much of the responsibility for HRM has been delegated to departments, but the Cabinet Office provides central leadership on HRM by setting the framework for departmental staffing and advising on such matters as recruitment, equal opportunities, pay and pensions, conduct, and training and development.

In addition, the Office of the Civil Service Commissioners (OCSC) safeguards the principle of selection on merit by fair and open competition for departments and agencies, and the Office of the Commissioner for Public Appointments (OCPA) monitors and advises on ministerial appointments to public bodies and investigates complaints. The Centre for Management and Policy Studies (CMPS) is responsible for promoting the development and learning of public service managers.

2. The Key Issues

Substantial public service reform, which began with the election of the Conservative (Thatcher) Government in 1979, continues today. For the first few years, the focus was on producing economies, reducing waste and cutting staff. In the early 1980s, the focus shifted to economy, efficiency and effectiveness in government operations followed in the mid-1980s by extensive privatization and a consequent transfer of a large number of employees to the private sector. Massive public service reform began in the late 1980s and included continuing privatization, emphasis on performance measurement, the downsizing of central ministries, and the creation (by April 1997) of 132 executive agencies, comprising about 75% of the public service. These reforms were animated largely by the government's desire to apply market mechanisms and business practices to government.

The general thrust of the reforms was retained by the 1997 Labour (Blair) Government. A *White Paper on Modernising Government* was released in March 1999. Among the HRM objectives contained in the White Paper were:

- bringing more people into the civil service from outside;
- increasing interdepartmental mobility;
- promoting able, younger employees to senior positions more quickly;
- ensuring the personnel systems provide incentives for innovation, collaboration and excellent service delivery; and

- making performance pay systems effective as a reward for high-quality delivery, innovation and continuous improvement
- eliminating the under-representation of groups such as women, ethnic minorities and persons with disabilities, and
- training staff in new ways of working and equipping them with skills to meet changing demands.¹

3. Strategies

The major strategy to deal with the HRM issues raised in the White Paper was contained in the December 1999 Report to the Prime Minister on Civil Service Reform by Sir Richard Wilson, the Secretary to the Cabinet and Head of the Home Civil Service. The strategy, which is ambitious and far-reaching, has 6 key themes.

- Stronger leadership with clearer sense of purpose – to develop a stronger corporate leadership style with a clearer sense of direction, purpose and values;
- Sharper performance management – with systems in place to incentivize and reward high achievers, individuals and teams, and to tackle poor performers
- Dramatic improvement on diversity;
- More open service to bring in and bring on talent – developing staff at all levels to achieve full potential is a key commitment;
- Better "deal" for staff – introduce new, non-bureaucratic ways of working, and achieve a better balance between work and private life; and
- Better business planning – a coherent approach to planning, setting out aspirations and measurable targets.²

The first 5 of the 6 themes are specifically designed to improve HRM.

4. Implementation

The Civil Service Management Board, chaired by Sir Richard Wilson and comprised of all the permanent heads of the main departments, oversees the progress of the reform process. Among the major HRM initiatives are the following:

- Permanent secretaries have been appointed to champion each of the six key themes;

¹ United Kingdom, Cabinet Office, *Modernising Government* (London: Cabinet Office, March 1999), Cmd. # 4310, pp. 61-2. <http://www.cabinet-office.gov.uk/moderngov/whtpaper/index.htm>.

² United Kingdom, Progress Report against the Executive Summary of the Modernising Government White Paper 1999. http://www.cabinet-office.gov.uk/moderngov/whtpaper/summary_progress.

- All departments have drawn up their own action plans and have been allocated funds to support reform initiatives;
- A Change Management Division has been established in the Cabinet Office to drive forward and coordinate the whole change program;
- The CMPS has developed courses and development activities to support the reform agenda; and
- A network of Change Agents has been established across the civil service to share best practices and experience.

A detailed action plan has been developed and regular reports are published on the civil service reform Web site³ regarding giving progress made by the government as a whole and by individual departments.

5. Key Results

Between 1979 and 1997, a considerable number of reforms were effected that had important implications for HRM. Especially notable was a series of initiatives to permit departments and agencies to exercise greater flexibility in respect to pay, recruitment, and training and development. The 1992 Civil Service (Management Functions) Act, for example, facilitated the delegation of central management responsibilities to departments and agencies. There were also several significant initiatives promoting equal opportunity for under-represented groups. A Civil Service Code (discussed below) was adopted in 1996.

The reform process arising from the 1997 *Modernising Government White Paper* is in its early stages but progress, including accounts of departmental initiatives, is reported annually for each of the six strategic themes.⁴ Progress reported on four of these themes is summarized here:

Leadership – The Civil Service Management Board has developed a new competence framework describing the behaviour expected from senior managers in leading people and delivering policies. This framework is a major component of the new pay and performance management system for the senior civil service. The CMPS has established a program to support ministers and senior civil servants in their leadership role.

Performance Management – A new pay and performance management system has been introduced for the 3,000 people in the senior civil service. Pay awards are based on "relative contribution" and incentives are available in the form of bonuses for high performance.

Diversity – Each department has a diversity action plan, including objectives against which performance is being measured. Sample targets for the civil service as a whole for 2004/5 are 35% of women in the senior civil service (from 17.8% in 1998) and 3.2% of ethnic minorities

³ <http://www.cabinet-office.gov.uk/civilservice-reform/content.htm>.

⁴ <http://www.cabinet-office.gov.uk/civilservicereform/csannualreport/html.htm>.

(from 1.6% in 1998). During 1999-2000, the percentage of women rose from 18% to 20% and ethnic minorities from 1.7% to 2.1%.

Bringing In and Bringing On Talent – There has been a substantial increase in the number of appointments to the senior civil service from open competition and in the number of secondments/attachments in and out of the civil service. A major initiative is underway to identify the skills that are needed for the 21st century, to identify shortfalls, and to develop a strategy for remedying them.

6. Notable Practices and Learning Points

a) Merit

The Civil Service Commissioners are independent of ministers and are appointed directly by the Crown under the Royal Prerogative. Their jurisdiction covers the Home Civil Service and the Diplomatic Service; it does not cover other parts of the public service or non-departmental public organizations.

The 1995 Civil Service Order in Council provides that the Commissioners are responsible for maintaining the principle of selection on merit on the basis of fair and open competition, for publishing a Recruitment Code explaining the interpretation and application of the merit principle, for auditing the recruitment systems of departments and agencies, for approving external appointments to the senior civil service, and since 1996 for deciding (only for the Home Civil Service) appeals regarding propriety and conscience arising under the Civil Service Code.

The Recruitment Code⁵ sets out four Principles of Fair and Open Competition and Selection on Merit:

- a) prospective applicants must be given equal and reasonable access to adequate information on the job and its requirements and on the selection process;
- b) applicants must be considered equally on merit at each stage of the selection process;
- c) selection must be based on relevant criteria applied consistently to all the candidates; and
- d) selection techniques must be reliable and guard against bias.

To comply with Civil Service policy, equality of opportunity must apply throughout the recruitment process.

5 <http://www.open.gov.uk/ocsc/rcpart1.htm>.

The Civil Service Commissioners monitor and report annually on the extent to which departments and agencies comply with the principles of the Recruitment Code.

While the Recruitment Code provides greater specificity than Canada's Public Service Employment Act as to the appropriate interpretation and application of the merit principle, the Code is not enshrined in legislation. Thus, a better model for Canada may be the Australian approach (discussed in the next section) which imbeds a multi-part definition of merit in its new 1999 Public Service Act.

b) **The Civil Service Code and the Vision and Values Statement**

The Code

The 1996 Civil Service Code (revised slightly in 1999) sets out the constitutional framework within which all civil servants work and the values they are expected to uphold. The Code (reproduced in full in Appendix A), constitutes part of the terms and conditions of employment for all civil servants. This Code was cited by Canada's Task Force on Public Service Values and Ethics as a possible model for the Canadian federal government. It is significant that the Code is to be viewed in the context of the duties and responsibilities of ministers set out in the Ministerial Code. This Ministerial Code declares that

“Ministers have a duty to give fair consideration and due weight to informed and impartial advice from civil servants, as well as to other considerations and advice, in reaching policy decisions; a duty to uphold the political impartiality of the Civil Service, and not to ask civil servants to act in any way which would conflict with the Civil Service Code; a duty to ensure that influence over appointments is not abused for partisan purposes; and a duty to observe the obligations of a good employer with regard to terms and conditions of those who serve them. Civil servants should not be asked to engage in activities likely to call in question their political impartiality, or to give rise to the criticism that people paid from public funds are being used for Party political purposes.”

Given uncertainties regarding the appropriate relationships between ministers and public servants in Canada, a similar statement could usefully be adopted in the Canadian context, perhaps as part of a statement of values or code of conduct.

The Civil Service Code also makes provision for public servants to report situations where they believe they are being required to act in ways that are illegal, improper or unethical and to report evidence of unlawful activity or matters that raise a fundamental issue of conscience. A similar approach in the Canadian context might be a suitable alternative to whistle blowing legislation.

Vision and Values

The Civil Service Vision and Values Statement, adopted by the Civil Service Management Board in July 2000 (reproduced in part in Appendix B), is designed to make public service values come alive. The values contained in the statement on values overlap with, but differ to some extent from, those contained in the Civil Service Code. In addition to the Code and this 1999 statement of values, there are several other documents providing guidance on values and ethics for public servants. The list of these documents on the Civil Service Ethics and Standards Web site suggests the need to ensure in the Canadian context that statutes, regulations and guidelines on values and ethics are presented in a coherent, interconnected and easily comprehensible form.

c) **The Charter for Action Program**

In 1999, the Government joined with civil service trade unions to endorse the Charter for Action to Redress the Under-Representation of Ethnic Minorities in the Senior Civil Service. The heads of departments and agencies were invited to sign on formally to the program, thereby pledging to champion racial equality in their organizations, encourage ethnic minorities to apply for senior civil service positions, guarantee a non-discriminatory working culture in the civil service, ensure that ethnic minority employees have chances to advance, and demonstrate this fact to all employees. This type of government-union collaboration to help remedy the under-representation of a disadvantaged group could be adapted for use elsewhere.

