

# Public accountability of provider agencies: the case of the Australian 'Centrelink'

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## **Introduction: executive agencies and accountability**

One of the major international innovations in public sector institutional design of the last decade has been the institutional separation of purchasing and providing functions previously carried out by line departments (OECD, 1995: 32). This split may take a number of different forms (Department of Finance, 1995), including the allocation of providing functions to new executive agencies which are institutionally separate but still remain part of the executive branch of government. The legal status of such agencies may vary from that of designated units within the controlling departments (as with the United Kingdom 'executive agencies') to that of separate departments or statutory authorities ('crown entities' to use the New Zealand term). Though, strictly speaking, the term 'executive agency' can be reserved for providing agencies without separate statutory status on the United Kingdom model (e.g. Wettenhall, 2000: 81), it will be used here to cover any type of government agency, including statutory authorities, established with the sole purpose of providing state-funded services under contract.

In Westminster-style jurisdictions where executive agencies have been introduced, notably the United Kingdom and New Zealand, controversy has surrounded their political accountability, particularly the effect of the new structure on ministerial responsibility (Martin, 1994, 1997; O'Toole and Chapman, 1995; Pyper, 1995; Barberis, 1998; Hodgetts, 1998; Polidano, 1999). To what extent, if any, has the break between purchasing ministers and providing agencies led to a corresponding change in the accountability of ministers to Parliament? Have agency heads taken over the accountability for service provision, leaving ministers accountable only for purchasing issues and matters of general policy? Or is it business as usual, with ministers still being held accountable for details of service provision? No clear consensus has emerged, either in theory or practice. When crises have occurred, ministers, officials and public alike have sometimes been left floundering in a tide of mutual recrimination as each side points the blame at the other (Barberis, 1998; cf. Gregory, 1998).

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The Australian Commonwealth government, during the Hawke–Keating Labor regime (1983–96), largely avoided the trend towards ‘agencification’, concentrating on other features of the ‘managerial’ or ‘new public management’ revolution, such as financial devolution, programme budgeting and competitive tendering (Keating and Holmes, 1990; Holmes and Shand, 1995). However, the change of government in 1996 heralded a move towards further reform, with governments such as New Zealand, Victoria and the Australian Capital Territory, where purchaser/provider separation was well developed, now seen as representing a ‘best practice’ behind which the Australian Commonwealth was said to have fallen (Management Advisory Board, 1997). In such a climate, when senior officials advanced the proposal to combine government social security and employment services into a ‘one-stop shop’, the most acceptable structure was one which incorporated a central pillar of the new management principles, the purchaser/provider split. Hence, the creation in 1997 of the Commonwealth Services Delivery Agency (or ‘Centrelink’ as it was later renamed), as a major new executive agency to provide services under contract to a range of purchasing departments.

Experience of uncertainties over ministerial accountability in other jurisdictions raises similar issues in relation to Centrelink. How, if at all, have accountability relationships changed under the new service delivery structure? Has accountability of service providers been enhanced? What is the role of ministers when mistakes are made by Centrelink staff? To examine these questions, this article begins with a brief account of political accountability, including the accountability of ministers, followed by a summary of the supposed effects on accountability claimed for separation of purchasing from providing. The structure and workings of Centrelink are then examined in more detail, concentrating on the role of ministerial accountability. Accountability conventions are seen to be both imprecise and subject to evolution, but remaining within the general understandings normally associated with ministerial accountability.

### **Government accountability**

The public accountability of governments will be understood as the capacity of citizens to call their governments to account, to demand explanations and remedies, and to impose sanctions and new directions (e.g. Day and Klein, 1987; Thynne and Goldring, 1987; Mulgan, 1997, 2000). ‘Government’ includes a variety of different types of institution, ranging from core public service departments under direct ministerial control to other more independent institutions such as statutory authorities and government–business enterprises administered by their own boards. Accountability requirements vary between different types of institution. Of particular importance for present purposes is the contrast between departments under ministerial control where ministers are held responsible for all aspects of their departments’ activities, including day-to-day administration, and statutory authorities or ‘quangos’ where the role of the minister is more circumscribed and where responsibility for day-to-day administration is in the hands of a

chief executive typically responsible to an independent board. The range of statutory authorities and other 'quangos' is vast, both in function and structure. But all have in common an officially arm's-length relationship with government and ministers which distinguishes them from normal government departments.

