

# STRATEGIC PLANNING: Is it the new model?

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Let me begin by making an observation about politics and administration.

Having been involved for twenty years I have reached two conclusions of relevance to my address tonight.

The first relates to the connection between politics and administration. I believe that neither can be considered in isolation from the other. This holds true whether we are talking about the specific issues involved in relations between ministers and their public servants or about the general issues involved with government, such as public sector restructuring and reform.

There are different expectations and functions attached to each but it is the relationship between them that is a key factor in determining the ethics, efficiency, and effectiveness of government.

Secondly I have reached the conclusion that frameworks of thinking or paradigms do take shape and exercise influence far beyond their capacity to deliver on the claims they make. The phenomenon could perhaps be described as ideological overkill.

We saw this clearly demonstrated with what we now call New Public Management. Not only was it a form of public management, it embodied a political economy and a philosophy of market liberalism.

It opened up much that had been hidden and it imposed pressures where there had been complacency but like all ideologies it fell foul of the complexities of human

society and democratic politics. What I'm interested in is the response to this failure over the last decade.

### **New Public Management and its Critics**

There are, of course, the true believers who say that the theory didn't fail, rather it was never given the chance to be fully implemented. Because it is a form of politics that tackles established interests and a range of collective endeavours New Public Management requires strong leadership. This was shown by some such as Margaret Thatcher, Jeff Kennett, Nick Greiner and Roger Douglas but not sustained far enough into the future.

For some, then, the free market and New Public management remains a vision of the future yet to be realised in practice.

However, the most common reaction to ideological overkill is political pragmatism. Politics is seen as the art of the possible, the search for compromise through negotiation and the belief in the best of the worst. Any form of planning is thought to be necessarily flawed as is the belief in an overarching strategy for government. In as much as there is an image of politics it is that of muddling through.

Politics and public administration becomes day-to-day management of crisis and exploitation of opportunity, nothing more and nothing less.

In particular, it can be reduced to the attempted day-to-day management of the media, with policy –making held hostage by the flow of events and policy coming from ministerial offices rather than the public service.

In my view there is another way that is capable of moving beyond New Public management and beyond the politics of pragmatism. For the want of a better term I call it Strategic Government.

In tonight's paper I want to trace the emergence of Strategic Government as a paradigm for governance in the twenty-first century. I will argue that it has emerged as a response to some of the problems associated with New Public Management and to the new policy and management requirements flowing from global warming, natural disasters, and the threat of terrorism. These are all issues that make a case for strategic planning and increased powers for the state.

I will also explore its limitations and some of the ways and means by which they may be overcome so that a strategic approach to government avoids what I described earlier as ideological overkill.

### **Strategic Government as an Alternative**

What is involved in Strategic Government is not just a renewed belief in the role of the state in our economy and society but a renewed belief in social change as the desired objective of government action. This is reflected not just in the rights and responsibilities debate but also in the literature on social exclusion, social capital and political engagement.

How, then, do these developments reflect themselves in contemporary public sector management?

**Firstly**, we see in each of the Australian states a strategic plan involving a set of objectives, a number of measures of performance, and a set of strategies for improving on or realising the goals. <sup>1</sup>.

**Secondly**, we see a wider use of public consultation and engagement not just in the setting of the goals and targets but also in the delivery of the strategies.

**Thirdly**, we've seen a more systematic effort to bring a 'whole-of-government' perspective to public management and policy innovation. Governing with a view to dealing with themes such as terrorism or solving problems such as long-term poverty now sits alongside the more traditional methods associated with regulation, service delivery and income redistribution.

**Fourthly**, we see an increasing use of the principle of sustainability and its associated triple bottom line of social, economic and environmental objectives as the basis for political theory and practice.

In all of these tendencies a number of characteristics can be discerned – a desire to be more comprehensive, a concern for results, a belief in community engagement and a search for public purpose and priorities based on human need.

## **Efficiency and Effectiveness**

Each of these is clearly a response to the narrowness of New Public Management. Yes, it was strategic but the focus was largely on overall allocative efficiency and efficiency in the delivery of outputs. Although effectiveness was part of the equation and some innovative ways of measuring it were developed (such as the UK Citizens' Charter) the main thrust of New Public Management was to bring the public sector into line with assumed private sector efficiencies through performance management corporatisation, outsourcing and, in some cases, privatisation.

This was the philosophy of the market at work – provide a level playing field and investors and consumers could choose what best met their needs when considering water supply, energy use, telecommunications, schooling and health.

Where collective provision was needed competition from amongst the service providers, or at least benchmarking of public services, would ensure the best outcome for the community.