AUSTRALIA

1. The Main Actors

The Department of the Prime Minister and Cabinet is responsible for the coordination of government administration, assistance to Cabinet and its committees, and policy advice and administrative support to the Prime Minister. The Department is the major source of policy advice on public service management, including HRM. The Secretary to the Department is Head of the Public Service. As explained below, the Public Service and Merit Protection Commission is also a key actor in HRM. However, most of the responsibility for HRM has been devolved to individual government agencies.

2. Key Issues

Between the mid-1970s and the mid-1990s, Australia experienced continuing public service reform, including many changes affecting HRM. This reform was a response to a widespread view that the size and scope of government were too great and, in particular, to the perception of some citizens that

- the public service wasted human, financial and material resources and its structures were over-centralized, hierarchical and inflexible;

- public servants, especially at senior levels, were not sufficiently responsive to the objectives of the elected government when these objectives clashed with public servants' views of the public interest;
- public servants were not sympathetic enough to the needs and wants of citizens and did not provide enough information or engage in enough public consultation;
- rigid organizational structures and cumbersome procedures discouraged initiatives by public servants; and
- bias existed in recruitment and promotion procedures to the benefit of certain social or educational groups – there was a need to balance efficiency and equity.⁶

A variety of structural, financial and HR reforms were made to deal with these problems. With respect to HRM in particular, a senior public servant noted that during the 1980s there had been significant devolution in the HRM spheres of recruitment, promotion, discipline, redeployment and retrenchment. "Indeed, by 1987, devolution of personnel management had proceeded so far that it was decided to replace the former Public Service Board by a Public Service Commission which concentrates on developing standards and providing guidance and training, with responsibility for actually implementing personnel management devolved to individual agencies and departments."⁷

As part of the successor arrangements to the Public Service Board, a Management Advisory Board (MAB) was established in 1987 to advise the government on important matters pertaining to the management of the APS and to serve as a forum for examining major management issues cutting across the public service. The MAB prepared a large number of discussion papers dealing with various aspects of management reform; these papers had considerable influence on the reforms carried out over the next ten years.

In 1996, Australia began a renewed – and major – effort to improve HRM in the APS. The objective of the new government (elected in March 1996) was "to provide the APS with greater freedom to manage, and to provide a far more flexible employment framework while maintaining the traditional ethos and a high level of accountability."⁸ The key issues were set out in a ministerial discussion paper released in November 1996:

- how to ensure that the workplace arrangements for the public service are, as far as possible, based upon those in the private sector;

⁶ Williams, Helen, "Perceptions and Performance: The Australian Public Service Experience," *International Review of Administrative Sciences*, vol. 67, no. 1 (March 2001), pp. 50-1.

⁷ Keating, Michael, "Quo Vadis? Challenges of Public Administration," *Australian Journal of Public Administration*, vol. 48, no. 2 (June 1989), p. 125.

⁸ OECD, *Public Management Developments in Australia*, updated 1998, p. 1.
<http://www.oecd.org/puma/gvrnance/surveys/report98/surv98au.htm#D>

- how to bring about far greater flexibility in the manner in which staff are managed;
- how to ensure that agency heads are accountable for the running of their organizations and have the maximum autonomy possible over financial and people management;
- how to remove the high level of process that derives from legislative and industrial restrictions, and which imposes high overhead costs on public administration;
- how to deal with the fact that the concept of the APS as a single labour market, defined in terms of common employment standards, conditions and job classifications is no longer appropriate; and
- how to maintain the common ethos and values that distinguish public administration.⁹

3. Strategies

The major strategy to meet these objectives was legislative action, notably through the 1999 Public Service Act (explained below).

The Minister assisting the Prime Minister for the Public Service announced in June 1996 that the 1922 Public Service Act would be substantially reformed. A government paper released in May 1997¹⁰ declared that a new Public Service Act would rectify the deficiencies and omissions of the current legislative framework for public service employment. Among the flaws in the current framework were these:

- the character or purpose of public service was not clearly identified;
- the ethos of public service was not defined;
- there was no acknowledgement of the need for a non-partisan and apolitical public service;
- there was no prohibition on ministerial direction of individual public service staffing decisions;
- although there were scattered and contradictory references to merit, there was no clear statement of the principle and how it is to be applied;
- there was no code of conduct;
- the respective roles, responsibilities and powers of Ministers, Secretaries and the Public Service Commissioner were not set out; and
- there was no explicit provision for the Public Service Commissioner to report through the Minister to the Parliament.¹¹

⁹ Ibid., pp. 1-2.

¹⁰ *The Public Service Act 1997 -- accountability in a devolved management framework*, quoted in *ibid.*, p. 2.

¹¹ *Ibid.*

The government's strategy was to use the new Public Service Act to recognize formally that

- the Public Service should be run along the same lines as the rest of the workforce except where there are public policy reasons not to do so;
- in order to provide the flexibility for agencies to meet the demands of individual workplaces, there should be a general movement away from prescription and regulation to an APS that is driven by its values; and
- there should be considerable further devolution of employer powers to agency heads who would be held accountable more directly for the use of those powers.¹²

4. Implementation

a) Workplace Relations

The 1996 *Workplace Relations Act* applies to industrial relations in both the public and private sectors. The purpose of the Act is to promote a cooperative workplace culture between employers and employees as well as a flexible and fair labour market. In APS agencies, the objective is to link improvement in employees' remuneration and working conditions to enhanced productivity and performance in each agency. Within broad policy parameters set by the government, agency heads are authorized to make agreements directly with employees. "The parameters allow considerable scope to tailor pay and conditions to the particular requirements of agency business plans, on the basis that improvements in pay and conditions must be linked to, and funded from, productivity gains."¹³

b) The Public Service Act

The new *Public Service Act* (PS Act), which came into effect on December 5, 1999, is about one-fourth the size of the 1922 Act. Especially notable are provisions of the Act that set out

- significant new inquiry, evaluation and reporting powers for the Public Service Commission;
- the important values and culture that Parliament wants to see in the APS;
- a clear statement for the APS and the Australian people of the conduct expected of public servants; and
- the role and powers of agency heads and their relationship to ministers.

The Public Service and Merit Protection Commission serves the Public Service Commissioner and provides administrative support for the independent Merit Protection Commissioner. The Public Service Commissioner (the Commissioner) provides advice and guidance to agencies as

¹² Williams, "Perceptions and Performance," p. 53.

¹³ Ibid.

opposed to imposing rules and seeks to partner with agencies to promote good practices in public administration. The Commissioner plays a central role in promoting and evaluating the implementation of the APS Values and the APS Code of Conduct.

The Commissioner

has both statutory powers and policy responsibilities.¹⁴ Under the Public Service Act 1999 ... the Commissioner is required to report annually to Parliament on the State of the Service. This Report ... would normally include an evaluation of the extent to which agencies have incorporated the APS Values and the adequacy of their systems and procedures for ensuring compliance with the Code of Conduct....

Other *statutory* responsibilities include:

- an involvement in various employment decisions relating to Senior Executive Service (SES) staff;
- implementation of machinery of government changes;
- conducting inquiries, evaluations and reviews of people management practices; and
- investigation of whistleblowing disclosures by public servants.

The Commissioner's *policy* responsibilities include:

- promoting and upholding the merit principle;
- developing people management policies and practices in recruitment, selection, mobility, conduct, performance, redeployment and retirement;
- fostering leadership; and promoting and reporting on workplace diversity in the APS.

Under the PS Act 1999, the Merit Protection Commissioner has responsibility for reviewing certain agency decisions affecting APS employees. This Commissioner plays an Ombudsman-like role in respect of employment-related complaints; he/she has powers only to recommend and report.

The PS Act 1999 sets out the APS *Values* and the APS *Code of Conduct*. Among the values declared in the Act are merit, accountability, responsiveness, service delivery, results focus, and equity in employment. (See Appendix C for the complete list.) The APS Values are implemented through the Public Service Commissioner's Directions, the Code of Conduct, and the obligation of agency heads to promote and uphold the Values.

¹⁴ <http://www.psmpc.gov.au/about/commissionerrole.htm>

The Public Service Commissioner is required to issue Directives to ensure that the APS incorporates and upholds the Values. The Commissioner has the statutory functions of evaluating the extent to which agencies incorporate and uphold the Values and the adequacy of systems and procedures in agencies for ensuring compliance with the APS Code of Conduct. This Code contains provisions on such matters as honesty, care and diligence, respect and courtesy, compliance with the law, confidentiality, and avoidance of conflict of interest. (See Appendix D for the complete list.)

c) The Management Advisory Committee

The Management Advisory Board, mentioned above, was replaced under the PS Act by a Management Advisory Committee with the same function of advising the government on matters relating to the management of the public service. It is chaired by the Secretary of the Department of the Prime Minister and Cabinet and includes all other departmental secretaries, the Public Service Commissioner, and other persons nominated by the Secretary.

5. Key Results

a) Workplace Relations

By 2000, agency heads had negotiated agreements under the Workplace Relations Act for nearly all APS employees. As early as 1998, the government reported that the agreements were bringing about a significant cultural change in the form of increased attention to productivity improvements and enhanced services.¹⁵ The variety of pay and conditions incentives, linked to performance, that have been agreed upon place heavy emphasis on achieving results. Concern has arisen among some APS employees, however, about the increased disparity of pay and conditions from one agency to another. Some of the concern arises "from a sense that there is less than a level playing field between agencies in their ability to provide for pay enhancement and, in relation to performance pay, from some lack of confidence in the objectivity of the process."¹⁶

b) Values and Merit

It is too early to assess with confidence the impact of the APS Values and the APS Code of Conduct. It is notable, however, that the values-based management framework created by the

new PS Act permits agencies to exercise greater freedom in recruiting and managing their employees. Since the Values are necessarily subject to interpretation that can differ from one agency to another – and even within a single agency, agencies are obliged to examine what the values mean in practice for day-to-day operations.

¹⁵ OECD, "Public Management Developments in Australia, Updated 1998."

¹⁶ Williams, "Perceptions and Performance," p. 54.

According to the current Public Service Commissioner, "the formal removal of centralized regulation and prescription, placing a greater reliance on Values as a basis for work and decision making in the Service, focused political attention on the need for their articulation. The integration of the traditional and modern values in the *Public Service Act 1999* provides an important benchmark for the APS in defining its working relationship with Ministers."¹⁷

Two values deserve special mention here. The first is *merit*. The PS Act 1999 (section 10(2)) defines merit by providing that "a decision relating to engagement or promotion is based on merit if:

- a) an assessment is made of the relative suitability of the candidates for the duties, using a competitive selection process;
- b) the assessment is based on the relationship between the candidates' work-related qualities and the work-related qualities genuinely required for the duties; and
- c) the assessment focuses on the relative capacity of the candidates to achieve outcomes related to the duties; and
- d) the assessment is the primary consideration in making the decision.