In government departments and agencies under ministerial control, the accountability of public servants operates through a number of different avenues or channels of accountability, not only through the 'chain' of responsibility via ministers to Parliament and the electorate, but also through direct Parliamentary scrutiny of departmental activities, through review agencies such as auditors-general and ombudsmen, through administrative grievance and appeal procedures, and through legal redress. The key aspects of ministerial responsibility are not the hackneyed fallacies that ministers ought to be personally to blame for everything done by their public servants or that they should resign whenever maladministration is uncovered (Marshall, 1989; Woodhouse, 1994; Thompson and Tillotsen, 1999). In practice, apart from the undoubted responsibility of ministers for their own personal actions (such as not misleading Parliament or not acting corruptly), ministers' responsibility for the activities of their departments amounts to two related conventions, one external and the other internal.

First, externally, ministers are expected to 'take' responsibility for the departments, in the sense that they answer to Parliament and the public for their portfolios. They provide information about what their departments have done and what they are planning to do ('reporting responsibility' [Woodhouse, 1994: 29–30]). They justify their department's actions and defend them against criticism ('explanatory responsibility' [pp. 30–1], except in a few areas, such as personnel decisions, which are deliberately kept at arm's-length from political interference). Though they may not accept personal responsibility for every action, they accept organizational responsibility to the extent of not passing the buck to their subordinates or completely washing their hands of any responsibility for what has been done. At the same time, public servants, as the minister's agents, can generally expect to remain anonymous, leaving the minister to answer for them and to accept the public responsibility, whatever may go on behind closed doors.

Second, in the internal organization of departments, public servants expect to defer to the minister's wishes and directions. Ministers may not be personally to blame for everything that is done in their name but they are held responsible for imposing remedies when mistakes come to light or new directions are called for ('amendatory responsibility' [Woodhouse, 1994: 31–3]). To satisfy these public expectations, ministers have unquestioned power to direct their public servants, with the exception of a few 'no go' areas, such as appointments and the allocation of legal entitlements.

The importance of external answerability and internal control to departmental accountability are reinforced by their absence or at least significant diminution in the case of other types of government agency. With independent statutory authorities, for instance, ministers are not expected to answer for day-to-day matters and

they routinely, and without controversy, refer such issues to the chief executive or board concerned. Similarly, ministers are not constrained from publicly criticizing independent public agencies, though they may run the risk of provoking a counter-attack if the agency's leaders consider the fault to lie with government policy. Such open distancing between ministers and non-departmental agencies reflects the inner reality that ministers do not have the same unquestioned rights of intervention and control that they have over their departments.

### **Executive agencies**

Under the purchaser/provider split, the responsibility for the delivery of services is transferred from the minister and departmental officials under direct ministerial control and is located in a separate agency, from which the minister (or policy department) is now required to purchase services according to certain specifications. What effect does such institutional separation have on public accountability?

Though ministerial accountability is the main focus of this article, it should be noted that other aspects of public accountability are said to be enhanced by the purchaser/provider split. In the first place, because purchasers must clarify their objectives and specify the outputs they require from service providers, the providers, in turn, can be more easily called to account for the quality of their performance (Efficiency Unit quoted in O'Toole and Chapman, 1995: 124–6). Second, providers are required to be more sensitive to the needs of the public they serve. Such increased responsiveness to members of the public amounts to an increase in accountability directly to the public (Hughes, 1998: 236–7).