The public sector world of today is much more dynamic and diverse as a result of these changes. It has been disaggregated and de-regulated with more powers devolved to the private sector and down the line from ministers to managers.

In such a model the role of the state is reduced to that of priority-setting, regulation and supervision with society's needs being met by a self-governing and market-driven

private and public sector. Ministers were encouraged to 'let the managers manage' and managers encouraged to 'let the market work'.

### **New Concerns and New Initiatives**

Whilst all this was going on a range of forces are at work pushing governments to become more strategic in their approach. From within the community concerns were expressed about whether society had lost its glue. Questions related to crime, anti-social behaviour, drugs and alcohol, social dysfunction and mental illness were rising up the barometer of political priorities. These questions led the government to look at the connections between the health, education, welfare and justice systems.

At a deeper level this re-thinking led to the view that service delivery was narrowly geared to fighting crime, treating illness, delivering a curriculum, and providing income support and insufficiently focussed on preventing crime and illness, producing a range of outcomes from education, and lifting the capacities of those on welfare. This meant that a new range of programs and services needed to be integrated with the more traditional services related to policing, hospitals, schools and welfare provision.

It had also become apparent that tackling long-term poverty, unemployment and social dysfunction required more intensive intervention through place and case management, a greater focus on education and training, and a renewed emphasis on personal and social responsibility. Involving individuals and their communities in change was correctly seen as a pre-requisite for successful outcomes.



To meet these objectives the state had to expand its range of functions beyond that prescribed by New Public Management. It needed to become tougher on prejudice and discrimination, to enter into and facilitate partnerships between the public, private and community sectors, to inform and to persuade, and to intervene earlier in the life-cycle to ensure problems do not emerge later.

What all this represented was a real concern for the quality of our society and the social relationships therein. Social health alongside economic health came to be seen as of equal importance in definitions of well-being. The picture was completed with the inclusion of environmental values like biodiversity, urban amenity, air and water quality and ecological sustainability. The emergence of global warming as an accepted fact has given an urgency and priority to the policies and programs associated with these environment values.

As was the case with social health, environmental health required new and more intensive forms of government intervention and better co-ordination of effort across the public, private and community sectors. It was not just a case of good regulation and environmental protection, governments now have to be more pro-active and interventionist if the health of the environment is to be maintained and, in some cases, restored.

However, it has not just been the society and environment that have pushed governments beyond laissez-faire. Ensuring economic sustainability in the era of globalisation and its more intensive competition has led governments to develop strategies for competitive strength through research and development, education and

training and infrastructure provision. Industry policy moved from traditional protectionism to capacity building for firms and industries as well as the communities within which they operate.

### **Sustainability and Strategic Plans**

It was not a huge leap from these developments to a commitment to sustainability and the triple bottom line. This concept and the philosophy of government attached to it provided a solid framework for policy-making and implementation. Indeed each of the state governments set about putting flesh on the bones through the creation of state plans. These had the added bonus of allowing for genuine consultation with the electorate about what they believed was meant by social progress and how it could be measured.

Once the targets were defined and set the discussion over strategies to achieve them could open up. The narrow thinking associated with New Public Management was complemented by a range of initiatives designed to create economic strength, social well-being and environmental health.

**In the first place** it has been deemed necessary to bring more collective purpose to the activities of government itself. Whilst New Public Management had necessitated more central control and more power to Prime Ministers' and Premiers' Departments in order to drive microeconomic reform, Strategic Government has involved this and more. Government departments and agencies are being expected to come together to develop plans that can solve specific problems and deal with the diversity and complexity of modern society.

It is the case, of course, that inter-departmental and task force activity has always been part of government. What is different now is the recognition of its centrality to the solution of major issues like long-term poverty, unemployment and social exclusion as well as water supply, energy conservation and infrastructure provision.

**In the second place** it has become necessary to link the government with the private and community sectors through partnerships and co-production.

No longer is service delivery just delivery, it also seeks to engage and to involve.

Whereas personal and social responsibility had traditionally been treated as agreed assumptions they have now become the subjects for policy. This can be seen in areas like public health, welfare provision, employment creation, conservation and crime prevention.

**In the third place** the locational and personal components of social disadvantage and opportunity are being recognised in place and case management initiatives in government. We now see place managers co-ordinating the delivery of services and partnerships with the private and community sectors in order to overcome the disadvantages that flow from living in deprived neighbourhoods with limited aspirations and opportunities.