In addition, section 17 of the Act prohibits patronage and favouritism and section 19 provides that agency heads are not subject to direction by ministers in respect of the employment of particular individuals.

A second important value that is central to HRM in the APS is *diversity*. The APS Values declare that "(c) the APS provides a workplace that is free from discrimination and that recognizes and utilizes the diversity of the Australian community it serves" and that "(g) the APS delivers services fairly, effectively, impartially and courteously to the Australian public and is sensitive to the diversity of the Australian public." As with all other APS values, the Public Service Commissioner is required to issue Directives to ensure that the value of diversity is upheld and to evaluate the extent to which agencies uphold this value and the adequacy of their systems for doing so.

6) Notable Practices and Learning Points

a) Values

¹⁷ Ibid., p. 58.

Unlike Canada, Australia provides a clear, coherent, highly visible legislative statement of the values on which public service decision making and conduct are to be founded.

Values have become a central dimension in the APS in general and especially in the realm of HRM. This emphasis on values is complemented by a related emphasis on ethics. Both the APS Values and the Code of Conduct are enshrined in the PS Act 1999. They are explicitly linked by a provision in the statement on Values that "the APS has the highest ethical standards" and by a provision in the Code that "an APS employee must at all times behave in a way that upholds the APS Values and the integrity and good reputation of the APS." In large part, the intent is to promote a shared and coherent values- and ethics-based culture across the APS in light of the significant devolution of managerial authority to agencies.

The PS Act lists 15 separate values, including both traditional values and so-called new values. Scholarly writings suggest that 15 values is too many, but it is notable that the list of values is the result of an effort to obtain bi-partisan support for the Act and that several values were added to the list during the legislative process. The inclusion of certain new values (e.g., achieving results, managing performance) is designed to move the APS culture in a particular direction while at the same time preserving traditional values like accountability.

b) **State of the Service Report**

The Public Service Commission presents both an annual report and a State of the Service Report. The former is similar to Canada's report of the Public Service Commission but the latter is considerably different from the annual state of the service report submitted by Canada's Head of the Public Service to the Prime Minister. The Australian State of the Service Report is a lengthy document that examines in considerable detail the problems, challenges and achievements of the public service – and relates these explicitly to the APS Values and the Code of Conduct. The report includes critical comments on the performance of the public service and particular parts of it.

A Canadian equivalent to this single source of information and analysis on the state of the public service could promote greater understanding among citizens and politicians regarding the activities, challenges and performance of the public service. A report of this nature has the potential to provoke partisan debate, but in Australia, the report has so far received bi-partisan support.¹⁸

¹⁸ Discussion with Helen Williams, APS Public Service Commissioner, April 23, 2001.

NEW ZEALAND

1. The Main Actors

Most of the responsibility for HRM in New Zealand has been devolved to individual departments headed by chief executives who report to ministers. Three central agencies – the Department of the Prime Minister and Cabinet, the Treasury, and the State Services Commission (SSC) – provide leadership, coordination and advice on public sector management. The SSC provides the only central management of the HR function. It is headed by a Commissioner who reports to the Minister of State Services.

2. Key Issues

The 1984 financial crisis, combined with broad economic, political and intellectual forces, precipitated enormous restructuring of both the economy and the government. The massive restructuring of the public sector included the well-known initiatives to establish state-owned enterprises, deregulate industries and privatize state assets.

The public sector was widely viewed as contributing to the country's economic problems in that it "was seen to have a bloated workforce, rigid employment conditions, and a dearth of consequences for failure to perform."¹⁹ The public service at this time was highly "bureaucratic" in its structures, systems and operations. The SSC was the employer for all public servants; it appointed the heads of departments and controlled, among other aspects of administration, the pay, conditions and advancement of all employees. The public service was seen as a career service with rewards based unduly on seniority, with little recruitment from outside the service, and with lengthy and complicated appeal systems. The public service "was a unified, non-party political, career service. ... It was heavily rule-bound (especially in matters of personnel and industrial relations) and by the early 1980s was widely regarded as inefficient."²⁰

Aside from major restructuring through corporatization, deregulation and privatization, the solution to these problems was widely seen to lie in reducing controls and delegating authorities by devolving management functions from the Treasury and the SSC to departments.

3. Strategies

¹⁹ New Zealand, State Services Commission, *Public Sector Reform in New Zealand: The Human Resource Dimension*, January 1998. <http://www.ssc.govt.nz/searchset.htm>.

²⁰ Pollitt, Christopher and Geert Bouckaert, *Public Management Reform: A Comparative Analysis* (London: Oxford University Press, 2000), pp. 255-6.

The government's response to the huge financial and human resource challenges of the mid-1980s was legislative action. Four major statutes were enacted to effect reform. One of these - the 1988 State Sector Act – focused on reform of the HRM regime. Underpinning this Act was the government's conviction that the performance of the public service would benefit from adopting or adapting practices and incentives from the private sector. It was argued that departmental chief executives in particular and, indeed, managers in general would perform more efficiently and effectively if they were given broad authority over the management of their departments and held accountable for producing high-quality results. In addition, it was argued that the "closed" system of appointments should be opened up by advertising all job vacancies so as to recruit more people from outside the public service. The hope was, in part, to inject into the public service more of the energy and creativity associated with private sector managers.

4. Implementation

The 1988 State Sector Act devolved responsibility for HRM from the SSC to the chief executives of departments. The role of the SSC changed "from employer and manager of the public service to employer of chief executives and advisor to the Government on public sector management."²¹ The chief executives are required to provide advice to ministers and to ensure the efficient, effective and economical management of their department. Their specific HR responsibilities include:

- operating an HR policy according to the principle of being a "good employer" – that is, "an employer who operates a personnel policy containing provisions generally accepted as necessary for the fair and proper treatment of employees in all aspects of their employment," including merit-based staffing and employment equity programs;
- ensuring that "all employees maintain proper standards of integrity, conduct, and concern for the public interest;" and
- working with the SSC to develop and maintain a Senior Executive Service.

It is noteworthy that chief executives are specifically enjoined by the State Sector Act to give preference, when making appointments, "to the person who is best suited to the position." That Act also requires chief executives to recognize the aims and aspirations and the cultural differences of ethnic or minority groups and the employment requirements of women and persons with disabilities.

The State Services Commissioner is in effect the head of the public service. The Commissioner recommends the appointment of chief executives who are appointed on fixed-term contracts (initially 5 years) negotiated with the Commissioner. Each chief executive has a *performance*

²¹ OECD, *Government and Public Administration: New Zealand - Country Paper*, 1999. <http://www.oecd.org/puma/country/newzland.htm#Reports>.

agreement with his/her minister and a *purchase agreement* which sets out the outputs to be provided to the minister.

The Commissioner's responsibilities under the State Sector Act also include:

- reviewing the machinery of government;
- reviewing the performance of each department;
- providing advice to departments on management systems, structures and organizations;
- promoting and developing personnel policies and programs;
- negotiating conditions of employment for public service employees;
- providing advice on staff training and development;
- issuing a code of conduct covering the minimum standards of integrity and conduct for the public service; and
- promoting, developing and monitoring policies and programs for equal employment opportunities.

5. Key Results

a) From Revolution to Evolution

Since the mid-1980s, the number of public employees has been reduced by more than half and most of the large multi-functional departments have been restructured into a greater number of smaller departments (39 departments as of October 2000). Evaluations of the overall reform of the public sector have been positive. A formal evaluation by an American public administration expert concluded that "the reforms have lived up to most of the lofty expectations held for them."²² However, as noted in Part 2 of this report, the continuous and sometimes harsh reform process extending into the early 1990s had some adverse consequences for HRM.

Since the mid-1990s, there has been a shift from the earlier period of rapidly implemented revolutionary change to a period of evolutionary change. The emphasis has been on "settling in" so as to consolidate the reforms that have been made and to remedy their unforeseen or adverse consequences. The disruptive effects on HRM of rapid public service reform in New Zealand suggests that Canada's pragmatic, incremental approach to reform has been beneficial in some respects. It suggests also that if Canada embarks on major HRM reform (e.g., a new Public Service Employment Act with such features as a reallocation of roles and responsibilities and a values statement), the change process should be carefully planned and sensitively managed.

a) The Code of Conduct

²² Schick, Allen, *The Spirit of Reform: Managing the State Sector in a Time of Change*, 1998. <http://www.ssc.govt.nz/siteset.htm>.

There is no single statement of public service values in New Zealand. However, as in Canada, a set of central values can be gleaned from a variety of government documents. According to the government, these central values include justice and fairness, responsibility and integrity, openness and accountability, efficiency and effectiveness, and stewardship and guardianship.²³ The purpose of the 1990 Public Service Code of Conduct, which applies to all employees in the core public service, is to provide guidance on the standards of behaviour required of public servants and a basis for any codes that chief executives may wish to develop to meet the particular needs of their departments. The Code sets out and elaborates on three major principles of conduct:

- i) employees should fulfil their lawful obligation to Government with professionalism and integrity;
- ii) employees should perform their official duties honestly, faithfully and efficiently, respecting the rights of the public and their colleagues; and
- iii) employees should not bring their employer into disrepute through their private activities.

c) Recruitment, Retention and Remuneration

The State Services Commissioner, in collaboration with chief executives, is responsible for developing senior managers and ensuring that there are enough senior managers of sufficient quality to help fill chief executive positions. The Senior Executive Service created under the State Services Act has not been as successful as anticipated in attracting high-quality candidates, especially from the private sector.

Initially, the intention was to recruit well-qualified managers by linking the remuneration of public service chief executives to private sector levels. In the mid-1990s, this approach was abandoned on the grounds that the roles of public service chief executives were not sufficiently comparable with private sector general management roles; that a "wider public sector remuneration market" was a more appropriate benchmark than the private sector; that it was desirable to reduce the upward pressure on public service remuneration resulting from comparisons with the private sector; and that there was a need to strengthen the tie between the remuneration and the performance of chief executives.²⁴

In 2000, the State Services Commissioner observed that he did not have enough well-qualified candidates who were willing and able to take on the heavy responsibilities of chief executives. He noted also that "if good quality public management is to be assured now and in the future I need to be able to recruit and retain highly competent managers and leaders. To do this I need to maintain remuneration at competitive levels." He acknowledged, however, that despite his

²³ OECD, *Trust in Government* (Paris: OECD, 2000), p. 242.