How far these features actually increase accountability to the public is open to question. Certainly, the providing agency is now directly and transparently accountable to the purchaser for fulfilment of the purchasing agreement in a way that did not occur when both sides were part of the same monolithic government department. However, such accountability of providers to purchasers need not in itself constitute an improvement of accountability to the public if it does no more than make public service providers more accountable to official superiors. As such, it may be classified as 'managerial' (Day and Klein, 1987: 26–9) or 'internal' accountability (Woodhouse, 1994: 232–4), a relationship which is confined within the institutions of government. Managerial accountability does not constitute greater accountability to the public unless it is further translated into greater scrutiny and control from the public and its representatives. From this wider, political, perspective, the new reporting requirements should, in principle, improve the capacity of ministers to hold public servants accountable on the public's behalf and so should contribute indirectly to public accountability. In so far as relevant performance information is made available to Parliament and the public, such reporting may then assist public scrutiny. But explicit reporting to bureaucratic superiors does not automatically add to the ability of the public or their watchdogs to call public servants to account. In the United Kingdom and New Zealand, for example, it is not clear that the new performance information

has enabled Parliament and the media to exercise greater scrutiny over public services (Winetrobe, 1995; Boston et al., 1996, Ch. 13; Polidano, 1999).

Second, the purchaser/provider split, particularly when supplemented by measures such as service charters, may certainly increase the responsiveness of public servants to the public by encouraging a focus on individual members of the public and their needs. However, whether responsiveness to the public should count as accountability is contestable (Rhodes, 1997: 101–3; Mulgan, 2000). Public accountability, in its core sense, is the capacity of members of the public to call service providers to account, to demand explanations and seek remedies. Responsiveness, on the other hand, is the willingness of providers to meet the preferences of those they serve. It may be induced by accountability mechanisms but may also arise from other causes, such as competition or a culture of client service. The claim that purchaser/provider splits enhance accountability because they improve the responsiveness of providers to the public must therefore be treated cautiously.

Be that as it may, the most contested issue of accountability associated with executive agencies concerns the effect of the new agencies on the normal channels of ministerial accountability associated with government departments in Westminster-style systems. The additional channels introduced to supplement ministerial responsibility, such as ombudsmen or administrative tribunals, can, and usually do, continue largely unaffected. However, the position is much less straightforward in relation to ministerial accountability. The split between purchaser and provider appears deliberately intended to impose a break in the hierarchical chain of ministerial and departmental command, creating a newly independent relationship between ministers and service providers similar to that existing between ministers and statutory authorities. However, ministers may be under pressure from public expectations that they remain as accountable as before for the provision of public services.

Indeed, two alternative (and contradictory) models have been advanced. According to one ('no-change') model, ministerial responsibility remains essentially unchanged. Though service delivery has been transferred to separate agencies, ministers can still answer for the agencies' action to Parliament and the public in the same way that they answered for their former departmental officials. Ministers have always controlled the overall policy and directions of their departments, leaving implementation to their public servants, a structure that remains essentially similar with executive agencies.

According to the second ('clear-break') model, however, ministerial responsibility is changed in important respects and becomes closer to that associated with statutory authorities. Ministers are now responsible only for general policy and the setting of purchase agreements. Decisions made by executive agencies about how best to fulfil those agreements are now the responsibility of the agencies and it is they, through their chief executives or boards, which should be held accountable rather than ministers. This, after all, is the logic of the separation of the purchasing and providing functions, particularly if the rationale focuses on the

supposed advantages of clarifying responsibilities. If their respective responsibilities are clarified, ministers can expect to be accountable for their particular functions and agency heads for theirs.

In practice, jurisdictions where executive agencies have been introduced have not been able to settle cleanly for one or other model but have wobbled uneasily between the two. In the United Kingdom, as the critics pointed out, the official rationale for accountability under the Next Steps agencies was confused from the beginning (Woodhouse, 1994, Ch. 12; O'Toole and Chapman, 1995). On the one hand, ministers were to delegate accountability for implementation to agency heads while retaining accountability for general policy. Such a division of accountabilities, it was argued, would clarify the respective responsibilities and accountabilities of ministers and agency heads. On the other hand, ministers were to remain accountable to Parliament for the performance of their agencies. In the event, most ministers and agency heads behaved as before, presenting a united front to the public. Ministers have generally answered publicly and accepted responsibility for agency performance, while their agency heads, even if now less anonymous than previously, have striven, like traditional public servants, to keep their ministers out of trouble (Mountfield, 1997).