Case management has become essential as part of the individualisation of service delivery and is a recognition of the multidimensional nature of many human problems. It is resource intensive and requires special skills but it can be effective if complemented with other programs and opportunities.

In describing this new tendency it should be stressed that it is more about a renewed sense of purpose within government and between the government and the community than it is a return to what had been described as the 'big government' philosophy of post World War Two era.

There is still a strong sense of the purchaser-provider split. There is still a plurality of service providers. The market economy is accepted with governments seeking to build the capacities of their communities to compete. The model of government doesn't involve command and control but rather a mix of methods to attempt to bring about sustainable results. Policy weapons can vary and should be implemented after a proper analysis of their relevance to the situation being addressed.

In a sense the state is now being mobilised in order to facilitate a wider range of changes in the quality of life of its citizens. The concept of a self-governing public, private and community sector, implicit within the thinking associated with New Public Management, was thought to be too complacent in its assumptions about the relationship between private endeavour and public good.

### **Terrorism, Natural Disasters and Global Warming**

Indeed it was this complacency that was put to the test with the terrorist attacks and the shocking natural disasters such as Hurricane Katrina in the USA. The mobilising tendency spoken of earlier has been given an enormous fillip.

It is not only a mobilising tendency within government itself (manifested by more coordination between agencies and the different levels of government to attempt to prevent disasters and to plan on the basis that they may occur) but also within the wider community. The fact that home-grown terrorism has struck in Great Britain has added impetus to what has become known as 'the war on terror'. Crisis management has gone from an activity practised by some parts of government to one in which all are involved.

Besides the coordination within government and across government boundaries, particularly between the Commonwealth and State Governments, there have been two other important implications of the 'war on terror'.

The first is the passage of legislation restricting rights and freedoms and extending powers for police officers and surveillance authorities.

The second is that matters relating to religion and political difference have become more controversial as governments look to define the contours of citizenship and better integrate minorities into the mainstream. From being a regulator and a facilitator the state is also drifting into the role of 'educator'.

Governing in the context of potential threats is a challenge for all in the public sector, particularly those on the front-line of service delivery, such as police officers and emergency workers as well as all those public sector workers for whom multiculturalism is a daily reality.

None of this is inconsistent with the sustainability planning being following by government. Indeed the 'safety and security' component of the list of social objectives commonly included in plans and seen as central, has an added dimension alongside the tackling of localised crime and anti-social behaviour.

The overarching theme of modern government is one of government working alongside its community to anticipate and solve problems. The long-term can become part and parcel of day-to-day practice as can a more complex and triple bottom line view of social progress. This means more collaboration between levels of government, within governments and between governments and their communities. As Terry Moran recently put it:

'.....traditional demarcations between the government, community and private sectors are breaking down. The drive for outcomes – positive local change – becomes a shared responsibility.' <sup>2</sup>.

Just as New Public Management aimed to create a multiplicity of power centres and a more dynamic and market-driven public sector Strategic Management seeks to create a multiplicity of networks and partnerships within government and between government and the community. They are held together by the values they share and the results they seek.

An enormous range of relationships are formed, within which there are complicated patterns of power and responsibility.

## **Thinking Ahead**

These are a huge range of issues and problems associated with the emerging model of Strategic Government. For example there is the perennial question about any plan – can it ever be achieved in a changing world? Can a plan ever work if the planner is not in control of – or at least is not able to influence – all the variables that will determine the way our society develops? Or – what about the law of unintended consequences?

These are valid and important questions but they do not invalidate the importance of bringing a sense of purpose to government. Circumstances may necessitate a re-arrangement of priorities and events may dictate a re-assessment of strategies but this ought not to mean a jettisoning of the process of strategic planning. This is where political antennae are needed and where public sector managers need the capacity to keep advancing the long-term priorities whilst responding to events and changing circumstances.

However, other questions related to Strategic Government do need to be tackled if the very idea itself is going to make a positive contribution to social outcomes. These questions relate to accountability, ministerial responsibility and the capacities of the public service in this new era: What does it mean for democratic accountability? What does it mean for ministerial responsibility? What does it mean for public service practice?

One of the essential features of a good system of democracy is proper balance between the centre and the regions and the regions and the localities just as we need balance between the executive and the legislature. As governments join forces to solve problems there is a risk of too much centralisation and standardisation. This can undermine more localised accountabilities, reduce meaningful choice in elections, and stifle innovation in policy and practice.

In Australia the link that is often drawn between national development, nationalism and Commonwealth power makes this an ever present threat to good government.