²⁴ New Zealand, State Services Commission, *Annual Report of the State Services Commissioner*, for year ended June 30, 2000, p. 8. <http://www.ssc.govt.nz/siteset.htm>.

efforts the gap between the pay for chief executives and the market has continued "to widen at the middle and upper range of job sizes."²⁵ One of the major challenges for the New Zealand government remains attracting a sufficient number of well-qualified people to the public sector.²⁶

d) **Crown Entities**

In addition to public service departments and state enterprises, the public sector in New Zealand includes a large number of "Crown entities" that are diverse in form and function and possess various degrees of autonomy from government control. They range from entities that are essentially agents of the government of the day, e.g. the Health Funding Authority, to entities that are quite autonomous, e.g. the Police Complaints Authority. Concerns about Crown entities include the lack of clarity about their relationship with ministers, boards, monitoring departments and central agencies and about their inconsistent and incomplete legislation.

Non-legislative measures adopted in July 1999 gave the Minister of State Services responsibility for general oversight of the governance and accountability regime for Crown entities and set guidelines regarding the contracts of Crown entity chief executives. The Government has announced a Crown Entities Bill to establish an appropriate balance between the autonomy and accountability of Crown entities. The intent is to subject these entities to greater government control in respect of both financial and human resource management.

6. Notable Practices and Learning Points

a) **The Appointment of Chief Executives**

As noted above, the State Sector Act provides for the State Services Commissioner to recommend persons to the government for appointment as chief executives. The process begins by the Commissioner inviting the appropriate minister to inform him/her of any factors that the minister wishes the Commissioner to take into account in recommending a person for appointment. The Commissioner, after seeking pertinent advice elsewhere, recommends an appointment to the minister who refers the recommendation to the Governor-General in Council. If the Governor-General in Council decides to reject the Commissioner's recommendation and to make a "political appointment", this fact must be made public. While the conditions of appointment are negotiated between the Commissioner and the chief executive, the Commissioner obtains the agreement to these conditions from the Prime Minister and the Minister of State Services.

²⁵ Ibid., p. 11.

²⁶ OECD, "Public Management Developments in New Zealand Update 2000." <http://www.oecd.org/puma/country/Surveys2000/surv2000nz.htm#A>.

This approach "protects the merit principle while retaining the advantages that flow from the exercise of the executive prerogative."²⁷ Consideration could be given to adapting this approach to the Canadian context as a means of promoting the fact and appearance of a professional non-partisan public service and enhancing public confidence in the quality and impartiality of appointees to such non-departmental bodies as Crown corporations and regulatory agencies.

b) **A Bill of Rights for Public Servants**

A notable feature of the Code of Conduct is that, unlike most statements on conduct, ethics and/or values, it sets out the obligations of the *employer* as well as those of public servants. Public service employers have the obligation to provide their employees with such protections as

- impartial selection and appointment procedures;
- clear statements of employees' duties and employer expectations of them;
- fair rates of remuneration for skill, responsibilities, and performance;
- good and safe working conditions;
- equal employment opportunities ...;
- freedom from harassment or discrimination in the workplace; and
- appropriate disciplinary and dispute procedures, and opportunity for redress against unfair or unreasonable treatment by the employer.

A statement of public service values for the Canadian public service and/or a code of conduct/ethics based on that statement could include reference to, or specific provisions on, the obligations of the employer.

²⁷ Aucoin, Peter, *The New Public Management: Canada in Comparative Perspective* (Ottawa: Institute for Research on Public Policy, 1995), p. 75.

International Comparison in Human Resource Management Reform

Part 2 – Important Themes

Introduction

The first part of this report provided a brief examination of significant HRM reforms in the United Kingdom, Australia and New Zealand. Each country was examined in terms of the main actors in the HRM system, the key issues, the reform strategies employed, the implementation of the strategies, the key results, and notable practices and learning points.

This second part examines three major *themes* that are deemed to be of particular relevance to considerations of HRM reform in Canada. Lessons are drawn from the same three countries. The three themes are:

1. Devolution and cohesion in public management
2. Investments in improved HRM
3. Enshrining and respecting values and ethics

1. Devolution and Cohesion in Public Management

Costs and Benefits of Devolution

Devolution can be broadly defined as "the granting of greater decision-making authority and autonomy (a) by central management bodies to line departments and agencies; (b) by departments and agencies to their subordinate bodies; (c) within departments and agencies to lower levels of management and to regional/local offices of central government; and (d) by central government to lower levels of government."²⁸ The focus of this section is on the first type of devolution – from central management bodies to line departments and agencies.

Since the mid-1980s, the New Public Management (NPM) movement has strongly urged the devolution of decision-making authority and autonomy from the centre of government to line departments and agencies. This support for devolution has been part of the broad sweep of public service reform involving a shift from the traditional bureaucratic model of public organization

²⁸ OECD, *Governance in Transition: Public Management Reform in OECD Countries* (Paris: OECD, 1995), glossary.

toward a "post-bureaucratic" model.²⁹ Among major trends in public service reform that are closely related to the devolution of managerial authority to departments (and beyond) are those

- 1) from hierarchy and central control to decentralization of authority and control;
- 2) from command, control and compliance to shared values and participative decision making;
- 3) from accountability for process to accountability for results;
- 4) from departmental forms of organization to a wide variety of non-departmental forms; and
- 5) from independent departmental/agency action to collective action involving increased consultation and collaboration.

The fifth trend is in part a response to the first four.

The arguments for and against the devolution of managerial authority to line departments are well known. Proponents of devolution contend that it

- enhances service and efficiency by increasing managerial autonomy and flexibility;
- heightens innovation and creativity by permitting more risk taking and entrepreneurship;
- improves productivity by putting greater emphasis on results relative to process; and
- increases loyalty to the department and commitment to its objectives.

Critics of devolution argue that it

- reduces interdepartmental cooperation and coordination and, therefore, enhances the need for collaborative and horizontal initiatives;
- increases overlap and duplication;
- diminishes common standards and equitable treatment across the public service;
- decreases loyalty to the public service as a whole and commitment to government-wide priorities;
- increases interdepartmental competition for resources;
- undermines democratic accountability;
- erodes the concept and practice of a career public service; and
- reduces the extent of human resource deployment across the public service.

The Dominance of the Departmental Model

²⁹ See Kernaghan, Kenneth, Brian Marson and Sandford Borins, *The New Public Organization* (Toronto: Institute of Public Administration of Canada, 2000), especially chapters 1 and 5.

The UK, New Zealand and Australia have all devolved a considerable measure of managerial authority to line departments and agencies from the centre of government, especially from central HRM bodies. The experience of the three countries shows that devolution, like other aspects of institutional design in public organizations, can take various forms and have unforeseen consequences. Managerial authority can, for example, be devolved from central agencies to traditional integrated ministerial departments; to restructured departments; or to restructured departments containing separate agencies. In Australia, structural change has been less dramatic than in the other two countries in that managerial authority has been devolved largely within the traditional framework of integrated ministerial departments. In New Zealand, however, a large number of smaller departments with considerable autonomy have been created, and in the UK a large number of executive agencies have been established and housed within ministerial departments that have been reduced in size.

All three countries, despite their distinctive design, have a "departmental" model of management rather than a "corporate" and integrated model that spans the entire public service.³⁰ In each country, departmental managers and employees exercise substantial autonomy from central control. In New Zealand, for example, the managerial authority devolved to departmental chief executives includes, among other responsibilities, staffing, industrial relations, human resource management, financial management, control and accounting, and structural arrangements.

The key question is how to achieve an adequate measure of cohesion and coordination in the public service as a whole while devolving a substantial measure of managerial authority to individual departments. More specifically, how can departments enjoy managerial flexibility with respect to financial and human resource decisions while ensuring that their actions and decisions are sufficiently aligned with the government's agenda and with corporate priorities?

Academic scholars have warned of methodological problems and limited data connected with the evaluation of various public service reforms, including devolution. John Hart notes that "the absence of quantitative data on the impact of public sector reform certainly limits what can be said about any change in the relationship between central agencies and departments because the nature of that change will be determined, in part, by the extent to which decentralization, devolution, deconcentration or empowerment have been implemented successfully."³¹ Governments – and academics – have done little formal evaluation of the HRM and other impacts of devolution, either on a single country or comparative basis. It is difficult, therefore, to assess with precision the extent to which the arguments for and against devolution outlined above apply in practice to particular governments. Moreover, much of the evaluation of

³⁰ A senior official in the New Zealand government has noted that the previous public service in that country was "neither integrated nor corporate." E-mail communication from Derek Gill, Strategic Development Branch Manager, State Services Commission, June 11, 2001.

³¹ John Hart, "Central Agencies and Departments: Empowerment and Coordination," in B. Guy Peters and Donald J. Savoie, eds., *Taking Stock: Assessing Public Sector Reforms* (Montreal and Kingston: McGill-Queen's University Press, 1998), p. 290.

experience in other countries has been provided by governments themselves (rather than by academic analysts) and may, therefore, be somewhat rose-tinted.

Available data on experience in the UK, New Zealand and Australia suggest that Canada should give very careful attention to the implications of devolving substantial additional managerial authority to departments. While Canada can learn important lessons on this issue from other countries, these lessons must be sensitively set within the country's unique constitutional, political and administrative milieu.

Experience in these three countries suggests that, on balance, they have been satisfied with the results of devolving managerial authority to departments. Even though the pendulum has begun to swing back towards a more corporate model, it is unlikely to swing very far in that direction in the foreseeable future. These governments are learning to avoid or overcome excessive departmentalism and to seek an appropriate balance of devolution and democratic accountability. Rather than reimposing substantial central control over departments, they are exploring other approaches to promoting a more integrated management model. Central HRM agencies are the agencies that have lost the most managerial authority from devolution. However, these HRM agencies are gradually regaining power and influence, especially in Australia and New Zealand. Moreover, while certain central agencies may have permanently given up some managerial control, they have at the same time taken on new responsibilities in such areas as performance measurement and accountability. It is notable also that the transfer of managerial authority to departments can free up central management bodies to spend more time on strategic thinking.