However, there have been a few cases where the logic of the split has asserted itself in open conflict. Most notable was the acrimonious clash between the Home Secretary, Kenneth Clarke, and the high-profile head of the prison service agency, Derek Lewis, which led to the latter's dismissal (Barberis, 1998; Polidano, 1999). The head of the Child Support Agency also became publicly entangled in the defence of an unpopular policy and was forced to resign. In both cases, significantly, the embattled agency heads were private sector imports who were subsequently replaced by seasoned public servants with a more canny and less literal-minded view of their relationship with their ministers. More generally, observers also detected a tendency for ministers to be selective about accountability, using the new structure to distance themselves from unpopular decisions while accepting responsibility for successes (O'Toole and Chapman, 1995: 136). However, ministers who succumbed to this temptation were likely to be punished politically. In the wake of the prisons fiasco under the previous Conservative regime, the incoming Labour Home Secretary, Jack Straw, prudently committed himself to accepting full responsibility for the management of prisons and other services in his portfolio in the traditional ministerial way (Barberis, 1998: 459). When controversy arose in 1999, over excessive delays in the issue of passports by the passport agency, Mr Straw, as responsible minister, was careful to accept responsibility and to present a united front with his executive head.

In New Zealand, providing agencies were generally constituted as separate departments or crown entities. This followed the reformers' more thorough-going emphasis on institutional disaggregation and transparent contracting between independent principals and agents (New Zealand Treasury, 1987; Boston, 1995). A greater attempt was made to follow the logic of separate responsibilities and accountabilities, including those of ministers and departmental heads. Even so,

ministers have not been able wholly to withstand public pressure to accept responsibility for the actions of officials (Boston et al., 1996, Ch. 16). They have been forced to accept that they will be vigorously questioned, both in Parliament and the media, over the actions of supposedly 'arms-length' agencies within their general portfolios (e.g. Brosnan, 1997). A number of ministers, for instance, have established regular 'no surprises' reports from agencies, to ensure that they are alerted to potentially sensitive issues (Hodgetts, 1998: 20). In such a climate, prudent agency chief executives and boards will anticipate political difficulties and exercise a high degree of political sensitivity. Indeed, the general success of New Zealand in operating its highly disaggregated and contractual system has depended as much on the extensive informal links within a compact and homogeneous policy elite as on the structure of the system itself (Mulgan, 1998). The new rules merely attempt to give more formal expression to the informal understandings that have, on the whole, not needed to be made explicit.

Experience in some Westminster-style regimes thus suggests that the institutional division between purchasers and providers has not led to a wholesale division of responsibility and accountability. The logic of the separation might suggest the adoption of the 'clear-break' model, but, in practice, the expectations of the public have demanded 'no-change'.

### **Accountability and Centrelink**

How, then, does accountability within Centrelink compare with this experience from elsewhere? Centrelink was established as a 'one-stop-shop' agency for the delivery of services previously carried out primarily by the (then) Departments of Social Security and of Education, Employment, Training and Youth Affairs, now the Departments of Family and Community Services (FaCS) and Employment, Work Relations and Small Business (DEWRSB). Centrelink remains in public ownership and, like a government department, has no financial independence, being governed by the Financial Management and Accountability Act 1997 (Wettenhall, 2000: 68–9). At the same time, it operates under its own independent statute (Commonwealth Services Delivery Agency Act 1997) and is controlled by an independent Board, appointed by the government, and managed by a chief executive officer (CEO) who is a member of the Board and responsible to it. Board members, apart from the CEO, are divided into non-executive voting members and non-voting members who are principal officers of government departments. At present, the non-executive members include the chairman, and three others, while the non-voting members are the Secretaries of FaCS and DEWRSB.