In order to respond to this potential threat to institutional autonomy, we would do well to incorporate into our discussions the principles of federalism and subsidiarity. This aims to ensure that decisions are taken as closely as possible to the citizen and that serious questions should be asked as to whether action at higher levels is justified in light of the possibilities available at lower levels of government.<sup>3</sup> It also ensures that serious questions be asked as to whether or not there is sufficient autonomy to allow for creativity and innovation throughout the system, one of the strengths of a federal system.

The same principle applies when considering relations between the government and the non-government sectors. Sometimes the pressure of incorporation may come at a price that is too high, as various welfare agencies have determined in relation to the Federal Government's welfare-to-work policies.<sup>4</sup> Co-operation around shared values is one thing, agreement under pressure and involving serious compromise of principle quite another.



When it comes to ministerial responsibility Strategic Government has brought with it a degree of inevitable confusion. In this case I believe it is a good thing because of the simplicities and impracticalities associated with both the Westminster doctrine and the New Public Management revision of that doctrine.

Whilst it was clear that the Westminster doctrine of ministerial responsibility was clearly deficient in the real world of public management its reverse, most commonly described as “let the managers manage”, had a corresponding political deficiency.

Firstly, its radical separation of ministerial power and public sector management was not feasible in a world of marginal seats, targeted lobbying and media aggression. To put it another way, there is often a tension between policy rationality and the inevitable messiness of democratic politics. This is unavoidable.

Secondly, its tendency to shift blame from politicians to public servants took some of the sting out of democratic accountability. Indeed there was something implausible about reducing ministerial responsibility to effective communication of government policy and the setting of performance targets for which public servants were held accountable. Not surprisingly it was never accepted by the public.

The changes that have come with Strategic Government see ministers back into the managerial equation. Indeed in some of the jurisdictions which have developed plans, lead ministers have been created to chair collaborative initiatives and given strategy-setting, negotiating, and monitoring roles. However, public servants are still very

much in the seat of policy delivery and human resource management, for which there will be clear accountabilities but now we see more balance in the relationship itself and in our understanding of responsibility. This is a positive development for our democratic system.

This takes me to my third question about public service practice. It is no longer a case of just delivering a particular service. It involves a set of relationships and situations of complexity and even ambiguity. New skills related to public engagement and consultation, project management, managing in a society of diversity, working in teams, developing a multi-disciplinary knowledge-base and planning for the future have all become indispensable even though awkwardly placed alongside our current systems of performance management and public accountability.

If Strategic Government is to work not only will these leadership and skills questions need to be addressed, but so too will questions related to public sector organization and budgeting. How will the issue of co-ordination across government be organized? Will there be specific budget allocations to the plan's priorities? Will the plan and its implementation require new agencies within government, not just to co-ordinate but to monitor progress?

The bigger question is whether or not the patterns of accountability and public sector capabilities that are developing in this new era of Strategic Government will be enough. Not only is there a risk of too much centralisation in the system of

government there is the related risk of too much power going to government generally. New Public Management required governments to perform fewer functions but to be strong in the way it carried out those functions – what Andrew Gamble called in his book with the same title: The Free Economy and the Strong State (1988).

Strategic Government, on the other hand, is requiring governments to do more and in different ways – facilitating, co-ordinating, partnering and enabling. That being said it is still the State we are talking about and you can't have states without governments and politicians. We should note also the new powers being taken on by the State to “protect” and to “educate”. These are powers that can be abused in a society of diversity and robust debate. As a community we need to ask whether we have an adequate system of checks and balances to combat abuse?

In the A.C.T. and Victoria they have asked this question and answered it with new human rights protections in their laws. This is a sensible course of action in a world where the power and authority of the State is bound to expand.<sup>5</sup>

We would hope that by anticipating the possible consequences of Strategic Government we could build in checks and balances to ensure that the system works on behalf of the common good. It may even be the case that we could overcome the phenomenon of ideological overkill, but that would be to ask an enormous amount of our judgement in the face of the real world of uncertainty.

**Footnotes:**

1. See Victoria's 'Growing Victoria Together', Queensland's 'Smart State Strategy', Western Australia's 'Better Planning: Better Services' and 'State Sustainability Strategy', South Australia's 'Strategic Plan', Tasmania's 'Tasmania Together 2020', and New South Wales', 'A New Direction for the Future'.
2. Terry Moran, 'Observations on Public Policy', 12<sup>th</sup> International Conference on Thinking ', 5 July, 2005.
3. See <http://en.wikipedia.org/wiki/subsidiarity>
4. See Adele Horin, 'Welcome to the Breadline', Sydney Morning Herald, 15-16 July, 2006.