Freed of many of the detailed tasks involved in input control, the centre can devote more resources to strategic policy issues and evaluation. Reforms can also help strengthen the centre's capacity to provide a long-term perspective and satisfy the need for government to be pro-active as well as reactive. Strategic policy development ... reflects a recognition that solving the problems confronting government requires coherent policies within a strategic framework. Although the responsibility for sectoral strategies rests primarily with line departments, the need has increased for a strategic overview at the centre.³²

COMPARATIVE PERSPECTIVES

New Zealand

New Zealand provides an instructive case study since it carried out substantial devolution without first developing government-wide policy frameworks beyond the provisions of the State Sector Act. One of the lessons learned was that there is substantial risk in abolishing old accountability and control systems before adopting new ones. "It is important that the timetable

³² OECD. *Governance in Transition*, p. 74.0

for implementation allows for the establishment of new systems before the old ones are removed."³³

As explained in Part 1 of this report, in the late 1980s considerable managerial authority was devolved in New Zealand from central agencies to the chief executives of departments. The former role of the State Services Commission (SSC) as employer and manager of the public service was changed to that of employer of the chief executives and advisor to the government on public sector management. The downside of this devolved management was "insufficient attention to balancing the intense focus given to the achievement of short-term output targets in individual departments, against decisions affecting the longer-run interests." There needed to be a "better connection between Government's priorities and departmental commitments in pursuit of the Government's priorities, and centralized co-ordination and review of departmental commitments."³⁴

The government's response was the adoption in 1994 of a strategic management system that involved, among other things, the development of Strategic Result Areas (SRAs) – a set of longer-term Cabinet priorities for individual departments and across portfolios to be renewed every three years. The SRAs were accompanied by supporting Key Result Areas (KRAs) established by each minister for departments within his/her portfolio. Nevertheless, in 1998, the Prime Minister joined commentators on the New Zealand experience in expressing concern about the insufficient responsiveness of the public service to the government's strategic goals and about the related problems of inadequate coordination of policy and service delivery. The government responded in part by replacing SRAs with Overarching Goals and Strategic Result Areas and creating teams of ministers to pursue better cooperation across portfolios.

In 1999, a newly elected government replaced the ministerial teams by announcing a set of Key Government Goals supported by key priorities for departments and continued emphasis on inter-departmental coordination. The new government also announced a new leadership role for the SSC as principal advisor to ministers on the health and capability of government departments. The SSC has become an advisor to ministers in their role as "owners", that is, as leaders with a longer-term interest in "maintaining the plant while delivering the goods". This ownership role includes aligning departmental activity with Government goals; "organizational capability to deliver on these goals; long-run cost effectiveness; and public service integrity, both in the sense of standards of behaviour and of collaborative work by multiple departments."³⁵

In the view of one senior New Zealand public servant, the country "has achieved considerable gains from the focus on the departmental management model and letting the managers manage. But, inevitably, the focus gained has been at the cost of something lost... We are now

³³ OECD, *Government and Public Administration: New Zealand - Country Paper*, p. 10.

³⁴ Ibid., p. 11. Emphasis added.

³⁵ New Zealand, State Services Commission, *Annual Report of the State Services Commissioner, for year ended June 30, 2000*, p. 26, fn 1.

experiencing issues around critical mass and corporate memory in smaller agencies, alongside system-wide issues of strategic alignment and inter-agency collaboration."³⁶ The new role of the SSC responds to this by taking a more integrated approach to working with departments that involves a whole-of-government perspective (this is now happening with e-government), adopts a medium to long-term view, and is collaborative in working with chief executives and their managers to deal with strategic questions facing not only individual departments and groups of departments but the entire government. The SSC is also working more closely with the other central agencies (the Treasury and the Department of the Prime Minister and Cabinet) to promote coordination across the government as a whole.

The SSC's Statement of Intent 2001 reflects the pursuit of a more integrated collaborative approach. The medium-term outcomes that are being sought are:

- 1) Public servants carry out the business of government with **shared values**; high ethical standards; and in a spirit of service
- 2) Chief executives and senior managers of departments achieve results; invest for the future; **work effectively together; inform public debate on the big questions facing New Zealand**; and act always with integrity
- 3) Our system of public management supports achievement of results; capitalizes on technology; and **facilitates collective action**.³⁷

The UK

In the UK, as in New Zealand, concern has arisen in recent years about the extent of "departmentalism" reflected in an excessive focus on the interests of individual departments rather than of the public service as a whole. The devolution program that began in the 1980s was intended to bring a greater focus on results and on accountability for achieving those results and to permit individual organizations to operate more flexibly. There was an increased inclination for departments to operate in silos rather than to think and act in a "joined-up" fashion. "Silo-based targets beget silo-based behaviour."³⁸

It soon became clear that measures were needed to avoid undue fragmentation and promote reasonable cohesion. Among these measures was the creation of the Senior Civil Service which is discussed in the next section of this report. The Civil Service Management Board (composed of the heads of the main departments) was established to promote coordination across the service and there was greatly increased emphasis on cross-cutting approaches to departmental operations. This emphasis is part of a broader movement toward collaborative government involving the joining up of not only departments but also of governments and the private and third sectors.

³⁶ E-mail communication from Derek Gill, June 11, 2001.

³⁷ Ibid.

³⁸ E-mail communication from Malcolm Dawson, UK Cabinet Office, June 8, 2001.

Wiring It Up, a major UK study on cross-cutting policies and services, called for public servants "to get better at working across organizational boundaries. ... That may require a fundamental change of mind-set in the organization – switching from a culture of tribal competitiveness to one of partnership. ... It means looking for shared agendas, and may sometimes mean doing things that do not seem to be in the immediate interests of the organization, but which add value indirectly by adding to the value of the partnership."³⁹

The report argued also that the centre of government (No. 10, the Cabinet Office and the Treasury) has a critical role in cross-cutting activities but should intervene only when these activities are hard to start or sustain without central intervention and when the activities are crucial to the organization's overall aims. The principles that should guide the role of the centre are

- the need to be selective about where and how to intervene;
- the need to appraise the potential impact of any central intervention before embarking on it; and
- the need for the centre to recognize its limitations and draw on expertise from departments and elsewhere when needed.⁴⁰

The Report of the CCMD's Action-Research Roundtable on the Management of Horizontal Initiatives shows that the Canadian government is also sensitive to the heightened importance of horizontal initiatives.⁴¹ The Report contains no direct advice, however, on the utility of horizontal management in facilitating effective devolution of managerial authority to departments. Decisions as to how far Canada should go towards a departmental model of management will be shaped by judgements as to how successful horizontal management can be in promoting interdepartmental and service-wide collaboration.

Australia

Under the 1999 Public Service Act in particular, Australia devolved substantial managerial authority to the heads of executive agencies (agency heads) to deploy staff, manage performance, set pay and conditions, and produce results. According to the Public Service Commissioner, this involves "removing the central prescription and regulation that were standing in the way of flexibility and responsiveness ... moving the onus to agency heads to use the new flexibility to increase the performance of their agencies ... a general movement away from prescription and

³⁹ *Wiring It Up*, p. 42.

⁴⁰ *Ibid.*, p. 61.

⁴¹ Hopkins, Mark, Chantal Couture and Elizabeth Moore, *Moving from the Heroic to the Everyday: Lessons Learned from Leading Horizontal Projects: CCMD's Action Research Roundtable on the Management of Horizontal Initiatives*, chaired by James Lahey (Ottawa: CCMD, 2001).

regulation to an APS that is driven by its values ... (away) from prescription, rules and detail to a principles-based approach."⁴²

As evidenced by the New Zealand and UK examples, it is no easy task to achieve an optimum balance between the centre of government and the departments. Adjustments will continue to be made with experience. Even though the Australian initiative is very new, there is already some debate as to whether an appropriate balance has been struck between departmental autonomy, government-wide standards and accountability.

Devolution and HRM Issues

In the Australian context, it is extremely important to keep in mind that the Statement of Values enshrined in its 1999 Public Service Act is intended to help accommodate the autonomy of departments to the needs of the government as a whole.

In a devolved environment, agencies have diverse business and organizational goals which require flexibility to manage in the most efficient and effective way. But the APS as a whole continues to have unique public interest roles and responsibilities which in turn require a common professionalism. The fostering of a core public interest ethos among all employees, focused around an understanding of the APS Values and Code of Conduct, is essential to the concept of a single service as well as to the maintenance of appropriate standards of behaviour.⁴³

The need for a stronger public service ethos – or ethic – to promote coherence in the face of departmental autonomy was recognized in a major external evaluation of New Zealand's public sector reforms by the American public administration expert, Professor Allen Schick. He stressed how essential it is to nurture and value a public service ethic. In particular, he expressed concern about "the emphasis [in New Zealand] on a formal, fixed-term contractual basis of employment as opposed to a relationship built on trust." He worried that "a revolving door public service in which employees go from one job to another, trade public private jobs and vice-versa, and have no expectation of a lifetime career in government diminishes trust."⁴⁴

There are limited data in the three countries on the impact of devolution on most important HRM matters, including motivation and morale, loyalty to department as compared to the public service, and interdepartmental mobility. Commentators on each country have noted the adverse effects on morale of the disruption caused by public service reforms. In New Zealand, for

⁴² Helen Williams, quoted in letter to Mel Cappe (Clerk of the Privy Council and Secretary to the Cabinet) from Jean T. Fournier (Canadian High Commissioner to Australia), dated April 30, 2001.

⁴³ Australia, Public Service and Merit Protection Commission, *State of the Service Report, 1999-00* (Canberra: Commonwealth of Australia, 2000), pp. 173-4.