The functions of the Board include the duty to 'decide the Agency's goals, priorities, policies and strategies and to ensure that the Agency's functions are properly, efficiently and effectively performed' (Commonwealth Services Delivery Agency Act 1997: Section 12). The Minister has the power by written notice to direct the Agency to perform any function (Sections 8 (1) (c)). The Minister may also issue written directions to the Board about the performance of

its functions, the exercise of its powers or the conduct of its meetings or in relation to the terms or conditions of appointment of the Chief Executive. In such cases the directions must be reported to Parliament in the Agency's annual report.

The rationale for the establishment of the Agency centred mainly on reduction of costs and improvements in service delivery (Rowlands, 1999). In the words of the Minister introducing the second reading of the Commonwealth Services Delivery Agency Bill 1996 (House of Representatives, *Hansard*, 4 December 1996: 7623).

The government's objectives in creating the agency are to provide a much better standard of service delivery to the community and to increase service delivery efficiency and effectiveness.

The two key aspects of the Agency that would further these objectives were, first, the concentration of services into a 'one-stop-shop', thus saving time for the members of the public (now known as 'customers') and producing administrative economies through elimination of duplication, and, second, the statutory agency structure which would facilitate an emphasis on customers and their needs. The main emphasis was always on the former, 'one-stop-shop' aspect and the savings and improved service that would accrue from consolidating service outlets. The purchaser/provider split, though important, was not seen as the key to the reform (Rowlands, 1999: 186).

Changes to accountability were not mentioned as part of the original rationale. Rather the concern of the Minister was to safeguard existing channels of accountability operating through ministers under the former departmental structure.

In designing the framework for the Agency, the government has taken into account the need for ministerial involvement to ensure accountability . . . (House of Representatives, *Hansard*, 4 December 1996: 7623)

The same emphasis has been made by the Centrelink management:

The challenge . . . is to meet all the expectations and accountability which go with being part of the Australian Public Service, while shifting the cultural, organizational and operating frameworks so that Centrelink is positioned as a highly competitive customer focused organization. (Centrelink, 1998: 17)

The architects of Centrelink thus adhered to the 'no-change' model with its assumption that ministerial accountability would remain as before. Other channels of public accountability were also to be maintained. The major review agencies such as the Ombudsman and the Auditor-General have the same jurisdiction as before. Appeal procedures under the Social Security Appeals Tribunal, the Administrative Appeals Tribunal and the Federal Court are also essentially the same.

To see how accountability actually works in Centrelink, attention should be directed to the day-to-day practice of the Agency, in particular to the extent of change in the practices associated with ministerial responsibility. In practice, ministers have accepted considerable public responsibility for Centrelink's



actions. A good indication is provided by the cut and thrust of parliamentary question-time. Members of opposition parties have regularly criticized the government for perceived failings by Centrelink just as they would have done in the case of the former Department of Social Security. For instance, in February 1999, a Labor Member of the House of Representatives (Trevor Swan) asked a question claiming that, during a recent two week period, only 81.5 percent of attempted telephone calls to Centrelink had been answered and that people were waiting up to ten days to get an appointment. The Minister (Warren Truss) answered in the normal way, defending the Agency's performance, stressing new improvements and attacking Labor's previous record under the old Department of Social Security (House of Representatives, *Hansard*, 15 February 1999: 2692–3). There was no attempt to ascribe any responsibility to the Agency or its Board. Later in the same Question Time, the same Minister took a planted question from his own side, seeking information about the opening of new Centrelink services in rural and regional areas. He was pleased to announce 100 new Centrelink services, including visiting services and teleconferencing facilities, as 'examples of this government putting into practice its commitment to regional Australia: delivering services' (House of Representatives *Hansard*, 15 February 1999: 2694–5). Again, there was no suggestion that service delivery was Centrelink's responsibility rather than the Minister's. The previous week, in answer to a question on notice, the Minister had provided exhaustive details of Centrelink's staffing arrangements in the Tuggeranong office (House of Representative *Hansard*, 11 February 1999: 2622–4).