⁴⁴ Quoted in New Zealand, State Services Commission, *Public Sector Reform in New Zealand: The Human Resource Dimension*, pp. 18-19.

instance, "the human relations climate [during the reform period] was often poor – formally a fairly humanist model of Human Resource Management was adopted during the 1980s, but in practice there were many job losses, large restructurings, great pressures and many upheavals."⁴⁵ There was also considerable loss of continuity and institutional memory. By 1997, the SSC had reported that executives and managers were happy with the new arrangements: "Numerous decisions that were once webbed in bureaucracy – to employ staff, change establishments, buy motor vehicles, rent accommodation, for example – have now become more or less routine. ... New people with ideas and energy are being encouraged and rewarded."⁴⁶

Australia's Prime Minister Howard declared that granting more authority to agency heads was one of the government's most significant public service reforms and that "it enables the development of a far greater sense of esprit de corps within individual agencies."⁴⁷ Some support for this assertion may be gleaned from an annual benchmarking project showing steady improvement in public servants' attitude towards their work. Positive opinions on job satisfaction rose to 68 percent in 1999 from 61 percent in 1991, and public servants' ratings of the performance of their immediate manager rose to 70 percent from 61 percent. However, their assessment of their job security fell to 49 percent from 69 percent.⁴⁸

Patrick Gourley, in a 1997 study comparing Australia with Denmark, the Netherlands and Sweden, predicted that in Australia the devolution of HRM responsibility to departments would increase cost and complexity, erode the practical operation of the career public service, and increase employee discontent arising from cross-agency differences in pay and conditions.⁴⁹ As explained in Part 1 of this report, the devolution to agencies in Australia of authority over pay arrangements has in fact led to complaints about perceived cross-agency inequities, resulting from the fact that certain agencies started from a better-resourced position or that smaller agencies have less resource flexibility than larger ones. There is concern that the latter perception may make it difficult for small agencies to attract and keep skilled employees and that "it could undermine the sense of shared professionalism and expertise that is a core element of the concept of a career Service."⁵⁰ Concern has also been raised about the effects on inter-agency mobility and thus on the health of a career service of agency broadbanding (enabling employees to progress between classification levels without a competition based on merit).⁵¹

⁴⁵ Pollitt and Bouckaert, *Public Management Reform*, p. 256.

⁴⁶ New Zealand, State Services Commission, *New Zealand's State Sector Reform: A Decade of Change* (State Services Commission, 1997). <http://www.ssc.govt.nz/searchset.htm>

⁴⁷ Quoted in letter to Mel Cappe (Clerk of the Privy Council and Secretary to the Cabinet) from Jean T. Fournier (Canadian High Commissioner to Australia), dated April 30, 2001.

⁴⁸ Williams, "Perceptions and Performance," p. 60.

⁴⁹ Patrick Dennis Gourley (then First Assistant Secretary, Defence Personnel Executive, Australia Department of Defence), *The Devolution of Personnel Management Responsibilities - Experience in Three European Countries and Issues in Australia*, 1997.

⁵⁰ Australia, Public Service and Merit Protection Commission, *State of the Service Report, 1999-00*, p. 72.

⁵¹ *Ibid.*, pp. 32ff.

In the UK, the *Wiring It Up* study drew attention to the need for greatly improved mobility, not only between departments but between government and the private and third sectors as well. In addition, the Bringing On Working Group under the *Modernising Government* program has identified a wide range of barriers to mobility, including different appraisal and performance management systems, different pay and grading systems, a loss of money, no personal advantage to moving, a culture of departmental identity, a lack of practical assistance, a need to move geographically, and a reluctance of operational departments to place people from other departments with little management experience. Among the solutions proposed were: having departments promote the need to move so as to advance in one's career, recognizing each other's promotions, and using shorter-term placements.⁵²

Structural Change

It is helpful to view the devolution of managerial authority to departments not just as an alternative to central control but also as an alternative to structural change in the form of new agencies. The traditional criticisms of line departments as inefficient, unimaginative and unresponsive can be ameliorated when departments exercise considerable autonomy over resource inputs. "There is a world of difference between a ministerial department operating in a highly centralized, heavily regulated bureaucratic context (e.g., with comprehensive and detailed input controls) and the same organization operating in an environment of substantial administrative devolution (especially with respect to human resource management and financial management)."⁵³ Thus, a focus on restructuring is insufficient. New Zealand's experience has taught to consider the following lessons before undertaking major restructuring aimed at making the public service more responsive to the government's strategic objectives:

- explore thoroughly problems of coherence or capability that appear to be driving the call for structural change;
- consider fully the non-structural options that might address those problems;
- assess proposed changes in the light of machinery of government principles and national and international experience;
- assess the consequences of structural change in terms of the entire public sector; and
- understand how the new structure would fit into the overall shape of a strategically focused public service.⁵⁴

New Zealand's SSC has recently noted the need to shift "from an emphasis on structural change as the principal lever for performance improvement, to a recognition of the relative benefits of

⁵² <http://www.cabinet-office.gov.uk/civilservice/bringingontalent/meetings>

⁵³ Boston, Jonathan, "Organizing for Service Delivery: Criteria and Opportunities," in B. Guy Peters and Donald J. Savoie, *Governance in the Twenty-First Century* (Montreal and Kingston: McGill-Queen's University Press, 2001), pp. 286-7.

⁵⁴ OECD, *Government and Public Administration: New Zealand – Country Paper*, p. 14.

both structural change and capability improvement"⁵⁵ (with capability defined as what the department needs to deliver its strategy effectively).⁴³ The SSC has recently put substantial emphasis on developing and measuring *human resource* capability because "there are systemic reasons why chief executives might not manage HR capability in a way that is optimal either over the long term or for government as a whole."⁵⁶ This issue of HR capability is examined in the next section, with particular reference to learning initiatives designed to improve HRM.

2. Investments in Improving HRM

The UK, Australia and New Zealand have all made substantial investments to improve HRM. Considerable emphasis has focused on improving leadership as the central feature of effective HRM. It is widely recognized that high-quality leadership is especially important in a devolved managerial environment. In Australia, for example, "APS leaders will need to lead performance within an environment where there is a growing emphasis on a 'whole-of-government' approach and a resultant need for greater communication between agencies. The APS also requires leaders who understand the need to balance the devolution achieved under the new APS framework with maintaining and enhancing accountability."⁵⁷ Like Canada, each country is placing increased emphasis on improving not only leadership but also workforce planning (e.g. recruitment, retention, succession). Many of the initiatives are very recent and do not at present qualify as best practices. Selected initiatives in the UK and Australia are examined below.

The UK

In the UK, most of the major components of its Civil Service Reform program are designed to improve HRM - through stronger leadership, sharper performance management, improved diversity, bringing in and bringing on talent, and a better deal for staff. This reform program is quite new and it is premature to hold up the program as a whole – or its components – as exemplary practice. However, its approach to improving leadership is noteworthy. In addition, some earlier initiatives merit attention, namely, the creation of the Senior Civil Service (SCS), the establishment of the Centre for Management and Policy Studies (CMPS), and the Investors in People program.

The three elements of the UK strategy for improving leadership capability are 1) defining what sort of leadership is needed now and in the future, 2) seeking better targeted and more effective development programs, and 3) creating a more open and diverse civil service. The two projects

⁵⁵ Ibid., pp. 14-15.

⁵⁶ New Zealand, State Services Commission, *Measuring Human Resource Capability in the Public Service*, Occasional Paper 13, August 1999, p. 6. <http://www.ssc.govt.nz/siteset.htm>.

⁵⁷ Australia, Public Service and Merit Protection Commission, *State of the Service Report, 1999-00*, p. 155.

adopted to implement the strategy are the development of a new SCS competence framework and a related initiative to define the attributes of effective civil service leaders.⁵⁸

These efforts to improve civil service leadership have provided three lessons. First, "there are tensions inherent in a decentralized organization in trying to balance (1) the flexibility needed to reflect the diversity of roles and situations of civil service leaders with (2) the need for a framework which is simple and understandable and with (3) producing something which has real utility." Second, it is difficult to develop "a description of successful leadership for the future while drawing on the views and analysis of performance of a crop of our current and potential leaders." Third, "and perhaps paradoxically – we have recognized that we need leadership now, particularly from the top, if we are to be successful in implementing our strategy for developing the leaders of the future."⁵⁹

Improving leadership in general and HRM in particular was also the objective of the creation of the SCS and the CMPS. The SCS, established in 1996, is comprised of the top 3,000 civil servants across all departments and agencies. The top 600 of these 3,000 "are more actively managed from the centre, are more likely to be moved around and are more likely to see themselves as a corporate resource."⁶⁰ The members of the SCS have a common pay and grading system that is separate from that of their department and they receive some career management and training from the centre. The SCS is intended in part to counter departmentalism and it "has been partially successful in the aim of having a corporate cadre with common values, ethics, outlook and esprit de corps."⁶¹ The major initiatives to provide actual and potential members of the SCS with the learning needed to promote a broader, more joined-up perspective, are part of the Civil Service Reform program. The CMPS, which was also created in 1996 and which incorporated the former Civil Service College, provides research and learning programs to support management improvement and reform.

In the realm of best practices for improving HRM, the *Investors in People* (IiP) program is especially notable. IiP is a national standard (composed of four principles and twenty-three indicators) that sets a level of good practice for improving an organization's performance through its people.⁶² The four key principles are:

- *commitment* to investing in people to achieve organizational goals;
- *planning* how skills of individuals and teams are to be developed to achieve these goals;

⁵⁸ Malcolm Dawson, "Leadership for the Twentieth Century in the UK Civil Service," *International Review of Administrative Sciences*, vol. 67 (June 2001), pp. 263-71.

⁵⁹ Ibid, p. 271.

⁶⁰ E-mail communication from Malcolm Dawson, UK Cabinet Office, June 8, 2001.

⁶¹ Ibid.

⁶² For a detailed discussion of this program, see United Kingdom, Cabinet Office, *White Paper on Development and Training for Civil Servants*, 1996. (<http://www.officialdocuments.co.uk/document/caboff/dtcs/develtra.htm>)

- *action* to develop and use necessary skills in a well-defined and continuing program; and
- *evaluation* of progress towards goals, value achieved and future needs.

The benefits claimed for the employer are better business performance, improved employee motivation, reduced staff turnover, and more focused training and development for all employees. The benefits claimed for individuals are more opportunities to innovate, more involvement and commitment, and greater job satisfaction and increased morale. The 1996 White Paper on *Development and Training for Civil Servants* committed all UK government departments to achieving the IiP National Standard. Ninety-eight percent of employees now work in units that are now recognized as meeting the IiP standard compared to about 25 percent in the private sector.⁶³

Australia

Evidence of the best practice status of the IiP program is the fact that this UK-initiated program has been adopted by several agencies in Australia. The "overwhelming conclusion" of an evaluation of pilot implementation by four departments in 1997,⁶⁴ was that IiP was "of great value to the trial agencies and to the APS at large. IiP was seen as a catalyst to drive organizational change by guiding and linking agencies' initiatives on human resource issues into a coherent comprehensive strategy. IiP is considered most effective as a tool to coordinate existing HR initiatives, identify gaps in current HR strategies, and as a basis for planning. There is a strong view that, by this means, IiP will provide effective solutions to workplace issues."⁶⁵ By the time of the Public Service Commissioner's Annual Report 1999-00,⁶⁶ twelve agencies were using the standard.

Among noteworthy activities to enhance the leadership capacity of the Australian public service is the Senior Executive Leadership Capability Framework created in 1998 to foster a shared understanding of the critical success factors for persons in leadership roles. The five criteria for high-quality leadership that have been identified – shapes strategic thinking, achieves results, cultivates productive working relationships, exemplifies personal drive and integrity, and communicates with influence - are now used for selections to the Senior Executive Service. The framework has been complemented by such measures as development programs, a 360-degree feedback project, and a Career Development Assessment Centre.

3. Enshrining and Respecting Values and Ethics

⁶³ Dawson, e-mail communication, June 8, 2001.

⁶⁴ Australia, Public Service Merit and Protection Commission, *Investors in People – Standard Concept*, 1999. <http://www.psmpc.gov.au/bpo/iiphi.htm>

⁶⁵ Australia, Public Service Merit and Protection Commission, *A Preliminary Evaluation of the "Investors In People" Trial in the APS*. 1998. <http://www.psmpc.gov.au/publications98/iipevaluation.htm>

⁶⁶ <http://www.psmpc.gov.au/about/annualreport99006.htm>

This section examines the arguments for and against enshrining provisions on public service values and ethics in a statute. Several countries have gone so far as to enshrine – or entrench – public service values in their *constitution*. The analysis here is based on the premise that the intention is to adopt a Statement of Values (SOV) or a Code of Conduct (COC), or both. Thus, the arguments for and against the formal adoption of written values/ethics documents are not provided here.

A decision as to whether to enshrine an SOV and/or a COC in a statute cannot easily be taken in isolation from a decision on the number of documents involved and their form. Will there be one document or more than one (e.g. an SOV and a COC – and possibly more)? Will the form of the document(s) be brief and inspirational or will the document(s) be lengthy and highly prescriptive? Or will the form lie somewhere between these two extremes? An additional possibility, if more than one document is involved, is that one document could be relatively brief and motivational while the other could be relatively long and detailed.

If there are two or more documents, they could all be enshrined. Alternatively, one document (e.g., an SOV) could be incorporated into legislation while a second document (e.g., a COC) and perhaps other supporting documents could stand outside the legislation but be tightly tied to it by formal reference in the legislation. A third obvious possibility is that no values/ethics documents would be enshrined; rather they could be set out in such instruments as regulations, directives or declarations. The main options then are as follows:

- If one document – enshrine it or not

- If two documents – enshrine both or none, or
 – enshrine one but not the other.

As explained below, the major values/ethics documents in the UK have not been enshrined whereas in Australia two documents (an SOV and a COC) are contained in its new Public Service Act.

Advocates of enshrining values/ethics provisions in statute argue that this will:

- 1) signal and symbolize strong government support for the document(s);
- 2) enhance the status of the document(s) in the eyes of both the general public and of public servants;
- 3) promote greater public, parliamentary and media discussion of and familiarity with the form and content of the documents;
- 4) inform the public in a vigorous and visible manner of the values and ethical standards for which public servants stand and thereby help to enhance public recognition and appreciation of the public service;

- 5) inform public servants of the values and ethical standards to which they are expected to aspire and help to enhance their pride in the public service;
- 6) permit the possibility of greater bi-partisan support for the document(s);
- 7) provide a more solid legal basis for promoting and requiring compliance; and
- 8) permit the possibility of tightly linking values and ethics to terms and conditions of employment (if enshrined for example in a Public Service Act).

Advocates of adopting values/ethics documents in a non-legislative framework argue that this will

- 1) help to achieve objectives 4 and 5 outlined above;
- 2) avoid the possibility of greater partisan conflict over the document(s); and
- 3) make it easier to revise the documents to take account of new challenges (e.g., greater emphasis on new professional values or increased concern about conflict of interest).

The Australian and UK Models

The arguments for and against enshrining values and ethics provisions in legislation can be illuminated by reference to experience in Australia and the UK. A brief description of these models is contained in the respective country sections in Part 1 of this report and the actual documents are contained in the Appendixes. These two countries provide excellent contrasting models.

As a basis for assessing these two models, it is useful to refer to a framework for thinking about – and acting on – values and ethics that has been recommended for application in the Canadian context. In general, the argument is that the foundation of a values and ethics regime should be a statement of values and that principles, rules and guidelines should be progressively built on this values foundation. (This argument holds whether the values/ethics provisions are enshrined or not.) The terms “values” and “principles” are often used interchangeably but, for analytical purposes, it is helpful to view principles as basic standards of personal conduct that can be used to link broad values to specific rules. For example, the ethical values of integrity and fairness underlie the principle that public servants should not use their public office for private gain. This principle, in turn, underlies detailed rules such as those providing that public servants must not seek personal benefit by granting preferential treatment. Similarly, detailed rules against discrimination derive from the principle that public servants must treat members of the public and one another fairly – a principle which is in turn based on such ethical values as respect and fairness.⁶⁷

Form

⁶⁷ Kernaghan, Kenneth, "Towards a Public Service Code of Conduct – and Beyond," *Canadian Public Administration*, vol. 40 (Spring 1997), p. 43.

The Australian model follows this general approach in that the 1999 Public Service Act contains a SOV setting out fifteen fundamental values followed immediately by a COC setting out a mix of values and principles, but mostly principles. The SOV and the COC are linked by cross-reference and, to promote comprehensiveness and coherence, the COC also provides that employees "must comply with any other conduct requirement that is prescribed by the regulations."

The SOV and the COC are the lead items in the Public Service Act. The concept of values has become so central to the Australian public service in general and to HRM in particular that it is hard to imagine these documents not being enshrined in legislation. One could argue that the SOV and the COC are in legislation because they are deemed important and they are deemed important because they are in legislation.

The UK model is quite different from the Australian one in that the UK Civil Service Code (promulgated January 1, 1996) is not enshrined in a statute; neither is the 2000 UK statement of Vision and Values,⁶⁸. However, depending on a country's particular constitutional, political and administrative milieu and its mix of values/ethics instruments, non-statutory instruments may be as effective as statutory ones. It is crucial to note that the Civil Service Code *forms part of the terms and conditions of employment of every civil servant*. All departments and agencies are required to incorporate it in the conditions of service of their employees. Moreover, this Civil Service Code is an integral part of the much broader Civil Service Management Code (issued by the Minister for the Home Civil Service under the authority of the Civil Service Order in Council 1995). The Code sets out the constitutional framework within which all civil servants work and the values to which they are expected to adhere. It is based on a draft code that was developed originally by the House of Commons Treasury and Civil Service Select Committee.

Appendixes A, C and D show that the UK Code takes a more narrative form than the Australian SOV or COC. It is an interwoven fabric of values, principles, guidelines and even procedures. While as many as fifteen values are mentioned, the term "values" is never used and identifying the values is a bit of a "cherry picking" exercise.

Appendix B shows the values contained in the UK statement on Vision and Values and provides one example of suggested behaviours to give expression to the values. While there is some overlap between the values in this statement and those in the Civil Service Code, many of the values are different and the Vision and Values document contains several of the newer, professional values (e.g., results, innovation). The connection between the two documents is tenuous and unclear.

Compliance

⁶⁸ United Kingdom, Cabinet Office, *Vision and Values, Civil Service Reform – A Report to the Meeting of Permanent Heads of Departments*, Sunningdale, England, September 30 – October 1, 1999.

Before deciding which of these two models (or some other model) would best suit the Canadian environment, it is helpful to consider the manner in which each country seeks compliance with its values and ethics provisions.

The pervasive presence of values consideration in Australia's public service is reflected in its approach to compliance. Under the Public Service Act, agency heads are responsible for upholding and promoting the APS Values, but the Public Service Commissioner is responsible for issuing written directions in relation to each of the values so as to ensure that the public service incorporates and upholds them and to determine where necessary their scope and application. Agency heads, assisted by written directions from the Commissioner, are also required to establish procedures for determining whether employees have breached the COC and they are authorized to impose such sanctions as termination of employment, re-assignment of duties, and reduction in salary. (The COC also provides the basis for making whistle blowing disclosures).

The Public Service Commissioner has taken vigorous initiatives to promote understanding of, and compliance with, the SOV and the COC. Among these initiatives are detailed Directions on the meaning and implications of each value and advice on conduct issues such as receiving gifts, working with contractors, and ethical electronic communication. While it is too early to assess with confidence the success of these efforts, the Commissioner has praised the efforts of particular agencies to inculcate respect for and compliance with the SOV and COC, lamented the performance of other agencies, and forewarned of a continuing focus on promoting values and ethics. The Commissioner's Directions (December 5, 1999) "now provide a mandatory framework of standards and principles against which the performance of agencies and their staff in upholding the values can be assessed."⁶⁹

Compared to Australia's SOV and COC, the UK Civil Service Code may at first glance appear to occupy a less prominent place in the public service. This is a tricky judgement to make, however, in part because the format, content and legislative status of the documents are so different. Somewhat less attention is currently paid in the UK than in Australia to promoting respect for values and compliance with ethical standards, but note the recent development of a Vision and Values statement. It is difficult to assess the extent to which public servants need to be encouraged to comply on a day-to-day basis with a Civil Service Code that forms part of their employment conditions and that outlines succinctly the constitutional and practical role of the civil service, the values to which public servants are expected to adhere, appropriate relationships between politicians and public servants, ethical standards, and procedures to follow with respect to issues of conscience.

Including values in legislation, backed up by vigorous efforts to promote compliance, is likely to be more important if the statement of values is designed in part to support a culture change. This

⁶⁹ Australia, Public Service and Merit Protection Commission, *State of the Service Report, 1999-00*, p. 24.

is certainly the case in Australia where the Public Service Act combines new professional values (results, performance) with traditional ones. It may also be the case in the UK, at least in respect of its Vision and Values statement which contains a mix of traditional and new professional values. The Civil Service Code, however, contains only traditional values.