One instance, however, is significantly different. In November 1998, soon after the federal election, the chief executive of Centrelink, Ms Sue Vardon, held a media conference at which she announced that 2,700 further jobs in Centrelink would be retrenched. Though the main reason for the cuts was clearly the Government's enforcement of a continuing 'efficiency dividend' from the Agency, as foreshadowed in the previous budget, Ms Vardon chose to justify the decision on its own independent merits, as part of a new customer service delivery model 'based on fewer staff, more intensive use of information technology, telephone call centres and more use of delivery mechanisms involving state and local governments and non-governmental agencies' (*The Canberra Times*, 10 November 1998). She clearly identified the decision as one taken by Centrelink itself. However, the decision was attacked by opposition parties in the Senate as a government decision (Senate, *Hansard*, 11 November 1998: 139–40 [Senator Chris Evans]; 145 [Senator Stott-Despoia]).

The Minister for Family and Community Services, Senator Jocelyn Newman, while careful to concede that the precise decision on the number and timing of the cuts had been taken by the Board and management of Centrelink (Senate *Hansard*, 11 November 1998: 143–5), none the less defended the reduction in the agency's budget as part of the savings due to amalgamation into the 'one-stop-shop' and gave complete support to all aspects of the decision. That is, though the Centrelink management had offered the Minister the opportunity of

distancing herself and the government from an unpopular decision, she did not take it up. Indeed, she came resolutely to the defence of Ms Vardon. The latter had also come under feminist fire for suggesting that many of those working in Centrelink were women in two-income families who would welcome the opportunity to leave the workforce. Such criticism, according to the Minister, was 'a slur on a public servant, a senior official' who had been 'quoted out of a newspaper' (Senate *Hansard*, 11 November 1998: 150). A week later, however, when Centrelink staff stopped work in protest at the cuts, the Minister for Community Services, Warren Truss, was quoted as saying that he would be happy to meet staff at any time but that 'matters relating to employment conditions should be addressed to Centrelink management' (*The Canberra Times*, 19 November 1998). Such a disavowal of responsibility could be seen as falling within the normal convention that personnel decisions are matters for public service managers rather than ministers, even though the protests were against a decision forced on Centrelink by government policies. At the same time, the agency structure of Centrelink made it easier for the minister to deny responsibility than in the case of the normal government department. This might therefore count as a marginal example of ministers using the new structure to duck responsibility for unpopular decisions.

Another area where some shifts are detectable, against a background of general continuity, is in dealing directly with the public. With respect to individual complaints to ministers there has been little significant change. All correspondence to the Minister about Centrelink is answered in the same way as correspondence to the former Department of Social Security, by staff within the Minister's office or within the Department, depending on the political sensitivity of the issues raised. There has been no attempt to refer correspondence from the public on to the Agency for the agency to answer itself independently of the Minister.

With respect to general announcements to the media, however, there may be some signs of greater independence. While the Centrelink Board itself and its chairman tend to avoid any public identification with the Agency and its operations, the Agency's officials have been somewhat more forthcoming. As already mentioned, Ms Vardon held a press conference to announce and justify staff cuts in the Agency. The National Manager, Mr Hank Jongen, is regularly in the news, commenting not only on personnel matters and industrial relations with staff but also on operational matters such as levels of aggression among Centrelink customers (*The Canberra Times*, 22 April 1998), waiting times for customers (*The Canberra Times*, 12 March 1998) and convictions for welfare fraud (*The Canberra Times*, 25 March 1999), issues which might not have been so openly discussed by officials of the former Department of Social Security.

Overall, then, in terms of the external aspects of ministerial responsibility, there have been slight changes of emphasis but no major breaks with convention. Ministers still take responsibility for administrative decisions, particularly in Parliament. Except for the issue of employment conditions, there has been no attempt to delineate separate spheres of public responsibility and accountability

for ministers and the Centrelink managers as implied by the Act. Ministers are still expected to answer to Parliament and the public and are still generally willing to do so. However, Centrelink management shows some signs of a greater willingness to announce and defend its own policy decisions, a trend which could leave the way open for future ministers to distance themselves from unpopular decisions or for managers to criticize government directions.

What of the internal reality behind the external publicity, the actual extent of agency independence? In practice, the degree of external ministerial responsibility provided by Centrelink depends on a similar degree of internal ministerial control. As already noted, the willingness of ministers to take public responsibility for their departments requires the departments to be sensitive to ministers' political preferences — to keep their ministers out of trouble — and to respond to ministers' directions when politically embarrassing actions are brought to light. On the face of it, from a plain reading of the Act, one might expect that ministerial control over Centrelink was significantly curtailed. The formal independence of Centrelink is considerable. The Board is given the crucial powers of determining 'the Agency's goals, priorities, policies and strategies' and of ensuring 'that the Agency's functions are properly, efficiently and effectively performed'. Apart from the powers of direction implicit in the contracting process, the Minister's explicit powers are confined to the issue of written directions which must be reported (in 1998 and 1999 no such directions were reported).

In practice, however, the influence of ministers and the government is pervasive. Two aspects of the Centrelink organization are critical. The first is the structure and composition of the Board. The importance of including the secretaries of the two main client departments cannot be overestimated. They bring to the management of the agency a full understanding of the government's broader concerns and the traditional senior public servants' instinct for saving ministers from political embarrassment. While they do not have full voting powers, they can be expected to be highly influential in Board discussions. They will also impose collegial constraints on the Centrelink chief executive, even though she is the Board's and not the government's appointee.

The non-executive members are not public servants and have clearly been chosen for their commercial skills and experience. But they are all appointees of the current government and can be expected to avoid open confrontation with its ministers. The non-executive Board members make their main contribution to the management through three committees, each chaired by a different non-executive member — an Audit Committee, dealing with financial and risk management and internal controls; an Information Technology Committee concerned with strategic IT issues; and a Quality Committee, promoting 'quality outcomes in people development, customer service and overall organizational performance' (Centrelink, 1998: 13). By choosing to concentrate on issues of management efficiency and effectiveness, the non-executive members of the Board have been careful to confine themselves, and the Board as a whole, to areas where there is least likelihood of conflict with the government's agenda.

The second key factor is the style of contractual relationship preferred for the agreements between departments as purchasers and Centrelink as provider. From early on in the planning process, the devisers of Centrelink rejected the highly legalistic approach, favoured by New Zealand, of trying to specify every detailed requirement in a formal contract (Rowlands, 1999: 191–3). Such an approach would encourage mistrust and a culture of fault-finding. Indeed, contracts between federal government agencies are not justiciable. Instead, the designers preferred a more open-ended, ‘strategic partnership’ approach between the Agency and its main purchasing agencies. Though these strategic partnership agreements (since renamed ‘business partnership’ agreements) allow for the annual specification of particular services being purchased, they do so within a framework of common goals and shared responsibility. It is openly conceded, for instance, that both Centrelink and the contracting departments are involved in the functions of policy-making, product design and determining service delivery style (Vardon, 1999: 182). Staff in both the Agency and its purchasing departments have placed a major emphasis on fostering partnership relationships in shared functions across the institutional divide. The mutual relationships between purchasers and provider thus rely as much on shared values and constant communication between contracting parties as they do on specific, justiciable commitments. In effect, ‘partnership’ aims to recreate the same unity of purpose and the same level of inter-communication that exists between members of a large government service department, such as the former Department of Social Security.