New Zealand

While the focus of this section is on the Australian and UK models for promoting values and ethics, the New Zealand experience is also worth noting. A Public Service Code of Conduct (1990) was issued by the State Services Commissioner under the State Sector Act 1988 to prescribe "... minimum standards of integrity and conduct that are to apply in the Public Service." The Code's purpose is to provide guidance on the standards of behaviour required of public servants and to form the basis for any codes that may be required by chief executives to suit the particular operational requirements and circumstances of their department."⁷⁰ In terms of the terminology set out earlier in this section, the Code is a mix of values, principles and guidelines and covers a broad range of topics. All public servants are expected to observe the Code's three major principles (set out in the discussion of New Zealand in Part 1 of this report). In addition, aside from the Code, most of the criteria for the selection of chief executives are phrased in value terms.

These initiatives support the view that "New Zealand's public management system has a strong values base. There is room for improvement in both systems and departmental performance, and greater scope for shared values and more clarity around standards of conduct. But much is already in place."⁷¹ The SSC has stated its intention to focus in the years ahead on "a comprehensive values program".

⁷⁰ New Zealand, Public Service Code of Conduct, <http://www.ssc.govt.nz/siteset.htm>

⁷¹ E-mail communication from Derek Gill, June 11, 2001.

APPENDIX A

UNITED KINGDOM

THE CIVIL SERVICE CODE

1. The constitutional and practical role of the Civil Service is, with integrity, honesty, impartiality and objectivity, to assist the duly constituted Government of the United Kingdom, the Scottish Executive or the National Assembly for Wales¹ constituted in accordance with the Scotland and Government of Wales Acts 1998, whatever their political complexion, in formulating their policies, carrying out decisions and in administering public services for which they are responsible.
2. Civil servants are servants of the Crown. Constitutionally, all the Administrations form part of the Crown and, subject to the provisions of this Code, civil servants owe their loyalty to the Administrations¹ in which they serve.
3. This Code should be seen in the context of the duties and responsibilities set out for UK Ministers in the Ministerial Code, or in equivalent documents drawn up for Ministers of the Scottish Executive or for the National Assembly for Wales, which include:
 - accountability to Parliament² or, for Assembly Secretaries, to the National Assembly;
 - the duty to give Parliament or the Assembly and the public as full information as possible about their policies, decisions and actions, and not to deceive or knowingly mislead them;
 - the duty not to use public resources for party political purposes, to uphold the political impartiality of the Civil Service, and not to ask civil servants to act in any way which would conflict with the Civil Service Code;
 - the duty to give fair consideration and due weight to informed and impartial advice from civil servants, as well as to other considerations and advice, in reaching decisions; and
 - the duty to comply with the law, including international law and treaty obligations, and to uphold the administration of justice; and
 - the duty to familiarize themselves with the contents of this Code.
4. Civil servants should serve their Administration in accordance with the principles set out in this Code and recognizing:
 - the accountability of civil servants to the Minister³ or, as the case may be, to the Assembly Secretaries and the National Assembly as a body or to the office holder in charge of their department;

- the duty of all public officers to discharge public functions reasonably and according to the law;
 - the duty to comply with the law, including international law and treaty obligations, and to uphold the administration of justice; and
 - ethical standards governing particular professions.
5. Civil servants should conduct themselves with integrity, impartiality and honesty. They should give honest and impartial advice to the Minister or, as the case may be, to the Assembly Secretaries and the National Assembly as a body or to the office holder in charge of their department, without fear or favour, and make all information relevant to a decision available to them. They should not deceive or knowingly mislead Ministers, Parliament, the National Assembly or the public.
 6. Civil servants should endeavour to deal with the affairs of the public sympathetically, efficiently, promptly and without bias or maladministration.
 7. Civil servants should endeavour to ensure the proper, effective and efficient use of public money.
 8. Civil servants should not misuse their official position or information acquired in the course of their official duties to further their private interests or those of others. They should not receive benefits of any kind from a third party which might reasonably be seen to compromise their personal judgement or integrity.
 9. Civil servants should conduct themselves in such a way as to deserve and retain the confidence of Ministers or Assembly Secretaries and the National Assembly as a body, and to be able to establish the same relationship with those whom they may be required to serve in some future Administration. They should comply with restrictions on their political activities. The conduct of civil servants should be such that Ministers, Assembly Secretaries and the National Assembly as a body, and potential future holders of these positions can be sure that confidence can be freely given, and that the Civil Service will conscientiously fulfil its duties and obligations to, and impartially assist, advise and carry out the lawful policies of the duly constituted Administrations.
 10. Civil servants should not without authority disclose official information which has been communicated in confidence within the Administration, or received in confidence from others. Nothing in the Code should be taken as overriding existing statutory or common law obligations to keep confidential, or to disclose, certain information. They should not seek to frustrate or influence the policies, decisions or actions of Ministers, Assembly Secretaries or the National Assembly as a body by the unauthorized, improper or premature disclosure outside the Administration of any information to which they have had access as civil servants.

11. Where a civil servant believes he or she is being required to act in a way which:

- is illegal, improper, or unethical;
- is in breach of constitutional convention or a professional code;
- may involve possible maladministration; or
- is otherwise inconsistent with this Code;

he or she should report the matter in accordance with procedures laid down in the appropriate guidance or rules of conduct for their department or Administration. A civil servant should also report to the appropriate authorities evidence of criminal or unlawful activity by others and may also report in accordance with the relevant procedures if he or she becomes aware of other breaches of this Code or is required to act in a way which, for him or her, raises a fundamental issue of conscience.

12. Where a civil servant has reported a matter covered in paragraph 11 in accordance with the relevant procedures and believes that the response does not represent a reasonable response to the grounds of his or her concern, he or she may report the matter in writing to the Civil Service Commissioners, Horse Guards Road, London SW1P 3AL. Telephone: 0171-270 5066.

13. Civil servants should not seek to frustrate the policies, decisions or actions of the Administrations by declining to take, or abstaining from, action which flows from decisions by Ministers, Assembly Secretaries or the National Assembly as a body. Where a matter cannot be resolved by the procedures set out in paragraphs 11 and 12 above, on a basis which the civil servant concerned is able to accept, he or she should either carry out his or her instructions, or resign from the Civil Service. Civil servants should continue to observe their duties of confidentiality after they have left Crown employment.

APPENDIX B

UNITED KINGDOM

EXCERPTS FROM THE STATEMENT ON VISION AND VALUES

Annex A

In support of successive administrations, we will:

- act with integrity, propriety, and political impartiality, and select on merit;
- put the public's interests first;
- achieve results of high quality and good value;
- show leadership and take personal responsibility;
- value the people we work with and their diversity;
- innovate and learn;
- work in partnership;
- be professional in all we do; and
- be open and communicate well.

Annex B

Behaviours to give expression to these values

Act with integrity, propriety and political impartiality, and select on merit

When we do this well, we...

- assist the current administration, whatever its political complexion;
- respect the common standards and principles that bind us together as public servants;
- comply with the law and uphold the administration of justice;
- base our advice on objective analysis of the evidence;
- use public money properly, effectively and efficiently;
- use merit as the only measure for selection of applicants; and
- uphold the Civil Service Code.

When we do this badly, we...

- misuse our official position or information acquired through it;
- are negligent in spending public money;
- allow our personal views to cloud our judgement;

- frustrate the effective implementation of decisions by the administration on policies and services; and
- betray the principles of public service.

APPENDIX C

AUSTRALIAN PUBLIC SERVICE (APS) VALUES

- a) the APS is apolitical, performing its functions in an impartial and professional manner;
- b) the APS is a public service in which employment decisions are based on merit;
- c) the APS provides a workplace that is free from discrimination and that recognizes and utilizes the diversity of the Australian community it serves;
- d) the APS has the highest ethical standards;
- e) the APS is openly accountable for its actions, within the framework of ministerial responsibility to the Government, the Parliament and the Australian public;
- f) the APS is responsive to the Government in providing frank, honest, comprehensive, accurate and timely advice and in implementing the Government's policies and programs;
- g) the APS delivers services fairly, effectively, impartially and courteously to the Australian public and is sensitive to the diversity of the Australian public;
- h) the APS has leadership of the highest quality;
- i) the APS establishes workplace relations that value communication, consultation, cooperation and input from employees on matters that affect their workplace;
- j) the APS provides a fair, flexible, safe and rewarding workplace;
- k) the APS focuses on achieving results and managing performance;
- l) the APS promotes equity in employment;
- m) the APS provides a reasonable opportunity to all eligible members of the community to apply for APS employment;
- n) the APS is a career-based service to enhance the effectiveness and cohesion of Australia's democratic system of government;
- o) the APS provides a fair system of review of decisions taken in respect of APS employees.

APPENDIX D

AUSTRALIAN PUBLIC SERVICE (APS) CODE OF CONDUCT

1. An APS employee must behave honestly and with integrity in the course of APS employment.
2. An APS employee must act with care and diligence in the course of APS employment.
3. An APS employee, when acting in the course of APS employment, to treat everyone with respect and courtesy, and without harassment.
4. An APS employee, when acting in the course of employment, must comply with all applicable Australian laws
5. An APS employee must comply with any lawful and reasonable direction given by someone in the employee's Agency who has authority to give the direction.
6. An APS employee must maintain appropriate confidentiality about dealings that the employee has with any Minister or Minister's member of staff.
7. An APS employee must disclose, and take reasonable steps to avoid, any conflict of interest (real or apparent) in connection with APS employment.
8. An APS employee must use Commonwealth resources in a proper manner.
9. An APS employee must not provide false or misleading information in response to a request for information that is made for official purposes in connection with the employee's APS employment.
10. An APS employee must not make improper use of
 1. inside information; or
 2. the employee's duties, status, power or authority;
 in order to gain, or seek to gain, a benefit or advantage for the employee or any other person.
11. An APS employee must at all times behave in a way that upholds the APS Values and the integrity and good reputation of the APS.
12. An APS employee on duty overseas must at all times behave in a way that upholds the good reputation of Australia.

13. An APS employee must comply with any other conduct requirement that is prescribed by the regulations.

ENDNOTES

1. In the rest of this Code, we use the term Administration to mean Her Majesty's Government of the United Kingdom, the Scottish Executive or the National Assembly for Wales as appropriate.
2. In the rest of this Code, the term Parliament should be read, as appropriate, to include the Parliament of the United Kingdom and the Scottish Parliament.
3. In the rest of this Code, Ministers encompasses members of Her Majesty's Government or of the Scottish Executive.