Given the closeness of Centrelink management to government and Centrelink’s emphasis on communicating with its ‘partners’ in purchasing departments, it is not surprising to find the normal, public service sensitivity to ministers’ preferences continuing within the new agency. It is this sensitivity that allows the traditional conventions of ministerial responsibility to continue largely unchanged, or at least not yet seriously challenged, under the new regime. Ministers can generally take responsibility for Centrelink in public in the secure knowledge that the agency will be responsive to their preferences and will not openly contest their authority.

### **Conclusion — clarity or fudge?**

Centrelink therefore follows the general practice found with purchaser/provider splits elsewhere of minimizing the changes to accountability mechanisms, and in particular the changes to ministerial responsibility. Indeed, in measures such as the composition of its Board, its designers can be seen to have made particular efforts to ensure that the institutional separation would have as little effect as possible on the normal chain of departmental control and accountability. They have thus expressed a clear preference for a ‘no-change’ rather than ‘clear-break’ model of accountability. In this they appear to have taken the wiser course. That Centrelink has so far avoided any major crisis of accountability can be seen to be due to the efforts of those involved to make the system work largely as before.

The 'clear-break' model, where ministers confine their responsibility to general policy and agency heads accept responsibility for administrative details, may have the advantage that it most clearly follows the logic of institutional separation implicit in the purchaser/provider split. However, given the well-known blurring between 'policy' and 'implementation' or 'administration', a sharp division of responsibility is unworkable. There will inevitably be matters falling clearly into neither category where responsibility may be contested and may well be shared between the two parties. Moreover, even where responsibility and accountability could reasonably be devolved to service managers, the public are unlikely to tolerate any attempt by ministers to pass the buck. Ministers may be naturally tempted down the path of reduced responsibility and accountability. But experience in the United Kingdom and New Zealand confirms the political risks of such evasion. Voters brought up in traditions of ministerial responsibility may be accustomed to politicians ducking and diving to avoid political blame for departmental mistakes. But they are not prepared to accept a structure which allows ministers to deny responsibility on principle.

The 'no-change' model thus has the advantage of allowing the various parties to continue much as before. It is closer to the expectations of the public as expressed through their politicians, both in government and, especially, in opposition, as well as through the media. Opposition politicians and the media can still call for ministers' blood while public service managers can keep out of the lime-light. Nor should such conservatism be a cause for regret. Ministerial accountability offers the most effective means of turning the spotlight on defective delivery of public services (Mulgan, 1997). No appointed agency head is under the same pressure as an elected minister to provide the public with answers and to impose satisfactory solutions when things go wrong. The public is therefore right to resist attempts by ministers and their managerial consultants to delegate accountability to the heads of executive agencies, however appealing the new public management rhetoric of 'clarifying' responsibility and accountability may be.

At the same time, the 'no-change' model favoured by those involved in the Centrelink experiment must be recognized as contrary to the formal structure of executive agencies. It therefore requires those involved, both politicians and officials, to subvert the logic of the purchaser/provider split through the re-assertion of the traditional public sector division of labour between politicians and public servants. On occasion, perhaps, the bones of the new structure are bound to show through the familiar old clothing. Even the managers of Centrelink, who are so tightly under government supervision, have sometimes been encouraged to step outside the normal subservience of public service protocol and at least to open up the possibility of acting independently of their ministers and the government. Ministers, too, may have caught a whiff of the heady delights of buck-passing. For the most part, however, such literal-minded radicalism has been kept under strict control.

That the respective roles of ministers and public servants are blurred and

depend on trust and goodwill more than detailed specification is, after all, nothing new. The 'normal' relationship itself between ministers and departments is based on a division of labour which defies precise definition. The relationship is also undergoing gradual evolution as officials are exposed to alternative channels of accountability and lose some of their traditional anonymity. Executive agencies give a further boost to the growing public profiles of agency heads and offer increased opportunities for ministers to duck responsibility for unpopular decisions. In this respect, they may be seen as adding another complication to a complex and evolving system of conventions and understandings. But they can hardly be said to be introducing confusion into a hitherto straightforward or static system or marking a radical break with existing practices.

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